GANNETT CO., INC.

2000
ANNUAL
REPORT

TURNING CHALLENGES INTO OPPORTUNITIES

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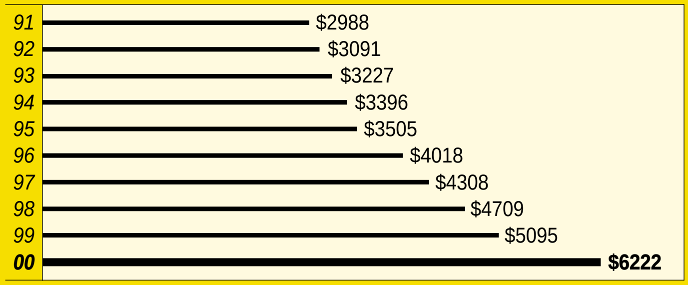
In thousands, except per share amounts

	2000	*1999*	*Change*
Operating revenues	**$ 6,222,318**	$ 5,095,362	22.1%
Operating income	**1,817,256**	1,563,101	16.3%
Income from continuing operations before non-recurring gains (1)	**971,940**	886,607	9.6%
Net non-operating gains		32,780	—
Income from continuing operations	**971,940**	919,387	5.7%
Earnings from discontinued operations, net	**747,137**	38,541	—
Net income	**1,719,077**	957,928	79.5%
Income per share from continuing operations before non-recurring gains – diluted (1)	**3.63**	3.15	15.2%
Income per share from net non-operating gains – diluted		0.11	—
Income per share from continuing operations – diluted	**3.63**	3.26	11.3%
Income per share from discontinued operations – diluted	**2.78**	0.14	—
Net income per share – diluted	**6.41**	3.40	88.5%
Operating cash flow (2)	**2,193,171**	1,843,192	19.0%
Working capital	**$ 128,335**	$ 191,444	(33.0%)
Long-term debt	**5,747,856**	2,463,250	133.3%
Total assets	**12,980,411**	9,006,446	44.1%
Capital expenditures (3)	**339,413**	239,438	41.8%
Shareholders' equity	**5,103,410**	4,629,646	10.2%
Dividends per share	**.86**	.82	4.9%
Average common shares outstanding – diluted	**268,118**	281,608	(4.8%)

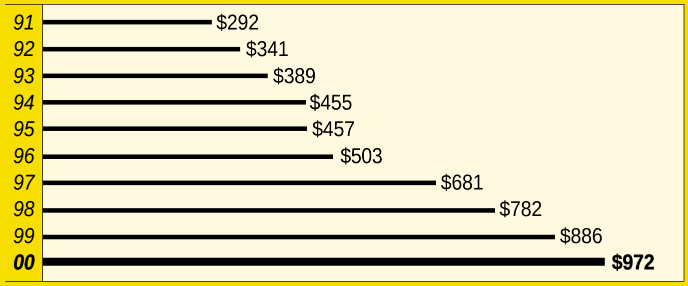
(1) Excluding a 1999 net non-operating gain principally from the exchange of KVUE-TV in Austin, Texas, for KXTV-TV in Sacramento, Calif., totaling $55 million pre-tax and $33 million after tax ($.11 per share-basic and diluted).

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

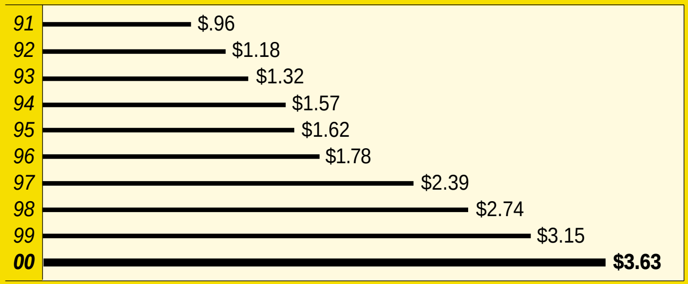
(3) Excluding capitalized interest and discontinued operations.



Operating revenues in millions



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



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

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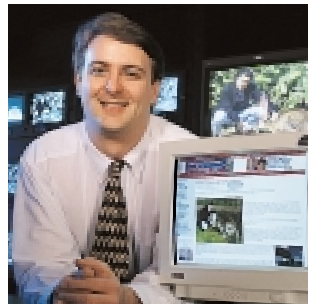


COMPANY PROFILE

Gannett Co., Inc. is a diversified news and information company that publishes newspapers, operates broadcasting stations and is engaged in marketing, commercial printing, a newswire service, data services and news programming. Gannett is an international company with headquarters in Arlington, Va., and operations in 43 states, the District of Columbia, Guam, the United Kingdom, Belgium, Germany, Italy and Hong Kong.

Gannett is the USA's largest newspaper group in terms of circulation. The company's 99 U.S. daily newspapers have a combined daily paid circulation of 7.8 million. They include USA TODAY, the nation's largest-selling daily newspaper, with a circulation of approximately 2.3 million. In addition, Gannett owns a variety of non-daily publications, and USA WEEKEND, a weekly newspaper magazine.

Newsquest plc, a wholly owned Gannett subsidiary acquired in mid-1999, is one of the largest regional newspaper publishers in the United Kingdom with a portfolio of nearly 300 titles. Its publications include 15 daily newspapers with a combined circulation of approximately 600,000. Newsquest also publishes a variety of non-daily publications, including Berrow's Worcester Journal, the oldest continuously published newspaper in the world.

The company owns and operates 22 television stations covering 17.5 percent of the USA.

Gannett was founded by Frank E. Gannett and associates in 1906 and incorporated in 1923. The company went public in 1967. Its more than 264 million shares of common stock are held by approximately 14,000 shareholders of record in all 50 states and several foreign countries. The company has approximately 53,400 employees.

LETTER TO SHAREHOLDERS

Gannett began the decade much as it closed out the last – with record revenues, profits and cash flow. In 2000, we had our ninth consecutive year of record revenues and our 31st year of record profits since 1967, when Gannett became a public company.

Revenues exceeded $6 billion for the first time ever, reaching $6.2 billion. That was a 22 percent increase over 1999 due to solid advertising demand, the Olympics, election-related ad spending and our exciting round of strategic acquisitions.

Operating cash flow rose 19 percent to almost $2.2 billion reflecting the strong operating results across our businesses and the incremental cash flow from our new properties. Earnings increased to $972 million, a 10 percent gain achieved despite higher newsprint expense and the additional interest and goodwill amortization expenses associated with the acquisitions.

All of these numbers exclude the results of Multimedia Cablevision, Inc., which was sold on Jan. 31, 2000, for $2.7 billion.

Retired Gannett Chairman John J. Curley (left) and his successor, Chairman, President and CEO Douglas H. McCorkindale.

Our seasoned, solid management team and considerable financial strength allowed Gannett to take advantage of a number of terrific opportunities in a short time span in 2000. It was an exciting year for acquisitions.

News Communications & Media plc ("Newscom") became available in the spring and joined the company in June for approximately $700 million, plus Newscom's existing debt. One of the United Kingdom's largest regional newspaper publishers, Newscom brought 114 titles into the company, including four dailies and a number of weeklies and niche publications. Newscom is a wonderful fit geographically and philosophically with our existing Newsquest operations in the U.K. The combined company already is sharing the printing resources brought to the operation by Newscom, which had made a substantial investment in high-quality color printing prior to our acquisition. As a result of this and other synergies we are realizing under our talented management team in the U.K., Newscom has added to cash flow and earnings since we bought it. Newsquest, by the way, continues to exceed our expectations and has added solidly to cash flow and earnings since the day it joined us in mid-1999.

While the Newscom deal was being completed, we were taking advantage of some great opportunities we found closer to home. On July 21, we bought 19 daily newspapers plus numerous weeklies and other publications in five states from Thomson Newspapers Inc. for a little more than $1 billion.

Joining Gannett were eight dailies in Wisconsin, eight in Central Ohio and single newspaper groups in Lafayette, La., Salisbury, Md., and in the Utah resort town of St. George.

The Thomson newspapers were well run when they arrived and have had superior ad revenue growth over the last few years. But, with the consolidation of some printing operations in Wisconsin and the combination of their best practices with ours, we are achieving and expect further operating improvements.

The crown jewel of acquisition activity in the summer of 2000 was the purchase of Central Newspapers, Inc., for $2.6 billion, plus Central's existing debt. Central presented us with the exciting opportunity to add two fine flagship newspapers – The Arizona Republic and The Indianapolis Star – to the Gannett family, along with daily newspapers in Muncie, Ind., and Alexandria, La.

The Arizona Republic expanded our presence in Phoenix, the 14th-largest market in the United States and the fastest-growing metro market in the country, where we already own one of the USA's top-rated TV stations, KPNX. Convergence among the newspaper, TV station and Internet operations, sharing news coverage and other opportunities, is producing results for consumers there. And the Phoenix project is serving as a model for other parts of Gannett.

The Central deal also put us in Indianapolis, the 29th-largest market in the USA and a strong journalism voice in the nation's midsection.

All told, the Central deal brought us a host of new talent and terrific revenue opportunities that will bolster our results over the next several years, especially when combined with the substantial cost savings we are realizing from the group, particularly in Indianapolis. Right off the top, we eliminated $14 million of Central's corporate expenses and are working on additional savings. Seasoned Gannett veterans who understand good journalism and good business are now in place in Phoenix and Indianapolis and are encouraging both qualities at those locations.

In September, one more acquisition added to our growing presence in Louisiana. The Opelousas Daily World was added to the new papers in Lafayette and Alexandria, and the two we already own in Monroe and Shreveport. Ownership of those five dailies gives us a combined circulation of more than 200,000 in the state.

By the end of the year, Gannett had grown to 99 daily newspapers in the United States. This at a time when Wall Street was seriously undervaluing traditional newspaper companies and talk among investors again had turned to the demise of everything not dot-com. Repeatedly we were asked: "Why invest in these 'old economy' properties?"

The answer is we are confident all these acquisitions are excellent investments and will deliver to Gannett's bottom line for years to come. More importantly, and we can't say this strongly enough, we believe newspapers are a great business and will continue to deliver growth for many generations. That's solid growth by all measures: substantial revenue, positive cash flow and real earnings.

As media fragment and proliferate, and questions arise about credibility and values, the role of newspapers as the most credible source for news and advertising remains strong and is increasing. And so our

GANNETT'S GAME PLAN

Gannett is an international, multi-billion dollar news, information and communications company that delivers quality products and results for its readers, viewers, advertisers and other customers.

We believe that well-managed newspapers, television stations, Internet products, magazine/specialty publications and programming efforts will lead to higher profits for our shareholders.

Our assets include:

- USA TODAY, the nation's largest-selling daily newspaper;
- Daily and weekly community newspapers and specialty publications in the United States, Guam and the United Kingdom;
- Television stations in many Top 25 and growth markets;
- Online news, information and advertising products and investments.

Strategic Vision

- Create, improve and expand quality products through innovation.
- Make acquisitions and smart investments in news, information and communications and related fields that make strategic and economic sense.
- Capitalize on Internet opportunities to expand our information and advertising businesses.

Operating Principles

- Respect and protect the First Amendment.
- Provide effective leadership and efficient management.
- Raise the standards and enhance the credibility of our products, because quality ultimately leads to higher profits.
- Deliver customer satisfaction and expand our customer base.
- Achieve a positive return on new and acquired products and properties in a reasonable period of time, while recognizing those with high growth potential may take more time.
- Dispose of assets that have limited potential or when the disposition is in the best interests of the company and its shareholders.
- Increase profitability and return on equity and investment over the long term.
- Respect and be fair to employees, our smartest investments.
- Offer a diverse environment where opportunity is based on merit.
- Serve the communities in which we do business.

"IN A YEAR LIKE 2001, WE WILL DO WHAT WE DO BEST: AGGRESSIVELY GO AFTER REVENUES THROUGH BETTER PRODUCTS AND SMART DEALS. AND WE'LL USE OUR FINANCIAL DISCIPLINE TO DELIVER A SOLID PERFORMANCE. "

newspapers will continue to produce solid, consistent growth as they did this year with record revenues at our community newspaper group and at USA TODAY.

But good business is not the only reason our newspapers succeed. Year 2000 saw a new Pulitzer Prize added to Gannett's 42 others and new readership and quality initiatives designed to improve coverage and broaden our reach among younger readers.

Eric Newhouse, projects editor at the Great Falls (Mont.) Tribune, won the explanatory reporting Pulitzer for his series "Alcohol: Cradle to Grave" about the devastating effects of alcohol abuse on a community. The series is an outstanding example of the kind of journalism we do best: taking issues of utmost importance to our communities and translating them into compelling and effective stories that sell newspapers and encourage change.

Our Newspaper Division introduced Complete Community Coverage, the next generation of NEWS 2000, which is designed to foster more diverse and fair coverage of communities. Among the work undertaken in connection with this was a study of young readers by young journalists, members of the Generation X Task Force. What they found was that, contrary to popular thought, young people want and like to read newspapers. But these readers need to see topics of interest to them, such as travel, fitness and the Internet. The result was a host of new features in a number of papers around the country.

Which brings us to Gannett's continuing investment in the Internet. Our company has embraced the opportunity of the Web but we've done it with caution and sensibility, always putting it to the same test we apply to all our business ventures: Will it make money and add value for our shareholders?

Even in the midst of the dot-com meltdown last year, our Web sites had revenues of about $63 million while losing just a few million dollars. As we closed the year, Gannett had 95 domestic newspaper publishing Web sites and sites in all 19 of our TV markets. Newsquest, as always, has a strong and expanding Internet presence while the newly redesigned USATODAY.com continues to be one of the most popular general news sites on the Web.

To answer the question of what impact will the Web have on readership, we are learning that the Internet can actually spur interest in the newspaper, generating several thousand print subscriptions. A study completed by our St. Cloud, Minn., newspaper showed that its online version added three points of new audience to the print product's reach. Other studies underway preliminarily are confirming that finding.

Gannett's Broadcasting Division experienced another strong year in 2000. We were able to take great advantage of special advertising and news opportunities provided by the Olympics and the elections because of our strong lineup of stations. Our stations are No. 1 or No. 2 in 16 of our 19 markets and we have the four highest-rated news stations of all stations in the USA based on late news ratings.

While our network relationships continue to be important to us, our success this year and in the future is not simply tied to the networks' performance. Strong affiliates such as ours outperform by providing viewers with quality local news and programming.

Among our programming initiatives in 2000 was bringing Broadcasting together with USA TODAY. USA TODAY LIVE takes stories from the paper and turns them into stories for our viewers. Networking the successful USA TODAY brand began with the Concorde crash in Paris, then blossomed for the political conventions and the Sydney Olympics.

Our television group also expanded its presence in the Jacksonville, Fla., market in 2000. In March, we added WJXX, the ABC affiliate in Jacksonville, to WTLV, the NBC affiliate we already own there. The new Federal Communications Commission rules approved in the fall of 1999 allowed for this duopoly. Now the two stations are working together to provide a bigger and better "First Coast News" operation for our viewers in the Jacksonville area.

The election of a new president produced another likely benefit for broadcasting. There's a new mood at the FCC and we are hoping to see the end of cross-ownership rules that have so restricted our expansion into a number of markets. Our industry, hamstrung by these unnecessary rules, will seize the many opportunities that will arise when the rules change. Our work in the Phoenix market is showing us what the possibilities are.

While 2000 was an incredibly exciting year at Gannett, it was one of mixed rewards for our shareholders. We have never seen better numbers, done better deals and had such an unsatisfactory reaction on Wall Street.

In response to the significant undervaluation of our businesses by the market, we bought back almost $1 billion of our company stock. Long term this will be another excellent investment.

Looking ahead, the year 2000 triumphs we've described are, in part, 2001's challenges: The longest economic expansion in the nation's history has slowed and may be coming to an end; special events such as the Olympics and elections will be absent in 2001; newsprint expenses will be much higher.

And there will be another major change to accommodate in 2001: We will be moving into our new headquarters in McLean, Va.

But Gannett has seen, and managed successfully through, change before. We've seen slower economic times and tough year-to-year comparisons in the past. In a year like 2001, we will do what we do best: aggressively go after revenues through better products and smart deals. And we'll use our financial discipline to deliver a solid performance. We will make this new decade another rewarding one for our shareholders, our customers and our employees.

John J. Curley
Retired Chairman

Douglas H. McCorkindale
Chairman, President & CEO

F A R E W E L L

No grandiose parties. No speeches. No drawn out good-byes. John Curley chose to leave Gannett pretty much the way he ran it: with humility, intelligence and the best interests of the company at heart.

As an employee for more than 30 years, as an executive and, finally, as Gannett's fifth chairman, Curley's mark is everywhere in the company. With the skill and brains of his decades in the news business – the Associated Press as well as Gannett – Curley was instrumental in bringing about the kind of success that makes anyone with a stake in the company sleep well at night.

Quality products. Editorial integrity. A Pulitzer Prize on his watch as head of Gannett News Service. The first editor of USA TODAY and its ardent defender. A stock value increase of 346 percent during his years as CEO.

Facts vs. fiction. Fairness vs. bias. Strength vs. bombast.

Curley presided over growth that made sense as well as money. He made local autonomy for Gannett's papers a mantra and a reality. He peppered the company with brilliant, tough employees and promoted diversity. He has been everyone's friend, and everyone's boss.

But most of all, John Curley has been a journalist: a savvy, street-smart journalist who knew how to get the story. And how to get the job done.

John Curley: his Gannett years at a glance

1969: Joined Gannett as suburban editor, Times-Union, Rochester, N.Y.
1970: Named editor, Courier-News, Bridgewater, N.J.
1971: Named publisher, Courier-News, Bridgewater, N.J.
1974: Named chief of Washington bureau, Gannett News Service
1979: Named to the additional role of vice president/news, Gannett
1980: Gannett News Service with Curley at its head claims the Pulitzer Prize for Public Service, the first wire service to win that award.
1980: Named publisher of The News Journal, Wilmington, Del., and later president of then Mid-Atlantic Newspaper Group
1982: Named USA TODAY's first editor
1983: Named senior vice president, Gannett and president/Newspaper Division; elected to Board of Directors
1984: Named president and COO
1986: Named president and CEO
1989: Named chairman, president and CEO

H I G H L I G H T S

In a period of just 12 days last summer, Gannett added 25 newspapers to the company – giving the Newspaper Division supervision of 98 dailies in the U.S. and Guam.

With the acquisition of Central Newspapers, Inc. and 19 daily newspapers from Thomson Newspapers, Gannett gained the top newspapers in Indiana (The Indianapolis Star) and in Arizona (The Arizona Republic in Phoenix). Gannett also substantially increased its number of newspapers in Wisconsin, Ohio, Indiana and Louisiana – and added daily newspapers in two additional states, Maryland and Utah. Later in 2000, Gannett acquired a fifth newspaper in Louisiana – this one in Opelousas – from the New York Times Co.

The deals underscored Gannett's belief that newspapers are crucial, trusted sources of local news and information. And, as more of the local newspapers go online, the credibility is extending to the Internet.

In 2000, more than 20 of Gannett's smaller newspapers launched Web sites, all using a centralized production process that permits them to operate high-quality sites at a manageable and controllable cost. Now there are 95 Newspaper Division publishing Web sites. By bundling print and online advertising sales at the units, pro forma ad revenues from online newspaper operations have grown a healthy 88 percent. Traffic at the sites is up too, at more than 150 million page views each month.

Overall, the Newspaper Division continued its strong revenue performance. Total pro forma advertising revenues increased about 5 percent over 1999. Retail advertising gained 1 percent; national up 8 percent. Total classified revenues increased 3 percent over 1999. Total run-of-press volume increased about 3 percent, the equivalent of 59 pages a day. Pro forma circulation revenue finished 2000 up 2 percent from 1999. Average daily net paid circulation finished down slightly, about 1 percent. Single-copy volume trends improved.

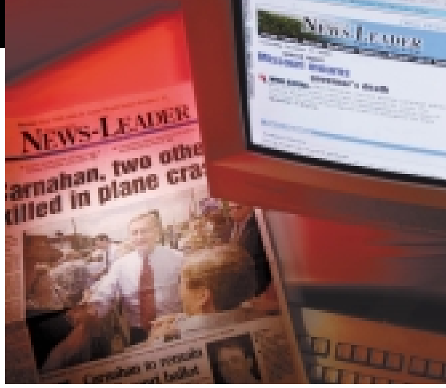
Attracting and keeping readers through enhanced content and new products was a focus of the division in 2000.

Gannett News Service launched "e," a guide to personal technology. (See story, page 7.) Full or partial "e" sections appear in more than 90 Gannett newspapers. The content is available on newspaper Web sites as well.

Gannett News Service also worked with USA TODAY and USATODAY.com to bring newspaper readers, TV viewers and Internet users complete election and Summer Olympics coverage. (See story, page 13.)

Publishers and editors across Gannett are working to incorporate the recommendations of the Generation X Task Force into their local publications. (See story, page 7.) The task force was created to find new ways to attract and hold readers ages 25-34.

One reader requirement that never changes is the need for strong, solid journalism. Among the awards won by Gannett's newspapers in 2000: the Pulitzer Prize for Explanatory Journalism. Eric Newhouse of The Great Falls (Mont.) Tribune (circ. 33,903) was awarded the prize for his extraordinary reporting on the effect of alcohol abuse on a community. (See story, page 8.)



NEWSPAPERS EXPAND READERSHIP WITH COMPLETE COMMUNITY COVERAGE

In the fall of 2000, the Newspaper Division launched a new initiative in news: Complete Community Coverage. This initiative takes elements from Gannett's longstanding NEWS 2000 program – aimed at meeting the changing needs of readers – and adds steps to provide strong news reports online.

The objective is to build readership by making each newspaper the best source of local news and information – whether readers come to the print or online version.

Complete Community Coverage relies first on newspapers getting a deeper understanding of their readers' interests through formal readership studies and informal contact. The newspapers also incorporate four Core Values in print and online operations: upholding First Amendment responsibilities; reflecting and serving diverse readers; achieving high-quality journalistic standards; and ensuring credibility in content and integrity in news gathering.

To expand Complete Community Coverage in print, newspapers emphasize strong coverage of traditional local topics and target high-potential reader groups.

To advance Complete Community Coverage online, newspapers add depth through the local-news online report. Online also provides significant breaking local news, not restricted by a print cycle.

Under Complete Community Coverage, newspapers also may extend their reach through partnerships with other local media.

TASK FORCE HELPS NEWSPAPERS REACH GENERATION X

Nineteen Gannett employees – all Generation Xers between 25 and 34 – were brought together in early 2000 to study ways for newspapers and Web sites to appeal to their age group.

For several months, the task force researched the habits, likes, attitudes and preferences of Generation X and developed recommendations and prototypes.

Among recommendations: ensure that newspapers consistently contain information GenXers are interested in, such as schools and commuting; present that information in an appealing, relevant way; promote content in the newspapers and on Web sites.

Among changes already taking place: FLORIDA TODAY in Brevard is launching an improved daily Business section; Asbury Park (N.J.) Press refocused music coverage on clubs and concerts; Lansing (Mich.) State Journal redesigned its classifieds, adding high-interest topics; The Desert Sun in Palm Springs, Calif., launched a free alternative weekly and added pages on recreation and the outdoors to the sports section; Fort Collins Coloradoan debuted Xplore, a section focusing on outdoor recreation, then launched an interactive companion Web site; Rochester (N.Y.) Democrat and Chronicle put cameras on the NFL's Buffalo Bills training fields and updated the photos each minute on the Web.

TECHNOLOGY SECTION REACHES MILLIONS IN PRINT AND ONLINE

Since last fall, "e" has been enhancing technology coverage at Gannett newspapers.

Produced by Gannett News Service, "e" is a weekly guide to personal technology that includes information on computers, cell phones, digital television, MP3 players and more.

The section also offers help and advice on the Internet, software and personal technology gadgets. There's special content for parents and younger readers, including a "Computing with Kids" column and reviews of the latest video games.

Full or partial sections of "e" appear in more than 90 Gannett newspapers.

"Our niche is a consumer guide to technology," says Craig Schwed, GNS projects editor. "We're trying to help people use technology to make their lives better and have fun."

Gannett's Digital Production Center also makes "e" content available to newspaper and broadcast Web sites. In October, the first full month of operation, "e" online got more than 1 million page views.

GREAT FALLS TRIBUNE CLAIMS PULITZER PRIZE

The Great Falls (Mont.) Tribune received journalism's top honor in 2000. Projects Editor Eric Newhouse won the Pulitzer Prize for explanatory reporting for the yearlong series, "Alcohol – Cradle to Grave," about the effects of alcohol abuse on Montana's citizens.

Each month, Newhouse reported on a different segment of the community affected by alcohol abuse, including alcoholic mothers, teenagers, victims of drunk drivers and residents of the Blackfeet Indian Reservation. People told Newhouse firsthand how alcohol addiction was destroying their lives. They let the Tribune's Larry Beckner photograph them at their worst in hopes that Newhouse's work could help others.

"People here trust the Tribune. When we change things, they react as if we'd changed the living room furniture," Newhouse says. "So when it came time to go out and talk to people, it was a lot easier to do."

Newhouse, a 12-year veteran of the paper, and Executive Editor Jim Strauss estimate that the series ran about 50,000 words on 50 pages throughout 1999.

For the April 1999 installment, readers responded to a small ad that ran in the Tribune encouraging them to call Newhouse and tell him how alcohol abuse was affecting them personally. "We got more calls than I can remember. We took just two paragraphs from each of those calls and, using only first names, filled up a whole page with them. It said to me that this [problem] was even more wide-spread than I had believed," Newhouse says.

Newhouse met Bill Broderson, an alcoholic in the detox unit of a local hospital in the beginning stages of the series. Broderson agreed to be interviewed and photographed as Newhouse chronicled his struggle with alcohol addiction throughout the year. Newhouse related Broderson's ups and downs – when he was sober and when he was on a drinking binge and living in the bushes along the Missouri River. The last part of the series featured Broderson, back in the detox unit.

If personal accounts about the effects of alcohol abuse didn't hook readers, the research on its fiscal impact did. Design and Graphics Editor Také Uda created numerous charts and graphs about the state's alcohol consumption, revenue and costs. Newhouse found that about half of Montana's welfare money goes to people who abuse alcohol. He added to that figure various others, including state money spent on substance abuse programs in prisons and medical bills stemming from alcoholism. He found, even using the most conservative estimates, that Montana spends more on treating the effects of alcohol abuse than it spends on its entire university system each year – $135 million compared with $120 million.

For the series, Newhouse also won a national Nancy Dickerson Whitehead Medallion, which recognizes outstanding professionals in mass communication.

DES MOINES OPENS NEW PRINTING PLANT, MAKES DESIGN CHANGES

On March 13, 2000, The Des Moines Register began printing newspapers on a state-of-the-art press at its new $52 million printing facility.

The new Iowa plant is about eight miles from the Register building in downtown Des Moines, where most of the newspaper's staffers work; about 150 production and distribution employees moved to the new building. Downtown staffers send news pages through high-speed fiber-optic lines to the printing facility. It takes just 15 seconds to send one page.

The Register is among the first U.S. newspapers to use the MAN Roland Geoman offset press, which weighs more than a million pounds and stands five stories high. It prints up to 70,000 copies per hour, compared with 35,000 copies per hour on the newspaper's old press. It features shaftless technology, which provides synchronization through a fiber-optic network, making the press run smoother. Vice President and Editor Dennis Ryerson says "the paper is just cleaner, more colorful, and people have indeed noticed."

Readers wrote to the newspaper to say they liked the new and improved Register, which included design changes to Page One and section fronts, expanded local news, a weekly Home & Garden section, a weekly technology section and a new stand-alone daily business section. The newspaper also is narrower now that it's being produced on the new industry standard 50-inch web.

USA WEEKEND HITS RECORD CIRCULATION, REACHES MILESTONES

USA WEEKEND in January 2001 reached the largest circulation in its history – 22.7 million. The record represents almost 1 million in added circulation in 2000, with the number of newspapers carrying the national weekly newspaper magazine totaling 555.

To help its partner newspapers boost single-copy sales, USA WEEKEND in 2000 began offering an editorial special events promotional program. Papers that promoted a Britney Spears “fold-out poster” in a February issue saw up to a 4 percent increase in single-copy sales.

In the fall, USA WEEKEND marked two milestones: its 15th anniversary and the 10th Make a Difference Day, the nation’s largest day of community service which USA WEEKEND created.

About 2 million Americans participated in activities that helped 25 million others.

Volunteers, including celebrities such as Miss America 2001, helped repair schools, cleaned the environment and visited sick children. All 50 U.S. state governors declared their support. Actor Paul Newman donated $100,000 in charitable awards. Artist Mary Engelbreit created a commemorative poster to benefit Make A Difference Day and First Book, a children’s literacy program; about 2,500 were sold. Dozens of celebrities donated items that were auctioned for charity on MissionFish.com. More than 2,500 Wal-Mart stores donated $1,000 each to projects working with charities in their communities.

TECHNOLOGY TOOLS ENHANCE SERVICE, INCREASE PRODUCTIVITY

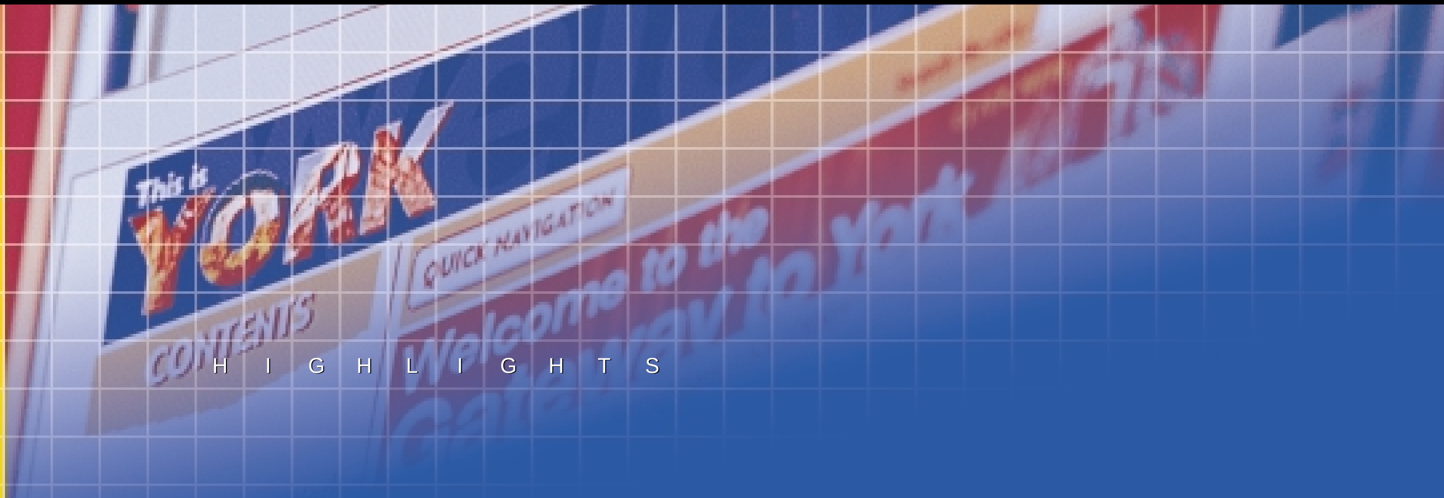
Newspaper Division circulation and market development staffers in 2000 began using three computer-based tools to improve customer service.

- R-Logic gives newspapers more detailed information about reader retention. While Gannett’s database system, Genesys, measures the time lapse between subscriber “stops and starts,” R-Logic gives newspapers a more complete picture of subscriber activity by taking into account gaps caused by vacations and changes in service. This extra information aids newspapers’ retention efforts and helps employees spot trends.

  Circulation and market development staffers were introduced to R-Logic at a two-day Retention Marketing Seminar. More than 70 newspapers installed the system in 2000. The rest will have it in 2001.
- IQube helps newspapers learn more about their customers by integrating existing Genesys data with external marketing data. It’s used to develop more detailed consumer analyses, improve contact management and more. Tested at The News Journal in Wilmington, Del., and at The Greenville (S.C.) News, it will be rolled out to other newspapers in 2001.
- Route Max (shown in photo above), a single-copy palm-top sales management system, was installed at The Journal News in Westchester County, N.Y., and Rochester (N.Y.) Democrat and Chronicle, as well as the Battle Creek (Mich.) Enquirer, The Courier-Journal in Louisville, Ky., and The Desert Sun in Palm Springs, Calif. Seven more newspapers are slated for 2001.

  Circulation staffers use the hand-held computers to electronically record single-copy delivery and sales information during route delivery. Back at the office, the devices are dropped into cradles, where data is automatically uploaded to Genesys.

  “Route Max saves time, eliminates key punching and gives us more accurate and timely sales information on our draws,” says Rosie Cassidy, director/circulation operations and technology. It enables newspapers to better serve over-the-counter dealers by maximizing sales and streamlining the billing process.



H I G H L I G H T S

Gannett expanded its position as England's largest publisher of regional newspapers – and became one of the top three publishers in Wales – with the June acquisition of News Communications & Media plc (Newscom).

Newscom added 114 titles to the number published by Newsquest, Gannett's operating arm in the United Kingdom. Newsquest now has nearly 300 titles, including 15 dailies, with a weekly circulation of nearly 11 million. Newscom was "a brilliant fit," says Newsquest Executive Chairman Jim Brown.

Newsquest acquired Southernprint in the deal. Southernprint is a state-of-the-art printing facility that prints and binds many of the U.K.'s top glossy magazines and catalogs. In 1997 and 2000, the facility was named Printing Company of the Year by the British Printing Industries Federation.

By adding Southernprint to its 10 other presses, Newsquest can now offer a variety of newspaper, magazine and periodical printing services around the country. Ten Newsquest newspapers, especially in the London area, have improved production quality by using the state-of-the-art presses at Southampton and Weymouth.

Many of Newsquest's titles are more than 100 years old. With Newscom came the third-oldest surviving newspaper in the world, the Salisbury Journal. The Salisbury paper, founded in 1729, joined Berrow's Worcester Journal as a Newsquest property. Berrow's, established in 1690, is the oldest surviving newspaper.

Newsquest continued to thrive in 2000. Advertising revenues, excluding Newscom, increased 11 percent while circulation revenue increased 4 percent. Circulation volume decreased 2 percent.

Already successful Internet efforts grew further in 2000. "This is" sites, part of a nationwide network of local news and information sites, added CommuniGate to their offerings in 2000. CommuniGate lets clubs and organizations design their own Web pages and post their information. (See story, page 11.)

Newsquest's use of online products to extend its business is proving invaluable to advertisers: Regional digital media teams provide Web solutions for a range of business clients, from emerging dot-coms to well-established local retailers. The partnership of Fish4 remains one of the U.K.'s largest classified sites for jobs, autos and real estate. Shoppers World, an e-commerce site, provides key information about sales and deals to bargain hunters.

Newsquest produces a portfolio of niche magazines and supplements and is quick to pounce on emerging trends, launching several new products in 2000. Several new newspapers were started, including The Ealing Times, which went from launch decision to street in eight hours. (See stories, page 11.)

The U.K.'s largest regional press door-to-door distribution services are offered through Regional Letterbox Services (RLS). By taking advantage of RLS' weekly distribution network, advertisers can have their leaflets, brochures, catalogs, supplements or product samples delivered to a few thousand or more than 6 million households at any one time.

Editorially, Newsquest's newspapers continue to pursue a variety of investigations that achieved results in their communities. The Northern Echo, for instance, prompted improvements in Britain's National Health Service and the South Wales Argus rallied behind a successful campaign to help former miners suffering from respiratory diseases.

NEWSQUEST ROLLS OUT NEWSPAPERS, NICHE PRODUCTS

Newsquest expanded circulation and advertising sales in 2000, launching a number of new newspapers and several niche products.

In eight hours last March, staffers put together, printed and distributed 60,000 copies of The Ealing Times in the West London town of Ealing. The weekly paper was launched posthaste after a competitor threatened to publish a product with the same name to steal Newsquest's thunder.

Newsquest had planned to introduce The Ealing Times three weeks later. To move up the date, distribution teams from the region were dispatched to deliver the first copies to newsagents all over Ealing. A promotional campaign announcing the launch followed.

Six other Newsquest weeklies debuted in 2000 – three in the Bradford area and three in Newsquest's Southern region – along with a weekend magazine covering Southampton, Weymouth and Bournemouth.

Newsquest also created Scoop, a weekly quarterfold to attract small businesses that can't afford to advertise in its larger papers. Available across most of the company's regions, the newspaper carries no editorial content and is filled with bargain ads.

Limited Edition, a glossy upscale national magazine launched in 1999, underwent significant expansion in 2000. Fourteen Newsquest centers now publish local versions of the publication, growing circulation from 257,000 in 1999 to nearly 500,000.

ONLINE INITIATIVES DRAW RECORD TRAFFIC

Newsquest Digital Media in September began partnering with amateur clubs and non-profits in Newsquest newspaper communities via its new online initiative, CommuniGate.co.uk.

The service helps the organizations create their own Web sites linked to Newsquest's local and regional portals. The result is a lively online meeting place where members can communicate, plan and advertise activities, publish newsletters and photos.

Newsquest developed the software and provides it to the groups for free. Ad staffers sell site sponsorships; newspapers republish in print the contacts, news and events posted on the sites.

Within two weeks of CommuniGate's start-up, more than 100 groups had registered with the service; within a month, there were more than 800 Web sites built. At the end of 2000, CommuniGate reported more than half a million page impressions. Those visitors contributed to record levels of traffic on Newsquest sites, up more than 335 percent in 2000. Among other online draws: the fall floods and the race for London's mayor, an e-soap story on thisisyork.co.uk and a panoramic tour of Oxford on thisisoxfordshire.co.uk.

Newsquest ranked in the Top 100 U.K. Online Media Properties list published by Revolution, a national magazine covering the digital economy.

DESPITE DEVASTATING FLOODS, NEWSPAPERS ARE DELIVERED

Weeks of torrential rains last fall triggered severe flooding on rivers across the U.K. – the worst in 50 years. At least 12 people died as a result of the Great Flood of 2000; thousands fled their homes.

In York, 200 miles north of London and home to Newsquest's Evening Press, water levels peaked at the highest level since 1625. Photographers and reporters braved adverse conditions to produce papers full of flood stories and essential information. For many York staffers, just getting to and from work was a daily nightmare of long detours through flooded, traffic-choked roads and train journeys that could be cancelled at any time. Two evacuation notices were served on the York newspaper building at the height of the floods. No one left.

In southern Britain, waters rose around the Worcester Evening News building but the daily and weeklies continued to publish. Staffers spent long hours in the cold and wet covering stories of the deluge. Newspapers were even delivered by tractor (see photo above) as floods swept the city.

The Evening Press published two special editions during the floods and a flood edition of its staff magazine, YorkTalk, telling the stories of how employees battled the crisis. Afterward, the Evening Press produced a full-color, 56-page magazine.

HIGHLIGHTS

USA TODAY in 2000 focused on leveraging its assets to build a network across its many departments – and on providing a branded USA TODAY report via multiple media vehicles.

USATODAY.com and USA TODAY editors collaborated throughout the year, learning how to use the power of the brand and to serve an aggregated audience.

The network was best showcased at the national political conventions during the summer and later at the Summer Olympics in Sydney, Australia. Staffers for USA TODAY, USATODAY.com, Gannett News Service and USA TODAY LIVE, a multimedia venture launched with Gannett Broadcasting, worked side by side to provide the best coverage possible, whether online, in the newspaper or on Gannett television stations. (See stories, page 13.) Across the network, the USA TODAY brand saw positive results.

USATODAY.com, the No. 1 newspaper site and a leading general interest news site on the Internet, had record-breaking traffic for 2000 with 2.4 billion page views for the year. That 50 percent increase over total traffic for 1999 reflects a continuing trend in increased traffic for USATODAY.com. More than 25 million monthly visitors are getting USA TODAY news and information through interactive features, graphics and other multimedia functions including audio, video and live webcasts.

The USA TODAY network also allows advertising sales to bring additional value to advertisers. For instance, clients can now purchase advertising in the newspaper, online, in the international edition of USA TODAY and more. The reach of the network was expanded into collaborations between marketing, news and circulation.

Advertising posted another strong year with revenues up more than 12 percent. Over five years, USA TODAY ad revenue has grown 115 percent. In 2000, all major advertising categories were up, with the entertainment and telecom categories topping the list. Entertainment was up 19 percent; telecom, up 78 percent. The network approach has enabled USA TODAY to increase the audience reach for key advertisers. Advertisers such as Vanguard Group Inc. extended print advertising by placing digital advertising on USA TODAY content delivered to Palm III, Palm V and Palm VII handheld devices.

The newspaper made the conversion from a 54-inch web width to a 50-inch web. Readers say the narrower page makes it easier to carry, hold and fold – and it reduces newsprint expense. The newspaper also was redesigned to give it a fresh, updated look.

To enhance on-time newspaper deliveries to customers, USA TODAY launched three new print sites in the U.S.: Lansing, Mich., Raleigh, N.C., and Las Vegas, Nev. Two European print sites were added in Belgium and Italy.

USA TODAY completed its computer-to-plate project in March 2000, eliminating the use of film in production at all print sites. This reduces production time, which gives newsrooms later deadlines and lets newspapers reach circulation departments earlier.

COLLABORATION WAS KEY TO OLYMPICS COVERAGE

The 2000 Summer Olympics were a first for USATODAY.com.

Sydney's Games, with their upside-down time zone, called for the kind of cooperation that media convergence demands: Reporters for both USA TODAY and its dot-com partner wrote for online first, print second.

USATODAY.com offered Internet users the latest results as well as exclusive online chats with the athletes, pages of event photos and online fan surveys. USA G'Day featured Assistant Managing Editor/News Projects Joel Sucherman on video, talking about aspects of life Down Under. A new USA G'Day segment appeared on the USATODAY.com Sydney 2000 page every day, complementing online and print news coverage of the Games.

The coverage paid off. USATODAY.com reported 226 million page views in the Olympic month of September, a 50 percent increase in year-over-year traffic.

USA TODAY, as it has for Olympics past, published a daily bonus section with news, features, photos and graphics from the Games. New this year: a daily host city edition, which included a four-page sheet insert with the latest results from the previous day's events. The Sydney edition and bonus section were printed at USA TODAY's Hong Kong print site; the insert, by Xerox Corp. in Sydney.

USA TODAY COMES TO LOCAL TV NEWS IN MULTIMEDIA VENTURE

USA TODAY and Gannett Broadcasting in June launched USA TODAY LIVE, a new multimedia venture that produces the content of USA TODAY in electronic format and distributes it to Gannett TV stations and USATODAY.com.

Unofficially, USA TODAY LIVE began with coverage of the crash of a Concorde jet outside Paris in July. The official debut came at the 2000 national political conventions.

There, for the first time, reporters and columnists for USA TODAY and Gannett News Service were able to go on TV and the Internet with what readers of the newspaper have come to count on – the staff's in-depth knowledge and analysis of events. Gannett's 22 TV stations nationwide received the segments for their exclusive use in news reports and USATODAY.com streamed audio and video to its Net users worldwide.

USA TODAY LIVE has since rolled out different program segments, adding daily inserts to the morning newscasts at the TV stations.

"A reporter from USA TODAY can now say to a news source: I can get you in the largest newspaper, on one of the largest Web sites and on the largest local affiliate station group. Nobody else in media can make that claim, and the result is we are breaking more stories than ever," says USA TODAY President and Publisher Tom Curley.

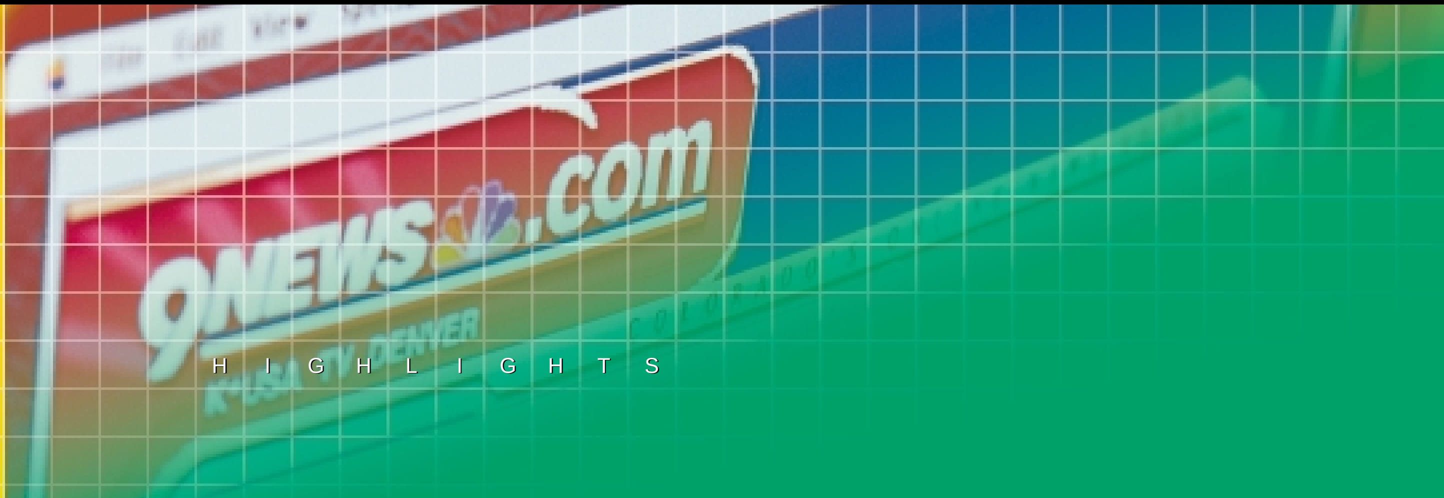
INVESTIGATIVE REPORTING PROMPTS POSITIVE CHANGE

USA TODAY Investigative Reporter Peter Eisler spent 10 months examining more than 100,000 recently declassified documents for his series "Poisoned Workers & Poisoned Places."

Prompted by a tip from a source, Eisler began studying private companies where the government did nuclear weapons work in the '40s and '50s. His review showed how the government's secret contracting program risked the health and lives of thousands of Americans. A Congressional hearing was called and the first comprehensive list of nuclear weapons production sites was released.

USA TODAY LIVE, working with Eisler, developed a companion series that aired in five Gannett TV markets where workers had been exposed to nuclear radiation. The TV version began airing the night before the story appeared in the newspaper, giving the Gannett stations a 12-hour jump on their competition. Stories on USATODAY.com received hundreds of thousands of page views.

The story is still producing shockwaves on Capitol Hill and in communities across the nation. Local officials are scrambling to find out whether they have radioactive industrial sites in the middle of their neighborhoods.



HIGHLIGHTS

Gannett Broadcasting is taking advantage of one of the company's greatest assets – the content generated by reporters and editors at USA TODAY and Gannett's local newspapers and Web sites, as well as at its own TV stations.

Broadcasting joined with USA TODAY to launch USA TODAY LIVE. The multimedia venture transforms the content of USA TODAY into video and distributes it to Gannett TV stations and USATODAY.com. (See story, page 13.) A similar cross-media relationship between KPNX-TV at Phoenix and The Arizona Republic allows for a sharing of content across both platforms. (See story, page 15.)

Meanwhile, viewer appetite for morning news continues to grow. Three Gannett stations – KARE-TV at Minneapolis-St. Paul, KUSA-TV at Denver and KSDK-TV at St. Louis – are among the highest-ranked morning news stations in the U.S.'s largest markets for viewers in the key age group of 25–54.

Late evening news continues to deliver the largest local news audience. Four Gannett stations – KARE-TV, KPNX-TV, KUSA-TV, and KSDK-TV – rank among the top 10 in the U.S.'s largest markets for the 25–54 age group. Gannett stations KARE-TV, KUSA-TV, KSDK-TV, WBIR-TV at Knoxville, Tenn., WCSH-TV at Portland, Maine, and WMAZ-TV at Macon, Ga., are ranked at the top in all key local news time periods.

The importance of local television was apparent throughout the election year as viewers tuned into Gannett's TV stations for the latest news and information. It was a banner year as well for campaign advertising in key states. Overall, revenues were bolstered by a strong political and issue advertising year and the solid performance of Gannett's NBC stations during the Summer Olympics. Revenues were up 8 percent in 2000.

Throughout the year, Broadcasting improved its staff development with three key initiatives:

- *Annual strategic planning. Each station's management and staff continue to plan key initiatives designed to improve the product.*
- *Web site development. A corporate team is working to develop Web products and generate revenue. All stations now have Web sites.*
- *"Winning" programs. Key staffers from various stations are brought together to learn from one another. One such meeting in 2000 involved all newscasters and news management of Gannett TV stations' morning newscasts.*

In 2000, Broadcasting continued to use research as a strategic planning tool, providing each station with an annual study tracking local viewer response to news. Use of research will be expanded in 2001 to provide stations with information detailing viewer interest in morning and evening news.

Research projects are underway in Phoenix, Sacramento and Denver – three markets with rapidly expanding Hispanic populations – to determine how to meet those viewers' unique needs and interests in all Gannett markets.

Technology was improved as Gannett TV stations continued the transition to digital. Also, two Web-based systems were developed to share information among stations: a Broadcast intranet and Newsmaker, which stations use for sharing content and graphics over the Internet. (See story, page 15.)

PARTNERSHIPS MOVE BROADCASTING IN NEW DIRECTIONS

Gannett TV stations in 2000 established a variety of unique partnerships – with sister stations, with Gannett newspapers and with other broadcasters.

In March, Gannett made history when it acquired WJXX-TV, the ABC affiliate in Jacksonville, Fla., from Allbritton Communications and became the first company in the country to own and operate two "Big Three" network-affiliated stations in one TV market. Gannett has owned and operated WTLV-TV, Jacksonville's NBC affiliate, since 1988. Both stations now operate out of WTLV's newly renovated facilities and newscasts for both are simulcast under the brand of First Coast News.

In Maine, WLBZ-TV at Bangor and WCSH-TV at Portland merged their technical operations with a centralized and automated master control room that runs both operations as if they were in the next room instead of 135 miles apart. While the two have produced "statewide" newscasts for more than 20 years, the two newsrooms are now linked by an advanced computer. The computer controls satellite dishes and digital file servers to record and play back programs and commercials for the stations. Installation of a fiber-optic line was completed in January 2001, linking the stations for multiple video, audio and data signals.

Gannett TV stations provided viewers additional quality content by taking advantage of the enterprise efforts of Gannett newspapers and Web sites.

In Phoenix, KPNX-TV, The Arizona Republic and the newspaper's two Web sites began sharing information on major investigations and events such as the Summer Olympics, election coverage and business reporting. By combining the media, Gannett now reaches nearly 90 percent of adults in the Phoenix market in an average week.

Via USA TODAY LIVE, a venture between Broadcasting and USA TODAY, all Gannett stations now have unique access to the nation's newspaper and USATODAY.com. (See story, page 13.)

Partnerships with non-Gannett entities:

- Eleven U.S. TV broadcast groups joined with Gannett to form iBlast Networks. When introduced in 2001, iBlast will use a portion of the digital TV capacity of 143 local stations in 102 markets to deliver music downloads, interactive games, enhanced video and other digital services nationwide.
- Paxson Communications Corp. signed a joint sales agreement with seven of Gannett Broadcasting's NBC affiliates to let the local PAX stations re-broadcast the local newscasts of the Gannett-owned stations. The markets are: Atlanta, Buffalo, Cleveland, Denver, Minneapolis-St. Paul, Phoenix and Portland.
- Hearst-Argyle Television and Gannett's 13 NBC affiliates joined with General Electric's NBC Enterprises and stations owned and operated by NBC to develop syndicated programming for the late morning and afternoon hours.

NEW TECHNOLOGY HELPS STATIONS SPREAD THE NEWS

Gannett TV stations in 2000 began using Newsmaker, a content-management technology developed at Atlanta's WXIA-TV. Newsmaker lets stations share text and graphics on stories, then adapt that information for use on their Web sites.

Staffers log on to Newsmaker's virtual private network (VPN) and call up stories published by the other stations on their Web sites. A user interface allows them to customize the stories by inserting text, still images, and Internet links. Future versions of Newsmaker will be able to handle streamed video clips.

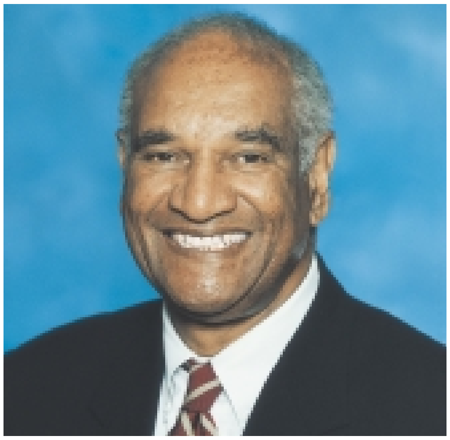
A WXIA crew covering the Summer Games in Sydney used Newsmaker to publish Olympics stories to its Web site.

WGRZ-TV at Buffalo, N.Y., WLTX-TV at Columbia, S.C., and KTHV-TV at Little Rock, Ark., also have employed the new technology.

In 2001, Newsmaker will be rolled out to stations division-wide, serving as a content-management system for all the stations' Web sites.

Above: Gannett Television's Kevin Goff, Newsmaker's creator, demonstrates Newsmaker at WXIA-TV in Atlanta.

B O A R D O F D I R E C T O R S



DOUGLAS H. MCCORKINDALE

Chairman, president and chief executive officer, Gannett Co., Inc. *Formerly:* President, chief executive officer and vice chairman, Gannett Co., Inc. (2000-January 2001), Vice chairman and president, Gannett Co., Inc. (1997-2000), Vice chairman and chief financial and administrative officer, Gannett Co., Inc. (1985-1997). *Other directorships:* Continental Airlines, Inc.; and funds which are part of the Prudential group of mutual funds. Age 61. (b,d,e,f,g)

H. JESSE ARNELLE

Of counsel to Winston-Salem, N.C., law firm of Womble, Carlyle, Sandridge & Rice. *Other directorships:* FPL Group, Inc.; Textron Corporation; Eastman Chemical Co.; Armstrong World Industries; Waste Management, Inc. Age 67. (a,e)

MEREDITH A. BROKAW

Founder, Penny Whistle Toys, Inc., New York City, and author of children's books. *Other directorships:* Conservation International, Washington, D.C. Age 60. (b,d,e)

SPECIAL THANKS

John J. Curley and **Stuart T.K. Ho** retired from the board on Jan. 31, 2001. Curley is the former chairman and chief executive officer, Gannett Co., Inc. Ho is chairman of the board and president, Capital Investment of Hawaii, Inc. **Josephine P. Louis,** chairman and chief executive officer of Eximious Inc. and Eximious Ltd., retired on May 2, 2000. **Drew Lewis,** former chairman and chief executive officer of Union Pacific Corporation, retired on Nov. 27, 2000.

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

JAMES A. JOHNSON
Chairman and chief executive officer, Johnson Capital Partners. *Other directorships:* Cummins Engine Co.; Goldman Sachs Group, Inc.; Target Corporation; Temple-Inland Corporation; United Health Group; KB Home Corporation; Chairman, John F. Kennedy Center for the Performing Arts; Chairman, board of trustees, The Brookings Institution. Age 57. (b,c,d)

SAMUEL J. PALMISANO
President and chief operating officer, International Business Machines Corporation; and a trustee of The Johns Hopkins University. Age 49. (a,c)

KAREN HASTIE WILLIAMS
Partner of Washington, D.C., law firm of Crowell & Moring. *Other directorships:* The Chubb Corporation; Continental Airlines, Inc.; Washington Gas Light Company; and a trustee of the Fannie Mae Foundation.
Age 56. (a,c)




C O M P A N Y   A N D   D I V I S I O N A L   O F F I C E R S

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

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

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

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


BENTLEY ■


BROWN

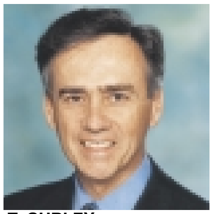

CHAPPLE •


CLAPP •


CLARK-JOHNSON ■


COLEMAN ■


COLLINS ■


T. CURLEY •

CHRISTOPHER W. BALDWIN
Vice president, taxes. Age 57.

SARA M. BENTLEY
President, Gannett Northwest Newspaper Group, and president and publisher, Statesman Journal, Salem, Ore. Age 49. ■

JAMES T. BROWN
Executive chairman, Newsquest. Age 65.

THOMAS L. CHAPPLE
Senior vice president, general counsel and secretary. Age 53. •

RICHARD L. CLAPP
Senior vice president/human resources. Age 60. •

SUSAN CLARK-JOHNSON
Chairman and CEO, Phoenix Newspapers, Inc., Senior group president, Gannett Pacific Newspaper Group. *Formerly:* Senior group president, Gannett Pacific Newspaper Group, and president and publisher, Reno (Nev.) Gazette-Journal (1994-2000). Age 54. ■

MICHAEL J. COLEMAN
Senior group president, Gannett South Newspaper Group, and president and publisher, FLORIDA TODAY at Brevard County. Age 57. ■

ROBERT T. COLLINS
President, New Jersey Newspaper Group, and president and publisher, Asbury Park Press, Home News Tribune, East Brunswick, N.J., and Ocean County Newspapers. *Formerly:* President and publisher, Asbury Park Press and Home News Tribune (1997-1998); president and publisher, Courier-Post, Cherry Hill, N.J. (1993-1997). Age 57. ■


CURRIE ■


DIERCKS ◆


DUBOW ◆


FELLER •


IVEY ■


JASKE •


MALLARY ◆


McCORKINDALE •

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

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

THOMAS CURLEY
Senior vice president, administration, and president and publisher, USA TODAY. *Formerly:* President and publisher, USA TODAY (1991-1998). Thomas Curley is the brother of John J. Curley. Age 52.•

PHILIP R. CURRIE
Senior vice president, news, Newspaper Division. Age 59.■

ARDYTH R. DIERCKS
Senior vice president, Gannett Television. *Formerly:* President and general manager, KSDK-TV, St. Louis (1996-1998); president and general manager, KVUE-TV, Austin, Texas (1994-1996). Age 46.◆

CRAIG A. DUBOW
President, Gannett Television. *Formerly:* Executive vice president, Gannett Television (1996-2000); president and general manager, WXIA-TV, Atlanta (1992-1996). Age 46.◆

DANIEL S. EHRMAN JR.
Vice president, planning and development. *Formerly:* Senior vice president, Gannett Broadcasting (1995-1997). Age 54.

MILLICENT A. FELLER
Senior vice president, public affairs and government relations. Age 53.•

LAWRENCE P. GASHO
Vice president, financial analysis. Age 58.

GEORGE R. GAVAGAN
Vice president and controller. *Formerly:* Vice president, corporate accounting services (1993-1997). Age 54.

DENISE H. IVEY
President, Gannett Gulf Coast Newspaper Group, and president and publisher, Pensacola (Fla.) News Journal. Age 50.■

JOHN B. JASKE
Senior vice president, labor relations and assistant general counsel. Age 56.•

RICHARD A. MALLARY
Senior vice president, Gannett Broadcasting. Age 58.◆

GRACIA C. MARTORE,
Treasurer and vice president, investor relations. *Formerly:* Vice president, treasury services and investor relations (1996-1998); vice president, treasury services (1993-1996). Age 48.

MYRON MASLOWSKY
Vice president, internal audit. Age 46.

continued on next page

C O M P A N Y   A N D   D I V I S I O N A L   O F F I C E R S


MILLER •


MOON ■


OGDEN ◆


RIDDLE ■

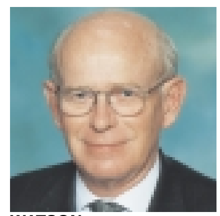

ROSENBURGH ■


SHERLOCK ■


STIER ■


VEGA ■


WALKER •◆


WATSON •■

LARRY F. MILLER
Executive vice president and chief financial officer. *Formerly:* Senior vice president, financial planning and controller (1991-1997). Age 62.•

CRAIG A. MOON
President, Piedmont Newspaper Group, and president and publisher, The Tennessean, Nashville. *Formerly:* Vice president, Gannett South Newspaper Group, and president and publisher, The Tennessean (1991-1999). Age 51.■

ROGER OGDEN
Vice president, Gannett Television, and president and general manager, KUSA-TV, Denver, Colo. Age 55.◆

W. CURTIS RIDDLE
Senior group president, Gannett East Newspaper Group, and president and publisher, The News Journal, Wilmington, Del. Age 49.■

CARLETON F. ROSENBURGH
Senior vice president, Gannett Newspaper Division. Age 61.■

GARY F. SHERLOCK
President, Gannett Atlantic Newspaper Group, and president and publisher, The Journal News, Westchester County, N.Y. Age 55.■

MARY P. STIER
Senior group president, Gannett Midwest Newspaper Group, and president and publisher, The Des Moines Register. *Formerly:* President, Gannett Midwest Newspaper Group, and president and publisher, Rockford (Ill.) Register Star (1993-2000). Age 43.■

WENDELL J. VAN LARE
Vice president, senior labor counsel. Age 55.

FRANK J. VEGA
President and CEO, Detroit Newspapers. Age 52.■

CECIL L. WALKER
Chairman and CEO, Gannett Broadcasting Division. *Formerly*: President and CEO, Gannett Broadcasting Division (1986-2000). Age 64.•◆

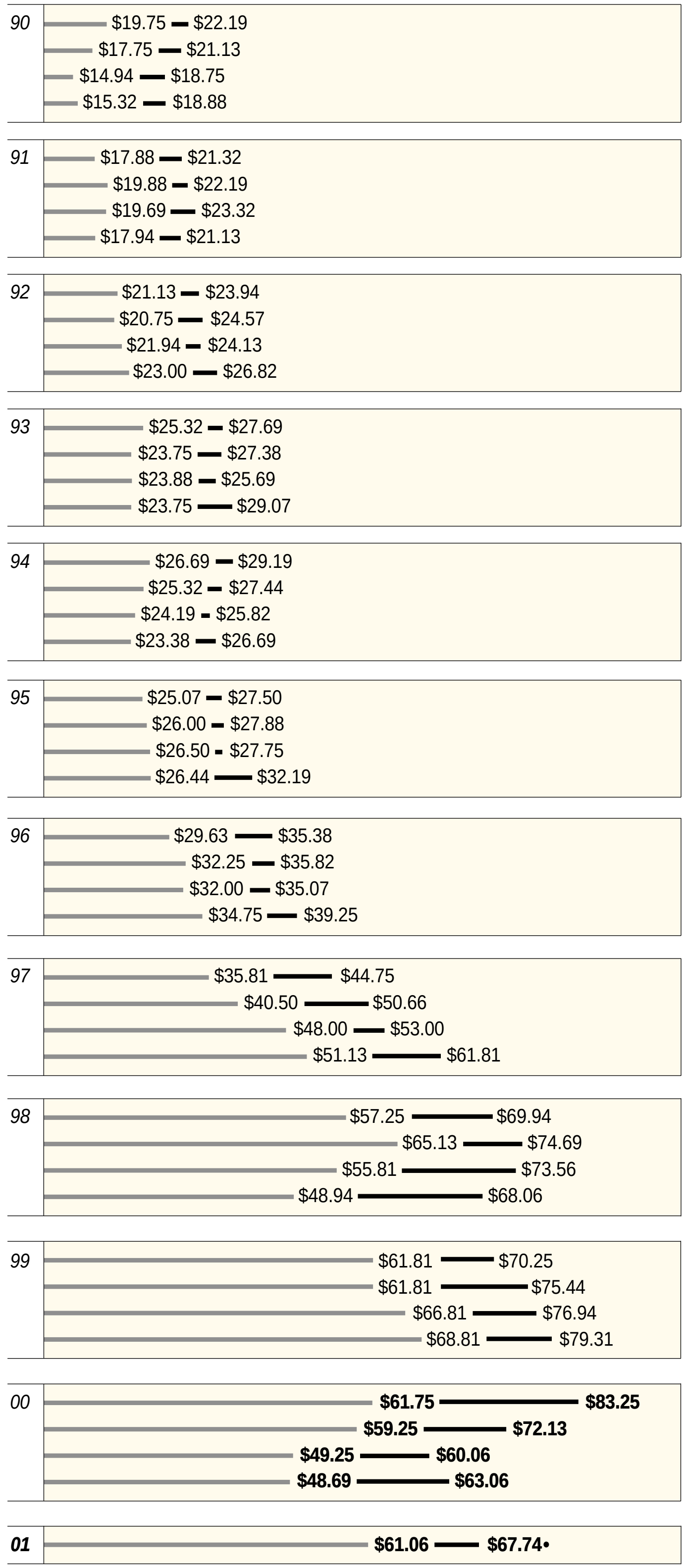
BARBARA W. WALL
Vice president, senior legal counsel. Age 46.

GARY L. WATSON
President, Gannett Newspaper Division. Age 55.•■

F I N A N C I A L S   T A B L E   O F   C O N T E N T S

GANNETT COMMON STOCK PRICES

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



• Through Feb. 26, 2001

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

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

Douglas H. McCorkindale
Chairman, President and
Chief Executive Officer

Larry F. Miller
Executive Vice President
and Chief Financial Officer

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

Basis of reporting

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

The company's fiscal year ends on the last Sunday of the calendar year. The company's 2000 fiscal year ended on Dec. 31, 2000, and encompassed a 53-week period. The company's 1999 and 1998 fiscal years each encompassed a 52-week period.

In the fourth quarter of 2000, the company modified its method of accounting with respect to certain of its newspaper subsidiaries that are participants in joint operating agencies, in accordance with a pronouncement of the Financial Accounting Standards Board. Previously, the company included its pro-rata portion of these revenues and expenses generated by the operation of the agencies on a line-by-line basis in its statement of income. In fiscal 2000, the company's operating results from its Detroit and Tucson joint operating agencies are accounted for under the equity method (as a single net amount which is in other operating revenue). All prior years' statements of income have been restated to conform with the new pronouncement. This classification change within the statements of income has no effect on the company's operating income or overall reported results of operations. However, this classification change results in a reduction of reported revenue of approximately $170 million in each of 2000, 1999, and 1998 with a corresponding reduction in operating expenses.

Business acquisitions, exchanges and dispositions

2000

In May 2000, Gannett made a cash offer to acquire the entire issued and to be issued share capital of News Communications & Media plc ("Newscom"). Pursuant to the Offer, Newscom shareholders elected to receive 1800 pence (U.S. $28.44) per share in cash or Loan Notes, valuing the entire issued share capital of Newscom at approximately 444 million British pounds (U.S. $702 million). Gannett also financed the repayment of Newscom's existing debt. On June 5, 2000, the company concluded the acquisition. With the Newscom acquisition, Newsquest (which includes Newscom) now publishes nearly 300 titles in the United Kingdom, including 15 daily newspapers.

On July 21, 2000, the company concluded the acquisition of 19 daily newspapers as well as numerous weekly and niche publications from Thomson Newspapers Inc. for an aggregate purchase price of $1.036 billion. The company acquired eight daily newspapers in Wisconsin, eight daily newspapers in central Ohio, and daily newspapers in Lafayette, La.; Salisbury, Md.; and St. George, Utah (collectively, "Thomson").

The company completed its acquisition of Central Newspapers, Inc. ("Central"), on August 1, 2000, for an approximate cash purchase price of $2.6 billion. The company also retired Central's existing debt of approximately $206 million. Central's properties include The Arizona Republic; The Indianapolis Star; three other dailies in Indiana and one daily in Louisiana; a direct marketing business; CNI Ventures, an Internet and technology investment management group; and other related media and information businesses.

In March 2000, the company completed the acquisition of WJXX-TV, the ABC affiliate in Jacksonville, Fla. Gannett continues to own and operate WTLV-TV, the NBC affiliate in Jacksonville.

The Newscom, Thomson, Central and WJXX-TV acquisitions were recorded under the purchase method of accounting.

The aggregate purchase price, including liabilities assumed, for businesses and assets acquired in 2000 including Newscom, Thomson, Central, the Jacksonville television station and certain smaller newspaper publishing operations, totaled approximately $4.8 billion.

The sale of the assets of the company's cable division for $2.7 billion was completed on Jan. 31, 2000. Upon closing, an after-tax gain of approximately $745 million or $2.77 per diluted share was recognized which, along with the cable segment operating results, is reported as discontinued operations in the company's financial statements.

Early in the fourth quarter of 2000, the company contributed the assets of its newspapers, the Marin Independent Journal and the Classified Gazette, to the California Newspapers Partnership (a partnership that includes 21 daily California newspapers) in exchange for an increased ownership interest in the partnership. The company now has a 19.49% ownership interest in the partnership.

1999

In June 1999, Gannett made a cash offer to acquire the stock of Newsquest plc ("Newsquest"). Newsquest's principal activities are publishing and printing regional and local newspapers in England with a portfolio of 180 titles that includes paid-for daily and weekly newspapers and free weekly newspapers. The offer was for 460 pence (U.S. $7.26) in cash or loan notes for each of 200.4 million fully diluted shares, for a total price of approximately 922 million British pounds (U.S. $1.5 billion). Gannett also financed the repayment of Newsquest's existing debt. In late July 1999, the company concluded the acquisition, which was recorded under the purchase method of accounting.

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

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

In March 1999, the company contributed The San Bernardino County Sun to the California Newspapers Partnership in exchange for a partnership interest.

1998

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

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

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

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

RESULTS OF CONTINUING OPERATIONS

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

Consolidated summary

Operating earnings reached another record level in 2000. A consolidated summary of the company's results is presented below. Note that this summary separates from ongoing results the second quarter 1999 net non-operating gain of $55 million ($33 million after tax) principally from the exchange of the Austin television station for the Sacramento television station, and the first quarter 1998 net non-operating gain of $307 million ($184 million after tax) principally from the sale of radio and alarm security businesses.

In millions of dollars, except per share amounts

	2000	Change	*1999*	*Change*	*1998*	*Change*
Operating revenues	**$6,222**	**22%**	$5,095	8%	$4,709	9%
Operating expenses	**$4,405**	**25%**	$3,532	6%	$3,323	9%
Operating income	**$1,817**	**16%**	$1,563	13%	$1,386	10%
Income from continuing operations, excluding gains on sale/exchange of properties	**$ 972**	**10%**	$ 886	13%	$ 782	15%
After-tax gains on sale/exchange of properties			$ 33		$ 184	
Income from continuing operations, as reported	**$ 972**	**6%**	$ 919	(5%)	$ 966	42%
Earnings per share from continuing operations, excluding gains on sale/exchange of properties						
Basic	**$ 3.65**	**15%**	$ 3.18	15%	$ 2.76	15%
Diluted	**$ 3.63**	**15%**	$ 3.15	15%	$ 2.74	15%
Earnings per share from gains on sale/exchange of properties						
Basic			$ .11		$ .65	
Diluted			$ .11		$ .64	
Earnings per share from continuing operations, as reported						
Basic	**$ 3.65**	**11%**	$ 3.29	(4%)	$ 3.41	42%
Diluted	**$ 3.63**	**11%**	$ 3.26	(4%)	$ 3.38	42%

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

Newspapers

In addition to its domestic local newspapers, the company's newspaper publishing operations include USA TODAY, USA WEEKEND, Newsquest (including Newscom operations acquired in 2000), which publishes daily and non-daily newspapers in the United Kingdom, and Gannett Offset commercial printing. The newspaper segment in 2000 contributed 87% of the company's revenues and 84% of its operating income. Record earnings were achieved by the newspaper segment in 2000, reflecting the results from the newly acquired Newscom, Thomson and Central operations and gains at most other U.S. and Newsquest newspapers.

Newspaper earnings were aided during the first part of 2000 by favorable newsprint price comparisons. However, the last half of 2000 saw a marked increase over 1999 prices. For the year, newsprint prices were 3% higher than 1999.

Newspaper operating results were as follows:

In millions of dollars

	2000	*Change*	*1999*	*Change*	*1998*	*Change*
Revenues	**$5,434**	**24%**	$4,367	10%	$3,988	11%
Expenses	**$3,912**	**27%**	$3,075	7%	$2,879	11%
Operating income	**$1,522**	**18%**	$1,292	16%	$1,109	11%
Operating cash flow	**$1,825**	**22%**	$1,499	16%	$1,294	11%

Newspaper operating revenues: Newspaper operating revenues are derived principally from advertising and circulation sales, which accounted for 73% and 21%, respectively, of total newspaper revenues in 2000. Ad revenues also include those derived from advertising placed with newspaper Internet products. 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 table below presents these components of reported revenues for the last three years.

Newspaper publishing revenues, in millions of dollars

	2000	*Change*	*1999*	*Change*	*1998*	*Change*
Advertising	**$3,973**	**28%**	$3,115	12%	$2,773	12%
Circulation	**$1,121**	**15%**	$ 971	1%	$ 958	6%
Commercial printing and other	**$ 340**	**21%**	$ 281	9%	$ 257	16%
Total	**$5,434**	**24%**	$4,367	10%	$3,988	11%

In the tables that follow, newspaper advertising linage, circulation volume statistics and related revenue results are presented on a pro forma basis for newspapers owned at the end of 2000, including the acquired properties from Newscom, Central and Thomson. The tables and related commentary include the portion of revenue and linage data for the company's newspapers participating in joint operating agencies, consistent with prior years.

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

Advertising revenues, in millions of dollars (pro forma)

	2000	**Change**	*1999*	*Change*	*1998*	*Change*
Local	**$ 1,312**	**1%**	$ 1,301	1%	$ 1,287	4%
National	**$ 792**	**10%**	$ 717	13%	$ 632	9%
Classified	**$ 1,860**	**4%**	$ 1,782	7%	$ 1,662	9%
Total Run-of-Press	**$ 3,964**	**4%**	$ 3,800	6%	$ 3,581	7%
Preprint and other advertising	**$ 693**	**10%**	$ 630	8%	$ 585	3%
Total ad revenue	**$ 4,657**	**5%**	$ 4,430	6%	$ 4,166	6%

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

	2000	**Change**	*1999*	*Change*	*1998*	*Change*
Local	**42.8**	**(1%)**	43.1	1%	42.8	2%
National	**4.6**	**11%**	4.1	16%	3.5	6%
Classified	**57.3**	**6%**	54.0	9%	49.4	8%
Total Run-of-Press	**104.7**	**3%**	101.2	6%	95.7	5%
Preprint distribution (millions)	**10,556**	**7%**	9,869	4%	9,444	6%

Reported newspaper advertising revenues for 2000 were $858 million greater than in 1999, a 28% increase, while pro forma revenues presented above reflect a 5% increase. The variance in these two comparisons relates principally to the full year effect of the Newsquest acquisition in 1999 and the Newscom, Thomson and Central acquisitions in 2000. Reported and pro forma newspaper revenue comparisons are positively impacted by the additional 53rd week in 2000.

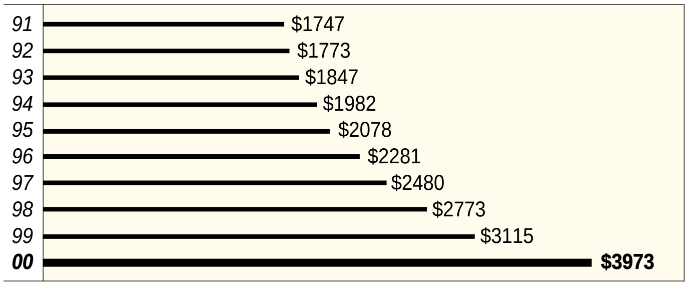
Pro forma local ad revenues were up 1% with linage down 1% for the full year. Ad spending by some of the largest retailers declined for the year, reflecting closings and consolidations. These revenue declines were offset by revenue increases from small and medium sized advertisers through expanded sales and marketing efforts.

Pro forma national ad revenues rose 10% with linage up 11%, driven principally by USA TODAY, which reported a 12% gain in revenues on an 8% linage gain. National ad revenue growth also was strong in Phoenix and at several other larger daily newspaper properties.

Pro forma classified revenues in 2000 rose 4% on a 6% linage gain. Employment ad revenue gains were the strongest, followed by real estate and automotive. The continued strong economy throughout most of the year and tight labor market in the United States and the United Kingdom were key factors in these revenue gains, along with added marketing and sales resources.

Revenues from the company's United Kingdom operations were unfavorably impacted by the decline in the exchange rate for British pounds during 2000. If the exchange rate had remained constant year-over-year, pro forma local, national and classified ad revenues would have increased 2%, 11% and 6%, respectively,

Advertising and other revenue from Internet activities for the newspaper segment totaled approximately $62 million in 2000 and $39 million in 1999. The company has Web sites at nearly all of its newspapers and other operating properties within the newspaper segment.



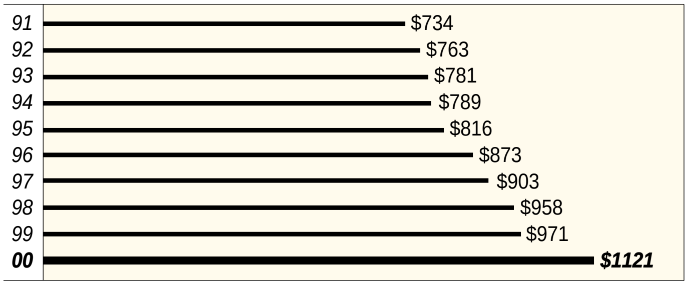
Newspaper advertising revenues in millions, as reported

Looking to 2001, for our domestic newspapers, modest ad revenue and volume growth is anticipated in most categories depending on the health of the U.S. economy and the extent of further closings or consolidations within certain key industries, particularly retail. Changes in national economic levels, consumer confidence, and unemployment rates and the level of general economic growth will impact revenues at all of the company's newspapers. Modest price increases are generally planned at most properties, and the company will continue to expand and refine marketing and sales efforts. More robust ad revenue growth is anticipated in 2001 for our Newsquest properties, depending on continued strong growth in the United Kingdom's economy.

Newspaper circulation revenues rose $150 million or more than 15% in 2000, due to incremental circulation revenues from the 1999 and 2000 acquisitions. On a pro forma basis, circulation revenues increased 1% in 2000.

For local newspapers, morning circulation accounts for approximately 78% of total daily volume, while evening circulation accounts for 22%. On a pro forma basis, local morning, evening and Sunday circulation volumes declined 1%. Selected circulation price increases were implemented in 2000 at certain newspapers. Also during 2000, the Green Bay (Wis.) Press-Gazette converted from an evening to a morning publication.

USA TODAY's average daily circulation for 2000 rose 0.4% to 2,284,024. USA TODAY reported an average daily paid circulation of 2,257,774 in the ABC Publisher's Statement for the six months ended Sept. 24, 2000, a 1% increase over the comparable period a year ago.



Newspaper circulation revenues in millions, as reported

The company expects modest circulation revenue growth at most of its newspaper properties in 2001 with circulation price increases planned at certain newspapers.

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

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

	2000	**Change**	*1999*	*Change*	*1998*	*Change*
Local Newspapers						
Morning	**4,728**	**(1%)**	4,758	(1%)	4,820	2%
Evening	**1,356**	**(1%)**	1,366	(2%)	1,394	(2%)
Total daily	**6,084**	**(1%)**	6,124	(1%)	6,214	1%
Sunday	**7,154**	**(1%)**	7,260	(2%)	7,375	(1%)

Reported newspaper advertising revenues for 1999 were $342 million greater than in 1998, a 12% increase, while pro forma revenues presented above reflect a 6% increase. The variance in these two comparisons relates principally to the Newsquest properties acquired in July 1999.

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

Pro forma national ad revenues and linage rose 13% and 16%, respectively, driven principally by USA TODAY, which reported a 19% gain in revenues on a 14% linage gain. National ad revenue growth also was strong at USA WEEKEND and at several large daily newspaper properties.

Pro forma classified revenue in 1999 rose 7% on a 9% linage gain. Employment ad revenue gains were the strongest, followed by automotive and then real estate. The continued strong economy and the tight labor market were key factors in these revenue gains, along with added marketing and sales resources.

Newspaper circulation revenues rose $13 million or slightly more than 1% in 1999. Incremental circulation revenues from Newsquest offset declines in domestic circulation revenue. On a pro forma basis, circulation revenues remained even.

On a pro forma basis, local morning circulation declined 1%, evening circulation declined 2% and Sunday circulation declined 2%. Selected circulation price increases were implemented in 1999 at certain newspapers. During 1999, the St. Cloud (Minn.) Times and The Daily Journal at Vineland, N.J., converted from evening to morning publications.

USA TODAY's average daily circulation for 1999 rose 0.1% to 2,274,621. USA TODAY reported an average daily paid circulation of 2,235,808 in the ABC Publishers' Statement for the six months ended Sept. 26, 1999, a 1% increase over the comparable period in 1998.

Reported newspaper advertising revenues for 1998 were $293 million greater than in 1997, a 12% increase, while pro forma revenues presented above reflect a 6% increase. This reported/pro forma variance relates principally to newspaper acquisitions in 1998 and 1997.

Pro forma local ad revenues and linage in 1998 rose 4% and 2%, respectively. Most local newspapers achieved gains in this category, particularly from medium and smaller accounts. Ad spending by major retailers was slightly lower in 1998. The overall gains in local revenues were spurred by the strong economy and enhanced sales and marketing efforts.

Pro forma national ad revenues and linage rose 9% and 6%, respectively, in 1998 fueled principally by USA TODAY, which reported a 12% gain in total ad revenues and a 9% linage gain. Ad revenue growth at USA TODAY in 1998 followed a 12% gain in 1997 and a 30% gain in 1996.

Pro forma classified revenues in 1998 rose 9% on an 8% linage gain. Employment advertising revenue gains were the strongest, followed by real estate and automotive.

Newspaper circulation revenues rose $55 million or 6% in 1998. Incremental revenue from the newspaper businesses acquired in 1997 and 1998 contributed significantly to the gains, although most of the company's local newspapers, along with USA TODAY and USA WEEKEND, reported higher circulation revenue as well. On a pro forma basis, local morning circulation rose 2%. Average evening circulation was 2% lower, continuing the national trend. Average Sunday circulation was 1% lower in 1998.

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

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

USA TODAY's average daily paid circulation for 1998 rose 2% to 2,271,767. USA TODAY reported an average daily paid circulation of 2,213,255 in the ABC Publisher's Statement for the six months ended Sept. 27, 1998, a 2% increase over the comparable period in 1997.

Newspaper operating expense: Newspaper operating costs rose $836 million, or 27%, in 2000. The increase was primarily due to incremental costs from the 1999 and 2000 acquisitions. Newsprint expense for the year, including the effect of acquisitions, was 20% higher in 2000. Both consumption and average newsprint prices were higher by 17% and 3%, respectively. The increase in consumption was tempered by a large number of newspapers converting to the new 50-inch web width format. Generally, a conversion from a 54-inch web width to a 50-inch web width will result in a more than 7% savings in newsprint consumption. Payroll costs for newspaper operations rose 26% in 2000, primarily due to the newly acquired properties and the impact of the 53rd week in 2000.

For 2001, newsprint consumption is expected to be significantly higher due to the full year impact of the 2000 acquisitions. This increase in consumption in 2001 will be tempered by the full year impact of web width reductions implemented in 2000 and planned web width reductions for 2001. For 2001, newsprint prices are expected to be higher than in 2000, particularly in the first half of the year.

Newspaper operating expenses rose $197 million, or 7%, in 1999. The increase was caused principally by incremental costs from Newsquest properties acquired in July 1999. Newsprint expense for the year, including the effect of acquisitions, was 6% lower than in 1998. While consumption rose nearly 7% (due principally to Newsquest), average newsprint prices declined 12%.

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

Newspaper operating expenses rose $276 million or 11% in 1998. The increase was caused principally by incremental costs from newspaper properties acquired in 1997 and 1998. Newsprint expense for the year, including the effect of acquisitions, was 18% higher than in 1997. Both consumption and average prices were higher by approximately 9%.

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

Newspaper operating income: The company's newspapers produced record earnings in 2000. Operating profit rose $231 million or 18%. The increases are due largely to contributions from the Newsquest, Newscom, Thomson and Central acquisitions. But other U.S. local newspapers reported earnings gains as well.

Newsquest financial results were translated from British pounds to U.S. dollars using a weighted average rate of $1.50 for 2000, as compared to $1.62 in 1999, which mitigated some of the strong earnings growth.

For 2001, newspaper operating profits are expected to show continued growth, reflecting full year results for the 2000 acquisitions, modest revenue gains, strict cost controls and the benefit of further web width reductions to partially offset higher newsprint prices.

Newspaper operating profit rose $182 million or 16% in 1999. The Newsquest properties acquired in July 1999 contributed to the profit gain. Earnings were strong at Detroit, the company's New Jersey Group and at USA WEEKEND. Most of the company's local U.S. newspapers reported earnings gains. For USA TODAY, 1999 saw operating profit growth. Newsquest financial results were translated from British pounds to U.S. dollars using a weighted average rate of $1.62 for the period it was owned in 1999.

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

Broadcasting

The company's broadcasting operations at the end of 2000 included 22 television stations in markets reaching 17.5 percent of U.S. television homes.

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

In millions of dollars

	2000	**Change**	*1999*	*Change*	*1998*	*Change*
Revenues	**$789**	**8%**	$729	1%	$721	3%
Expenses	**$429**	**10%**	$391	4%	$377	1%
Operating income	**$360**	**7%**	$338	(2%)	$344	5%
Operating cash flow	**$425**	**6%**	$400	(1%)	$404	5%

Total broadcast revenues rose $60 million or 8% for 2000. Revenues were bolstered by strong political and issue advertising, revenues from the Australia Olympics on our NBC stations and the impact of the 53rd week in 2000. Local and national advertising revenues increased 2% and 19%, respectively, over 1999. Political and issue advertising in key states contributed to the increase in national revenues.

Reported operating expenses for broadcast were up 10% due to the WJXX-TV acquisition and the full year impact of the 1999 Austin/Sacramento station exchange. On a pro forma basis, operating costs were up 7%. Pro forma payroll was up 6%.

For 2001, television revenues and earnings comparisons versus 2000 levels will be challenging, as 2000 benefited significantly from the Summer Olympics and political and issue advertising.

A summary of pro forma revenues for television stations owned at the end of 2000 follows:

Pro forma broadcast revenues, in millions of dollars

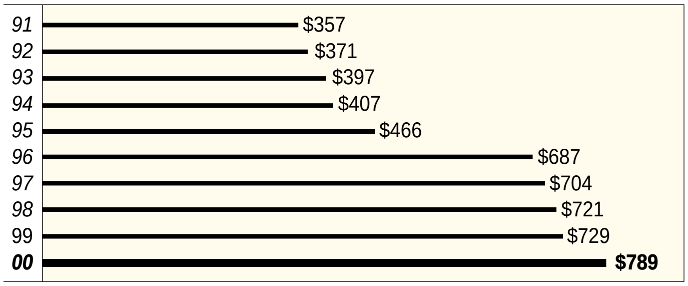
	2000	**Change**	*1999*	*Change*	*1998*	*Change*
Revenues	**$789**	**8%**	$732	(1%)	$736	6%

Total broadcast reported revenues rose $7 million or 1% for 1999. However, on a pro forma basis, giving effect to the Austin/Sacramento station exchange, total station revenues were down 1% for the year. Pro forma local revenues rose 5% for the year, while national revenues were down 7%. The decline in national ad revenue in comparison with 1998 reflects in part revenue gains in 1998 on CBS stations for the Winter Olympics and on NBC affiliates for the Super Bowl and the Seinfeld program, and from political and issue advertising.

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

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

Reported operating expenses for broadcast were up 1% for 1998. On a pro forma basis, operating expenses increased 2%, with payroll costs up 4% and program costs up 1% over 1997. Operating income in 1998 from broadcasting reached a record high, climbing $15 million to $344 million. The 5% increase was the result of continued strong demand for television advertising in most markets throughout the year and cost controls.



Broadcasting revenues in millions of dollars, as reported

Consolidated operating expenses

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

Consolidated operating expenses, in millions of dollars

	2000	Change	1999	Change	1998	Change
Cost of sales	**$ 3,057**	**24%**	$ 2,460	4%	$ 2,364	10%
Selling, general and admin. expenses	**$ 972**	**23%**	$ 792	12%	$ 705	5%
Depreciation	**$ 195**	**15%**	$ 169	3%	$ 164	7%
Amortization of intangible assets	**$ 180**	**63%**	$ 111	23%	$ 90	11%

Cost of sales for 2000 were up $598 million or 24%, reflecting the full-year effect of the 1999 Newsquest acquisition, increased costs from the Newscom, Thomson and Central acquisitions and the impact of an extra week in 2000 over 1999. Newsprint expense increased 20% due primarily to a 17% increase in consumption, principally from acquisitions. Average newsprint prices increased 3% compared to 1999.

SG&A was up 23% for the year also due primarily to the new businesses acquired in 1999 and 2000 and the extra week in 2000.

Depreciation expense increased 15% during the year as a result of the Newsquest, Newscom, Thomson and Central acquisitions. Likewise, amortization of intangibles rose $70 million or 63% due to the 1999 and 2000 acquisitions.

Cost of sales for 1999 were up $95 million or 4%, reflecting increased costs from businesses acquired in 1998 and 1999, particularly Newsquest. Newsprint expense decreased 6% despite a 7% increase in consumption (including acquisitions). Average newsprint prices dropped 12% as compared to 1998.

SG&A was up 12% for the year due primarily to the Newsquest acquisition and generally higher newspaper advertising expenses.

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

Cost of sales for 1998 increased $221 million or 10%. Newsprint expense rose 18% for the year because of a 9% increase in consumption (including acquisitions) and 9% higher average newsprint prices. Other costs from businesses acquired in 1997 and 1998 also contributed to this increase.

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

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

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

	2000	*1999*	*1998*
Payroll and employee benefits	**44.0%**	45.0%	45.1%
Newsprint and other production material	**18.2%**	19.2%	21.0%

Non-operating income and expense

Interest expense in 2000 increased $125 million due to significant commercial paper borrowings to fund the 1999 Newsquest acquisition, the Newscom acquisition in June 2000, the Thomson and Central acquisitions in the third quarter of 2000 and share repurchases. Higher interest rates in 2000, particularly in the second half of the year, also contributed to the increase, along with the 53rd week in 2000. The daily average commercial paper outstanding balance was $3.1 billion during 2000 and $1.3 billion during 1999. During the second half of 2000, the daily average outstanding balance was $4.9 billion. The weighted average interest rate was 6.5% for 2000 and 5.2% for 1999. The increase, however, was tempered by the pay-down of commercial paper borrowings from the net proceeds on the sale of the cable business in the first quarter of 2000 and from operating cash flows. The company's financing activities are discussed further in the financial position section of this report. Interest expense in 2001 is expected to be significantly higher than 2000 due to the full year impact of increased commercial paper borrowings discussed above. Interest rates have declined significantly in the first quarter of 2001 following actions by the Federal Reserve Board.

Interest income in 2000 increased $21 million over 1999 due primarily to interest earned on marketable securities from cable sale proceeds in the first half of the year. Non-operating expense in 2000 includes costs associated with minority investments in Internet businesses.

Interest expense for 1999 increased $15 million or 19%, reflecting significantly increased commercial paper borrowings in the second half of 1999 as a result of the Newsquest acquisition.

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

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

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

Provision for income taxes

The company's effective income tax rate for continuing operations was 39.6% in 2000, 39.8% in 1999 and 40.0% in 1998. The decrease in the effective tax rate each year reflects lower state taxes and lower taxes on foreign operations.

Income from continuing operations

In 2000, the company reported income from continuing operations of $972 million or $3.63 per diluted share, both record highs, up 10% and 15%, respectively, from record results in 1999 (excluding the 1999 net non-operating gain principally from the television station exchange transaction discussed on page 24).

The company's operating income was $1.817 billion for the year, an increase of $254 million or 16%. Each of the company's segments reported higher earnings for the year, with interest expense up $125 million over 1999 as previously discussed.

In 1999, the company reported income from continuing operations of $919 million or $3.26 per diluted share. However, this reflects the net non-operating gain principally from the television station exchange transaction discussed on page 24. This net gain totaled $55 million pre-tax ($33 million after tax or $.11 per diluted share).

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

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

In millions of dollars, except per share amounts

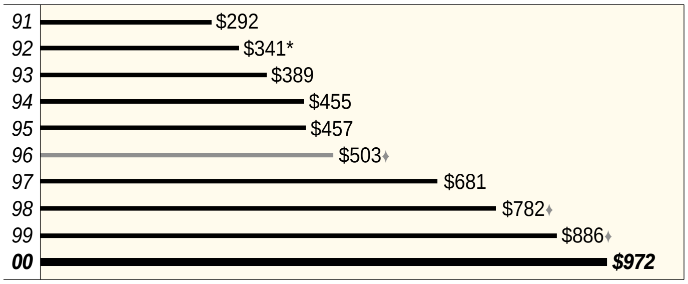
Earnings summary excluding 1999 and 1998 net non-operating gains

	2000	*Change*	*1999*	*Change*	*1998*	*Change*
Operating income	**$1,817**	**16%**	$1,563	13%	$1,386	10%
Non-operating expense						
Interest expense	**(219)**	**132%**	(95)	19%	(80)	(19%)
Other	**11**	**159%**	4	—	(1)	(87%)
Total	**(208)**	**130%**	(91)	12%	(81)	(25%)
Income before income taxes	**1,609**	**9%**	1,472	13%	1,305	13%
Provision for income taxes	**637**	**9%**	586	12%	523	10%
Income from continuing operations	**$ 972**	**10%**	$ 886	13%	$ 782	15%
Earnings per share from continuing operations – diluted	**$ 3.63**	**15%**	$ 3.15	15%	$ 2.74	15%

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

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

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



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

Discontinued operations

As part of the Multimedia purchase in 1995, the company acquired cable television and alarm security operations. In 1998, the company sold its alarm security business, which had been reported within the cable segment. On Jan. 31, 2000, the company completed the sale of its cable division for $2.7 billion. Upon closing, an after-tax gain of approximately $745 million or $2.77 per diluted share was recognized, which along with the cable segment operating results, are reported as discontinued operations in the company's financial statements.

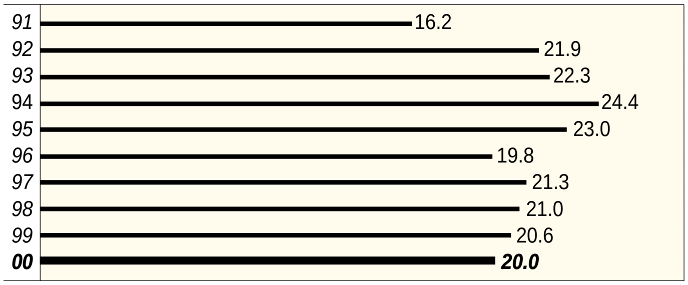
After-tax earnings from the cable business for the period it was owned, up to the date of sale, are also reported as income from discontinued operations and amounted to $2.4 million or $.01 per diluted share in 2000, $38.5 million or $.14 per diluted share in 1999 and $33.5 million or $.12 per diluted share in 1998.

Net Income

The company reported net income of $1.719 billion or $6.41 per diluted share in 2000, which includes after-tax earnings from discontinued operations of $747 million or $2.78 per diluted share.

Average diluted shares outstanding for 2000 totaled 268,118,000, compared to 281,608,000 in 1999. Basic shares totaled 266,426,000 for 2000 and 279,048,000 for 1999. The decline in diluted and basic shares outstanding in 2000 is primarily due to the company's repurchase of 14.7 million shares during the first half of 2000.

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



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

The percentage return on equity for 2000, 1999 and 1998 has declined from the prior years because non-recurring gains from the sale/exchange of businesses are included in shareholders' equity, but are excluded from the amount of earnings from continuing operations used in the calculation.

FINANCIAL POSITION

Liquidity and capital resources

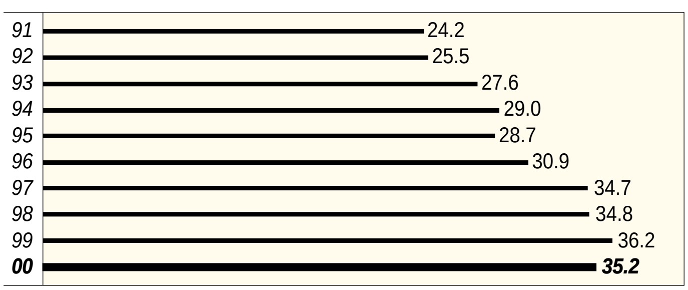
The principal changes in the company's financial position for 2000 relate to the sale of the cable business in January 2000 for approximately $2.7 billion, share repurchases totaling $967 million in the first half of 2000 and the Newscom, Thomson and Central acquisitions, with an aggregate cost of approximately $4.6 billion, which were funded primarily by commercial paper borrowings.

Changes in property, plant and equipment in 2000 reflect capital spending of $351 million plus amounts recorded in connection with the acquisitions in 2000, offset by the sale of cable division assets. The increase in intangible assets is due to amounts recorded in connection with the 2000 acquisitions with increases in working capital balances likewise due to the newly acquired properties, offset by the sale of cable division assets. The increase in investments and other assets in 2000 is primarily the result of the company's contribution of the Marin Independent Journal and the Classified Gazette to the California Newspapers Partnership in exchange for an increased interest in the partnership.

The company repurchased approximately 14.7 million shares of common stock at a cost of approximately $967 million in the first half of 2000.

The company's foreign currency translation adjustment, related to Newsquest (including the newly acquired Newscom properties in June 2000) and reported as part of shareholders' equity, totaled ($66.4 million), net of tax, at Dec. 31, 2000. This reflects the weakening of the pound against the U.S. dollar since the Newsquest and Newscom acquisition dates. Newsquest's assets and liabilities were translated from British pounds to U.S. dollars at the Dec. 31, 2000 exchange rate of $1.49.

The company's consolidated operating cash flow (defined as operating income plus depreciation and amortization of intangible assets) totaled $2.193 billion in 2000 compared to $1.843 billion in 1999 and $1.639 billion in 1998. The operating cash flow increase of 19% reflects significant operating income growth for the company's newspaper segment largely due to 1999 and 2000 acquisitions. The table below presents operating cash flow as a percent of revenue over the last ten years.



Operating cash flow, as a percent of revenue

Working capital, or the excess of current assets over current liabilities, totaled $128 million at the end of 2000 and $191 million at the end of 1999. Certain key measurements of the elements of working capital for the last three years are presented in the following chart:

Working capital measurements

	2000	*1999*	*1998*
Current ratio	**1.1-to-1**	1.2-to-1	1.2-to-1
Accounts receivable turnover	**7.4**	7.0	7.2
Newsprint inventory turnover	**7.3**	7.3	7.5

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

The company regularly issues commercial paper for cash requirements and maintains revolving credit agreements equal to or in excess of any commercial paper outstanding. The company's commercial paper has been rated A-1 and P-1 by Standard & Poor's and Moody's Investors Service, respectively. The company's senior unsecured long-term debt is rated A by Standard & Poor's and A1 by Moody's Investors Service. The company has a shelf registration statement with the Securities and Exchange Commission under which up to $1.5 billion of additional debt securities may be issued. The company's Board of Directors has established a maximum aggregate level of $7 billion for amounts which may be raised through borrowings or the issuance of equity securities.

Note 4 to the company's financial statements on page 42 of this report provides further information concerning commercial paper transactions and the company's $6.06 billion revolving credit agreements.

The company has a capital expenditure program (not including business acquisitions) of approximately $335 million planned for 2001, including approximately $91 million for land and buildings or renovation of existing facilities, including costs associated with the new USA TODAY and corporate headquarters facility, which will be completed in the third quarter of 2001, $223 million for machinery and equipment, and $21 million for vehicles and other assets. Management reviews the capital expenditure program periodically and modifies it as required to meet current business needs. It is expected that the 2001 capital program will be funded from operating cash flow.

Capital stock

In 2000, the company announced authorizations to repurchase up to $1 billion of its common stock and during 2000, the company repurchased approximately 14.7 million shares of common stock at a cost of $967 million.

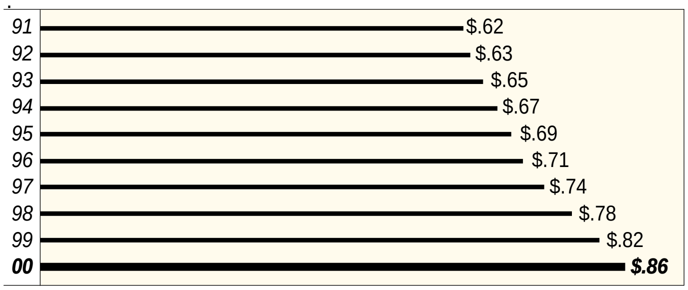
In 1998, the company announced authorizations to repurchase up to $750 million of its company stock. During 1998, the company repurchased a total of approximately 6 million shares of common stock at a cost of $329 million and in 1999, the company purchased approximately 2.4 million shares of its common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

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

The company's common stock outstanding at Dec. 31, 2000, totaled 264,271,861 shares, compared with 277,926,431 shares at Dec. 26, 1999.

Dividends

Dividends declared on common stock amounted to $228 million in 2000, compared with $229 million in 1999, reflecting fewer shares outstanding in 2000, net of an increase in the dividend rate.



Dividends declared per share

In October 2000, the quarterly dividend was increased from $.21 to $.22 per share.

Cash dividends		*Payment date*	*Per share*
2000	**4th Quarter**	**Jan. 2, 2001**	**$.22**
	3rd Quarter	**Oct. 2, 2000**	**$.22**
	2nd Quarter	**July 3, 2000**	**$.21**
	1st Quarter	**April 3, 2000**	**$.21**
1999	4th Quarter	Jan. 3, 2000	$.21
	3rd Quarter	Oct. 1, 1999	$.21
	2nd Quarter	July 1, 1999	$.20
	1st Quarter	April 1, 1999	$.20

Effects of inflation and changing prices and other matters

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

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

Effective Jan. 1, 2001, the company adopted Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No.133), as amended. Based on the company's current activities, the adoption of this standard is not expected to have any effect on the company's results of operations or financial position. At Dec. 31, 2000, the company is not a party to any material derivative contracts.

Certain factors affecting forward-looking statements

Certain statements in the company's 2000 Annual Report to Shareholders and its Annual Report on Form 10-K contain forward-looking information. The words "expect," "intend," "believe," "anticipate," "likely," "will" and similar expressions generally identify forward-looking statements. These forward-looking statements are subject to certain risks and uncertainties which could cause actual results and events to differ materially from those anticipated in the forward-looking statements.

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

CONSOLIDATED BALANCE SHEETS

In thousands of dollars

Assets	***Dec. 31, 2000***	*Dec. 26, 1999*
Current assets		
Cash	**$ 69,954**	$ 46,148
Marketable securities, at cost, which approximates market	**123,242**	12
Trade receivables (less allowance for doubtful receivables of $37,465 and $30,694, respectively)	**875,363**	800,682
Other receivables	**56,469**	80,753
Inventories	**128,321**	95,014
Prepaid expenses	**48,987**	52,613
Total current assets	**1,302,336**	1,075,222
Property, plant and equipment		
Land	**216,049**	182,138
Buildings and improvements	**1,101,696**	886,655
Cable systems (Note 2)		424,907
Machinery, equipment and fixtures	**2,525,182**	2,259,362
Construction in progress	**292,274**	130,850
Total	**4,135,201**	3,883,912
Less accumulated depreciation	**(1,673,802)**	(1,660,060)
Net property, plant and equipment	**2,461,399**	2,223,852
Intangible and other assets		
Excess of acquisition cost over the value of assets acquired (less accumulated amortization of $947,855 and $867,606, respectively)	**8,740,804**	5,398,227
Investments and other assets (Note 5)	**475,872**	309,145
Total intangible and other assets	**9,216,676**	5,707,372
Total assets	**$12,980,411**	$ 9,006,446

CONSOLIDATED BALANCE SHEETS

In thousands of dollars

Liabilities and shareholders' equity	***Dec. 31, 2000***	*Dec. 26, 1999*
Current liabilities		
Accounts payable		
Trade	**$ 455,390**	$ 312,277
Other	**37,853**	36,312
Accrued liabilities		
Compensation	**144,535**	120,581
Interest	**4,051**	5,230
Other	**177,318**	145,684
Dividend payable	**58,118**	58,297
Income taxes (Note 7)	**144,599**	77,553
Deferred income	**152,137**	127,844
Total current liabilities	**1,174,001**	883,778
Deferred income taxes (Note 7)	**274,829**	479,547
Long-term debt (Note 4)	**5,747,856**	2,463,250
Postretirement medical and life insurance liabilities (Note 6)	**403,528**	304,400
Other long-term liabilities	**276,787**	245,825
Total liabilities	**7,877,001**	4,376,800
Shareholders' equity (Notes 4 and 8)		
Preferred stock, par value $1: Authorized, 2,000,000 shares: Issued, none		
Common stock, par value $1: Authorized, 800,000,000 shares and 400,000,000 shares, respectively: Issued, 324,420,732 shares, as to both years	**324,421**	324,421
Additional paid-in capital	**170,715**	153,267
Retained earnings	**6,995,965**	5,504,810
Accumulated other comprehensive (loss) income	**(66,274)**	25,377
	7,424,827	6,007,875
Less Treasury stock, 60,148,871 shares and 46,494,301 shares, respectively, at cost	**(2,307,793)**	(1,359,263)
Deferred compensation related to ESOP (Note 8)	**(13,624)**	(18,966)
Total shareholders' equity	**5,103,410**	4,629,646
Commitments and contingent liabilities (Note 9)		
Total liabilities and shareholders' equity	**$12,980,411**	$ 9,006,446

CONSOLIDATED STATEMENTS OF INCOME

In thousands of dollars

Fiscal year ended	***Dec. 31, 2000***	*Dec. 26, 1999*	*Dec. 27, 1998*
Net operating revenues			
Newspaper advertising	**$ 3,972,936**	$ 3,115,250	$ 2,773,247
Newspaper circulation	**1,120,991**	971,114	958,456
Broadcasting	**788,767**	728,642	721,298
All other	**339,624**	280,356	256,030
Total	**6,222,318**	5,095,362	4,709,031
Operating expenses			
Cost of sales and operating expenses, exclusive of depreciation	**3,057,252**	2,459,749	2,364,338
Selling, general and administrative expenses, exclusive of depreciation	**971,895**	792,421	705,416
Depreciation	**195,428**	169,460	163,776
Amortization of intangible assets	**180,487**	110,631	89,687
Total	**4,405,062**	3,532,261	3,323,217
Operating income	**1,817,256**	1,563,101	1,385,814
Non-operating income (expense)			
Interest expense	**(219,228)**	(94,619)	(79,412)
Interest income	**27,209**	5,739	19,318
Other (Note 2)	**(16,397)**	52,966	286,005
Total	**(208,416)**	(35,914)	225,911
Income before income taxes	**1,608,840**	1,527,187	1,611,725
Provision for income taxes	**636,900**	607,800	645,300
Income from continuing operations	**971,940**	919,387	966,425
Discontinued operations			
Income from the operation of discontinued operations, net of income taxes of $1,598, $27,700, and $24,200, respectively	**2,437**	38,541	33,488
Gain on sale of cable business, net of income taxes of $889,300	**744,700**		
Net income	**$ 1,719,077**	$ 957,928	$ 999,913
Earnings per share – basic			
Earnings from continuing operations	**$3.65**	$3.29	$3.41
Earnings from discontinued operations:			
Discontinued operations, net of tax	**.01**	.14	.12
Gain on sale of cable business, net of tax	**2.79**		
Net income per share – basic	**$6.45**	$3.43	$3.53
Earnings per share – diluted			
Earnings from continuing operations	**$3.63**	$3.26	$3.38
Earnings from discontinued operations:			
Discontinued operations, net of tax	**.01**	.14	.12
Gain on sale of cable business, net of tax	**2.77**		
Net income per share – diluted	**$6.41**	$3.40	$3.50

CONSOLIDATED STATEMENTS OF CASH FLOWS

In thousands of dollars

Fiscal year ended	***Dec. 31, 2000***	*Dec. 26, 1999*	*Dec. 27, 1998*
Cash flows from operating activities			
Net income	**$ 1,719,077**	$ 957,928	$ 999,913
Adjustments to reconcile net income to operating cash flows			
Discontinued operations, net of tax	**(747,137)**	(38,541)	(33,488)
Income taxes on sale of cable business	**(889,300)**		
Depreciation	**195,428**	169,460	163,776
Amortization of intangibles	**180,487**	110,631	89,687
Deferred income taxes	**(169,290)**	21,983	40,105
Other, net, including gains on sales	**(4,484)**	(49,269)	(360,944)
Decrease (increase) in receivables	**39,850**	(70,014)	(29,732)
(Increase) decrease in inventories	**(16,091)**	(7,624)	11,054
Increase (decrease) in accounts payable	**8,833**	(34,805)	(14,777)
Increase in interest and taxes payable	**186,133**	11,555	7,951
Change in other assets and liabilities, net	**(1,179)**	75,582	96,990
Net cash flow from operating activities	**502,327**	1,146,886	970,535
Cash flows from investing activities			
Purchase of property, plant and equipment	**(350,580)**	(258,443)	(244,425)
Payments for acquisitions, net of cash acquired	**(4,264,214)**	(1,496,649)	(369,804)
Change in other investments	**(78,531)**	(10,383)	(13,835)
Proceeds from sale of certain assets	**2,714,362**	38,450	665,001
Net cash (used for) provided by investing activities	**(1,978,963)**	(1,727,025)	36,937
Cash flows from financing activities			
Proceeds from (payments of) long-term debt	**2,799,161**	915,865	(470,207)
Dividends paid	**(228,391)**	(226,274)	(218,853)
Cost of common shares repurchased	**(967,242)**	(163,228)	(328,956)
Proceeds from issuance of common stock	**21,225**	33,681	23,953
Net cash provided by (used for) financing activities	**1,624,753**	560,044	(994,063)
Effect of currency exchange rate change	**(1,081)**	68	
Increase (decrease) in cash and cash equivalents	**147,036**	(20,027)	13,409
Balance of cash and cash equivalents at beginning of year	**46,160**	66,187	52,778
Balance of cash and cash equivalents at end of year	**$ 193,196**	$ 46,160	$ 66,187

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

In thousands of dollars

Fiscal years ended December 27, 1998, December 26, 1999 and December 31, 2000	*Common stock $1 par value*	*Additional paid-in capital*	*Retained earnings*	*Accumulated other comprehensive income (loss)*	*Treasury stock*	*Deferred compensation related to ESOP*	*Total*
Balance: Dec. 28, 1997	*$ 324,421*	*$ 104,366*	*$ 3,995,712*		*$ (916,708)*	*$ (28,055)*	*$ 3,479,736*
Net income, 1998			999,913				999,913
Dividends declared, 1998: $.78 per share			(220,718)				(220,718)
Treasury stock acquired					(328,956)		(328,956)
Stock options exercised		4,870			19,285		24,155
Stock issued under incentive plan		(1,255)			3,302		2,047
Tax benefit derived from stock incentive plans		18,064					18,064
Compensation expense related to ESOP						5,177	5,177
Tax benefit from ESOP			406				406
Balance: Dec. 27, 1998	*$ 324,421*	*$ 126,045*	*$ 4,775,313*		*$ (1,223,077)*	*$ (22,878)*	*$ 3,979,824*
Net income, 1999			957,928				957,928
Foreign currency translation adjustment, net of taxes of $9,130				$ 14,280			14,280
Unrealized gain on securities, net of taxes of $7,095				11,097			11,097
Total comprehensive income							*983,305*
Dividends declared, 1999: $.82 per share			(228,781)				(228,781)
Treasury stock acquired					(163,228)		(163,228)
Stock options exercised		7,916			23,490		31,406
Stock issued under incentive plan		(2,154)			3,552		1,398
Tax benefit derived from stock incentive plans		21,460					21,460
Compensation expense related to ESOP						3,912	3,912
Tax benefit from ESOP			350				350
Balance: Dec. 26, 1999	*$ 324,421*	*$ 153,267*	*$ 5,504,810*	*$ 25,377*	*$ (1,359,263)*	*$ (18,966)*	*$ 4,629,646*
Net income, 2000			**1,719,077**				**1,719,077**
Foreign currency translation adjustment, net of tax benefit of $51,555				**(80,638)**			**(80,638)**
Unrealized loss on securities, net of reclassification adjustments during the period, net of tax benefit of $7,041				**(11,013)**			**(11,013)**
Total comprehensive income							***1,627,426***
Dividends declared, 2000: $.86 per share			**(228,212)**				**(228,212)**
Treasury stock acquired					**(967,242)**		**(967,242)**
Stock options exercised		**6,467**			**13,261**		**19,728**
Stock issued under incentive plan		**41**			**5,451**		**5,492**
Tax benefit derived from stock incentive plans		**10,940**					**10,940**
Compensation expense related to ESOP						**5,342**	**5,342**
Tax benefit from ESOP			**290**				**290**
Balance: Dec. 31, 2000	***$ 324,421***	***$ 170,715***	***$ 6,995,965***	***$ (66,274)***	***$ (2,307,793)***	***$ (13,624)***	***$ 5,103,410***

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

Summary of significant accounting policies

Fiscal year: The company's fiscal year ends on the last Sunday of the calendar year. The company's 2000 fiscal year ended on Dec. 31, 2000, and encompassed a 53-week period. The company's 1999 and 1998 fiscal years each encompassed 52-week periods.

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

Operating agencies: Certain of the company's newspaper subsidiaries are participants in joint operating agencies. Each joint operating agency performs the production, sales and distribution functions for the subsidiary and another newspaper publishing company under a joint operating agreement. Prior to fiscal 2000, the company included its appropriate portion of the revenues and expenses generated by the operation of the agencies on a line-by-line basis in its statement of income.

Effective in fiscal 2000, the company modified its method of accounting for its 50% owned joint operating agencies, in accordance with a pronouncement of the Financial Accounting Standards Board. The company's operating results in the Detroit and Tucson joint operating agencies are now accounted for under the equity method, reported as a single net amount which is in other operating revenues. All prior years' statements of income have been restated to conform with the new pronouncement. This classification change within the statements of income has no effect on the company's operating income or overall reported results of operations.

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

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

Excess of acquisition cost over fair value of assets acquired: The excess of acquisition cost over the fair value of assets acquired represents the cost of intangible assets at the time operating properties were purchased. In accordance with Opinion 17 of the Accounting Principles Board of the American Institute of Certified Public Accountants, the excess acquisition cost of operating properties arising from acquisitions accounted for as purchases since Oct. 31, 1970, ($9.63 billion at Dec. 31, 2000) is being amortized generally over 40 years on a straight-line basis.

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

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

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

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

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

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

Foreign currency translation: The income statement of Newsquest (including Newscom operations acquired in 2000) has been translated to U.S. dollars using the average currency exchange rates in effect during the relevant period. Newsquest's balance sheet has been translated using the currency exchange rate as of the end of the accounting period. The impact of currency exchange rate changes on the translation of Newsquest's balance sheet is included in comprehensive income, net of tax, and is classified as accumulated other comprehensive income (loss) in shareholders' equity.

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

Discontinued operations: In connection with the sale of the cable business in early fiscal 2000, the cable operating results are presented in the consolidated statements of income and related discussions as discontinued operations. The cable business (along with the alarm security business sold in 1998) was previously reported as a separate segment by the company.

New accounting pronouncements: Effective Jan. 1, 2001, the company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" as amended. Based on the company's current activities, the adoption of this standard is not expected to have any effect on the company's results of operations or financial position.

Refer to "Operating agencies" on page 39 for a discussion of changes in the company's accounting for operating results of its 50% owned joint operating agencies.

NOTE 2

Acquisitions, exchanges and dispositions

2000: In May 2000, Gannett made a cash offer to acquire the entire issued and to be issued share capital of News Communications & Media plc ("Newscom"). Pursuant to the Offer, Newscom shareholders elected to receive 1800 pence (U.S. $28.44) per share in cash or Loan Notes, valuing the entire issued share capital of Newscom at approximately 444 million British pounds (U.S. $702 million). Gannett also financed the repayment of Newscom's existing debt. On June 5, 2000, the company concluded the acquisition. With the Newscom acquisition, Newsquest (which includes Newscom) now publishes nearly 300 titles in the United Kingdom, including 15 daily newspapers.

On July 21, 2000, the company concluded the acquisition of 19 daily newspapers as well as numerous weekly and niche publications from Thomson Newspapers Inc., for an aggregate purchase price of $1.036 billion. The company acquired eight daily newspapers in Wisconsin, eight daily newspapers in central Ohio, and single daily newspapers in Lafayette, La.; Salisbury, Md.; and St. George, Utah (collectively, "Thomson").

The company completed its acquisition of Central Newspapers, Inc. ("Central") on August 1, 2000, for an approximate cash purchase price of $2.6 billion. The company also retired Central's existing debt of approximately $206 million. Central's properties include The Arizona Republic; The Indianapolis Star; three other dailies in Indiana and one daily in Louisiana; a direct marketing business; CNI Ventures, an Internet and technology investment management group; and other related media and information businesses.

In March 2000, the company completed the acquisition of WJXX-TV, the ABC affiliate in Jacksonville, Fla. Gannett continues to own and operate WTLV-TV, the NBC affiliate in Jacksonville.

The Newscom, Thomson, Central and WJXX-TV acquisitions were recorded under the purchase method of accounting.

The aggregate purchase price, including liabilities assumed, for businesses and assets acquired in 2000 including Newscom, Thomson, Central, the Jacksonville television station and certain smaller newspaper publishing operations, totaled approximately $4.8 billion, of which $4.4 billion represents excess of acquisition cost over fair value of assets acquired. The purchase price allocations for Newscom, Thomson and Central are preliminary. The final allocations will be based on a complete evaluation of assets acquired and liabilities assumed.

The sale of the assets of the company's cable division for $2.7 billion was completed on Jan. 31, 2000. Upon closing, an after-tax gain of approximately $745 million or $2.77 per diluted share was recognized which, along with the cable segment operating results, is reported as discontinued operations in the company's financial statements.

Early in the fourth quarter of 2000, the company contributed the assets of its newspapers, the Marin Independent Journal and the Classified Gazette, to the California Newspapers Partnership (a partnership that includes 21 daily California newspapers) in exchange for an increased ownership interest in the partnership. The company now has a 19.49% ownership interest in the partnership.

1999: In June 1999, Gannett made a cash offer to acquire the stock of Newsquest plc ("Newsquest"). Newsquest's principal activities are publishing and printing regional and local newspapers in England with a portfolio of 180 titles that include paid-for daily and weekly newspapers and free weekly newspapers. The offer was for 460 pence (U.S. $7.26) in cash or loan notes for each of 200.4 million fully diluted shares, for a total price of approximately 922 million British pounds (U.S. $1.5 billion). Gannett also financed the repayment of Newsquest's existing debt. In late July 1999, the company concluded the acquisition, which was recorded under the purchase method of accounting.

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

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

In March 1999, the company contributed The San Bernardino County Sun to the California Newspapers Partnership in exchange for a partnership interest.

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

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

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

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

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

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

	2000	Change	1999	Change	1998	Change
Income from continuing operations	**$ 972**	**10%**	$ 886	13%	$ 782	15%
Earnings per share from continuing operations						
– Basic	**$ 3.65**	**15%**	$ 3.18	15%	$ 2.76	15%
– Diluted	**$ 3.63**	**15%**	$ 3.15	15%	$ 2.74	15%

The following table summarizes, on an unaudited, pro forma basis, the estimated combined results of operations of the company and its subsidiaries as though the fiscal year 2000 and 1999 acquisitions, exchanges and dispositions noted above were made at the beginning of 1999. On this basis, these transactions would have resulted in a pro-forma decrease in income per diluted share from continuing operations for 2000 and 1999 of $.15 and $.12, respectively (excluding the 1999 net non-operating gain previously discussed). However, this pro forma combined statement does not necessarily reflect the results of operations as they would have been if the combined companies had constituted a single entity during those years.

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

Fiscal year	2000	1999
Operating revenues*	**$ 6,880**	$ 6,598
Income before taxes*	**$ 1,543**	$ 1,419
Income*	**$ 932**	$ 854
Income per share* – Basic	**$3.50**	$3.06
Income per share* – Diluted	**$3.48**	$3.03

**from continuing operations*

NOTE 3

Statement of cash flows

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

Cash paid in 2000, 1999 and 1998 for income taxes and for interest (net of amounts capitalized) was as follows:

In thousands of dollars

	2000	1999	1998
Income taxes	**$1,454,465**	$596,873	$626,409
Interest	**$ 209,240**	$100,547	$ 84,808

The 2000 income taxes paid amount includes amounts paid in connection with the company's sale of the cable business.

Liabilities assumed in connection with 2000 acquisitions totaled $578 million, with $485 million related to Newscom and Central outstanding debt obligations. Liabilities assumed in connection with 1999 acquisitions totaled approximately $365 million, with $181 million related to Newsquest outstanding debt obligations. Liabilities assumed in connection with 1998 acquisitions totaled approximately $17 million.

In December 2000, the company issued 118,352 shares of common stock in settlement of previously granted stock incentive rights for the four year period 1997-2000 and the $6.3 million compensation liability for these rights was transferred to shareholders' equity. In January following the years ended 1999 and 1998, the company issued 137,168 and 161,646 shares of common stock, respectively, in settlement of stock incentive rights whose four-year grant periods ended in December of those years and the compensation liabilities for those rights, which equaled $6.3 million and $5.5 million, respectively, were transferred to shareholders' equity.

NOTE 4

Long-term debt

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

In thousands of dollars

	Dec. 31, 2000	*Dec. 26, 1999*
Unsecured promissory notes	**$ 5,461,205**	$ 2,113,763
Notes due 5/1/00, interest at 5.85%	**—**	249,982
Other indebtedness	**286,651**	99,505
Total long-term debt	**$ 5,747,856**	$ 2,463,250

The unsecured promissory notes at Dec. 31, 2000, were due from Jan. 4, 2001 to Mar. 23, 2001, with rates varying from 6.4% to 6.63%.

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

At Dec. 31, 2000, the unsecured promissory notes were supported by the $6.06 billion revolving credit agreements discussed below and, therefore, are classified as long-term debt.

The maximum amount of such promissory notes outstanding at the end of any period during 2000 and 1999 was $5.7 billion and $2.2 billion, respectively. The daily average outstanding balance was $3.1 billion during 2000 and $1.3 billion during 1999. The weighted average interest rate was 6.5% for 2000 and 5.2% for 1999.

Other indebtedness includes the loan notes issued by the company to the former shareholders of Newsquest plc and Newscom plc in connection with their acquisitions, as more fully discussed in Note 2. The notes bear interest at .5% below the London Interbank Offered Rate subject to a cap of 6.75%. Interest is payable semiannually. The notes are due on Dec. 31, 2006 and Dec. 31, 2007, respectively, but may be redeemed by the company on each interest payment date. The remaining other indebtedness at Dec. 31, 2000, has maturities ranging from 2001 to 2013 at interest rates ranging from 5% to 10%.

At Dec. 31, 2000, the company had $6.06 billion of credit available under two revolving credit agreements. The agreements provide for revolving credit periods which permit borrowings from time to time to the maximum commitments. The 1998 $3.0 billion agreement revolving credit period extends to July 1, 2003. The 2000 $3.06 billion agreement consists of a $1.53 billion 364-day facility which extends to July 2001 and a $1.53 billion 5-year facility which extends to July 2005. At the end of the 364-day period, any borrowings outstanding under the 364-day credit facility are convertible into a 2-year term loan at Gannett's option.

The commitment fee rate for the 1998 revolving credit agreement may range from .07% to .175%, depending on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt. The rate in effect on Dec. 31, 2000 was .09%. At the option of the company, the interest rate on borrowings under this agreement may be at the prime rate, at rates ranging from .13% to .35% above the London Interbank Offered Rate or at rates ranging from .255% to .50% above a certificate of deposit-based rate. The prime rate was 9.5% at the end of 2000 and 8.5% at the end of 1999. The percentages that apply depend on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt.

The commitment fee rates for the 2000 revolving credit agreement may range from .05% to .09%, depending on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt. The rates in effect on Dec. 31, 2000, were .05% for the 364-day facility and .07% for the 5-year facility. At the option of the company, the interest rate on borrowings under this agreement may be at .13% to .19% above the prime rate, the Eurodollar base rate or the Federal Funds Effective Rate plus .50%. The percentages that apply depend on Standard & Poor's or Moody's credit rating of the company's senior unsecured long-term debt.

The revolving credit agreements contain a restrictive provision that requires the maintenance of net worth of at least $2.5 billion. At Dec. 31, 2000, and Dec. 26, 1999, net worth was $5.1 billion and $4.6 billion, respectively.

Approximate annual maturities of long-term debt, assuming that the company had used the $6.06 billion revolving credit agreements as of the balance sheet date to refinance existing unsecured promissory notes on a long-term basis, are as follows:

In thousands of dollars

2001	
2002	
2003	$ 3,931,205
2004	
2005	1,530,000
Later years	286,651
Total	$ 5,747,856

At Dec. 31, 2000, and Dec. 26, 1999, the company estimates that the amount reported on the balance sheet for financial instruments, including long-term debt, cash and cash equivalents, trade and other receivables, and other long-term liabilities, approximates fair value.

NOTE 5

Retirement plans

The company and its subsidiaries have various retirement plans, including plans established under collective bargaining agreements and separate plans for joint operating agencies, under which substantially all full-time employees are covered. The Gannett Retirement Plan is the company's principal retirement plan and covers most U.S. employees of the company and its subsidiaries. Benefits under the Gannett Retirement Plan are based on years of service and final average pay. The company's retirement plan assets include marketable securities such as common stocks, bonds and U.S. government obligations and interest-bearing deposits. The tables below also include the assets and obligations of the former Central Newspapers, Inc. Retirement Plan, which was merged into the Gannett Retirement Plan effective December 31, 2000, and Newscom's Retirement Plan.

The company's pension costs for 2000, 1999 and 1998 are presented in the following table:

In thousands of dollars

	2000	*1999*	*1998*
Service cost - benefits earned during the period	**$ 61,905**	$ 60,834	$ 51,249
Interest cost on benefit obligation	**129,601**	103,412	94,171
Expected return on plan assets	**(194,010)**	(146,168)	(135,484)
Amortization of transition asset	**(28)**	(984)	(4,226)
Amortization of prior service credit	**(9,498)**	(3,754)	(3,773)
Amortization of actuarial (gain) loss	**(4,306)**	1,407	443
Pension expense for company-sponsored retirement plans	**(16,336)**	14,747	2,380
Union and other pension cost	**7,432**	5,071	5,357
Pension cost	**$ (8,904)**	$ 19,818	$ 7,737

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

In thousands of dollars

	Dec. 31, 2000	*Dec. 26, 1999*
Change in benefit obligation		
Net benefit obligation at beginning of year	**$ 1,470,403**	$ 1,474,411
Service cost	**61,905**	60,834
Interest cost	**129,601**	103,412
Plan participants' contributions	**6,080**	1,947
Plan amendments		253
Actuarial loss (gain)	**45,636**	(185,452)
Acquisitions/plan mergers	**444,522**	106,090
Gross benefits paid	**(111,864)**	(91,092)
Net benefit obligation at end of year	**$ 2,046,283**	$ 1,470,403
Change in plan assets		
Fair value of plan assets at beginning of year	**$ 1,763,141**	$ 1,470,826
Actual return on plan assets	**29,546**	264,905
Plan participants' contributions	**6,080**	1,947
Employer contributions	**8,471**	5,354
Acquisitions/plan mergers	**614,594**	111,201
Gross benefits paid	**(111,864)**	(91,092)
Fair value of plan assets at end of year	**$ 2,309,968**	$ 1,763,141
Funded status at end of year	**$ 263,685**	$ 292,738
Unrecognized net actuarial gain	**(6,024)**	(218,942)
Unrecognized prior service credit	**(197,324)**	(35,783)
Unrecognized net transition asset	**(200)**	(232)
Net amount recognized at end of year	**$ 60,137**	$ 37,781
Amounts recognized in Consolidated Balance Sheet		
Prepaid benefit cost	**$ 142,807**	$ 111,232
Accrued benefit cost	**$ 82,670**	$ 73,451

The net benefit obligation was determined using an assumed discount rate of 7.625% and 8.0% at the end of 2000 and 1999, respectively. The assumed rate of compensation increase was 4.5% and 5% at the end of 2000 and 1999, respectively. The assumed long-term rate of return on plan assets used in determining pension cost was 10%. Retirement plan assets include 1,242,300 shares of the company's common stock valued at $78 million and $101 million at the end of 2000 and 1999, respectively.

NOTE 6

Postretirement benefits other than pensions

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

Postretirement benefit cost for health care and life insurance for 2000, 1999 and 1998 included the following components:

In thousands of dollars

	2000	*1999*	*1998*
Service cost - benefits earned during the period	**$ 5,247**	$ 3,796	$ 3,118
Interest cost on net benefit obligation	**19,865**	14,901	14,378
Amortization of prior service credit	**(7,018)**	(8,478)	(5,578)
Amortization of actuarial (gain) loss	**(240)**	20	235
Net periodic postretirement benefit cost	**$17,854**	$10,239	$12,153

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

In thousands of dollars

	Dec. 31, 2000	*Dec. 26, 1999*
Change in benefit obligation		
Net benefit obligation at beginning of year	**$215,593**	$238,346
Service cost	**5,247**	3,796
Interest cost	**19,865**	14,901
Plan participants' contributions	**5,626**	4,656
Actuarial loss (gain)	**40,801**	(28,142)
Acquisitions/plan mergers	**102,000**	3,392
Gross benefits paid	**(25,365)**	(21,356)
Net benefit obligation at end of year	**$363,767**	$215,593
Change in plan assets		
Fair value of plan assets at beginning of year	**—**	—
Employer contributions	**19,739**	16,700
Plan participants' contributions	**5,626**	4,656
Gross benefits paid	**(25,365)**	(21,356)
Fair value of plan assets at end of year	**—**	—
Funded status at end of year	**$363,767**	$215,593
Unrecognized net actuarial (loss) gain	**(19,950)**	21,519
Unrecognized prior service credit	**59,711**	67,288
Accrued postretirement benefit cost	**$403,528**	$304,400

At Dec. 31, 2000, the accumulated postretirement benefit obligation was determined using a discount rate of 7.625% and a health care cost trend rate of 8% for pre-age 65 benefits, decreasing to 5% in the year 2005 and thereafter. For post-age 64 benefits, the health care cost trend rate used was 12%, decreasing to 5% in the year 2005 and thereafter.

At Dec. 26, 1999, the accumulated postretirement benefit obligation was determined using a discount rate of 8.0% and a health care cost trend rate of 7.5% for pre-age 65 benefits, decreasing to 5% in the year 2005 and thereafter. For post-age 64 benefits, the health care cost trend rate used was 5.5%, declining to 5% in the year 2001 and thereafter.

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

The effect of a 1% increase in the health care cost trend rate used would result in increases of approximately $27 million in the 2000 postretirement benefit obligation and $2 million in the aggregate service and interest components of the 2000 expense. The effect of a 1% decrease in the health care cost trend rate used would result in decreases of approximately $24 million in the 2000 postretirement benefit obligation and $2 million in the aggregate service and interest components of the 2000 expense.

NOTE 7

Income taxes

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

In thousands of dollars

2000	*Current*	*Deferred*	*Total*
Federal	**$518,413**	**$13,414**	**$531,827**
State and other	**75,865**	**1,963**	**77,828**
Foreign	**25,041**	**2,204**	**27,245**
Total	**$619,319**	**$17,581**	**$636,900**

In thousands of dollars

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

In thousands of dollars

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

In addition to the income tax provision presented above for continuing operations, the company also recorded federal and state income taxes payable on discontinued operations of $891 million in 2000, $28 million in 1999 and $24 million in 1998.

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

Fiscal year	*2000*	*1999*	*1998*
U.S. statutory tax rate	**35.0%**	35.0%	35.0%
Increase in taxes resulting from:			
State/other income taxes net of federal income tax benefit	**3.1**	3.2	3.5
Goodwill amortization not deductible for tax purposes	**2.2**	1.7	1.9
Other, net	**(0.7)**	(0.1)	(0.4)
Effective tax rate	**39.6%**	39.8%	40.0%

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

Deferred tax liabilities and assets were composed of the following at the end of 2000 and 1999:

In thousands of dollars

	Dec. 31, 2000	*Dec. 26, 1999*
Liabilities		
Accelerated depreciation	**$341,786**	$403,846
Accelerated amortization of deductible intangibles	**117,302**	114,547
Pension	**26,858**	15,085
Other	**109,963**	148,258
Total deferred tax liabilities	**595,909**	681,736
Assets		
Accrued compensation costs	**(75,411)**	(63,095)
Postretirement medical and life	**(157,737)**	(118,310)
Other	**(87,932)**	(20,784)
Total deferred tax assets	**(321,080)**	(202,189)
Net deferred tax liabilities	**$274,829**	$479,547

NOTE 8

Capital stock, stock options, incentive plans

The company's earnings per share from continuing operations (basic and diluted) for 2000, 1999 and 1998 are presented below:

In thousands, except per share amounts

	2000	*1999*	*1998*
Income from continuing operations	**$971,940**	$919,387	$966,425
Weighted average number of common shares outstanding (basic)	**266,426**	279,048	283,097
Effect of dilutive securities			
Stock options	**1,557**	2,217	2,197
Stock incentive rights	**135**	343	417
Weighted average number of common shares outstanding (diluted)	**268,118**	281,608	285,711
Earnings per share from continuing operations (basic)	**$3.65**	$3.29	$3.41
Earnings per share from continuing operations (diluted)	**$3.63**	$3.26	$3.38

The 2000, 1999 and 1998 diluted earnings per share amounts exclude the effects of 5,366,310, 3,150,090 and 2,500,210 stock options outstanding, respectively, as their inclusion would be antidilutive.

In 1998, the Board authorized the company to repurchase up to $750 million of company stock. In 2000, the Board approved an authorization for the company to repurchase up to $1 billion in additional common stock. The company purchased approximately 6 million shares of common stock in 1998 for $329 million, approximately 2.4 million shares in 1999 for $163 million, and approximately 14.7 million shares in 2000 for $967 million.

In May 2000, the company's shareholders approved an amendment to the company's certificate of incorporation to increase the authorized number of shares to 802,000,000, of which 800,000,000 shares shall be common stock and 2,000,000 shares shall be preferred stock, both with a $1 par value.

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

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

In December 2000, the company elected not to grant stock incentive rights. These rights entitled employees to receive one share of common stock at the end of a four-year incentive period conditioned on the employees' continued employment with the company. In lieu of receiving stock incentive rights, employees may receive stock options. Previously granted stock incentive rights will continue to mature over their original four-year term.

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

A summary of the status of the company's stock option and stock incentive rights awards as of Dec. 31, 2000, Dec. 26, 1999, and Dec. 27, 1998, and changes thereto during the years then ended is presented below:

2000 Stock Option Activity	*Shares*	*Weighted average exercise price*
Outstanding at beginning of year	**12,406,841**	**$52.57**
Granted	**5,714,830**	**55.07**
Exercised	**(846,478)**	**30.18**
Canceled	**(507,380)**	**64.44**
Outstanding at end of year	**16,767,813**	**54.19**
Options exercisable at year end	**7,478,603**	**45.85**
Weighted average fair value of options granted during the year	**$19.63**	

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

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

Further information about stock options outstanding at Dec. 31, 2000, follows:

Range of exercise prices	*Number outstanding at 12/31/00*	*Weighted average remaining contractual life (yrs)*	*Weighted average exercise price*	*Number exercisable at 12/31/00*	*Weighted average exercise price*
$23-28	1,428,658	2.5	$25.56	1,428,658	$25.56
32-38	2,934,780	5.8	$35.18	2,934,780	$35.18
41-49	31,460	7.0	$46.17	31,460	$46.17
50-60	7,006,605	9.5	$55.84	1,098,319	$59.50
61-68	2,396,295	9.0	$64.93	1,181,048	$64.97
70-75	2,970,015	9.9	$74.28	804,339	$74.09
	16,767,813	8.2	$54.19	7,478,604	$45.85

Stock Incentive Rights

As discussed above, the company elected not to grant stock incentive rights in December 2000. Awards made earlier in 2000, and in 1999 and in 1998 were as follows:

	2000	*1999*	*1998*
Awards granted	**10,700**	169,290	168,785

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

In December 2000, 118,352 shares of common stock were issued in settlement of previously granted stock incentive rights for the incentive period ended December 2000.

Shares available: Shares available for future grants under the Plan totaled 11,721,088 at Dec. 31, 2000.

Pro forma results: SFAS No. 123, "Accounting for Stock-Based Compensation," establishes a fair value-based method of accounting for employee stock-based compensation plans and encourages companies to adopt that method. However, it also allows companies to continue to apply the intrinsic value-based method currently prescribed under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). The company has chosen to continue to report stock-based compensation in accordance with APB 25, and provides the following pro forma disclosure of the effects of applying the fair value method to all applicable awards granted. Under APB Opinion 25 and related Interpretations, no compensation cost has been recognized for its stock options. The compensation cost that has been charged against income for its stock incentive rights was $6.5 million for 2000, $8 million for 1999 and $7 million for 1998. Those charges were based on the grant price of the stock incentive rights recognized over the four-year earnout periods. Had compensation cost for the company's stock options been determined based on the fair value at the grant date for those awards as permitted (but not required) under the alternative method of SFAS No. 123, the company's results of operations and related per share amounts would have been reduced to the pro forma amounts indicated below:

In thousands, except per share amounts

	2000	1999	1998
Net income			
As reported	**$1,719,077**	$957,928	$999,913
Pro forma	**$1,693,339**	$942,733	$991,385
Income from continuing operations			
As reported	**$971,940**	$919,387	$966,425
Pro forma	**$946,202**	$904,192	$957,897
Net income per share – basic			
As reported	**$6.45**	$3.43	$3.53
Pro forma	**$6.36**	$3.38	$3.50
Net income per share – diluted			
As reported	**$6.41**	$3.40	$3.50
Pro forma	**$6.32**	$3.35	$3.47
Income from continuing operations per share – basic			
As reported	**$3.65**	$3.29	$3.41
Pro forma	**$3.55**	$3.24	$3.38
Income from continuing operations per share – diluted			
As reported	**$3.63**	$3.26	$3.38
Pro forma	**$3.53**	$3.21	$3.35

The fair value of each option is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2000, 1999 and 1998, respectively: dividend yield of 1.26%, 1.38%, and 1.69%; expected volatility of 27.04%, 22.31% and 20.62%; risk-free interest rates of 5.63%, 6.34% and 4.66%; and expected lives of seven years each.

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

401(k) Savings Plan

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

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

Compensation expense for the 401(k) match and repurchased shares was $9.1 million in 2000, $8.9 million in 1999 and $7.3 million in 1998. The ESOP shares as of the end of 2000 and 1999 were as follows:

	2000	1999
Allocated shares	**1,825,911**	1,559,218
Shares released for allocation	**44,332**	44,812
Unreleased shares	**629,757**	895,970
Shares distributed to terminated participants	**(72,337)**	(53,563)
ESOP shares	**2,427,663**	2,446,437

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

In May 2000, the company announced that its Board of Directors approved an amendment to its Shareholder Rights Plan to extend the expiration date of the Rights to May 31, 2010 and increase the initial exercise price of each preferred stock purchase right to $280.

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

NOTE 9

Commitments and contingent liabilities

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

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

In thousands of dollars

2001	$ 49,689
2002	33,738
2003	29,694
2004	24,986
2005	22,999
Later years	80,300
Total	$ 241,406

Total minimum annual rentals have not been reduced for future minimum sublease rentals aggregating approximately $8 million. Total rental costs reflected in continuing operations were $62 million for 2000, $48 million for 1999 and $43 million for 1998.

Program broadcast contracts: The company has commitments under program broadcast contracts totaling $92.3 million for programs to be available for telecasting in the future.

The company presently owns a 64% interest in WKYC-TV and National Broadcasting Company (NBC) owns a 36% interest. In December 1998, the company entered into a Put-Call agreement with NBC which later was amended. Terms of the agreement permit (but don't require) either party to initiate a purchase/sale of some or all of NBC's shares in WKYC-TV over a six-year period. A put was made by NBC in each of April 1999 and December 2000 whereby Gannett acquired an additional 7% and 6%, respectively of WKYC shares. The company's maximum aggregate remaining potential commitment under the agreement is approximately $156 million.

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

NOTE 10

Business operations and segment information

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

The newspaper segment at the end of 2000 consisted of 99 U.S. daily newspapers in 40 states and one U.S. territory, including USA TODAY, a national, general-interest daily newspaper; and USA WEEKEND, a magazine supplement for newspapers. The newspaper segment also includes Newsquest (including Newscom, acquired in 2000) which is a regional newspaper publisher in the United Kingdom with a portfolio of about 300 titles that includes 15 paid-for daily newspapers, paid-for weekly newspapers, free weekly newspapers and other publications. The newspaper segment in the U.S. also includes over 300 non-daily publications, a nationwide network of offset presses for commercial printing and several smaller businesses. Newsprint, which is the principal product used in newspaper publishing, has been and may continue to be subject to significant price changes from time to time.

As discussed in Note 1, the company modified its method of accounting for its 50% owned joint operating agencies in Detroit and Tucson to the equity method of accounting (as a single net amount which is in other operating revenue for the newspaper segment). All prior years have been restated. This classification change within the statements of income has no effect on the company's operating income or overall reported results of operations. However, this change results in a reduction of reported revenue of approximately $170 million in 2000, 1999 and 1998 with a corresponding reduction in operating expenses.

The broadcasting segment's activities for 2000 include the operation of 22 U.S. television stations reaching 17.5 percent of U.S. television homes.

The company's foreign revenues in 2000 and 1999 totaled approximately $674 million and $239 million, respectively, principally from publications distributed in the United Kingdom. The company's long-lived assets in foreign countries totaled approximately $2.4 billion at Dec. 31, 2000, principally in the United Kingdom.

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

In thousands of dollars

Business segment financial information

	2000	*1999*	*1998*
Operating revenues			
Newspaper publishing	**$ 5,433,551**	$4,366,720	$3,987,733
Broadcasting	**788,767**	728,642	721,298
	$ 6,222,318	$5,095,362	$4,709,031
Operating income			
Newspaper publishing	**$ 1,522,350**	$1,291,665	$1,109,221
Broadcasting	**359,955**	337,537	343,512
Corporate (3)	**(65,049)**	(66,101)	(66,919)
	$ 1,817,256	$1,563,101	$1,385,814
Depreciation and amortization			
Newspaper publishing	**$ 302,544**	$ 207,720	$ 184,718
Broadcasting	**65,210**	62,861	60,023
Corporate (3)	**8,161**	9,510	8,722
	$ 375,915	$ 280,091	$ 253,463
Operating cash flow (4)			
Newspaper publishing	**$ 1,824,894**	$1,499,385	$1,293,939
Broadcasting	**425,165**	400,398	403,535
Corporate (3)	**(56,888)**	(56,591)	(58,197)
	$ 2,193,171	$1,843,192	$1,639,277
Identifiable assets (1)			
Newspaper publishing	**$10,434,274**	$5,599,506	$3,682,839
Broadcasting	**1,978,438**	1,915,976	1,872,351
Corporate (3)	**567,699**	378,437	355,236
	$12,980,411	$7,893,919	$5,910,426
Capital expenditures (2)			
Newspaper publishing	**$ 199,885**	$ 169,259	$ 164,479
Broadcasting	**49,829**	24,831	25,548
Corporate (3)	**100,866**	51,055	32,032
	$ 350,580	$ 245,145	$ 222,059

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

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

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

(4) Operating cash flow amounts represent operating income plus depreciation and amortization of intangible assets.

REPORT OF INDEPENDENT ACCOUNTANTS

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of cash flows and of changes in shareholders' equity present fairly, in all material respects, the financial position of Gannett Co., Inc. and its subsidiaries at Dec. 31, 2000 and Dec. 26, 1999, and the results of their operations and their cash flows for each of the three years in the period ended Dec. 31, 2000 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Washington, D.C.
February 8, 2001

11-YEAR SUMMARY

In thousands of dollars, except per share amounts

	2000	1999	1998	1997
Net operating revenues				
Newspaper advertising	**$ 3,972,936**	$ 3,115,250	$ 2,773,247	$ 2,479,828
Newspaper circulation	**1,120,991**	971,114	958,456	903,309
Broadcasting	**788,767**	728,642	721,298	703,558
All other	**339,624**	280,356	256,030	221,470
Total (Notes a and b, see page 54)	**6,222,318**	5,095,362	4,709,031	4,308,165
Operating expenses				
Costs and expenses	**4,029,147**	3,252,170	3,069,754	2,812,218
Depreciation	**195,428**	169,460	163,776	152,964
Amortization of intangible assets	**180,487**	110,631	89,687	80,741
Total	**4,405,062**	3,532,261	3,323,217	3,045,923
Operating income	**1,817,256**	1,563,101	1,385,814	1,262,242
Non-operating (expense) income				
Interest expense	**(219,228)**	(94,619)	(79,412)	(98,242)
Other	**10,812**	58,705 (11)	305,323 (9)	(9,047)
Income before income taxes	**1,608,840**	1,527,187	1,611,725	1,154,953
Provision for income taxes	**636,900**	607,800	645,300	473,600
Income from continuing operations	**971,940**	919,387 (11)	966,425 (9)	681,353
Discontinued operations:				
Income from the operation of discontinued businesses (net of income taxes) (12)	**2,437**	38,541	33,488	31,326
Gain on sale of discontinued businesses (net of income taxes) (13)	**744,700**			
Total	**747,137**	38,541	33,488	31,326
Income before cumulative effect of accounting principle changes	**1,719,077**	957,928	999,913	712,679
Cumulative effect on prior years of accounting principle changes for:				
Income taxes				
Retiree health and life insurance benefits				
Net income	**$ 1,719,077**	$ 957,928	$ 999,913	$ 712,679
Operating cash flow (5)	**$ 2,193,171**	$ 1,843,192	$ 1,639,277	$ 1,495,947
Per share amounts (1)				
Income from continuing operations before cumulative effect of accounting principle changes: basic / diluted	**$3.65/$3.63**	$3.29/$3.26 (11)	$3.41/$3.38 (9)	$2.41/$2.39
Net income: basic / diluted	**$6.45/$6.41**	$3.43/$3.40	$3.53/$3.50	$2.52/$2.50
Dividends declared (2)	**.86**	.82	.78	.74
Weighted average number of common shares outstanding in thousands: basic/diluted (2)	**266,426/268,118**	279,048/281,608	283,097/285,711	283,360/285,610
Financial position				
Working capital	**$ 128,335**	$ 191,444	$ 178,418	$ 146,057
Long-term debt excluding current maturities	**5,747,856**	2,463,250	1,306,859	1,740,534
Shareholders' equity	**5,103,410**	4,629,646	3,979,824	3,479,736
Total assets	**12,980,411**	9,006,446	6,979,480	6,890,351
Selected financial percentages and ratios				
Percentage increase (decrease)				
Earnings from continuing operations, after tax (4)	**9.6%**	13.3% (10)	14.9% (8)	35.4%
Earnings from continuing operations, after tax, per share: basic/diluted (4)	**14.8%/15.2%**	14.9%/14.9% (10)	14.5%/14.6% (8)	36.9%/34.3%
Dividends declared per share	**4.9%**	5.1%	5.4%	4.2%
Return on equity (3)	**20.0%**	20.6%	21.0%	21.3%
Credit ratios				
Long-term debt to shareholders' equity	**112.6%**	53.2%	32.8%	50.0%
Times interest expense earned	**8.3X**	17.1X	21.3X	12.8X

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

Note: The amounts above reflect the classification change made to report the operating results from the company's 50% owned joint operating agencies on the equity method of accounting (as a net amount in other operating revenue).

1996	1995	1994	1993	1992	1991	1990
$ 2,281,071	$ 2,078,190	$ 1,982,260	$ 1,846,791	$ 1,773,460	$ 1,747,118	$ 1,810,825
872,969	816,474	789,375	781,205	762,729	733,943	691,332
686,936	466,187	406,608	397,204	370,613	357,383	396,693
177,237	144,636	218,000	202,040	184,035	149,489	137,562
4,018,213	3,505,487	3,396,243	3,227,240	3,090,837	2,987,933	3,036,412
2,776,171	2,499,696	2,410,404	2,336,668	2,303,468	2,265,948	2,219,438
147,721	141,151	146,054	147,248	139,080	139,268	135,294
75,043	47,509	44,110	43,771	39,197	39,621	39,649
2,998,935	2,688,356	2,600,568	2,527,687	2,481,745	2,444,837	2,394,381
1,019,278	817,131	795,675	699,553	609,092	543,096	642,031
(135,563)	(52,175)	(45,624)	(51,250)	(50,817)	(71,057)	(71,567)
155,825 (7)	3,754	14,945	5,350	7,814	14,859	10,689
1,039,540	768,710	764,996	653,653	566,089	486,898	581,153
442,900	312,084	309,600	264,400	224,900	194,400	226,600
596,640 (7)	456,626	455,396	389,253	341,189	292,498	354,553
51,867	20,636	10,003	8,499	4,491	9,151	22,410
294,580						
346,447	20,636	10,003	8,499	4,491	9,151	22,410
943,087	477,262	465,399	397,752	345,680	301,649	376,963
				34,000		
				(180,000)		
$ 943,087	$ 477,262	$ 465,399	$ 397,752	$ 199,680	$ 301,649	$ 376,963
$ 1,242,042	$ 1,005,791	$ 985,839	$ 890,572	$ 787,369	$ 721,985	$ 816,974
$2.12/$2.11 (7)	$1.63/$1.62	$1.58/$1.57	$1.33/$1.32	$1.18/$1.18	$.97/$.96	$1.11/$1.10
$3.35/$3.33	$1.70/$1.69	$1.61/$1.60	$1.36/$1.35	$.69/$.69	$1.00/$.99	$1.18/$1.17
.71	.69	.67	.65	.63	.62	.61
281,782/283,426	280,312/282,323	288,552/290,148	292,948/294,659	288,296/290,174	301,566/303,267	320,094/322,830
$ 47,609	$ 41,312	$ 123,783	$ 302,818	$ 199,896	$ 192,266	$ 168,487
1,880,293	2,767,880	767,270	850,686	1,080,756	1,335,394	848,633
2,930,818	2,145,648	1,822,238	1,907,920	1,580,101	1,539,487	2,063,077
6,349,597	6,503,800	3,707,052	3,823,798	3,609,009	3,684,080	3,826,145
10.2% (6)	0.3%	17.0%	14.1%	16.6%	(17.5%)	(5.3%)
8.0%/9.9% (6)	3.2%/3.2%	18.8%/18.9%	12.3%/11.9%	22.0%/22.9%	(12.4%)/(12.7%)	(4.6%)/(5.2%)
2.9%	3.0%	3.1%	3.2%	1.6%	2.5%	9.0%
19.8%	23.0%	24.4%	22.3%	21.9%	16.2%	17.5%
64.2%	129.0%	42.1%	44.6%	68.4%	86.7%	41.1%
8.7X	15.7X	17.8X	13.8X	12.1X	7.9X	9.1X

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

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

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

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

(12) Includes results from businesses sold and accounted for as discontinued operations (cable - 1995 to 2000; security - 1995 to 1998; entertainment - 1995 to 1996; outdoor - 1990 to 1996).

(13) Includes gain from businesses sold and accounted for as discontinued operations (cable - 2000; outdoor - 1996).

NOTES TO 11-YEAR SUMMARY

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

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

Acquisitions 1990-2000

1990	
March 28	Great Falls (Mont.) Tribune
May 17	Ye Olde Fishwrapper
June 18	The Shopper Advertising, Inc.
Sept. 7	Desert Community Newspapers
Dec. 27	North Santiam Newspapers
Dec. 28	Pensacola Engraving Co.
1991	
Feb. 11	The Add Sheet
April 3	New Jersey Publishing Co.
Aug. 30	The Times Journal Co., including The Journal Newspapers, The Journal Printing Co. (now Springfield Offset) and Telematch
Oct. 3	Gulf Breeze Publishing Co.
1992	
April 24	Graphic Publications, Inc.
1993	
Jan. 30	The Honolulu Advertiser
April 24	Tulare Advance-Register
1994	
May 2	Nursing Spectrum
June 9	Altoona Herald-Mitchellville Index and the Eastern ADvantage
Dec. 1	KTHV-TV, Little Rock
1995	
Dec. 4	Multimedia, Inc.
1996	
Dec. 9	WTSP-TV, Tampa-St. Petersburg, Fla.
1997	
Jan. 31	WZZM-TV, Grand Rapids, Mich.
Jan. 31	WGRZ-TV, Buffalo, N.Y.
May 5	Printed Media Companies
May 27	KNAZ-TV, Flagstaff, Ariz.
May 27	KMOH-TV, Kingman, Ariz.
July 18	Mary Morgan, Inc.
Aug. 1	Army Times Publishing Co., Inc.
Oct. 24	New Jersey Press, Inc.
1998	
Jan. 5	WCSH-TV, Portland, Maine
Jan. 5	WLBZ-TV, Bangor, Maine
April 30	WLTX-TV, Columbia, S.C.
May 31	Classified Gazette, San Rafael, Calif.
July 7	Ocean County Observer, Toms River, N.J.
July 7	Daily Record, Morristown, N.J.
July 7	Manahawkin Newspapers, Manahawkin, N.J.
Aug. 31	TCI Cable Kansas
Aug. 31	New Castle County Shopper's Guide, Brandywine Valley Weekly and Autos plus, Wilmington, Del.
1999	
March 17	The Reporter, Melbourne, Fla.
March 29	Lehigh Acres News-Star, Lehigh Acres, Fla.
June 1	Dealer Magazine, Reno, Nev.
June 1	KXTV-TV, Sacramento, Calif.
July 26	Newsquest plc, United Kingdom
Sept. 28	Tucker Communications, Inc., Westchester Co., N.Y.
Sept. 29	Pennypower Shopping News, Branson & Springfield, Mo.
2000	
Jan. 3	The Pioneer Republican and other publications, Iowa
Jan. 4	Buyers' Digest, Franklin County, Vt.
Feb. 1	The Clarion, Redcar, United Kingdom
Mar. 17	WJXX-TV, Jacksonville, Fla.
Mar. 31	Mason Valley News and Fernley Leader-Dayton Courier, Lyon Co., Nev.
Apr. 7	Brevard Technical Journal, Brevard County, Fla.
May 10	Dickson Shoppers, Middle Tennessee
June 2	Greenville Parent Magazine, Greenville County, S.C.
June 5	News Communications & Media plc, United Kingdom
June 30	Space Coast Press, Brevard County, Fla.
July 21	Certain assets of Thomson Newspapers Inc., including 8 dailies in Wisconsin; 8 dailies in central Ohio; daily newspapers in Lafayette, La.; Salisbury, Md.; and St. George, Utah; and numerous weeklies and niche publications.
Aug. 1	Central Newspapers, Inc., including The Arizona Republic, The Indianapolis Star, and other daily newspapers in Indiana and Louisiana; and related media and information businesses.
Sept. 7	Daily World, Opelousas, La.
Oct. 30	Windsor Beacon, Windsor, Colo.
Dec. 1	50+ Lifestyles and other monthly magazines, Des Moines, Iowa

FORM 10-K INFORMATION

Business of the company

Gannett Co., Inc. is a diversified information company that operates primarily in the U.S. and the United Kingdom. Approximately 89% of its revenues are from domestic operations. In addition to operations in the United Kingdom, it has limited foreign operations in certain European and Asian markets. Its corporate headquarters is in Arlington, Va., near Washington, D.C. It was incorporated in New York in 1923 and was reincorporated in Delaware in 1972.

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

The company's newspapers make up the largest newspaper group in the U.S. in circulation. In 2000, the company acquired Newscom plc, one of the largest regional publishers in the United Kingdom; 19 daily newspapers and numerous weekly and niche publications from Thomson Newspapers Inc.; and Central Newspapers, Inc., with six daily newspapers and other related media and information businesses. At the end of 2000, the company operated 114 daily newspapers, with a total average daily circulation of approximately 8.4 million, including USA TODAY. The company also publishes USA WEEKEND, a weekend newspaper magazine, and in excess of 300 non-daily publications in the United States and nearly 300 non-daily publications in the United Kingdom.

The newspaper segment includes the following: Gannett News Service, which provides news services for its newspaper operations; Gannett Retail Advertising Group, which represents the company's local newspapers in the sale of advertising to national and regional retailers and service providers; and Gannett Offset, which is composed of the Gannett Offset print group and Gannett Marketing Services Group. The Gannett Offset print group includes seven non-heatset printing plants and two heatset printing facilities. Gannett Offset's dedicated commercial printing plants are located in Atlanta, Ga.; Chandler, Ariz.; Minneapolis, Minn.; Miramar, Fla.; Nashville, Tenn.; Norwood, Mass.; Pensacola, Fla.; St. Louis, Mo.; and Springfield, Va. Gannett Marketing Services Group coordinates the sale of direct-marketing services through: Telematch, a database management and data enhancement company; Gannett Direct Marketing Services, a direct-marketing company with operations in Louisville, Ky.; and Gannett TeleMarketing, a telephone sales and marketing company. The company also owns USATODAY.com and other Internet services at most of its local newspapers and television stations; Gannett Media Technologies International, which develops and markets software and other products for the publishing industry; Nursing Spectrum, publisher of biweekly periodicals specializing in advertising for nursing employment; Army Times Publishing Company, which publishes military and defense newspapers; and a 19.49% interest in California Newspapers Partnership, a partnership that includes 21 daily California newspapers.

On Dec. 31, 2000, the broadcasting division included 22 television stations in markets with more than 17.9 million households.

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

Newspaper publishing/United States

On Dec. 31, 2000, the company operated 99 daily newspapers, including USA TODAY, and more than 300 non-daily local publications, in 40 states and Guam. The Newspaper Division is headquartered in Arlington, Va., and on Dec. 31, 2000, it had approximately 41,000 full-time and part-time employees.

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

USA TODAY is produced at facilities in Arlington, Va., and is transmitted via satellite to offset printing plants around the country. It is printed at Gannett plants in 21 U.S. markets and under contract at offset plants in 15 other U.S. markets. It is sold at newsstands and vending machines generally at 50 cents a copy. Mail subscriptions are available nationwide and abroad, and home and office delivery is offered in many markets. Approximately 67% of its net paid circulation results from single-copy sales at newsstands or vending machines and the remainder is from home and office delivery, mail and other sales.

For 2000, USA TODAY's advertising revenues and volume rose 12% and 8%, respectively.

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

USATODAY.com reached more than 25 million visitors per month by the end of 2000 and its revenue increased 18%.

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

The newspaper publishing segment also includes USA WEEKEND, which is distributed as a weekend newspaper magazine in 555 newspapers throughout the country, with a total circulation of 22.7 million as of January 2001.

Also included is Nursing Spectrum, publisher of biweekly periodicals advertising nursing employment. Nursing Spectrum's circulation reaches over a million registered nurses each month, or almost half of the registered nurses in the United States. By the end of 2000, Nursing Spectrum's award-winning Web site had about 500,000 unique visitors each month.

At the end of 2000, 70 of the company's daily newspapers, including USA TODAY, were published in the morning and 29 were published in the evening.

Individually, Gannett newspapers are the leading news and information source with strong brand recognition in their markets. Their durability lies in the quality of their management, their flexibility, their focus on such customer-directed programs as Complete Community Coverage in News, cross-branding of the daily newspaper, online, and weekly products, ADQ, and their capacity to invest in new technology. Collectively, they form a powerful network to distribute news and advertising information across the nation.

News departments across Gannett continued to emphasize coverage of local news as the key to successful news reporting. Under the Complete Community Coverage model developed in 2000, the vast majority of newsrooms expanded the amount of local news on their Web sites. The objective is to be the primary source of local news and information, reaching more people interested in local news in more ways.

To advance that objective in 2000, online training sessions were held for top editors and many online newsroom editors. An internal corporate News Web site was established to provide further guidance for newsrooms on a variety of topics, ranging from readership information to online delivery of news.

To help expand the readership base, especially among younger readers, a new weekly section on technology was developed. Called "e, your guide to personal technology," the section is produced at Gannett News Service and distributed electronically or on CD-ROM to all Gannett newspapers. The newspapers use part or all of the section for their readers. Local advertising staffs provide advertising content for the section. Additionally, an online version is produced by the corporate Digital Production Center and made available for each newspaper Web site. Gannett Broadcast Web sites have begun using the online version as well.

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

In 2000, Gannett News Service staffers joined with USA TODAY reporters and editors to provide Gannett newspapers with coverage of the two national political conventions, the Summer Olympics in Australia, and the presidential debates and election.

In 2000, the company continued to implement plans to increase its revenues from medium and smaller advertisers in each market it serves. Revenues from these types of advertisers increased again in 2000. Initiatives focused on sales and rate management and the construction of pre-packaged programs scalable to the company's largest and smallest markets. Sales management initiatives included allocating proper resources to increase the number and quality of sales calls, improving sales compensation and providing consistent sales training. Rate management programs focused on selling multiple advertising insertions and reviewing rates and rate structures to assure they match the opportunities in the market. The company operates an extranet site to provide its advertising management with up-to-date information and sales programs 24 hours a day, seven days a week. The company regularly calculates market potential and adjusts its strategic plans accordingly. Significant efforts will continue to be taken in 2001 to make the company's personnel increasingly competitive in their leadership, strategic thinking and marketing skills.

The newspaper division's continuous improvement quality initiative, known as ADQ, produced its sixth straight year of sharply improving ad and bill quality. ADQ, which has reduced credit costs significantly since its 1995 start-up, is being introduced to the newspapers acquired in 2000.

The online strategy at Gannett local newspapers has been consistent from the start of our online efforts. This has been built around several major principles. First, the expenditures for the business must be justified by additional revenues, additional customers and additional profits. Second, the company concentrates on serving our local markets. The reason a consumer will turn to the local newspaper's online site is local news and information. This differentiates the paper, which is the known and trusted source for such information today, from other Internet sites. This will be a major factor allowing newspapers to compete successfully as Internet information providers. Lastly, the company takes advantage of the natural synergies between the local newspaper and local Web site. The local content already available, the customer relationships, the news and advertising sales forces, and the promotional vehicle, are all advantages for the newspaper. The company's strategy is to use these advantages to create the best content, create packaged advertising products that serve the advertisers, hold costs down, and leverage the known and trusted brand of the newspaper.

This strategy has served Gannett well in the development of our newspaper Internet efforts. The aggressive local focus, including advertising sales efforts, combined with effective use of national economies of scale and standardized technology resulted in solid results in 2000.

Pro forma advertising revenue for local newspaper Web sites increased by 88% in 2000, which followed a 68% increase in 1999. Recent traffic on our sites was more than 40 million visitors and over 150 million pages viewed per month. Twenty-five of local Gannett newspapers' Web sites made a profit in 2000.

The company achieved these results in a year that Web sites for virtually all smaller market Gannett newspapers were launched. New launches were accomplished through centralized production to provide consistent high quality Web sites while limiting costs. Except for a few small markets, all Gannett newspapers now have operational Web sites.

The company is also pursuing opportunities to develop national Internet businesses. Through minority partnerships and investments, the strength of a large and broad base of the company's and other newspaper franchises is leveraged with sophisticated, flexible Internet capabilities. The business plans of these ventures are developing to deliver information, services and advertising both nationally and locally. These ventures are also the source of additional content, advertising opportunities and technical resources that augment our local newspaper efforts to build and improve their Internet businesses.

Two such businesses which are important to the company's Internet plans include Classified Ventures and InfiNet. Classified Ventures, owned by a consortium of media companies, operates Internet businesses on the national level in the real estate and automotive categories by networking local newspaper sites and offerings. Along with the new national opportunities for Classified Ventures, the company's local newspaper sites are also enhanced by new customers, content and technology from their association with Classified Ventures and its other participating newspapers.

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

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

Newsroom editorial system replacements were installed in Brevard, Fort Myers, Bridgewater, Tucson, Nashville and Asheville in 2000. In 2001, new editorial systems will be installed in Lansing, Rochester, the Wisconsin Winnebego group of six newspapers, Battle Creek, St. George and Salisbury. The newer systems have Web-conversion capabilities that make it easier and quicker for newspapers to post stories to their Web sites.

Gannett newsrooms continue to make the conversion to digital photography, which enables our newspapers to provide photos with very late-breaking stories and to be more competitive on their Web sites. By the end of 2001, 45 Gannett news photo departments are expected to be 100 percent digital.

The Mobile Advertising Sales System, or MASS, is Gannett's sales force automation software. Designed to run on laptops and be used on sales calls, the technology provides account executives with up-to-date customer and order information; an electronic Rate Calculator for pricing retail ads; productivity tools for managing their accounts and schedules; and software for sales presentations. Twenty-five percent of Gannett's newspapers have eliminated handwritten ad insertion orders and are utilizing the MASS software to electronically enter and process them on the laptops.

A new laptop-based sales program was tested at three newspapers in 2000. Called the Rate Matrix, it is a program for selling multiple ads across multiple product lines and packaging them into one buy for the customer. This program embodies significant change from how newspapers traditionally sell advertising, which is by individual product. A typical Rate Matrix package might include a retail display ad that runs four times, a classified help wanted ad, a print and deliver insert targeted to specific zones, and an online banner ad. The test newspapers used a new laptop-based sales tool, called the Rate Matrix Calculator, to calculate package prices while on sales calls. Based on the program's success at test newspapers, it will be rolled out to more newspapers in 2001.

Gannett Creative Link was launched in early 2000 as a means for Gannett newspapers to share published and speculative ads. It is a Web based system that enables account executives and artists to view and use advertising concepts created by other Gannett newspapers.

Gannett Media Technologies International (GMTI) transitioned from delivering its Celebro for Real Estate on desktop computers to providing real estate and other application services via the Internet. Celebro.com automates the scheduling and production of real estate ads, freeing newspapers from production requirements. Real Estate companies are now linked directly to GMTI's database servers running automation software that builds the ads and sends complete, digitized ad files to our newspapers for pagination and printing. GMTI converted a number of Gannett newspapers to Celebro.com in 2000 including Cincinnati, Detroit, Nashville, Tucson, Louisville and Ft. Collins. Thirteen non-Gannett newspapers and six Real Estate companies are also using Celebro.com's ASP solution. Notable non-Gannett properties purchasing Celebro.com in 2000 include the San Francisco Newspaper Agency, Coldwell Banker Moore in Denver and The News-Tribune in Tacoma, Washington.

In mid-2000, GMTI launched its Celebro.com CarsPlus service producing auto ads at the Rockford Register Star. GMTI also signed an agreement with Classified Ventures linking its Celebro CarsPlus print advertising automation software to cars.com Web-based used car database to facilitate one-stop multimedia advertising packages.

Celebro CityServer, GMTI's software for building online shopping and commerce guides on Web sites, moved from pilot test to first-stage rollout to 25 Gannett properties this year.

The Digital Collections integrated asset management system has now been installed at 66 Gannett newspapers and 16 non-Gannett newspapers. DC Version 4.0, a revision based on non-proprietary Web browsers coupled with an Oracle database, was introduced in 2000. This version increases the number of data types that can be stored, bringing to users the capability to archive and re-purpose digital assets that include audio and video files.

In addition, DC Version 4.0 has an interface to MagnaCash incorporated in the product. This will enable publishers to market their archives and allow consumers to charge the purchased articles to credit card accounts.

With respect to newspaper production, 67 daily newspaper plants print by the offset process, and 14 plants print using various letterpress processes. To date, there are 70 newspapers (including certain of the new acquisitions) that have converted to the new 50 inch web width format. Readers have found this new format size to be easier to handle and use. The 50 inch format change equates to more than a seven percent savings in newsprint consumption. More of the company's newspapers are scheduled for web width reduction in 2001.

In recent years, improved technology for all of the newspapers has resulted in greater speed and accuracy and in a reduction in the number of production hours worked. The company expects this trend to continue in 2001.

The principal sources of newspaper revenues are circulation and advertising.

Circulation: Thirty of the company's local newspapers reported gains in daily circulation in 2000, and 13 increased Sunday circulation. Home-delivery prices for the company's newspapers are established individually for each newspaper and range from $1.50 to $2.86 per week for daily newspapers and from $.71 to $2.33 per copy for Sunday newspapers. Price increases for certain elements of local circulation volume were initiated at 34 newspapers in 2000 and similar targeted increases are planned at 27 newspapers in 2001.

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

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

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

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

Continuing and comprehensive efforts are also underway to combine Web site and newspaper marketing and advertising sales opportunities.

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

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

At the end of 2000, The Cincinnati Enquirer, The Detroit News, The Honolulu Advertiser and the Tucson (Ariz.) Citizen were published under joint operating agreements with non-Gannett newspapers located in the same cities. All of these agreements provide for joint business, advertising, production and circulation operations and a contractual division of profits. The editorial and reporting staffs of the company's newspapers, however, are separate and autonomous from those of the non-Gannett newspapers. Refer to Note 1 in the notes to consolidated financial statements for a discussion of an accounting method change with respect to two of the company's newspaper subsidiaries that are participants in joint operating agencies.

Properties: Generally, the company owns the plants that house all aspects of the newspaper publication process. In the case of USA TODAY, at Dec. 31, 2000, 15 non-Gannett printers were used to print the newspaper in U.S. markets where there are no company newspapers with appropriate facilities. Five non-Gannett printers in foreign countries are used to print USA TODAY International. USA WEEKEND and Nursing Spectrum are also printed under contracts with commercial printing companies. Many of the company's newspapers have outside news bureaus and sales offices, which generally are leased. In a few markets, two or more of the company's newspapers share combined facilities; and in certain locations, facilities are shared with other newspaper properties. The company's newspaper properties have rail siding facilities or access to main roads for newsprint delivery purposes and are conveniently located for distribution purposes.

During the past five years, new or substantial additions or remodeling of existing facilities have been completed or are at some stage of construction at 25 of the company's newspaper operations. Gannett continues to make significant investments in renovations or new facilities, where the investment improves the products for its readers and advertisers as well as productivity and operating efficiency. The company's facilities are adequate for present operations.

Regulation: Gannett is committed to protecting the environment. The company's goal is to ensure its facilities comply with federal, state, local and foreign environmental laws and to incorporate appropriate environmental practices and standards in our operations. The company employs a corporate environmental manager responsible for overseeing not only regulatory compliance but also preventive measures. The company is one of the industry leaders in the use of recycled newsprint. The company increased its domestic purchases of newsprint containing some recycled content from 42,000 metric tons in 1989 to 885,000 metric tons in 2000. The company's newspapers use inks, photographic chemicals, solvents and fuels. The use and disposal of these substances may be regulated by federal, state and local agencies. Through its environmental compliance plan, the company is taking effective measures to comply with environmental laws. Any release into the environment may create obligations to private and governmental entities under a variety of statutes and rules regulating the environment.

Some of the company's newspaper subsidiaries have been included among the potentially responsible parties in connection with the alleged disposal of ink or other chemical wastes at disposal sites which have been subsequently identified as inactive hazardous waste sites by the U.S. Environmental Protection Agency or comparable state agencies. Generally, the company's subsidiaries are *de minimus* parties. At one such site, the amount in controversy may exceed $100,000. The company believes its liability is substantially less and is defending the case. The company provides for costs associated with these matters in accordance with generally accepted accounting principles. The company does not believe that these matters will have any significant impact on its financial position or results of operations.

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

Newspapers/United Kingdom

In the second quarter of 2000, the company purchased all of the stock of News Communications & Media plc ("Newscom"), a large, regional newspaper publisher in the United Kingdom, with 114 publications in total, including 4 evening dailies. In addition, Newscom operates a contract printing and magazine publishing business. The 2000 Newscom acquisition increased the group's presence in the prosperous southern area of the United Kingdom. The acquisition was accounted for under the purchase method of accounting. This acquisition has been integrated into the company's existing U.K. operation, Newsquest. Altogether, Newsquest now publishes nearly 300 titles in the United Kingdom, including 15 daily newspapers.

Newsquest manages its newspaper publishing activities around geographic clusters to maximize the use of management, finance, printing and personnel resources. This approach enables the group to offer readers and advertisers a range of attractive products covering the market. The clustering of titles and, usually, the publication of a free newspaper alongside a paid-for newspaper allows cross-selling of advertising among newspapers serving the same or contiguous markets, thus satisfying the needs of its advertisers and audiences. At the end of 2000, Newsquest had 16 such clusters in the United Kingdom. Newsquest's policy is to produce free and paid-for newspapers with an attractive level of quality local editorial content. Newsquest also distributes a substantial volume of advertising leaflets in the communities it serves and it offers a travel/vacation booking service.

Newsquest's full year pro forma revenues for 2000 were in excess of $700 million (including Newscom). As with U.S. newspapers, advertising is the largest component of revenue, comprising approximately 82%. Circulation revenue represents 11% and printing activities account for much of the remainder. Printing revenue increased in 2000 mainly as a result of the contract printing activities acquired with Newscom. Compared to U.S. newspaper operations, ad revenue at Newsquest is a greater percent of total revenue and circulation revenue is a lesser percent, reflecting the greater volume and importance of free non-daily publications among Newsquest's titles.

Newsquest is actively seeking to maximize the value of its local information expertise through development of opportunities offered by the Internet. Through internal growth and in partnership with other businesses, Newsquest has established a number of local and national Web sites which offer news and other information of special interest to its communities, as well as classified and retail advertising and shopping services. During 2000, Newsquest became a minority investor in FS Auctions, the auction subsidiary of one of the U.K.'s largest Internet service providers, and in Schoolsnet, an education oriented site. These investee operations complement the local editorial content and classified advertising offered by Newsquest newspapers.

Newsquest owns certain of the plants where its newspapers are produced and leases other facilities. Its headquarters is in Morden, Surrey. All of its properties are adequate for present purposes. A listing of Newsquest publishing centers and key properties may be found on page 74. A new printing plant is being developed at Lostock to replace the existing press and add color capacity.

At the end of 2000, Newsquest had approximately 8,400 full-time and part-time employees. Newsquest employees have local staff councils for consultation and communication with Newsquest subsidiary management. Newsquest provides its employees with the option to participate in a retirement plan that incorporates life insurance and a stock option linked savings plan.

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

Key revenue and expense data – for all newspapers combined

The table that follows summarizes the circulation volume and revenues of U.S. newspapers owned by the company at the end of 2000, including USA TODAY. The table also includes circulation revenue for all Newsquest publications and circulation volume for Newsquest's fifteen paid daily newspapers. This table assumes that all newspapers owned by the company at the end of 2000 were owned during all years shown. For 2000, the amounts are based on a 53-week period.

For purposes of presenting pro forma information, the tables and related commentary below include net paid circulation and its pro rata portion of the revenue and linage data for the company's newspapers participating in joint operating agencies, consistent with prior years.

Circulation: newspapers owned on Dec. 31, 2000

	Circulation revenues in thousands	*Daily net paid circulation*	*Sunday net paid circulation*
2000	**$1,306,780**	**8,368,000**	**7,154,000**
1999	$1,290,559	8,399,000	7,260,000
1998	$1,290,236	8,486,000	7,375,000
1997	$1,259,935	8,399,000	7,452,000
1996	$1,198,944	8,369,000	7,536,000

The following chart summarizes the advertising linage (in six-column inches) and advertising revenues of the newspapers owned by the company at the end of 2000. For Newsquest, advertising revenues are reflected, but linage is not. The chart assumes that all of the newspapers owned at the end of 2000 were owned throughout the years shown. For 2000, the amounts are based on a 53-week period.

Advertising: newspapers owned on Dec. 31, 2000

	Advertising revenues (ROP) in thousands	*Inches of advertising, excluding preprints*
2000	**$3,964,193**	**104,700,000**
1999	$3,800,395	101,253,000
1998	$3,580,739	95,696,000
1997	$3,347,434	90,826,000
1996	$3,045,551	84,940,000

Total newspaper ad revenues on a pro forma basis rose 5% in 2000. Most major advertising classifications showed solid year-over-year growth during 2000. Ad spending by larger retailers declined for the year, reflecting closings and consolidations, but this was mostly offset by greater revenue from small and medium sized advertisers. Classified advertising revenues grew 4% on the strength of employment, automotive, and real estate categories. National advertising revenues increased 10%. Preprint revenues grew 10%.

The company's newspaper segment advertising and other revenues from Internet activities totaled approximately $62 million in 2000 and $39 million in 1999.

For 2001, ad revenue and volume growth is anticipated in all categories. Generally modest price increases are planned at most properties, and the company will continue to expand and refine sales and marketing efforts. Changes in economic factors such as interest rates, employment levels and the rate of general economic growth will have an impact on revenue at all of the company's newspapers.

Raw materials: Newsprint is the basic raw material used to publish newspapers. During 2000, the company's total newsprint consumption was 1,211,000 metric tons, including the company's portion of newsprint consumed at joint operating agencies, consumption by USA WEEKEND, USA TODAY tonnage consumed at non-Gannett print sites and consumption by Newsquest. Newsprint consumption was up 17% in 2000 due principally to consumption by acquired properties in 2000 and 1999. Newsprint consumption savings were realized due to web width reductions at a number of the company's properties in 1999 and 2000. The company purchases newsprint from 24 North American, European and other offshore suppliers under contracts that expire at various times through 2010.

During 2000, all of the company's newspapers consumed some recycled newsprint. For the year, more than 80% of the company's domestic newsprint purchases contained recycled content.

In 2000, newsprint supplies were adequate. The company believes that the available sources of newsprint, together with present inventories, will continue to be adequate to supply the needs of its newspapers.

The average cost per ton of newsprint consumed in 2000 increased 3% compared to the 1999 average cost.

Broadcasting

On December 31, 2000, the company's television division, headquartered in Arlington, Va., included 22 television stations in markets with a total of more than 17.9 million households. On March 17, 2000, the company completed the acquisition of WJXX-TV, the ABC affiliate in Jacksonville, Fla. The company continues to own WTLV-TV, the NBC affiliate in Jacksonville.

At the end of 2000, the broadcasting division had approximately 3,100 full-time and part-time employees. Broadcasting revenues accounted for approximately 13% of the company's reported operating revenues from continuing operations in 2000, 14% in 1999 and 15% in 1998.

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

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

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

For all of its stations, the company is party to network affiliation agreements. The company's three ABC affiliates have agreements which expire between 2005-2007. The agreements for all of its six CBS affiliates run through 2004-2005. The company's 13 NBC affiliated stations have agreements that will expire in December 2005. The company will continue to receive compensation under these new agreements at the 2000 compensation level with the exception of one smaller market station.

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

Properties: The company's broadcasting facilities are adequately equipped with the necessary television broadcasting equipment. The company owns transmitter sites in 23 locations and leases sites in 8 others.

During the past five years, new broadcasting facilities or substantial improvements to existing facilities were completed in Phoenix, Jacksonville, Knoxville, Columbia and Atlanta. A new facility was completed in December 2000 in Cleveland. Facility expansion to accommodate Digital Television (DTV) was completed at five sites in 1998/1999 and three sites in 2000. Additional station facilities may be converted to DTV in future years. The company's broadcast facilities are adequate for present purposes.

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

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

Pursuant to the Satellite Home Viewer Improvement Act of 1999, several of the company's television stations are currently being delivered by satellite carriers to subscribers within the stations' market. The company has entered into retransmission consent agreements with satellite carriers that authorize such delivery that expire in mid-2004. This law also permits satellite carriers to retransmit distant network television stations into areas served by local television stations if it is determined, using FCC-approved signal strength measurement standards, that local stations do not deliver an acceptable viewing signal.

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

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

FCC Regulations also prohibit concentrations of broadcasting control and regulate network programming. FCC Regulations governing multiple ownership limit, or in some cases, prohibit the common ownership or control of most communications media serving common market areas (for example, television and radio; television and daily newspapers; radio and daily newspapers; or television and cable television). The FCC's broadcast ownership rules permit common ownership of two television stations in the same market, provided eight independently owned television stations remain in the market following the combination and provided that at least one of the commonly owned stations is not among the market's top four rated stations. It is under this standard that the company acquired a second television station in the Jacksonville, Fla., market in March 2000. The FCC has instituted a rule-making proceeding to examine possible modifications to the daily newspaper/television broadcast ownership restrictions.

The FCC rules permit common ownership of a number (depending on market size) of radio stations and television stations serving the same community but continue to prohibit a party from having attributable interests in television stations which collectively reach more than 35 percent of all U.S. television households. The FCC will continue to review this limitation as required by Congress. Presently, the company's 22 television stations reach an aggregate of 17.5% of U.S. TV households.

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

Corporate facilities

The company leases office space for its headquarters in Arlington, Va., and also owns data processing facilities in nearby Maryland. The present lease will expire in 2001. In September 1996, the company purchased 30 acres of land in Fairfax County, Va., for use as a future site for USA TODAY and corporate headquarters. Building construction began in 1999 and is scheduled to be completed in mid 2001.

Employee relations

At the end of 2000, the company and its subsidiaries had approximately 53,400 full-time and part-time employees. Four of the company's newspapers were published in 2000 together with non-company newspapers pursuant to joint operating agreements, and the employment numbers above include the company's pro-rata share of employees at those joint production and business operations.

Approximately 14% of those employed by the company and its subsidiaries are represented by labor unions. They are represented by 91 local bargaining units affiliated with nine international unions under collective bargaining agreements. These agreements conform generally with the pattern of labor agreements in the newspaper and broadcasting industries. The company does not engage in industrywide or companywide bargaining. The company's UK subsidiaries bargain with two unions over wages and health and safety issues only. The company strives to maintain good relationships with its employees.

On July 13, 1995, approximately 2,500 workers from six unions began a strike against The Detroit News, the Detroit Newspaper Agency and the Detroit Free Press, the company's agency partner. The strike was precipitated by unrealistic and excessive demands by the unions for wage increases and position levels.

Throughout the strike and despite union efforts to stop delivery of the newspapers through intimidation and violence, the newspapers published every day. The strike ended in mid February 1997 when six striking unions made an unconditional offer to return to work. The unions, however, continued to attempt a subscriber and advertiser boycott. In February 1999 the Detroit Typographical Union reached a 10-year labor agreement with the company and in January 2001 the remaining five formerly striking unions also reached labor agreements with the employers and agreed to cease their boycott attempts and participate in a program to increase the circulation of the newspapers.

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

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

Acquisitions and dispositions 1996-2000

The growth of the company has resulted from acquisitions of businesses, as well as from internal expansion. Its significant acquisitions since the beginning of 1996 are shown below. The company has disposed of several businesses during this period, which are presented on the following page.

Acquisitions 1996-2000

Year acquired	*Name*	*Location*	*Publication times or business*
1996	WTSP-TV	Tampa-St. Petersburg, Fla.	Television station
1997	WZZM-TV	Grand Rapids, Mich.	Television station
	WGRZ-TV	Buffalo, N.Y.	Television station
	Printed Media Companies	Minneapolis, Minn.	Commercial printing
	KNAZ-TV	Flagstaff, Ariz.	Television station
	KMOH-TV	Kingman, Ariz.	Television station
	Mary Morgan, Inc.	Green Bay, Wis.	Commercial printing
	Army Times Publishing Co., Inc.	Springfield, Va.	Weekly and monthly periodicals
	New Jersey Press, Inc.	Asbury Park and East Brunswick, N.J.	Two daily newspapers
1998	WCSH-TV	Portland, Maine	Television station
	WLBZ-TV	Bangor, Maine	Television station
	WLTX-TV	Columbia, S.C.	Television station
	Ocean County Observer	Toms River, N.J.	Daily newspaper
	Daily Record	Morristown, N.J.	Daily newspaper
	Manahawkin Newspapers	Manahawkin, N.J.	Weekly newspapers
	Classified Gazette	San Rafael, Calif.	Semi-weekly newspaper
	New Castle County Shopper's Guide	Wilmington, Del.	Weekly advertising shopper
	Brandywine Valley Weekly	Wilmington, Del.	Weekly advertising shopper
	Autos plus	Wilmington, Del.	Weekly advertising shopper
	TCI Cable Kansas	Kansas	Cable television systems
1999	The Reporter	Melbourne, Fla.	Weekly newspaper
	Lehigh Acres News-Star	Lehigh Acres, Fla.	Weekly newspaper
	Dealer Magazine	Reno, Nev.	Weekly magazine
	KXTV-TV	Sacramento, Calif.	Television station
	Newsquest plc	United Kingdom	Daily and weekly newspapers
	Tucker Communications, Inc.	Westchester Co., N.Y.	Weekly newspaper
	Pennypower Shopping News	Branson & Springfield, Mo.	Weekly newspaper
2000	The Pioneer Republican and other publications	Des Moines, Iowa	Weekly newspapers
	Buyers' Digest	Franklin County, Vt.	Weekly newspaper
	The Clarion	Redcar, United Kingdom	Weekly newspaper
	WJXX-TV	Jacksonville, Fla.	Television station
	Mason Valley News, Fernley Leader-Dayton Courier	Lyon County, Nev.	Weekly newspapers
	Brevard Technical Journal	Brevard County, Fla.	Monthly magazine
	Dickson Shoppers	Middle Tennessee	Weekly newspapers
	Greenville Parent Magazine	Greenville County, S.C.	Monthly magazine
	News Communications & Media plc	United Kingdom	Daily and weekly newspapers and other publications
	Space Coast Press	Brevard County, Fla.	Weekly newspaper
	Certain assets of Thomson Newspapers Inc.	Wisconsin, Ohio, Louisiana, Maryland, Utah	19 daily and numerous weekly newspapers
	Central Newspapers, Inc.	Arizona, Indiana, Louisiana	6 daily newspapers; other related businesses
	Daily World	Opelousas, La.	Daily newspaper
	Windsor Beacon	Windsor, Colo.	Weekly newspaper
	50+ Lifestyles and other publications	Des Moines, Iowa	Monthly magazines

Dispositions 1996-2000

Year disposed	*Name*	*Location*	*Publication times or business*
1996	WMAZ/WAYS-FM	Macon, Ga.	Radio stations
	Gannett Outdoor Group	Various major markets, U.S. and Canada	Outdoor advertising
	Multimedia Entertainment	New York, N.Y.	Television entertainment programming
	Louis Harris and Associates, Inc.	New York, N.Y.	Polling and research
	Gannett Community Directories	Paramus, N.J.	Community directories
	KIIS/KIIS-FM	Los Angeles, Calif.	Radio stations
	KSDO/KKBH-FM	San Diego, Calif.	Radio stations
	WDAE/WUSA-FM	Tampa, Fla.	Radio stations
1997	WLWT-TV	Cincinnati, Ohio	Television station
	KOCO-TV	Oklahoma City, Okla.	Television station
	Niagara Gazette	Niagara Falls, N.Y.	Daily newspaper
	The Observer	Moultrie, Ga.	Daily newspaper
	North Hills News Record	North Hills, Pa.	Daily newspaper
	Valley News Dispatch	Tarentum, Pa.	Daily newspaper
1998	The Virgin Islands Daily News	St. Thomas, V.I.	Daily newspaper
	WGCI/WGCI-FM	Chicago, Ill.	Radio stations
	KKBQ/KKBQ-FM	Houston, Texas	Radio stations
	KHKS-FM	Dallas, Texas	Radio station
	The Saratogian	Saratoga Springs, N.Y.	Daily newspaper
	Multimedia Security Service	Wichita, Kan.	Alarm security business
	Commercial-News	Danville, Ill.	Daily newspaper
	Chillicothe Gazette	Chillicothe, Ohio	Daily newspaper
	Gallipolis Daily Tribune	Gallipolis, Ohio	Daily newspaper
	The Daily Sentinel	Pomeroy, Ohio	Daily newspaper
	Point Pleasant Register	Point Pleasant, W.Va.	Daily newspaper
	Multimedia Cable Illinois	Suburban Chicago, Ill.	Cable television systems
1999	The San Bernardino County Sun	San Bernardino, Calif.	Daily newspaper
	KVUE-TV	Austin, Texas	Television station
2000	Multimedia Cable	Kansas, Oklahoma, North Carolina	Cable television systems
	Marin Independent Journal	Marin, Calif.	Daily newspaper
	Classified Gazette	San Rafael, Calif.	Semi-weekly newspaper
	Space News	Springfield, Va.	Weekly newspaper

QUARTERLY STATEMENTS OF INCOME

In thousands of dollars

Fiscal year ended December 31, 2000	*1st Quarter*	*2nd Quarter*	*3rd Quarter*	*4th Quarter*	*Total*
Net operating revenues					
Newspaper advertising	**$ 830,250**	**$ 911,949**	**$1,004,280**	**$ 1,226,457**	**$ 3,972,936**
Newspaper circulation	**254,146**	**251,524**	**286,890**	**328,431**	**1,120,991**
Broadcasting	**166,789**	**205,413**	**183,352**	**233,213**	**788,767**
All other	**70,135**	**78,921**	**83,998**	**106,570**	**339,624**
Total	**1,321,320**	**1,447,807**	**1,558,520**	**1,894,671**	**6,222,318**
Operating expenses					
Cost of sales and operating expenses, exclusive of depreciation	**667,486**	**683,084**	**788,209**	**918,473**	**3,057,252**
Selling, general and administrative expenses, exclusive of depreciation	**215,942**	**227,593**	**245,735**	**282,625**	**971,895**
Depreciation	**46,608**	**47,070**	**51,509**	**50,241**	**195,428**
Amortization of intangible assets	**33,766**	**35,379**	**52,082**	**59,260**	**180,487**
Total	**963,802**	**993,126**	**1,137,535**	**1,310,599**	**4,405,062**
Operating income	**357,518**	**454,681**	**420,985**	**584,072**	**1,817,256**
Non-operating (expense) income					
Interest expense	**(20,175)**	**(22,666)**	**(75,962)**	**(100,425)**	**(219,228)**
Other	**(1,326)**	**7,947**	**(260)**	**4,451**	**10,812**
Total	**(21,501)**	**(14,719)**	**(76,222)**	**(95,974)**	**(208,416)**
Income before income taxes	**336,017**	**439,962**	**344,763**	**488,098**	**1,608,840**
Provision for income taxes	**133,000**	**174,200**	**136,500**	**193,200**	**636,900**
Income from continuing operations	**203,017**	**265,762**	**208,263**	**294,898**	**971,940**
Discontinued operations					
Income from discontinued operations, net	**2,437**				**2,437**
Gain on sale of cable business, net of tax	**744,700**				**744,700**
Net income	**$ 950,154**	**$ 265,762**	**$ 208,263**	**$ 294,898**	**$ 1,719,077**
Basic earnings per share					
Basic earnings from continuing operations (1)	**$.74**	**$1.01**	**$.79**	**$1.12**	**$3.65**
Basic earnings from discontinued operations:					
Discontinued operations, net of tax	**.01**				**.01**
Gain on sale of cable business, net of tax (1)	**2.72**				**2.79**
Net income per share – basic (1)	**$3.47**	**$1.01**	**$.79**	**$1.12**	**$6.45**
Diluted earnings per share					
Diluted earnings from continuing operations (1)	**$.74**	**$1.00**	**$.79**	**$1.11**	**$3.63**
Diluted earnings from discontinued operations:					
Discontinued operations, net of tax	**.01**				**.01**
Gain on sale of cable business, net of tax (1)	**2.69**				**2.77**
Net income per share – diluted (1)	**$3.44**	**$1.00**	**$.79**	**$1.11**	**$6.41**

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

Note: The statements of income reflect the classification change made to report the operating results from the company's 50% owned joint operating agencies on the equity method of accounting (as a net amount in other operating revenue).

QUARTERLY STATEMENTS OF INCOME

In thousands of dollars

Fiscal year ended December 26, 1999	*1st Quarter*	*2nd Quarter*	*3rd Quarter*	*4th Quarter*	*Total*
Net operating revenues					
Newspaper advertising	$ 676,204	$ 744,848	$ 776,117	$ 918,081	$ 3,115,250
Newspaper circulation	240,390	236,024	243,085	251,615	971,114
Broadcasting	161,194	194,480	166,770	206,198	728,642
All other	64,892	63,690	67,536	84,238	280,356
Total	1,142,680	1,239,042	1,253,508	1,460,132	5,095,362
Operating expenses					
Cost of sales and operating expenses, exclusive of depreciation	597,490	584,728	623,388	654,143	2,459,749
Selling, general and administrative expenses, exclusive of depreciation	182,969	185,903	201,929	221,620	792,421
Depreciation	42,715	42,130	44,325	40,290	169,460
Amortization of intangible assets	22,914	23,170	30,500	34,047	110,631
Total	846,088	835,931	900,142	950,100	3,532,261
Operating income	296,592	403,111	353,366	510,032	1,563,101
Non-operating (expense) income					
Interest expense	(16,592)	(13,852)	(26,474)	(37,701)	(94,619)
Other	2,368	55,305 (2)	1,588	(556)	58,705 (2)
Total	(14,224)	41,453	(24,886)	(38,257)	(35,914)
Income before income taxes	282,368	444,564	328,480	471,775	1,527,187
Provision for income taxes	112,400	176,950	130,700	187,750	607,800
Income from continuing operations	169,968	267,614 (2)	197,780	284,025	919,387 (2)
Discontinued operations					
Income from discontinued operations, net	8,925	9,356	9,699	10,561	38,541
Gain on sale of cable business, net of tax					
Net income	$ 178,893	$ 276,970 (2)	$ 207,479	$ 294,586	$ 957,928 (2)
Basic earnings per share					
Basic earnings from continuing operations	$.61	$.96 (2)	$.70	$1.02	$3.29 (2)
Basic earnings from discontinued operations:					
Discontinued operations, net of tax	.03	.03	.04	.04	.14
Gain on sale of cable business, net of tax					
Net income per share – basic	$.64	$.99 (2)	$.74	$1.06	$3.43 (2)
Diluted earnings per share					
Diluted earnings from continuing operations (1)	$.61	$.95 (2)	$.70	$1.01	$3.26 (2)
Diluted earnings from discontinued operations:					
Discontinued operations, net of tax	.03	.03	.04	.04	.14
Gain on sale of cable business, net of tax					
Net income per share – diluted (1)	$.64	$.98 (2)	$.74	$1.05	$3.40 (2)

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

In thousands of dollars

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

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

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

Note: The statements of income reflect the classification change made to report the operating results from the company's 50% owned joint operating agencies on the equity method of accounting (as a net amount in other operating revenue).

SCHEDULES TO FORM 10-K INFORMATION

In thousands of dollars

Property, plant and equipment

Classification	*Balance at beginning of period*	*Additions at cost*	*Retirements or sales*	*Other changes*	*Balance at end of period*
Dec. 27, 1998					
Land	$ 175,884	$ 7,769	$ 987	$ (1,880)	$ 180,786
Buildings and improvements	840,157	10,022	13,790	2,821	839,210
Cable and security systems	548,219	24,218	159,634	256	413,059
Machinery, equipment and fixtures	2,140,148	126,006	140,424	(2,262)	2,123,468
Construction in progress and deposits on contracts	50,429	58,859	133	1,065	110,220
	$ 3,754,837	$ 226,874 (A)(E)	$ 314,968	$ 0	$ 3,666,743
Dec. 26, 1999					
Land	$ 180,786	$ 5,901	$ 4,853	$ 304	$ 182,138
Buildings and improvements	839,210	83,975	37,189	659	886,655
Cable	413,059	13,680	1,821	(11)	424,907
Machinery, equipment and fixtures	2,123,468	308,547	171,525	(1,128)	2,259,362
Construction in progress and deposits on contracts	110,220	21,810	1,318	138	130,850
	$ 3,666,743	$ 433,913 (B)(E)	$ 216,706	$ (38) (D)	$ 3,883,912
Dec. 31, 2000					
Land	**$ 182,138**	**$ 33,066**	**$ 4,374**	**$ 5,219**	**$ 216,049**
Buildings and improvements	**886,655**	**183,971**	**20,639**	**51,709**	**1,101,696**
Cable	**424,907**	**4**	**424,911**	**0**	**0**
Machinery, equipment and fixtures	**2,259,362**	**451,276**	**107,822**	**(77,634)**	**2,525,182**
Construction in progress and deposits on contracts	**130,850**	**153,383**	**223**	**8,264**	**292,274**
	$ 3,883,912	**$ 821,700 (C)(E)**	**$ 557,969**	**$ (12,442) (D)**	**$ 4,135,201**

Notes

(A)	Includes assets at acquisition net of adjustments for prior years' acquisitions.	$ (17,551)
(B)	Includes assets at acquisition net of adjustments for prior years' acquisitions.	$ 175,470
(C)	Includes assets at acquisition net of adjustments for prior years' acquisitions.	$ 471,120
(D)	Principally the effect of current foreign currency translation adjustment.	
(E)	Includes capitalized interest of $1,610 in 1998, $5,707 in 1999 and $11,167 in 2000.	
(F)	Generally the rates of depreciation range from 2.5% to 10% for buildings and improvements, 3.3% to 20% for cable and 4% to 30% for machinery, equipment and fixtures.	
(G)	Includes depreciation expense from cable and security reflected in earnings from discontinued operations of $2,759 in 2000, $31,806 in 1999 and $37,907 in 1998.	

SCHEDULES TO FORM 10-K INFORMATION

In thousands of dollars

Accumulated depreciation and amortization of property, plant and equipment

	Balance at beginning of period	Additions charged to costs and expenses	Retirements or sales	Other changes	Balance at end of period
Dec. 27, 1998					
Buildings and improvements	$ 324,080	$ 25,434	$ 12,941	$ 9,318	$ 345,891
Cable	83,106	31,134	36,369	(196)	77,675
Machinery, equipment and fixtures	1,155,609	145,115	112,208	(9,122)	1,179,394
	$ 1,562,795	$ 201,683 (F)(G)	$ 161,518	$ 0	$ 1,602,960
Dec. 26, 1999					
Buildings and improvements	$ 345,891	$ 22,056	$ 16,511	$ (5,003)	$ 346,433
Cable	77,675	24,862	1,243	0	101,294
Machinery, equipment and fixtures	1,179,394	154,348	126,421	5,012	1,212,333
	$ 1,602,960	$ 201,266 (F)(G)	$ 144,175	$ 9 (D)	$ 1,660,060
Dec. 31, 2000					
Buildings and improvements	**$ 346,433**	**$ 30,371**	**$ (6,055)**	**$ 4,330**	**$ 387,189**
Cable	**101,294**	**2,697**	**103,991**	**0**	**0**
Machinery, equipment and fixtures	**1,212,333**	**165,119**	**85,976**	**(4,863)**	**1,286,613**
	$ 1,660,060	**$ 198,187 (F)(G)**	**$ 183,912**	**$ (533)(D)**	**$ 1,673,802**

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

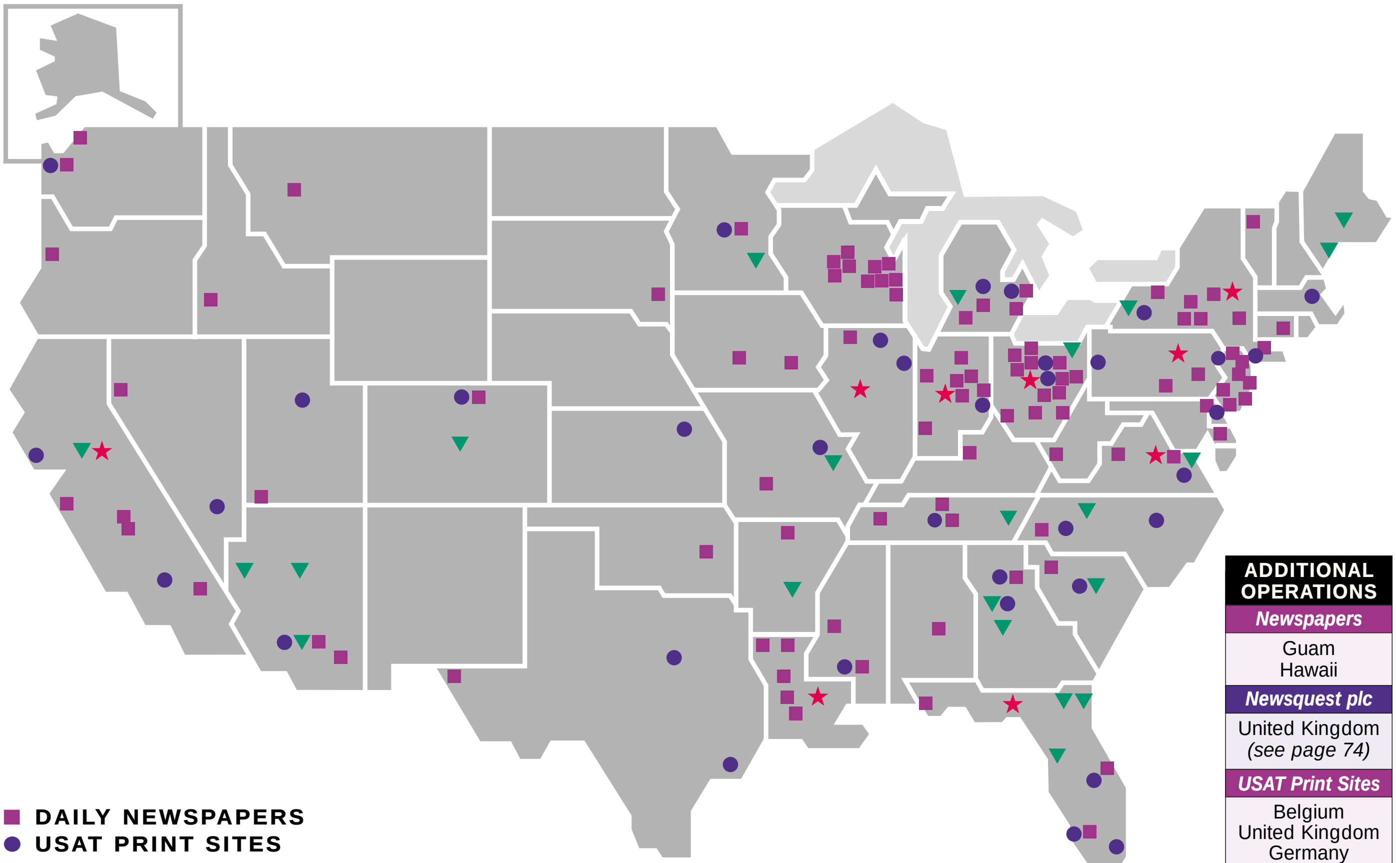
Valuation and qualifying accounts

Allowance for doubtful receivables	Balance at beginning of period	Additions charged to costs and expenses	Additions/(reductions) for acquisitions/ dispositions	Deductions from reserves	Balance at end of period
Year ended Dec. 27, 1998	$18,020	$22,077	$ (1,240)	$19,714	$19,143
Year ended Dec. 26, 1999	$19,143	$26,213	$ 9,419	$24,081	$30,694
Year ended Dec. 31, 2000	**$30,694**	**$28,072**	**$ 10,456**	**$31,757**	**$37,465**

Supplementary income statement information (from continuing operations)

Fiscal year ended	***Dec. 31, 2000***	*Dec. 26, 1999*	*Dec. 27, 1998*
Maintenance and repairs	**$51,424**	$42,208	$41,053
Taxes other than payroll and income tax			
Property	**$28,074**	$23,101	$20,736
Other	**$12,660**	$ 8,243	$ 8,327
Total	**$40,734**	$31,344	$29,063

MARKETS WE SERVE



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

ADDITIONAL OPERATIONS

Newspapers
Guam
Hawaii

Newsquest plc
United Kingdom
(see page 74)

USAT Print Sites
Belgium
United Kingdom
Germany
Hong Kong
Italy

NEWSPAPERS AND NEWSPAPER DIVISION

Daily newspapers

State Territory	*City*	*Newspaper*	*Circulation Morning*	*Circulation Afternoon*	*Circulation Sunday*	*Founded*	*Joined Gannett▲*
Alabama	Montgomery	Montgomery Advertiser	53,500		67,042	1829	1995 (64)
Arizona	Phoenix	The Arizona Republic	469,812		582,371	1890	2000 (93)
	Tucson	Tucson Citizen		39,543		1870	1976 (31)
Arkansas	Mountain Home	The Baxter Bulletin	11,345			1901	1995 (65)
California	Palm Springs	The Desert Sun	52,327		54,917	1927	1986 (58)
	Salinas	The Californian	19,304			1871	1977 (37)
	Tulare	Tulare Advance-Register		8,291		1882	1993 (63)
	Visalia	Visalia Times-Delta	21,836			1859	1977 (38)
Colorado	Fort Collins	Fort Collins Coloradoan	28,775		35,348	1873	1977 (39)
Connecticut	Norwich	Norwich Bulletin	28,807		34,334	1791	1981 (51)
Delaware	Wilmington	The News Journal	122,118		143,113	1871	1978 (44)
Florida	Brevard County	FLORIDA TODAY	86,980		110,714	1966	1966 (9)
	Fort Myers	The News-Press	88,159		106,328	1884	1971 (24)
	Pensacola	Pensacola News Journal	62,817		81,806	1889	1969 (11)
Georgia	Gainesville	The Times		22,124	26,188	1947	1981 (50)
Guam	Hagatna	Pacific Daily News	21,482		20,608	1944	1971 (23)
Hawaii	Honolulu	The Honolulu Advertiser	112,410		186,926	1856	1993 (62)
Idaho	Boise	The Idaho Statesman	64,573		86,680	1864	1971 (16)
Illinois	Rockford	Rockford Register Star	70,755		82,074	1855	1967 (10)

Daily newspapers							
State Territory	*City*	*Newspaper*	*Circulation Morning*	*Afternoon*	*Sunday*	*Founded*	*Joined Gannett▲*
Indiana	Fishers	The Daily Ledger		11,231		1870	2000 (94)
	Indianapolis	The Indianapolis Star	246,957		363,275	1903	2000 (95)
	Lafayette	Journal and Courier	37,238		44,225	1829	1971 (17)
	Marion	Chronicle-Tribune	19,847		22,142	1867	1971 (20)
	Muncie	The Star Press	33,534		36,429	1899	2000 (96)
	Richmond	Palladium-Item		19,150	22,858	1831	1976 (30)
	Vincennes	Vincennes Sun-Commercial		12,149	14,179	1804	2000 (97)
Iowa	Des Moines	The Des Moines Register	155,930		249,085	1849	1985 (55)
	Iowa City	Iowa City Press-Citizen	14,897			1860	1977 (41)
Kentucky	Louisville	The Courier-Journal	231,685		296,546	1868	1986 (60)
Louisiana	Alexandria	Alexandria Daily Town Talk	36,001		41,772	1883	2000 (98)
	Lafayette	The Daily Advertiser	44,663		51,866	1865	2000 (74)
	Monroe	The News-Star	36,708		41,243	1890	1977 (43)
	Opelousas	Daily World		11,643	12,958	1939	2000 (99)
	Shreveport	The Times	69,625		85,670	1871	1977 (42)
Maryland	Salisbury	The Daily Times	27,183		31,118	1900	2000 (75)
Michigan	Battle Creek	Battle Creek Enquirer	25,725		34,787	1900	1971 (18)
	Detroit	The Detroit News		237,403		1873	1986 (57)
		The Detroit News and Free Press			750,696		
	Lansing	Lansing State Journal	70,171		91,659	1855	1971 (15)
	Port Huron	Times Herald		30,831	42,729	1900	1970 (12)
Minnesota	St. Cloud	St. Cloud Times	28,364		38,111	1861	1977 (36)
Mississippi	Hattiesburg	Hattiesburg American		22,681	27,014	1897	1982 (53)
	Jackson	The Clarion-Ledger	103,040		119,638	1837	1982 (52)
Missouri	Springfield	Springfield News-Leader	64,239		93,452	1893	1977 (35)
Montana	Great Falls	Great Falls Tribune	33,903		39,107	1885	1990 (61)
Nevada	Reno	Reno Gazette-Journal	67,833		85,156	1870	1977 (32)
New Jersey	Asbury Park	Asbury Park Press	157,997		220,198	1879	1997 (70)
	Bridgewater	Courier News	41,354		41,107	1884	1927 (5)
	Cherry Hill	Courier-Post	83,254		96,579	1875	1959 (7)
	East Brunswick	Home News Tribune	68,822		76,620	1879	1997 (71)
	Morristown	Daily Record	44,656		47,386	1900	1998 (72)
	Toms River	Ocean County Observer	10,055		9,741	1850	1998 (73)
	Vineland	The Daily Journal	17,548			1864	1986 (59)
New York	Binghamton	Press & Sun-Bulletin	60,442		76,385	1904	1943 (6)
	Elmira	Star-Gazette	29,303		41,217	1828	1906 (1)
	Ithaca	The Ithaca Journal	18,605			1815	1912 (2)
	Poughkeepsie	Poughkeepsie Journal	40,370		52,895	1785	1977 (34)
	Rochester	Rochester Democrat and Chronicle	174,676		241,750	1833	1918 (3)
	Utica	Observer-Dispatch	47,022		57,022	1817	1922 (4)
	Westchester County	The Journal News	144,309		173,733	1829	1964 (8)
North Carolina	Asheville	Asheville Citizen-Times	56,408		70,094	1870	1995 (66)
Ohio	Bucyrus	Telegraph-Forum		7,033		1923	2000 (76)
	Cincinnati	The Cincinnati Enquirer	202,467		313,864	1841	1979 (45)
	Chillicothe	Chillicothe Gazette		15,988	15,934	1800	2000 (77)
	Coshocton	Coshocton Tribune		7,543	7,930	1842	2000 (78)
	Fremont	The News-Messenger		14,054		1856	1975 (28)
	Lancaster	Lancaster Eagle-Gazette		15,482	16,056	1807	2000 (79)
	Mansfield	News Journal		34,656	44,104	1885	2000 (80)
	Marietta	The Marietta Times		12,073		1864	1974 (27)
	Marion	The Marion Star		14,818	16,088	1880	2000 (81)
	Newark	The Advocate		21,350	22,179	1820	2000 (82)
	Port Clinton	News Herald		5,960		1864	1975 (29)
	Zanesville	Times Recorder	21,582		22,032	1852	2000 (83)

Daily newspapers							
State Territory	City	Newspaper	Circulation Morning	Afternoon	Sunday	Founded	Joined Gannett▲
Oklahoma	Muskogee	Muskogee Daily Phoenix and Times-Democrat	19,096		20,091	1888	1977 (40)
Oregon	Salem	Statesman Journal	57,658		66,100	1851	1974 (26)
Pennsylvania	Chambersburg	Public Opinion		20,660		1869	1971 (14)
	Lansdale	The Reporter	18,532			1870	1980 (49)
South Carolina	Greenville	The Greenville News	99,020		133,503	1874	1995 (67)
South Dakota	Sioux Falls	Argus Leader	52,828		74,763	1881	1977 (33)
Tennessee	Clarksville	The Leaf-Chronicle	21,823		25,821	1808	1995 (68)
	Jackson	The Jackson Sun	37,678		42,844	1848	1985 (56)
	Nashville	The Tennessean	185,230		263,268	1812	1979 (46)
Texas	El Paso	El Paso Times	76,848		95,659	1879	1972 (25)
Utah	St. George	The Spectrum	21,461		22,552	1963	2000 (84)
Vermont	Burlington	The Burlington Free Press	50,809		61,838	1827	1971 (13)
Virginia	Arlington	USA TODAY	2,284,024			1982	1982 (54)
	Staunton	The Daily News Leader	18,583		21,549	1904	1995 (69)
Washington	Bellingham	The Bellingham Herald	24,496		31,383	1890	1971 (21)
	Olympia	The Olympian	38,546		44,923	1889	1971 (19)
West Virginia	Huntington	The Herald-Dispatch	35,469		41,361	1909	1971 (22)
Wisconsin	Appleton	The Post-Crescent		54,901	71,511	1853	2000 (85)
	Fond du Lac	The Reporter		18,330	20,476	1870	2000 (86)
	Green Bay	Green Bay Press-Gazette	56,647		82,713	1915	1980 (47)
	Manitowoc	Herald Times Reporter		16,455	16,805	1898	2000 (87)
	Marshfield	Marshfield News-Herald		14,581		1927	2000 (88)
	Oshkosh	Oshkosh Northwestern	22,806		26,637	1868	2000 (89)
	Sheboygan	The Sheboygan Press		24,550	26,615	1907	2000 (90)
	Stevens Point	Stevens Point Journal		13,548		1873	2000 (91)
		Central Wisconsin Sunday			16,640		
	Wausau	Wausau Daily Herald		22,819	30,305	1903	1980 (48)
	Wisconsin Rapids	Daily Tribune		13,749		1914	2000 (92)

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

Army Times Publishing Co.

Headquarters: Springfield, Va.

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

Nursing Spectrum

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

Non-daily publications

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

USA WEEKEND

Circulation 22.7 million in 555 newspapers

Headquarters: Arlington, Va.

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

Gannett Media Technologies International — Cincinnati, Ohio

Gannett Offset

Headquarters: Springfield, Va.

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

Gannett Offset Marketing Services Group

Gannett Direct Marketing Services, Inc. — Louisville, Ky.

Gannett TeleMarketing, Inc.

Headquarters: Springfield, Va.

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

Telematch — Springfield, Va.

Gannett Retail Advertising Group — Chicago, Ill.

Gannett Satellite Information Network — Arlington, Va.

Gannett News Service

Headquarters: Arlington, Va.

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

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

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

USATODAY.com	Arlington, Va.

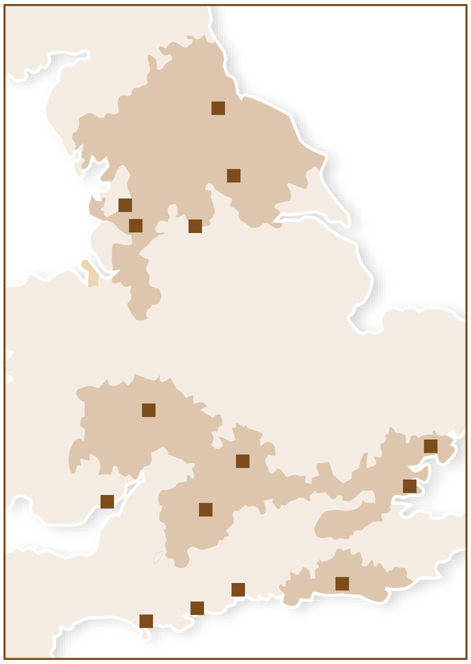
BROADCASTING

Television stations

State	City	Station	Channel/Network	Weekly Audience •	Founded	Joined Gannett
Arizona	Flagstaff	KNAZ-TV	Channel 2/NBC	▲	1970	1997
	Kingman	KMOH-TV	Channel 6/NBC	▲	1988	1997
	Phoenix	KPNX-TV	Channel 12/NBC	1.209,000	1953	1979
Arkansas	Little Rock	KTHV-TV	Channel 11/CBS	377,000	1955	1994
California	Sacramento	KXTV-TV	Channel 10/ABC	1,039,000	1955	1999
Colorado	Denver	KUSA-TV	Channel 9/NBC	1,235,000	1952	1979
District of Columbia	Washington	WUSA-TV	Channel 9/CBS	1,857,000	1949	1986
Florida	Jacksonville	WJXX-TV	Channel 25/ABC	388,000	1989	2000
		WTLV-TV	Channel 12/NBC	459,000	1957	1988
	Tampa-St. Petersburg	WTSP-TV	Channel 10/CBS	1,212,000	1965	1996
Georgia	Atlanta	WXIA-TV	Channel 11/NBC	1,578,000	1948	1979
	Macon	WMAZ-TV	Channel 13/CBS	208,000	1953	1995
Maine	Bangor	WLBZ-TV	Channel 2/NBC	123,000	1954	1998
	Portland	WCSH-TV	Channel 6/NBC	334,000	1953	1998
Michigan	Grand Rapids	WZZM-TV	Channel 13/ABC	394,000	1962	1997
Minnesota	Minneapolis-St. Paul	KARE-TV	Channel 11/NBC	1,354,000	1953	1983
Missouri	St. Louis	KSDK-TV	Channel 5/NBC	1,086,000	1947	1995
New York	Buffalo	WGRZ-TV	Channel 2/NBC	503,000	1954	1997
North Carolina	Greensboro	WFMY-TV	Channel 2/CBS	545,000	1949	1988
Ohio	Cleveland	WKYC-TV	Channel 3/NBC	1,399,000	1948	1995
South Carolina	Columbia	WLTX-TV	Channel 19/CBS	245,000	1953	1998
Tennessee	Knoxville	WBIR-TV	Channel 10/NBC	434,000	1956	1995

• Weekly audience is number of TV households reached, according to the November 2000 Nielsen book.
▲ Audience numbers fall below minimum reporting standards.

NEWSQUEST PLC



■ **DAILY NEWSPAPERS**

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

Daily newspapers						
		Circulation				*Joined*
City	*Newspaper*	*Morning*	*Afternoon*	*Saturday*	*Founded*	*Gannett*▲
Basildon	Evening Echo		42,372		1969	1999
Blackburn	Lancashire Evening Telegraph		42,639	36,634	1886	1999
Bolton	Bolton Evening News		41,746	30,708	1867	1999
Bournemouth	Daily Echo		43,393	39,321	1900	2000
Bradford	Telegraph & Argus		52,977	49,511	1868	1999
Brighton	Evening Argus		47,873	44,345	1880	1999
Colchester	Evening Gazette		28,761		1970	1999
Darlington	The Northern Echo	65,290*			1870	1999
Newport	South Wales Argus		34,803	29,807	1892	2000
Oxford	Oxford Mail		30,735	28,378	1928	1999
Southampton	Southern Daily Echo		58,980	57,178	1888	2000
Swindon	Evening Advertiser		25,826	21,495	1854	1999
Weymouth	Dorset Echo		20,670	21,070	1921	2000
Worcester	Worcester Evening News		22,869	19,106	1937	1999
York	Evening Press		42,278*		1882	1999

* Monday-Saturday inclusive

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

GANNETT ON THE NET

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

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

NEWSPAPERS AND NEWSPAPER DIVISION	
USA TODAY	www.usatoday.com
USA TODAY Baseball Weekly	www.totalbaseballweekly.com
USA WEEKEND	www.usaweekend.com
Alexandria (La.) Daily Town Talk	www.thetowntalk.com
The Post-Crescent, Appleton, Wis.	www.wisinfo.com/postcrescent
Asbury Park (N.J.) Press	www.app.com
Asheville (N.C.) Citizen-Times	www.citizen-times.com
Battle Creek (Mich.) Enquirer	www.battlecreekenquirer.com
The Bellingham (Wash.) Herald	www.bellinghamherald.com
Press & Sun-Bulletin, Binghamton, N.Y.	www.pressconnects.com
FLORIDA TODAY, Brevard County	www.flatoday.com
Courier News, Bridgewater, N.J.	www.c-n.com
The Idaho Statesman, Boise	www.idahostatesman.com
The Burlington (Vt.) Free Press	www.burlingtonfreepress.com
Public Opinion, Chambersburg, Pa.	www.publicopiniononline.com
Courier-Post, Cherry Hill, N.J.	www.courierpostonline.com
The Cincinnati Enquirer	enquirer.com
The Leaf-Chronicle, Clarksville, Tenn.	www.theleafchronicle.com
The Des Moines Register	DesMoinesRegister.com
The Detroit News	detnews.com
Home News Tribune, East Brunswick, N.J.	www.injersey.com/hnt
Star-Gazette, Elmira, N.Y.	www.star-gazette.com
El Paso (Texas) Times	www.elpasotimes.com
The Daily Ledger, Fishers, Ind.	www.topics.com
The Reporter, Fond du Lac, Wis.	www.wisinfo.com/thereporter
Fort Collins Coloradoan	www.coloradoan.com
The News-Press, Fort Myers, Fla.	www.news-press.com
The News-Messenger, Fremont, Ohio	www.thenews-messenger.com
The Times, Gainesville, Ga.	www.gainesvilletimes.com
Great Falls (Mont.) Tribune	www.greatfallstribune.com
Green Bay (Wis.) Press-Gazette	www.greenbaypressgazette.com
The Greenville (S.C.) News	greenvilleonline.com
Pacific Daily News, Hagatna, Guam	www.guampdn.com
Hattiesburg (Miss.) American	www.hattiesburgamerican.com
The Honolulu Advertiser	www.honoluluadvertiser.com
The Herald-Dispatch, Huntington, W.Va.	www.hdonline.com
The Indianapolis Star	www.starnews.com
Iowa City (Iowa) Press-Citizen	www.press-citizen.com
The Ithaca (N.Y.) Journal	www.theithacajournal.com
The Clarion-Ledger, Jackson, Miss.	www.clarionledger.com
The Jackson (Tenn.) Sun	www.jacksonsun.com
Journal and Courier, Lafayette, Ind.	www.jconline.com
The Reporter, Lansdale, Pa.	www.thereporteronline.com
Lansing (Mich.) State Journal	www.lsj.com
The Courier-Journal, Louisville, Ky.	www.courier-journal.com
The Daily Advertiser, Lafayette, La.	www.acadiananow.com
Herald Times Reporter, Manitowoc, Wis.	www.wisinfo.com/heraldtimes
The Marietta (Ohio) Times	www.mariettatimes.com
Chronicle-Tribune, Marion, Ind.	www.chronicle-tribune.com
Marshfield (Wis.) News-Herald	www.wisinfo.com/newsherald
The News-Star, Monroe, La.	www.thenewsstar.com
The Baxter Bulletin, Mountain Home, Ark.	www.baxterbulletin.com
The Montgomery (Ala.) Advertiser	www.montgomeryadvertiser.com
Daily Record, Morristown, N.J.	www.dailyrecord.com
The Star Press, Muncie, Ind.	www.thestarpress.com
The Tennessean, Nashville	www.tennessean.com
The Olympian, Olympia, Wash.	www.theolympian.com
Daily World, Opelousas, La.	www.dailyworld.com
Oshkosh (Wis.) Northwestern	www.wisinfo.com/northwestern
The Desert Sun, Palm Springs, Calif.	www.thedesertsun.com
Pensacola (Fla.) News Journal	www.PensacolaNewsJournal.com
The Arizona Republic, Phoenix	www.arizonarepublic.com
News Herald, Port Clinton, Ohio	www.portclintonnewsherald.com
Times Herald, Port Huron, Mich.	www.thetimesherald.com
Poughkeepsie (N.Y.) Journal	www.poughkeepsiejournal.com
Reno (Nev.) Gazette-Journal	www.rgj.com
Palladium-Item, Richmond, Ind.	www.pal-item.com
Rochester (N.Y.) Democrat and Chronicle	www.democratandchronicle.com
Rockford (Ill.) Register Star	www.rrstar.com
The Californian, Salinas	www.californianonline.com
The Daily Times, Salisbury, Md.	www.thedailytimesonline.com
The Sheboygan (Wis.) Press	www.wisinfo.com/sheboyganpress
Argus Leader, Sioux Falls, S.D.	www.argusleader.com
St. Cloud (Minn.) Times	www.sctimes.com
The Spectrum, St. George, Utah	www.thespectrum.com
Statesman Journal, Salem, Ore.	www.statesmanjournal.com
The Times, Shreveport, La.	www.shreveporttimes.com
Springfield (Mo.) News-Leader	www.ozarksnow.com
Stevens Point (Wis.) Journal	www.wisinfo.com/journal
Ocean County Observer, Toms River, N.J.	www.injersey.com/observer
Tucson (Ariz.) Citizen	www.tucsoncitizen.com
Tulare (Calif.) Advance-Register	www.tulareadvanceregister.com
Observer-Dispatch, Utica, N.Y.	www.uticaod.com
Vincennes (Ind.) Sun-Commercial	www.vincennes.com
The Daily Journal, Vineland, N.J.	www.thedailyjournal.com
Visalia (Calif.) Times-Delta	www.visaliatimesdelta.com
Wausau (Wis.) Daily Herald	www.wausaudailyherald.com
The Journal News, Westchester County, N.Y.	www.thejournalnews.com
The News Journal, Wilmington, Del.	www.delawareonline.com
Daily Tribune, Wisconsin Rapids, Wis.	www.wisinfo.com/dailytribune
Army Times	www.armytimes.com
Navy Times	www.navytimes.com
Marine Corps Times	www.marinetimes.com
Air Force Times	www.airforcetimes.com
Federal Times	www.federaltimes.com
Defense News	www.defensenews.com
Military City	www.militarycity.com
Military Market	www.militarymarket.com
Nursing Spectrum	www.nursingspectrum.com
Gannett Offset	www.gannettoffset.com
Gannett Direct Marketing Services	www.gdms.com
Gannett Media Technologies International	www.gmti.com

NEWSQUEST PLC	
Newsquest Media Group	www.newsquest.co.uk
Evening Echo, Basildon	www.thisisessex.co.uk
Lancashire Evening Telegraph, Blackburn	www.thisislancashire.co.uk
Bolton Evening News, Bolton	www.thisisbolton.co.uk
Daily Echo, Bournemouth	www.thisisdorset.net
Telegraph & Argus, Bradford	www.thisisbradford.co.uk
Evening Argus, Brighton	www.thisisbrightonandhove.co.uk
Evening Gazette, Colchester	www.thisisessex.co.uk
The Northern Echo, Darlington	www.thisisthenortheast.co.uk
South Wales Argus, Newport	www.southwalesargus.co.uk
Oxford Mail, Oxford	www.thisisoxfordshire .co.uk
Southern Daily Echo, Southampton	www.thisishampshire.net
Evening Advertiser, Swindon	www.thisiswiltshire.co.uk
Dorset Echo, Weymouth	www.thisisdorset.net
Worcester Evening News, Worcester	www.thisisworcestershire.co.uk
Evening Press, York	www.thisisyork.co.uk

BROADCASTING	
WXIA-TV, Atlanta	www.11alive.com
WLBZ-TV, Bangor, Maine	www.wlbz.com
WGRZ-TV, Buffalo, N.Y.	www.wgrz.com
WKYC-TV, Cleveland, Ohio	www.wkyc.com
WLTX-TV, Columbia, S.C.	www.wltx.com
KUSA-TV, Denver	www.9news.com
WZZM-TV, Grand Rapids-Kalamazoo-Battle Creek, Mich.	www.wzzm13.com
WFMY-TV, Greensboro, N.C.	www.wfmy2.com
WTLV-TV/WJXX-TV, Jacksonville, Fla.	www.firstcoastnews.com
WBIR-TV, Knoxville, Tenn.	www.wbir.com
KTHV-TV, Little Rock, Ark.	www.kthv.com
WMAZ-TV, Macon, Ga.	www.13wmaz.com
KARE-TV, Minneapolis-St. Paul	www.kare11.com
KPNX-TV, Phoenix, Ariz.	www.12news.com
WCSH-TV, Portland, Maine	www.wcsh6.com
KXTV-TV, Sacramento, Calif.	www.kxtv.com
KSDK-TV, St. Louis, Mo.	www.ksdk.com
WTSP-TV, Tampa-St. Petersburg, Fla.	www.wtsp.com
WUSA-TV, Washington, D.C.	www.wusatv9.com

Presented below are definitions of certain key financial and operational terms that we hope will enhance your reading and understanding of Gannett's 2000 Annual Report.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

S H A R E H O L D E R   S E R V I C E S

GANNETT STOCK

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

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

Gannett is pleased to offer the following shareholder services:

DIVIDEND REINVESTMENT PLAN

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

AUTOMATIC CASH INVESTMENT SERVICE FOR THE DRP

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

DIRECT DEPOSIT SERVICE

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

FORM 10-K

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

ANNUAL MEETING

The annual meeting of shareholders will be held at 10 a.m. Tuesday, May 8, 2001 at Gannett headquarters.

FOR MORE INFORMATION

News and information about Gannett is available on our Web site (www.gannett.com). Quarterly earnings information will be available around the middle of April, July and October 2001.

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

GANNETT HEADQUARTERS

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Monroe Litho, Rochester, N.Y.

Photo Credits:
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Printed on recycled paper

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