

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

- Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended June 28, 1998 or
- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____

Commission file number 1-6961

GANNETT CO., INC.

(Exact name of registrant as specified in its charter)

Delaware
(state or other jurisdiction of
incorporation or organization)

16-0442930
(I.R.S. Employer
Identification No.)

1100 Wilson Boulevard, Arlington, Virginia 22234
(Address of principal executive offices) (Zip Code)

(703) 284-6000
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if
changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

The number of shares outstanding of the issuer's Common Stock, Par Value \$1.00, as of June 28, 1998, was 284,595,002.

PART I. FINANCIAL INFORMATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS

EARNINGS SUMMARY

Quarter
- - - - -

Operating income for the second quarter of 1998 rose \$32.3 million or 9%. Newspaper publishing earnings were up \$24.0 million or 9% for the quarter, reflecting strong advertising demand, better results at The Detroit News, and the positive impact of 1997 newspaper acquisitions. Broadcasting earnings were up \$7.6 million or 8% for the quarter, reflecting continued strong demand for TV advertising. Cable segment results were higher, but the comparisons with last year are tempered by the sale in March 1998 of the alarm security business which was previously reported in this segment.

Pro forma operating results for each business segment are discussed in following sections of this report.

Net income for the second quarter rose \$28.1 million or 14%. Net income per share was \$.78 (diluted), up 15%.

Year-to-date
- - - - -

Operating income for the first six months of 1998 rose \$59.8 million or 10%. Non-operating income for the first six months included a first quarter net pre-tax gain of

\$306.5 million (\$183.6 million after tax) primarily from the disposition of the Company's five remaining radio stations and its alarm security business. Net income excluding the gain rose \$52.3 million or 16% for the year-to-date.

A presentation of year-to-date earnings excluding the net non-operating gain follows.

	Earnings Summary Excluding 1998 Net Non-operating Gain		
	Year-to-date ended June 28, 1998	Year-to-date ended June 29, 1997	% Inc (Dec)
Operating income	\$ 678,102	\$ 618,340	9.7
Non-operating income (expense):			
Interest expense	(43,577)	(50,401)	(13.5)
Other	3,327	(6,092)	---
Total	(40,250)	(56,493)	(28.8)
Income before income taxes	637,852	561,847	13.5
Provision for income taxes	255,800	232,050	10.2
Net income	\$ 382,052	329,797	15.8
Net income per share-basic	\$1.34	\$1.17	14.5
Net income per share-diluted	\$1.33	\$1.16	14.7

NEWSPAPERS

Reported newspaper publishing revenues rose \$113.9 million or 12% in the second quarter of 1998, which included a \$90.4 million or 14% gain in advertising revenues. Newspaper publishing revenues were up \$224.4 million or 12% for the year-to-date, including advertising gains of \$166.8 million or 13%. These revenue increases include the impact of newspaper publishing acquisitions in 1997.

The tables below provide, on a pro forma basis, details of newspaper ad revenue and lineage and preprint distribution for the second quarter and year-to-date periods of 1998 and 1997:

Advertising revenue, in thousands of dollars (pro forma)

Second Quarter	1998	1997	% Change
Local	\$233,015	\$222,449	5
National	134,237	124,535	8
Classified	267,220	247,840	8
Total Run-of-Press	634,472	594,824	7
Preprint and other advertising	114,281	104,731	9
Total ad revenue	\$748,753	\$699,555	7

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

Second Quarter	1998	1997	% Change
Local	8,821	8,467	4
National	798	739	8
Classified	10,959	9,964	10
Total Run-of-Press lineage	20,578	19,170	7
Preprint distribution	1,796	1,683	7

Advertising revenue, in thousands of dollars (pro forma)

Year-to-Date	1998	1997	% Change
Local	\$ 439,854	\$ 426,578	3
National	250,581	233,209	7
Classified	514,391	471,846	9
Total Run-of-Press	\$1,204,826	\$1,131,633	6
Preprint and other advertising	211,388	195,110	8
Total ad revenue	\$1,416,214	\$1,326,743	7

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

Year-to-Date	1998	1997	% Change
- - - - -	- - - -	- - - -	- - - - -
Local	16,680	16,253	3
National	1,467	1,405	4
Classified	20,720	18,882	10
	- - - - -	- - - - -	- -
Total Run-of-Press linage	38,867	36,540	6
	=====	=====	==
Preprint distribution	3,473	3,232	7
	=====	=====	==

Pro forma newspaper advertising revenues rose 7% for the quarter and for the year-to-date. Local ad revenues increased 5% for the quarter and 3% for the first six months. National ad revenues rose 8% for the quarter and 7% for the year-to-date. Classified ad revenues increased 8% for the quarter and 9% for the year-to-date. Most of the Company's newspapers, including The Detroit News and USA TODAY, recorded solid gains in advertising revenue and volume. Classified gains were strongest in the employment category.

Reported newspaper circulation revenues rose 9% for the quarter and for the first six months, reflecting the 1997 acquisitions. Pro forma net paid daily circulation for the Company's local newspapers was up 2% for the quarter and the year-to-date, while Sunday circulation was lower by 2% for the quarter and 1% for the year-to-date. USA TODAY reported an average daily paid circulation of 2,226,443 in the ABC Publisher's statement for the 26 weeks ended March 29, 1998, a 3% increase over the comparable period a year ago.

Operating costs for the newspaper segment increased \$89.9 million or 13% for the quarter and \$181.7 million or 14% for the first six months. Higher newsprint prices and consumption, along with other incremental costs from the 1997 acquisitions, contributed to the increase. In total, newsprint expense increased 28% for the quarter and the year-to-date. Newsprint consumption rose 10% for the second quarter and 12% for the year-to-date, including consumption by recently acquired businesses. Year-to-year newsprint price comparisons for the third and fourth quarters of 1998 are expected to be more favorable.

Newspaper operating income increased \$24.0 million or 9% for the quarter and \$42.7 million or 9% for the first six months, reflecting strong advertising gains throughout the group, a favorable comparison year to year at The Detroit News and the impact of the October 1997 acquisition of New Jersey Press, Inc.

In early fiscal 1998, the Company sold its newspaper in St. Thomas, Virgin Islands, and contributed its newspaper in Saratoga Springs, New York, to the Gannett Foundation.

In July 1998, the Company sold five 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. These third quarter transactions, which were structured in a tax efficient manner, are not expected to materially affect operating income results for the remainder of 1998.

BROADCASTING

Early in the first quarter, the Company sold its five remaining radio stations (in Chicago, Dallas and Houston) and purchased two television stations, WCSH-TV (NBC) in Portland, Maine, and WLBZ-TV (NBC) in Bangor, Maine. In late April 1998, the Company purchased WLTX-TV (CBS) in Columbia, South Carolina. These transactions were structured in a tax efficient manner. The Company's broadcast group now includes

21 television stations reaching 16.6 percent of U.S. television homes. These acquisitions did not materially affect results of operations for the second quarter or for the year-to-date.

Reported broadcast revenues increased \$9.6 million or 5% for the second quarter and \$19.6 million or 6% for the year-to-date, while operating costs rose \$1.9 million or 2% for the quarter and \$3.4 million or 2% for the year-to-date. Pro forma local ad revenues increased 10% for the quarter and 11% for the year-to-date. Pro forma national television ad revenues increased 7% for the quarter and 9% for the year-to-date.

Reported broadcast operating income rose \$7.6 million or 8% for the quarter and \$16.2 million or 10% for the first six months. Continued growth in demand for TV advertising resulted in higher earnings at most of the Company's television stations.

CABLE AND SECURITY

Operating income for the business segment rose \$.7 million or 5% for the quarter and \$1.2 million or 5% for the year-to-date. However, in early March 1998, the Company sold its alarm security business, which affects operating results comparisons. Excluding the alarm security business, cable revenues rose \$4.1 million or 8% for the second quarter and \$8.9 million or 9% for the year-to-date. Operating income from cable rose \$1.6 million or 13% for the quarter and \$2.9 million or 12% for the year-to-date.

The number of basic cable subscribers at quarter end increased 2% and the number of pay subscribers increased 1%.

In December 1997, the Company announced an agreement to acquire cable systems in Kansas from Tele-Communications, Inc., in exchange for the Company's cable systems in suburban Chicago. This transaction is subject to regulatory approval and is expected to close late in the third quarter.

NON-OPERATING INCOME AND EXPENSE

Interest expense declined \$4.4 million or 18% for the quarter and \$6.8 million or 14% for the year-to-date, reflecting the pay-down of long-term debt from operating cash flow and proceeds from the sale of certain businesses.

Non-operating income for the year-to-date included a net pre-tax first quarter gain of \$306.5 million (\$183.6 million after tax), as discussed in the Earnings Summary above.

PROVISION FOR INCOME TAXES

The Company's effective income tax rate was 40.1% for the quarter and year-to-date periods of 1998 versus 41.3% for the same periods last year. The decrease in the effective tax rate reflects the diminished impact of the amortization of non-deductible intangible assets on expected higher earnings in 1998.

NET INCOME

Net income for the second quarter rose \$28.1 million to \$222.8 million, a 14% increase. Basic earnings per share rose to \$0.78 from \$0.69, an increase of 13%, and diluted earnings per share rose to \$0.78 from \$0.68, an increase of 15%.

Net income for the year-to-date, excluding the \$183.6 million net non-operating after-tax gain discussed above, rose \$52.3 million or 16%. Basic earnings per share excluding the net non-operating gain rose to \$1.34 from \$1.17, an increase of 15%, while diluted earnings per share excluding the net non-operating gain rose to \$1.33 from \$1.16, an increase of 15%. Net income was \$565.7 million for the year-to-date, including the first quarter net non-operating gain. Year-to-date basic earnings per share from net income were \$1.99, and diluted earnings per share were \$1.97.

The weighted average number of basic and diluted shares outstanding for the quarter and year-to-date increased slightly over the same periods last year due to the issuance of shares upon the exercise of stock options and the settlement of stock incentive rights. Exhibit 11 of this Form 10-Q presents the weighted average number of basic and diluted shares outstanding for each period.

LIQUIDITY AND CAPITAL RESOURCES

The Company's consolidated operating cash flow (defined as operating income plus depreciation and amortization of intangible assets) as reported in the accompanying Business Segment Information totaled \$834.2 million for the first half of 1998, compared with \$767.8 million in the first half of 1997, a 9% increase, reflecting strong overall operating results.

Capital expenditures for the year-to-date totaled \$90 million, compared to \$92 million in 1997. The Company's long-term debt was reduced by \$585 million in the first half of 1998 from operating cash flow and proceeds from the sale of certain businesses. The Company's regular quarter dividend of \$0.19 per share was declared in the first and second quarters and totaled \$108 million.

On July 1, 1998, the Company amended its Revolving Credit Agreement to extend its expiration date to July 1, 2003. The Agreement is attached to this report as Exhibit 4-9.

CERTAIN FACTORS AFFECTING FORWARD LOOKING STATEMENTS

Certain statements in the Company's 1997 Annual Report to Shareholders, its Annual Report on Form 10-K and in this Quarterly Report 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 or national 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; and (h) rapid technological changes and frequent new product introductions prevalent in electronic publishing.

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

	June 28, 1998	Dec. 28, 1997
	-----	-----
ASSETS		
Cash	\$ 40,801	\$ 45,059
Marketable securities	15,133	7,719
Trade receivables, less allowance (1998 - \$18,034; 1997 - \$18,020)	612,272	638,311
Other receivables	53,012	45,316
Inventories	103,380	101,080
Prepaid expenses	43,958	47,149
	-----	-----
Total current assets	868,556	884,634
	-----	-----
Property, plant and equipment		
Cost	3,688,483	3,754,837
Less accumulated depreciation	(1,606,614)	(1,562,795)
	-----	-----
Net property, plant and equipment	2,081,869	2,192,042
	-----	-----
Intangible and other assets		
Excess of acquisition cost over the value of assets acquired, less amortization	3,665,962	3,584,393
Investments and other assets	207,432	229,282
	-----	-----
Total intangible and other assets	3,873,394	3,813,675
	-----	-----
Total assets	\$ 6,823,819	\$ 6,890,351
	=====	=====
LIABILITIES & SHAREHOLDERS' EQUITY		
Current maturities of long-term debt	\$	\$ 18,375
Accounts payable and current portion of film contracts payable	237,883	300,260
Compensation, interest and other accruals	282,518	263,599
Dividend payable	54,061	53,915
Income taxes	44,839	12,893
Deferred income	117,574	118,459
	-----	-----
Total current liabilities	736,875	767,501
	-----	-----
Deferred income taxes	454,651	402,254
Long-term debt, less current portion	1,174,249	1,740,534
Postretirement, medical and life insurance liabilities	311,202	312,082
Other long-term liabilities	190,027	188,244
	-----	-----
Total liabilities	2,867,004	3,410,615
	-----	-----
Shareholders' Equity		
Preferred stock of \$1 par value per share. Authorized 2,000,000 shares; issued - none.		
Common stock of \$1 par value per share. Authorized 400,000,000; issued, 324,420,732 shares.	324,421	324,421
Additional paid-in capital	106,121	104,366
Retained earnings	4,453,287	3,995,712
	-----	-----
Total	4,883,829	4,424,499
	-----	-----
Less treasury stock - 39,825,730 shares and 40,546,253 shares respectively, at cost	(901,809)	(916,708)
Deferred compensation related to ESOP	(25,205)	(28,055)
	-----	-----
Total shareholders' equity	3,956,815	3,479,736
	-----	-----
Total liabilities and shareholders' equity	\$ 6,823,819	\$ 6,890,351
	=====	=====

CONSOLIDATED STATEMENTS OF INCOME
Gannett Co., Inc. and Subsidiaries
Unaudited, in thousands of dollars (except per share amounts)

	Thirteen weeks ended		% Inc
	June 28, 1998	June 29, 1997	(Dec)
Net Operating Revenues:			
Newspaper advertising	\$ 746,675	\$ 656,306	13.8
Newspaper circulation	252,762	232,237	8.8
Broadcasting	198,799	189,245	5.0
Cable and Security	57,228	64,363	(11.1)
Other	48,673	45,676	6.6
	-----	-----	-----
Total	1,304,137	1,187,827	9.8
	-----	-----	-----
Operating Expenses:			
Cost of sales and operating expenses, exclusive of depreciation	646,755	575,646	12.4
Selling, general and administrative expenses, exclusive of depreciation	190,905	179,787	6.2
Depreciation	50,365	49,976	0.8
Amortization of intangible assets	26,253	24,898	5.4
	-----	-----	-----
Total	914,278	830,307	10.1
	-----	-----	-----
Operating income	389,859	357,520	9.0
	-----	-----	-----
Non-operating income (expense):			
Interest expense	(20,348)	(24,783)	(17.9)
Other	2,498	(1,004)	----
	-----	-----	-----
Total	(17,850)	(25,787)	(30.8)
	-----	-----	-----
Income before income taxes	372,009	331,733	12.1
Provision for income taxes	149,200	137,000	8.9
	-----	-----	-----
Net income	\$ 222,809	\$ 194,733	14.4
	=====	=====	=====
Net income per share - basic	\$0.78	\$0.69	13.0
	=====	=====	=====
Net income per share - diluted	\$0.78	\$0.68	14.7
	=====	=====	=====
Dividends per share	\$0.19	\$0.18	5.6
	=====	=====	=====

CONSOLIDATED STATEMENTS OF INCOME
Gannett Co., Inc. and Subsidiaries
Unaudited, in thousands of dollars (except per share amounts)

	Twenty-six weeks ended		% Inc
	June 28, 1998	June 29, 1997	(Dec)
Net Operating Revenues:			
Newspaper advertising	\$ 1,416,669	\$ 1,249,858	13.3
Newspaper circulation	506,841	465,607	8.9
Broadcasting	359,491	339,851	5.8
Cable and Security	121,290	125,909	(3.7)
Other	99,756	83,359	19.7
	-----	-----	-----
Total	2,504,047	2,264,584	10.6
	-----	-----	-----
Operating Expenses:			
Cost of sales and operating expenses, exclusive of depreciation	1,289,735	1,142,168	12.9
Selling, general and administrative expenses, exclusive of depreciation	380,111	354,578	7.2
Depreciation	103,395	99,758	3.6
Amortization of intangible assets	52,704	49,740	6.0
	-----	-----	-----
Total	1,825,945	1,646,244	10.9
	-----	-----	-----
Operating income	678,102	618,340	9.7
	-----	-----	-----
Non-operating income (expense):			
Interest expense	(43,577)	(50,401)	(13.5)
Other*	309,854	(6,092)	----
	-----	-----	-----
Total	266,277	(56,493)	----
	-----	-----	-----
Income before income taxes	944,379	561,847	68.1
Provision for income taxes	378,720	232,050	63.2
	-----	-----	-----
Net income	\$ 565,659	\$ 329,797	71.5
	=====	=====	=====
Net income per share - basic	\$1.99	\$1.17	70.1
	=====	=====	=====
Net income per share - diluted	\$1.97	\$1.16	69.8
	=====	=====	=====
Dividends per share	\$0.38	\$0.36	5.6
	=====	=====	=====

* 1998 results include a net non-operating gain principally from the disposition of several businesses including Radio and Alarm Security. See Management's Discussion and Analysis of Operations for earnings summary excluding net non-operating gain.

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

	Twenty-six weeks ended	
	June 28, 1998	June 29, 1997
	-----	-----
Cash flows from operating activities		
Net income	\$ 565,659	\$ 329,797
Adjustments to reconcile net income to operating cash flows:		
Depreciation	103,395	99,758
Amortization of intangibles	52,704	49,740
Deferred income taxes	52,398	(8,988)
Other, net	(380,010)	920
	-----	-----
Net cash flow from operating activities	394,146	471,227
	-----	-----
Cash flows from investing activities		
Purchase of property, plant and equipment	(89,743)	(92,128)
Payments for acquisitions, net of cash acquired	(203,812)	(50,041)
Change in other investments	(1,291)	(4,553)
Proceeds from sale of certain assets	567,556	8,199
Collection of long-term receivables	14,110	3,448
	-----	-----
Net cash provided by (used for) investing activities	286,820	(135,075)
	-----	-----
Cash flow from financing activities		
Payments of long-term debt	(584,660)	(228,376)
Dividends paid	(107,937)	(102,069)
Proceeds from issuance of common stock	14,787	19,802
	-----	-----
Net cash used for financing activities	(677,810)	(310,643)
	-----	-----
Net increase in cash and cash equivalents	3,156	25,509
Balance of cash and cash equivalents at beginning of year	52,778	31,202
	-----	-----
Balance of cash and cash equivalents at end of second quarter	\$ 55,934	\$ 56,711
	=====	=====

BUSINESS SEGMENT INFORMATION

Gannett Co., Inc. and Subsidiaries

Unaudited, in thousands of dollars

	Thirteen weeks ended		% Inc
	June 28, 1998	June 29, 1997	(Dec)
Operating Revenues:			
Newspaper publishing	\$ 1,048,110	\$ 934,219	12.2
Broadcasting	198,799	189,245	5.0
Cable and Security	57,228	64,363	(11.1)
	-----	-----	-----
Total	\$ 1,304,137	\$ 1,187,827	9.8
	=====	=====	=====
Operating Income (net of depreciation and amortization):			
Newspaper publishing	\$ 287,570	\$ 263,584	9.1
Broadcasting	104,630	96,991	7.9
Cable and Security	14,563	13,884	4.9
Corporate	(16,904)	(16,939)	0.2
	-----	-----	-----
Total	\$ 389,859	\$ 357,520	9.0
	=====	=====	=====
Depreciation and Amortization:			
Newspaper publishing	\$ 46,113	\$ 41,363	11.5
Broadcasting	15,038	14,682	2.4
Cable and Security	13,245	16,659	(20.5)
Corporate	2,222	2,170	2.4
	-----	-----	-----
Total	\$ 76,618	\$ 74,874	2.3
	=====	=====	=====
Operating Cash Flow:			
Newspaper publishing	\$ 333,683	\$ 304,947	9.4
Broadcasting	119,668	111,673	7.2
Cable and Security	27,808	30,543	(9.0)
Corporate	(14,682)	(14,769)	0.6
	-----	-----	-----
Total	\$ 466,477	\$ 432,394	7.9
	=====	=====	=====

NOTES:

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

In the first quarter of 1998, the Company sold its Alarm Security business which had been reported in the Cable and Security business segment. On a pro forma basis for the second quarter, giving effect to this sale, cable operations reported gains in revenue of 8%, operating income of 13%, and operating cash flow of 6%. On a year-to-date basis, pro forma cable operations reflect a 9% revenue gain, a 12% improvement in operating income and a 6% gain in operating cash flow.

On the first day of fiscal 1998, the Company sold its five remaining radio stations, which had been reported in the Broadcasting business segment. The Company also purchased two television stations in Maine in early fiscal 1998 and a television station in Columbia, South Carolina, in April 1998. On a pro forma basis for the second quarter, giving effect to these transactions, television operations reported gains in revenue of 8%, operating income of 13% and operating cash flow of 11%. On a year-to-date basis, pro forma television operations reflect a 10% revenue gain, a 16% improvement in operating income and a 13% gain in operating cash flow.

BUSINESS SEGMENT INFORMATION
Gannett Co., Inc. and Subsidiaries
Unaudited, in thousands of dollars

	Twenty-six weeks ended		% Inc
	June 28, 1998	June 29, 1997	(Dec)
Operating Revenues:			
Newspaper publishing	\$ 2,023,266	\$ 1,798,824	12.5
Broadcasting	359,491	339,851	5.8
Cable and Security	121,290	125,909	(3.7)
	-----	-----	-----
Total	\$ 2,504,047	\$ 2,264,584	10.6
	=====	=====	=====
Operating Income (net of depreciation and amortization):			
Newspaper publishing	\$ 513,489	\$ 470,778	9.1
Broadcasting	170,597	154,391	10.5
Cable and Security	28,479	27,249	4.5
Corporate	(34,463)	(34,078)	(1.1)
	-----	-----	-----
Total	\$ 678,102	\$ 618,340	9.7
	=====	=====	=====
Depreciation and Amortization:			
Newspaper publishing	\$ 92,270	\$ 82,512	11.8
Broadcasting	29,993	29,494	1.7
Cable and Security	29,399	33,152	(11.3)
Corporate	4,437	4,340	2.2
	-----	-----	-----
Total	\$ 156,099	\$ 149,498	4.4
	=====	=====	=====
Operating Cash Flow:			
Newspaper publishing	\$ 605,759	\$ 553,290	9.5
Broadcasting	200,590	183,885	9.1
Cable and Security	57,878	60,401	(4.2)
Corporate	(30,026)	(29,738)	(1.0)
	-----	-----	-----
Total	\$ 834,201	\$ 767,838	8.6
	=====	=====	=====

NOTES:

See the Company's Business Segment Information for the 13-week period ending June 28, 1998, on the preceding page.

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

June 28, 1998

1. Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with the instructions for Form 10-Q and, therefore, do not include all information and footnotes which are normally included in Form 10-K and annual report to shareholders. The financial statements covering the 13 and 26-week periods ended June 28, 1998, and the comparative periods of 1997 reflect all adjustments which, in the opinion of the Company, are necessary for a fair statement of results for the interim periods.

2. Accounting Standards

In June 1997, Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (SFAS 130), and No. 131, "Disclosures about Segments of an Enterprise and Related Information" (SFAS 131), were issued. SFAS 130 is not currently applicable as the Company has no items of other comprehensive income in any period presented. SFAS 131 will not have any impact on the Company's reported financial position or results of operations.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

PART II. OTHER INFORMATION

Item 5. Other Information

A shareholder who wishes to present a proposal at the Company's 1999 annual meeting of shareholders, but who does not request that the Company solicit proxies for the proposal, must submit the proposal in writing to the Company on or before February 3, 1999. The Company's by-laws provide that any shareholder who wishes to submit a proposal must notify the Company 90 days in advance of the meeting and must submit the following:

(a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Company's books, of the stockholder proposing such business, (c) the class and number of shares of the Company that are beneficially owned by the stockholder and (d) any material interest of the stockholder in such business.

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibits.
See Exhibit Index for list of exhibits filed with this report.
- (b) Reports on Form 8-K.
None.

SIGNATURES

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

GANNETT CO., INC.

Dated: August 12, 1998

/s/ George R. Gavagan

George R. Gavagan
Vice President and Controller

Dated: August 12, 1998

/s/ Thomas L. Chapple

Thomas L. Chapple
Senior Vice President, General
Counsel and Secretary

EXHIBIT INDEX

Exhibit Number	Exhibit	Location
3-1	Second Restated Certificate of Incorporation of Gannett Co., Inc.	Incorporated by reference to Exhibit 3-1 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 26, 1993 ("1993 Form 10-K"). Amendment incorporated by reference to Exhibit 3-1 to the 1993 Form 10-K.
3-2	By-laws of Gannett Co., Inc. (reflects all amendments through September 24, 1997)	Incorporated by reference to Exhibit 3-1 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended September 28, 1997.
4-1	\$1,000,000,000 Revolving Credit Agreement among Gannett Co., Inc. and the Banks named therein.	Incorporated by reference to Exhibit 4-1 to the 1993 Form 10-K.
4-2	Amendment Number One to \$1,000,000,000 Revolving Credit Agreement among Gannett Co., Inc. and the Banks named therein.	Incorporated by reference to Exhibit 4-2 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended June 26, 1994.
4-3	Amendment Number Two to \$1,500,000,000 Revolving Credit Agreement among Gannett Co., Inc. and the Banks named therein.	Incorporated by reference to Exhibit 4-3 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 31, 1995.
4-4	Amendment Number Three to \$3,000,000,000 Revolving Credit Agreement among Gannett Co., Inc. and the Banks named therein.	Incorporated by reference to Exhibit 4-4 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended September 29, 1996.
4-5	Indenture dated as of March 1, 1983 between Gannett Co., Inc. and Citibank, N.A., as Trustee.	Incorporated by reference to Exhibit 4-2 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 29, 1985.
4-6	First Supplemental Indenture dated as of November 5, 1986 among Gannett Co., Inc., Citibank, N.A., as Trustee, and Sovran Bank, N.A., as Successor Trustee.	Incorporated by reference to Exhibit 4 to Gannett Co., Inc.'s Form 8-K filed on November 9, 1986.
4-7	Second Supplemental Indenture dated as of June 1, 1995, among Gannett Co., Inc., NationsBank, N.A., as Trustee, and Crestar Bank, as Trustee.	Incorporated by reference to Exhibit 4 to Gannett Co., Inc.'s Form 8-K filed on June 15, 1995.
4-8	Rights Plan.	Incorporated by reference to Exhibit 1 to Gannett Co., Inc.'s Form 8-K filed on May 23, 1990.
4-9	Amendment Number Four to \$3,000,000,000 Revolving Credit Agreement among Gannett Co., Inc. and the Banks named therein.	Attached.
10-1	Employment Agreement dated December 7, 1992 between Gannett Co., Inc. and John J. Curley.*	Incorporated by reference to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 27, 1992 ("1992 Form 10-K").
10-2	Employment Agreement dated December 7, 1992 between Gannett Co., Inc. and Douglas H. McCorkindale.*	Incorporated by reference to the 1992 Form 10-K.
10-3	Gannett Co., Inc. 1978	Incorporated by reference to Exhibit

Executive Long-Term Incentive Plan*

10-3 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 28, 1980. Amendment No. 1 incorporated by reference to Exhibit 20-1 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 27, 1981. Amendment No. 2 incorporated by reference to Exhibit 10-2 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 25, 1983. Amendments Nos. 3 and 4 incorporated by reference to Exhibit 4-6 to Gannett Co., Inc.'s Form S-8 Registration Statement No. 33-28413 filed on May 1, 1989. Amendments Nos. 5 and 6 incorporated by reference to Exhibit 10-8 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 31, 1989. Amendment No. 7 incorporated by reference to Gannett Co., Inc.'s Form S-8 Registration Statement No. 333-04459 filed on May 24, 1996. Amendment No. 8 incorporated by reference to Exhibit 10-3 to Gannett Co., Inc.'s Form 10-Q for the quarter ended September 28, 1997. Amendment dated December 9, 1997, incorporated by reference to Gannett Co., Inc.'s 1997 Form 10-K.

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|------|--|--|
| 10-4 | Description of supplemental insurance benefits.* | Incorporated by reference to Exhibit 10-4 to the 1993 Form 10-K. |
| 10-5 | Gannett Co., Inc. Supplemental Retirement Plan, as amended.* | Incorporated by reference to Exhibit 10-8 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 27, 1986 ("1986 Form 10-K"). |
| 10-6 | Gannett Co., Inc. Retirement Plan for Directors.* | Incorporated by reference to Exhibit 10-10 to the 1986 Form 10-K. 1991 Amendment incorporated by reference to Exhibit 10-2 to Gannett Co., Inc.'s Form 10-Q for the quarter ended September 29, 1991. Amendment to Gannett Co., Inc. Retirement Plan for Directors dated October 31, 1996, incorporated by reference to Exhibit 10-6 to the 1996 Form 10K. |
| 10-7 | Amended and Restated Gannett Co., Inc. 1987 Deferred Compensation Plan.* | Incorporated by reference to Exhibit 10-1 to Gannett Co., Inc.'s Form 10-Q for the fiscal quarter ended September 29, 1996. Amendment No. 5 incorporated by reference to Exhibit 10-2 to Gannett Co., Inc.'s Form 10-Q for the quarter ended September 28, 1997. |
| 10-8 | Gannett Co., Inc. Transitional Compensation Plan.* | Incorporated by reference to Exhibit 10-13 to Gannett Co., Inc.'s Form 10-K for the fiscal year ended December 30, 1990. |
| 11 | Statement re computation of earnings per share. | Attached. |
| 27 | Financial Data Schedules. | Attached. |

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

* Asterisks identify management contracts and compensatory plans or arrangements.

AMENDMENT NUMBER FOUR

to

\$3,000,000,000

REVOLVING CREDIT AGREEMENT

dated as of December 1, 1993

between

GANNETT CO., INC.

and

THE CHASE MANHATTAN BANK, THE FIRST NATIONAL BANK OF CHICAGO, MORGAN GUARANTY TRUST COMPANY, NATIONS BANK, N.A., WACHOVIA BANK, N.A., BANK OF AMERICA NT&SA, CITIBANK, N.A., MARINE MIDLAND BANK, WELLS FARGO BANK, BANK OF HAWAII, CRESTAR BANK, FIRST UNION NATIONAL BANK, MELLON BANK, N.A., THE NORTHERN TRUST COMPANY, PNC BANK, NATIONAL ASSOCIATION, THE FIRST NATIONAL BANK OF MARYLAND, FLEET BANK, N.A. and NORWEST BANK MINNESOTA, N.A.

as amended

GANNETT CO., INC.

Amendment Number Four

to

\$3,000,000,000

Revolving Credit Agreement

This Amendment Number Four is made as of July 1, 1998 between Gannett Co., Inc., a Delaware corporation ("Gannett"), and the Banks signatory hereto (each called a "Bank" and collectively the "Banks"). Unless otherwise defined herein, all capitalized terms used herein shall have the meaning ascribed to such terms in the Agreement (as defined below).

Gannett entered into a \$1,000,000,000 Revolving Credit Agreement with the Banks dated December 1, 1993 (the "Agreement"). On August 1, 1994, pursuant to Amendment Number One to the Agreement, the Agreement was amended to increase the aggregate commitment to \$1,500,000,000, extend the Expiration Date and modify the Facility Fee.

On November 13, 1995, pursuant to Amendment Number Two to the Agreement, the Agreement was amended to increase the aggregate commitment to \$3,000,000,000, extend the Expiration Date, modify the Facility Fee, adjust the Applicable Margin in effect with respect to the Money Market Rate and the Eurodollar Rate, and amend Schedule 1 to the Agreement.

In August, 1996, pursuant to Amendment Number Three to the Agreement, the Agreement was amended to modify the notice requirements with respect to Alternate Rate Advances, to eliminate a certain representation regarding environmental matters as a condition to lending and to reflect a change in certain of the Banks.

Gannett and the Banks wish to further amend the Agreement to modify the covenant with respect to Gannett's Total Shareholders' Equity, to extend the expiration date and to amend Schedule 1 to the Agreement.

The parties hereby agree as follows:

1. The terms "this Agreement," "hereunder," "herein" and similar references in the Agreement shall be deemed to refer to the Agreement as amended hereby.

2. Section 9(c) of the Agreement shall be amended in its entirety to read as follows:

9(c). Permit Gannett's Total Shareholders' Equity at

any time to be less than \$2,000,000,000.

3. The definition of "Expiration Date" shall be amended in its entirety to read as follows: "Expiration Date" shall mean July 1, 2003.

4. Schedule 1 shall be amended to read in its entirety as set forth in Schedule 1 hereto and all references to the Banks shall mean the Banks set forth on Schedule 1 and each of the banks that may become a party to the Agreement from time to time.

5. The terms of this Agreement shall be in addition to and shall in no way impair the full force and effect of the Agreement (except as specifically amended herein).

6. This Amendment may be executed by the parties in as many counterparts as may be deemed necessary and convenient, and by the different parties on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute but one and the same instrument.

7. THIS AMENDMENT NUMBER FOUR SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties have executed this Amendment Number Four as of the date first written above.

GANNETT CO., INC.

/s/Gracia C. Martore
By: _____
Name: Gracia C. Martore
Title: Treasurer

THE CHASE MANHATTAN BANK

/s/John J. Huber, III
By: _____
Name: John J. Huber III
Title: Managing Director

THE FIRST NATIONAL BANK OF CHICAGO

/s/Tom Dao
By: _____
Name: Tom Dao
Title: Corporate Banking Officer

MORGAN GUARANTY TRUST COMPANY

/s/Robert Bottamedi
By: _____
Name: Robert Bottamedi
Title: Vice President

NATIONSBANK, N.A.

/s/Pamela S. Kurtzmen
By: _____
Name: Pamela S. Kurtzmen
Title: Vice President

WACHOVIA BANK, N.A.

/s/Wray C. Broughton
By: _____
Name: Wray C. Broughton
Title: Vice President

BANK OF AMERICA NT&SA

/s/Carl F. Salas
By: _____
Name: Carl F. Salas
Title: Vice President

CITIBANK, N.A.

/s/Eric Hutner
By: _____
Name: Eric Hutner
Title: Attorney-In-Fact

MARINE MIDLAND BANK

/s/Rochelle Forster
By: _____
Name: Rochelle Forster
Title: Vice President

WELLS FARGO BANK.

/s/Frieda Youlios
By: _____
Name: Frieda Youlios
Title: Vice President

BANK OF HAWAII

/s/Elizabeth O. MacLean
By: _____
Name: Elizabeth O. MacLean
Title: Vice President

CRESTAR BANK

/s/Nancy R. Petrash
By: _____
Name: Nancy R. Petrash
Title: Senior Vice President

FIRST UNION NATIONAL BANK

/s/Stephen H. MacNabb
By: _____
Name: Stephen H. MacNabb
Title: Senior Vice President

MELLON BANK, N.A.

/s/G. Louis Ashley
By: _____
Name: G. Louis Ashley
Title: First Vice President

THE NORTHERN TRUST COMPANY

/s/M. D. Swanson
By: _____
Name: M. D. Swanson
Title: Senior Vice President

PNC BANK, NATIONAL ASSOCIATION

/s/Daniel E. Hopkins
By: _____
Name: Daniel E. Hopkins
Title: Vice President

THE FIRST NATIONAL BANK OF MARYLAND

/s/Shawn E. Murphy
By: _____
Name: Shawn E. Murphy
Title: Senior Vice President

FLEET BANK, N.A.

/s/Barbara T. Ruud
By: _____
Name: Barbara T. Ruud
Title: Vice President

NORWEST BANK MINNESOTA, N.A.

/s/Ann C. Pifer
By: _____
Name: Ann C. Pifer
Title: Vice President

SCHEDULE 1

COMMITMENTS OF THE BANKS

NAME, ADDRESS AND TELECOPY NUMBER OF BANK	COMMITMENT AMOUNT
SYNDICATION AGENTS	
The Chase Manhattan Bank 270 Park Avenue, 37th Floor New York, NY 10017 Telecopy: 212-270-4584	\$350,000,000
The First National Bank of Chicago 153 West 51st Street New York, NY 10019 Telecopy: 212-373-1388	\$350,000,000
Morgan Guaranty Trust Company 60 Wall Street, 25nd Floor New York, NY 10260-0060 Telecopy: 212-648-5018	\$350,000,000
NationsBank, N.A. Communications Finance Division 901 Main Street, 64th Floor Dallas, TX 75202-3748 Telecopy: 214-508-9390	\$350,000,000
MANAGING AGENT	
Wachovia Bank, N.A. 1021 E. Cary Street, James Center Richmond, VA 23219 Telecopy: 804-697-7581	\$250,000,000

CO-AGENTS

Bank of America NT&SA \$150,000,000
1850 Gateway Blvd.
Concord, CA 94520
Telecopy: 510-675-7531 or 7532

With a copy to:

Bank of America NT&SA
335 Madison Avenue
New York, NY 10017
Telecopy: 212-503-7173

Citibank, N.A. \$150,000,000
399 Park Avenue
New York, NY 10043
Telecopy: 212-793-6873

Marine Midland Bank \$150,000,000
140 Broadway, 4th Floor
New York, NY 10005-1196
Telecopy: 212-658-5109

Wells Fargo Bank \$150,000,000
Risk Analysis Division
707 Wilshire Blvd., 16th Floor
MAC 2818-165
Los Angeles, CA 90017
Telecopy: 213-614-2305

With a copy to:

Wells Fargo Bank
National Financial Services
222 W. Adams Street, Suite 2180
Chicago, IL 60606
Telecopy: 312-845-8606

LENDERS

Bank of Hawaii \$100,000,000
130 Merchant Street, 20th Floor
Honolulu, HI 96813
Telecopy: 602-752-8007

With a copy to:

Bank of Hawaii
1850 N. Central Avenue
Suite 400
Phoenix, Arizona 85004
Telecopy: 602-257-2235

Crestar Bank \$100,000,000
1445 New York Avenue, N.W.
Corporate Division - Third Floor
Washington, DC 20005
Telecopy: 202-879-6137

First Union National Bank \$100,000,000
1970 Chain Bridge Road
3rd Floor (VA 1937)
McLean, VA 22102
Telecopy: 703-760-5457

Mellon Bank, N.A. \$100,000,000
One Mellon Bank Center
Room 4440
Pittsburgh, PA 15258
Telecopy: 412-234-6375

The Northern Trust Company \$100,000,000
50 South LaSalle Street B9
Chicago, IL 60675
Telecopy: 312-444-3508

PNC Bank, National Association \$100,000,000
Communications Banking Division
1600 Market Street, 21st Floor
Philadelphia, PA 19103
Attn: Scott C. Meves
Telecopy: 215-585-6680

The First National Bank of Maryland \$ 50,000,000
601 13th Street, N.W.,
Suite 1000 North
Washington, DC 20005
Telecopy: 202-661-7236

Fleet Bank, N.A. \$ 50,000,000
244 Westchester Avenue
White Plains, NY 10604
Telecopy: 914-681-5045

Norwest Bank Minnesota, N.A. \$ 50,000,000
Sixth and Marquette
Minneapolis, MN 55479-0085
Telecopy: 612-667-2276

TOTAL \$3,000,000,000

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

	Thirteen weeks ended		Twenty-six weeks ended	
	June 28, 1998	June 29, 1997	June 28, 1998	June 29, 1997
Basic earnings:				
Net income	\$222,809	\$194,733	\$565,659	\$329,797
Weighted average number of common shares outstanding	284,561	283,242	284,388	283,042
Basic earnings per share	\$0.78	\$0.69	\$1.99	\$1.17
Diluted earnings:				
Net income	\$222,809	\$194,733	\$565,659	\$329,797
Weighted average number of common shares outstanding	284,561	283,242	284,388	283,042
Dilutive effect of out- standing stock options and stock incentive rights	2,886	2,113	2,739	1,923
Weighted average number of shares outstanding, as adjusted	287,447	285,355	287,127	284,965
Diluted earnings per share	\$0.78	\$0.68	\$1.97	\$1.16

This schedule contains summary financial information extracted from the consolidated balance sheets and statements of income for Gannett Co., Inc. and is qualified in its entirety by reference to such financial statements.

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6-MOS		
	DEC-27-1998	
	DEC-29-1997	
	JUN-28-1998	
		40,801
		15,133
		630,306
		18,034
		103,380
		868,556
		3,688,483
		1,606,614
		6,823,819
	736,875	
		0
		324,421
	0	
		0
		3,632,394
6,823,819		
		2,504,047
	2,504,047	
		1,289,735
		1,825,945
		(309,854)
		0
		43,577
		944,379
		378,720
	565,659	
		0
		0
		0
		565,659
		1.99
		1.97

This schedule contains summary financial information extracted from the consolidated balance sheets and statements of income for Gannett Co., Inc. and is qualified in its entirety by reference to such financial statements.

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6-MOS		
	DEC-28-1997	
	DEC-30-1996	
	JUN-29-1997	
		44,163
		12,548
		558,578
		19,299
		80,694
		743,668
		3,523,600
		1,521,662
		6,322,413
	649,077	
		0
		162,210
	0	
		0
		3,016,758
6,322,413		
		2,264,584
	2,264,584	
		1,142,168
		1,646,244
		6,092
		0
	50,401	
		561,847
		232,050
	329,797	
		0
		0
		0
		329,797
		1.17
		1.16