

GANNETT CO INC /DE/  
Form 10-K  
February 22, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

**FORM 10-K**

(Mark One)

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

**For the fiscal year ended December 25, 2011**

**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

**16-0442930**  
(I.R.S. Employer

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<b>Incorporation or Organization)</b>	<b>Identification No.)</b>
<b>7950 Jones Branch Drive, McLean, Virginia</b> (Address of principal executive offices)	<b>22107-0910</b> (Zip Code)
<b>Registrant's telephone number, including area code: (703) 854-6000</b>	

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of Each Class</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$1.00 per share	The New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act:**

None

Indicate by check mark if the registrant is well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-accelerated filer <input type="checkbox"/>	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting common equity held by non-affiliates of the registrant based on the closing sales price of the registrant's Common Stock as reported on The New York Stock Exchange on June 24, 2011, was \$3,252,839,302. The registrant has no non-voting common equity.

As of January 29, 2012, 236,934,167 shares of the registrant's Common Stock were outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

The definitive proxy statement relating to the registrant's Annual Meeting of Shareholders to be held on May 1, 2012, is incorporated by reference in Part III to the extent described therein.

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**PART I**

**ITEM 1. BUSINESS**

**Company Profile**

Gannett is a leading international media and marketing solutions company, delivering content and services across an integrated, multi-platform portfolio. Our rich portfolio of iconic national brands, like USA TODAY and CareerBuilder, as well as our unique local brands in more than 100 communities sets us apart. Our properties cover a wide range of geographies, demographics and interest areas, which combine to form a uniquely powerful and comprehensive portfolio of offerings for consumers and marketers. Our connection to and understanding of our communities is unmatched by any other media company. The company provides consumers with the information they want and connects them to their communities of interest through multiple platforms including the Internet, mobile, tablet, print publications and TV stations. Gannett helps businesses grow by providing marketing solutions that reach and engage their customers across the company's diverse platforms.

Gannett is an Internet leader with hundreds of publishing and TV web sites and several national web sites, reaching 50.8 million unique users monthly or about 23% of the Internet audience in December 2011, as measured by comScore Media Metrix. These web sites include CareerBuilder.com, the nation's top employment site; USATODAY.com; PointRoll, an industry leader in rich media advertising solutions; and ShopLocal, a leader in multichannel shopping and advertising services. Gannett produces 82 daily U.S. publications, including USA TODAY, the nation's largest-selling daily print publication, and about 500 magazines and other non-dailies including USA WEEKEND. The company also operates 23 television stations in 19 U.S. markets and Captivate, which operates video screens in office elevators in key urban markets. Gannett subsidiary Newsquest is one of the United Kingdom's leading regional community news providers with 17 daily paid-for titles, more than 200 weekly print products, magazines and trade publications, and a network of web sites.

In broadcasting, the company's 23 television stations in 19 U.S. markets with a total market reach of nearly 21 million households cover 18.1% of the U.S. population. Each of these stations also operates locally oriented web sites offering news, entertainment and advertising content, in text and video format. Through its Captivate subsidiary, the broadcasting group delivers news, information and advertising to a highly desirable audience demographic on video screens located in elevators of office towers and select hotel lobbies across North America.

Beginning in the third quarter of 2008 and concurrent with the purchase of a controlling interest in CareerBuilder, LLC and ShopLocal, the company began reporting a separate digital segment. In addition to CareerBuilder and ShopLocal, the digital segment also includes PointRoll, Reviewed.com and Planet Discover.

In March 2010, CareerBuilder expanded its reach in the U.K. when it purchased CareerSite.biz, which operates two online recruitment niche sites focusing on nursing and rail workers as well as a successful virtual career fair business. In 2011, CareerBuilder acquired JobsCentral, a leading jobs board in Singapore that also has a fast-growing presence in Malaysia. The company also acquired JobScout24, which solidified CareerBuilder's position as one of the top three online recruitment sites in Germany. CareerBuilder is looking to expand its global operations further in 2012.

PointRoll and ShopLocal provide online advertisers with rich media marketing services. In early 2011, the company acquired Reviewed.com, which operates a group of product-review web sites that provide comprehensive and comparative reviews for technology products such as digital cameras, camcorders and high-definition televisions as well as household products and services.

Complementing its core publishing, digital and broadcasting businesses, the company has made significant strides in its digital strategy through key investments and partnerships in the online space. These include a partnership investment in the highly successful Classified Ventures, which owns and operates the Cars.com and Apartments.com web sites.

Gannett was founded by Frank E. Gannett and associates in 1906 and incorporated in 1923. The company went public in 1967. It reincorporated in Delaware in 1972. Its more than 237 million outstanding shares of common stock are held by approximately 8,385 shareholders of record in all 50 states and several foreign countries. The company has approximately 31,000 employees including 2,000 employees for CareerBuilder, LLC. Gannett's headquarters are in McLean, VA, near Washington, DC.

***Business Transformation and Initiatives:*** The company continues to evolve internally to meet the needs of consumers and business customers in the digital environment, to optimize its opportunities at its core publishing and broadcast operations and to solidify its position as a leading media and marketing solutions company.

Important steps taken to achieve these objectives included:

Driving innovation throughout the company to create new digital offerings that either complement the company's news and information businesses, or that take it into new markets with new audiences. Digital revenue companywide in 2011, including the Digital segment and all digital revenues generated by the other business segments, was approximately \$1.1 billion. This represents 21% of total operating revenues, an increase of 10% from 2010.

Focusing on the delivery of content from USA TODAY and the company's 100-plus local sites to mobile and tablet devices. In 2011, more than 2.8 billion mobile page views were served, up 79% from 2010. USA TODAY apps have been downloaded more than 11.4 million times and are consistently ranked at or near the top of the general news category. The USA TODAY app for the iPad has remained one of the most popular iPad news apps with more than 2.8 million downloads since launch. USA TODAY is now available on all major platforms and devices including Android (phones and tablets), Google Chrome Web Store, iOS (iPhone, iPad, iPod Touch), Windows-based Tablets, Windows Phone, and most recently, Kindle Fire. USA TODAY is committed to being the first news source on emerging technologies and developing and designing apps for each specific device. Furthermore, the company has aligned technical resources to enable innovation across all Gannett mobile sites in an efficient and scalable manner.

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Reorganizing USA TODAY to transform it from a newspaper brand to a media company focusing on efficient, compelling delivery of news and information across multiple platforms, and aligning all business activities in ways that fulfill the needs of consumers and marketers in unique and progressive ways. The USA TODAY Sports Media Group was created and designed to oversee and coordinate business strategy for national sports initiatives across all of Gannett, including USA TODAY, as well as Gannett's community of local publishing properties, television stations, HighSchoolSports.net and BNQT.com. The USA TODAY Sports Media Group was the 8th most visited online sports media property (as of December 2011) based on total unique visitors. During 2011, the company acquired US PRESS-WIRE, a global leader in the creation and distribution of premium digital sports images to media companies worldwide, providing daily regional photo coverage for all Gannett-owned publishing and broadcast properties. In November 2011, the company also acquired a leading mixed-martial arts site, MMAjunkie.com, one of the leading online news destinations for the sport, as well as a content partner for several print, online and broadcast outlets. It also produces the daily podcast/radio show MMAjunkie.com Radio, with a TV simulcast syndicated through Fight Now TV. In January 2012, the company acquired the assets of Fantasy Sports Ventures/Big Lead Sports, the leading independent sports digital destination. With these new assets, the company believes the USA TODAY Sports Media Group will become one of the top five sports sites on the web. The added scale will greatly increase its ability to deliver engaging content to a wider array of sports fans in a much more meaningful way, a great attraction for sports marketers and advertisers. In addition to the acquisitions of US PRESSWIRE, MMAjunkie.com and the assets of Fantasy Sports Ventures, the group also entered into an important sports marketing agreement with the PGA Tour and has been designated as an Official Directed Media Partner of NASCAR. The group will continue to build out its sports content across all platforms with a strong focus on digital and mobile as the most vital part of its efforts to grow the USA TODAY Sports Media Group's business and brand.

Creating the USA TODAY Travel Media Group in November 2011 to oversee and coordinate business strategy with USA TODAY's travel partners as well as offering the on-the-go consumer a broader array of information, products and services. The group will help transform the way USA TODAY engages with the traveling and away-from-home audience, and give travelers a better customer experience.

Undertaking a major redesign and rebuild of both front-end user experience and back-end content management systems and editorial tools. Taken together, these initiatives will enable Gannett to leverage its content advantage by making it easier to publish all types of content, including live/on-demand video and user-generated content. The new framework and site designs will be deployed first on USA TODAY.com and will subsequently roll out at local properties.

Further developing key business partnerships. In July 2010, Gannett and Yahoo! announced a local advertising partnership that brings together Gannett's strong local media organization brands, sales capacities and leading web site audiences with Yahoo!'s high-quality audience. All of Gannett's 81 local publishing organizations and all but three of its 23 television stations now sell Yahoo! advertising inventory as part of Gannett's local advertising solutions. The rollout to each of the business units began in the fall 2010 and will continue into 2012 for the remainder of the company's television stations. As a result of this partnership, local advertisers benefit from expanded digital reach and audience targeting capabilities based on geography, user demographics, interests and more against that expanded audience. In addition, the company is leveraging the targeting and ad ordering capabilities of the APT from Yahoo! Platform for local sales. This partnership extends Gannett's local media organization reach to cover as much as 80% of the total digital audience in each market.

Improving core publishing and television operations through transformation of newsrooms into Information Centers. The Information Center concept has enhanced the company's appeal to more customers in the markets that are served, with 24/7 updating to produce unique top quality local content across multiple platforms. Content Evolution is a program Gannett rolled out in fall 2011 to tailor content to key audiences in local communities. Its foundation is an expectation that the local news staff conduct deep research into local residents' changing interests and use of technology. Watchdog journalism is also emphasized. Digital sites are positioned as the primary medium for breaking news and the daily print products focus on story depth, analysis and context. Creating superior Sunday newspaper editions is also an important goal. Enhanced Sunday editions were complemented with effective advertiser and consumer sales initiatives, and the results have been very positive. Subscriber retention improved and Sunday home delivery circulation volume remained strong at U.S. Community Publishing's operations. While the focus is on customer-centricity, Information Center initiatives also fulfill the company's responsibilities under the First Amendment.

Rolling out a companywide content-management system to better support and leverage the Gannett Information Centers and content across the entire company. The common content-management system (CMS) enables U.S. Community Publishing to centralize design of all print

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products at five design studios which offer higher-quality design and maximize efficiencies. These studios will be fully operational in 2012 and will be located in Asbury Park, NJ; Nashville, TN; Louisville, KY; Des Moines, IA; and Phoenix, AZ.

Operating five new regional Gannett Client Solutions Groups in the U.S. Community Publishing division to provide customized marketing solutions services such as strategic planning, campaign concept and design, digital media execution and event marketing. At the same time, the company continues its focus on creating a customer-centric world class sales organization in its local community publishing markets.



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Operating GannettLocal, our telemarketing sales organization, to focus on providing personal marketing specialists to small and medium sized businesses. These Local Marketing Navigators leverage their knowledge and the company's delivery network to create affordable, customized local marketing solutions to meet customers' needs.

Completing testing at three U.S. Community Publishing sites, Greenville, SC, Tallahassee, FL, and St. George, UT, of alternative subscription models that limited access by non-subscribers to most content on their web sites. These tests helped us better understand consumer response to paid content and identify what type of business models are sustainable. The company is launching the national rollout of a new content subscription model in 2012 that is expected to increase revenue by better reflecting the value consumers place on compelling, high-quality relevant local content. At the core of this effort has been a rethinking of, and re-investment in, content and the plan to sell subscriptions to content. The company's objective is to deliver its strong local and national content seamlessly across multiple platforms—web, mobile, tablet and print.

Launching DealChicken nationally in July 2011, following the success of its pilot in Phoenix. The online daily deals business is now available in 57 markets and builds on Gannett's unparalleled local market presence, expertise and digital strength. DealChicken has demonstrated its ability to create and extend brand awareness for local area merchants, as well as deliver a loyal following of repeat customers. Gannett provides merchants with the local media support necessary to create a multi-dimensional marketing strategy that includes daily deals.

Forming Gannett Publishing Services (GPS), which combined production, distribution and consumer sales and services functions in a new, integrated group that centralizes resources for greater efficiency and opens new revenue generation opportunities in third party production, printing and packaging services. In 2012, its first full year of operation, GPS is projected to significantly increase operating profit, with an even greater impact in subsequent years.

Extending the digital reach of the company's local television brands by joining with Datasphere, a leading provider of hyper-local web technology, to deliver very localized content on a community and neighborhood basis to consumers, and hyper-local digital ad solutions for local small businesses. By enabling advertisers to target audiences down to specific neighborhoods, the company makes their services even more relevant to their customers.

Maximizing the use and deployment of resources throughout the company. In 2011, the company continued its commitment to transforming its business activities, including more consolidation and centralization of functions that do not require a physical presence in each of the company's markets. In this regard, the company has consolidated numerous production facilities and established centralized accounting, credit and collection functions which now serve nearly all domestic business operations. These efforts have and will achieve cost efficiencies and permit improved local focus on content and revenue-producing activities.

In December 2011, the company announced an agreement under which The Cincinnati Enquirer and The Kentucky Enquirer will transition printing and packaging services to a third-party Columbus, OH, production facility. Use of the Columbus facility will enable the company's publications to adopt a new and easy-to-use format, with improved graphics, including fuller use of color and photographs. The costs of operating the Columbus production facility will be shared by the parties, resulting in efficiencies and cost savings for the company. Efforts such as these will continue to be aggressively pursued in 2012.

Launching a resource sharing effort by its Phoenix publishing, broadcasting and online operations which brought the company's channel 12 News television operation into the Republic Media building. The television station is broadcasting from a high-tech street-level studio. The combined new staff is part of a print, broadcast and online collaboration designed to add breadth and depth to coverage for readers and viewers, and initially is focusing on four areas: breaking news, sports, features/entertainment and photo/video.

Continuing to expand the very successful Digital Employment Sales Center (DESC), a centralized outbound telesales operation based at The Indianapolis Star, which focuses on selling CareerBuilder.com and other employment advertising solutions in Gannett media markets around the country. Revenues generated by this center were up over 90% from 2010. Staffing resources will again be added to the DESC

in 2012 to achieve further revenue growth.

Employing a customer-centric approach to developing and selling integrated marketing campaigns through a newly created national, cross-divisional sales organization.

Improving the company's already strong financial position and capital structure, preserving flexibility to make acquisitions, investments and affiliations. The company generated \$814 million of cash flow from operating activities in 2011, in the face of an uneven economy. As a result, during 2011 the company's long-term debt was reduced by \$592 million to \$1.76 billion, and at the end of the year the company's senior leverage ratio was 1.67 times, well within the limit of 3.5 times designated by the company's principal financial covenant. In September 2010, the company completed the private placement of unsecured senior notes totaling \$500 million and amended its revolving credit agreements and extended the maturity date for the majority of its lenders from March 15, 2012 to Sept. 30, 2014. Total commitments under the amended revolving credit agreements are \$1.63 billion through March 15, 2012 and total extended commitments from March 15, 2012 to Sept. 30, 2014 will be \$1.14 billion. With these two actions and the significant debt reduction in recent years, the company extended and improved its debt maturity profile and has established a highly advantageous degree of financial flexibility going forward.

Strengthening the foundation of the company by finding, developing and retaining the best and the brightest employees through a robust Leadership and Diversity program. Gannett's Leadership and Diversity Council has been charged with attracting and retaining superior talent and developing a diverse workforce that reflects the communities Gannett serves.

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**Business portfolio:** The company operates a diverse business portfolio, established through acquisitions and internal development. Some examples of this diversification are:

CareerBuilder, the No. 1 employment web site in the U.S. with rapidly expanding international operations.

PointRoll, a leading rich media marketing company that provides Internet user-friendly technology, allowing advertisers to expand their online space and impact.

ShopLocal, a leader in multichannel shopping and advertising services.

Reviewed.com, a group of product review web sites that provide comprehensive, comparative reviews of technology and household products and services. Reviewed.com is a key element in the company's consumer media strategy.

Planet Discover, a provider of local, integrated online search and advertising technology.

USA WEEKEND, a weekly magazine carried by more than 800 local publishers with an aggregate circulation reach of 22.6 million.

Gannett Publishing Services, a newly formed group responsible for all of the company's domestic printing and production operations, thereby achieving significant efficiencies. The group will also leverage existing resources to seek new commercial printing revenue opportunities across the U.S.

Clipper Magazine, a direct mail advertising magazine that publishes more than 700 individual market editions under the brands Clipper Magazine, Savvy Shopper and Mint Magazine in more than 30 states.

Gannett Government Media (formerly Army Times), which operates military and defense publications and has expanded into the broadcasting and online arenas. Gannett Government Media collaborates with Gannett Washington, D.C., TV station WUSA to produce *This Week in Defense News* which airs on Sunday mornings.

Gannett Healthcare Group publishes *Nursing Spectrum* and *NurseWeek* and operates *Nurse.com*. The magazines specializing in news, continuing education opportunities and employment opportunities for registered nurses (RNs) have a combined circulation of 720,000. *Today in PT* and *Today in OT*, feature news, continuing education opportunities and employment opportunities for allied health professionals. Gannett Healthcare Group also operates Gannett Education, which delivers continuing education opportunities to RNs and allied health professionals and includes *PearlsReview.com*, an online nursing certification and continuing education web site.

Gannett Digital Marketing Services has been established to aggressively maximize scale and further enhance our product offerings. The company reorganized certain of its local marketing services efforts—GannettLocal, DealChicken, Clipper's Double-Take Deals and ShopLocal—into one centralized, cross-divisional business unit. The new business organization will help the company better leverage its local sales forces across divisions and maximize its ability to build, acquire or partner with others to deliver the high-quality digital marketing solutions needed to help customers succeed. It will also be responsible for product fulfillment functions; expansion of GannettLocal in building a high-quality telemarketing sales force to work with small customers; and training and integrating the sales forces at the company's 100-plus local media properties.

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**Newspaper partnerships:** The company owns a 19.49% interest in California Newspapers Partnership, which includes 19 daily California newspapers; a 40.64% interest in Texas-New Mexico Newspapers Partnership, which includes six daily newspapers in Texas and New Mexico and four newspapers in Pennsylvania; and a 13.5% interest in Ponderay Newsprint Company in the state of Washington.

**Joint operating agencies:** The company's publishing subsidiary in Detroit participates in a joint operating agency. The joint operating agency performs the production, sales and distribution functions for the subsidiary and another publishing company under a joint operating agreement. Operating results for the Detroit joint operating agency are fully consolidated along with a charge for the minority partner's share of profits. Through May 2009, the company also published the Tucson Citizen through the Tucson joint operating agency in which the company held a 50% interest. Because of challenges facing the publishing industry, combined with the difficult economy, particularly in the Tucson area, the company ceased publication of the Tucson Citizen on May 16, 2009. The company retained its online site and 50% partnership interest in the joint operating agency, which provides service to the remaining non-Gannett publication in Tucson. The company's share of results for the Tucson operations are accounted for under the equity method, and are reported as a net amount in Equity income in unconsolidated investees, net.

**Strategic investments:** In January 2012, the company acquired the assets of Fantasy Sports Ventures/Big Lead Sports, the leading independent sports digital site. This business will be an important addition to the USA TODAY Sports Media Group, positioning it as one of the top five sports sites on the web.

In November 2011, the company acquired the mixed martial arts web site, MMAjunkie.com, one of the leading online news destinations for the sport and a content provider for several print, online and TV outlets.

In August 2011, the company acquired US PRESSWIRE, the global leader in the creation and distribution of premium digital sports images to media companies worldwide. US PRESSWIRE operates within the USA TODAY Sports Media Group and provides daily sports photo coverage for all of the company's publishing and broadcast properties.

In January 2011, the company completed the acquisition of Reviewed.com, a group of product-review web sites that provide comprehensive reviews for technology products such as digital cameras, camcorders and high definition televisions. Its operations have been expanded to cover other household items and consumer services.

In November 2011, the company purchased a minority stake in ShopCo Holdings, LLC. ShopCo provides a common online shopping platform which allows advertisers to reach consumers in order to assist them in making informed purchasing decisions.

In 2011, CareerBuilder acquired JobsCentral, a leading jobs board in Singapore that also has a fast-growing presence in Malaysia. The company also acquired JobScout24, which solidified CareerBuilder's position as one of the top three online recruitment sites in Germany.

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In March 2010, CareerBuilder purchased CareerSite.biz, parent of three successful career-related operations in the U.K.; two online recruitment niche sites focusing on nursing and rail workers as well as a successful virtual career fair business.

The company also owns a 23.6% stake in Classified Ventures, a highly successful online business focused on real estate rental and automotive advertising. The company's equity in the earnings of Classified Ventures grew by 45% and 25% in the years 2010 and 2011, respectively.

In February 2009, the company purchased a minority interest in Homefinder. Homefinder is a leading national online marketplace connecting homebuyers, sellers and real estate professionals.

In August 2008, the company purchased Pearls Review, Inc., an online nursing certification and continuing education web site operated within Gannett Healthcare Group.

In July 2008, the company purchased a minority stake in Livestream, a company that provides Internet broadcasting services.

In May 2008, the company purchased a minority stake in Cozi Group Inc. (COZI). COZI is a free web service that helps families manage busy schedules, stay in communication and share memories.

With these acquisitions and investments, the company has established important business relationships to leverage its publishing and online assets and operations to enhance its online footprint, revenue base and profits.

**Business segments:** The company has three principal business segments: publishing, digital and broadcasting. The company reports a Digital business segment, which includes CareerBuilder, PointRoll, ShopLocal, Reviewed.com and Planet Discover. Operating revenues and income from web sites that are associated with publishing operations and broadcast stations are reported in the publishing and broadcast segments.

Financial information for each of the company's reportable segments can be found in the company's financial statements, as discussed under Item 7 Management's Discussion and Analysis of Financial Condition and Results of Operations and as presented under Item 8 Financial Statements and Supplementary Data of this Form 10-K.

## **Publishing/United States**

The company's U.S. publications, including USA TODAY, reach 11.6 million readers every weekday and 12.6 million readers every Sunday providing critical news and information from their customers' neighborhoods and around the globe.

At the end of 2011, the company operated 82 U.S. daily publications, including USA TODAY, and about 500 non-daily local publications in 30 states and Guam. The U.S. Community Publishing (USCP) division and USA TODAY are headquartered in McLean, VA. At the end of 2011, U.S. Publishing had approximately 20,900 full- and part-time employees including 7,700 employees in the newly formed Gannett Publishing Services (see page 11.)

The company's local publishing operations are managed through its U.S. Community Publishing division. These publishing operations are positioned in large and small markets; this geographical diversity is a core strength of the company.

Gannett publishes in major markets such as Phoenix, AZ.; Indianapolis, IN; Cincinnati, OH; Des Moines, IA; Nashville, TN; Asbury Park, NJ; Louisville, KY; and Westchester, NY.

Mid-sized markets are represented by Salem, OR; Fort Myers, FL; Appleton, WI; Palm Springs, CA; Montgomery, AL; and Greenville, SC.

St. George, UT; Fort Collins, CO; Sheboygan, WI; Iowa City, IA; and Ithaca, NY, are examples of smaller markets.

USA TODAY was introduced in 1982 as the country's first national, general-interest daily publication. It is produced at facilities in McLean, VA and transmitted via satellite to offset printing plants around the country. It is printed at Gannett plants in 11 U.S. markets and commercially at offset plants, not owned by Gannett, in 22 other U.S. markets.

During 2011, USATODAY.com saw double digit growth in unique visitors, visits, and page views per month. In October 2011, the site saw its best month on record in nearly five years. Engagement on the site also increased, with average minutes per visitor increasing 34% from January 2011 to November 2011. Organic search increased more than 30% from January 2011 to November 2011. USA TODAY mobile traffic has

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increased by 154% from 114 million page views in January 2011 to over 290 million page views in December, with the iPad generating almost half the traffic. Social referrals are also up 61% (comparing November to January 2011), with Facebook, Twitter and StumbleUpon driving the majority of social referrals.

All of the company's local publishing operations and affiliated web sites are fully integrated.

Other businesses that complement, support or are managed and reported within the publishing segment include: USA WEEKEND, Clipper Magazine, Gannett Government Media and Gannett Healthcare Group. Gannett Retail Advertising Group represents the company's local publishing operations in the sale of advertising to national and regional franchise businesses; Gannett Direct Marketing offers direct-marketing services; and Gannett Media Technologies International develops and markets software and other products for the publishing industry and provides technology support for the company's publishing and web operations. Gannett Publishing Services manages the production and other publishing services for all of these businesses and also oversees third-party commercial printing activities for all U.S. publishing locations.

**News and editorial matters:** In 2011, Gannett information centers focused on producing unique, high-impact, local news. Journalists were trained to create different experiences for the audiences of different platforms.

Several initiatives were designed to protect distinctive local content:

Gannett created Design Studios to handle the layout and design of every daily publication as well as weeklies, magazines and other products printed on paper. Loyal print readers expect sophisticated design. To create platform-perfect print design, studios were opened in five sites and staffed with top designers from across the country. The design production for local sites started moving into the studios mid-year and will be complete by December 2012. The studios are operationally efficient while building better design for publications across the company.

A common content-management system (CMS) enables communication and collaboration needed to build strong design remotely. By the end of 2011, 2,743 USCP and USA TODAY employees were using CCI Newsgate (the CMS).

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Content Evolution is a program Gannett rolled out in fall 2011 to tailor content to key audiences in local communities. Its foundation is an expectation that the local staffs conduct deep research into local residents' changing interests and use of technology. Only by understanding how people want to consume information today can journalists create experiences on various platforms. Content Evolution respects that Baby Boomer print readers in New Jersey will be different from Baby Boomer print readers in Florida or Oregon. Each site was charged with conducting research, shaping a content plan for today's readers, and restructuring to create the new content.

A New Content Subscription Model team won board approval to launch a new subscription model that honors the value of content regardless of the means readers use to access it. A yearlong research project culminated in a plan to sell subscriptions to content not products. The first six sites were introduced to the plan in November and are working to improve the content quality across every local platform. The Design Studios and the Content Evolution program were both designed to support this new business model. There will be a phased rollout of other sites, and all sites will be on the new business model by fall 2012. Each of these three initiatives is designed to promote unique, high-value local content that will drive dramatic operational transformation.

The drive to enhance journalism was also the catalyst for collaboration among journalists across Gannett's divisions. The Gannett divisions participated in several collaborative efforts:

Journalists from USCP, Broadcast and USA TODAY divisions worked together to produce a digital report as Hurricane Irene plowed up the East Coast. Content was pooled in a special report that ran across platforms.

Teams from USCP, the Military Times, Broadcast and USA TODAY contributed to a sweeping report that examined the lack of oversight of Federal Highway Administration funds. Local stories complemented the national stories. The company's domestic daily publishing operations received Gannett's wire service in 2011 and subscribe to The Associated Press. Some publishing operations use supplemental news services and syndicated features.

The company operates news bureaus in Washington, DC, and four state capitals—Albany, NY; Baton Rouge, LA; Trenton, NJ; and Tallahassee, FL.

In 2011, Gannett publishing operations and journalists received national recognition for their outstanding work:

The Tennessean tied as one of three finalists for the Pulitzer Prize in the Breaking News category for its multi-platform coverage of flooding in Nashville.

The Asbury Park Press won the Knight Award for Public Service, given by the Online News Association, for its reporting on New Jersey's property tax system.

The Argus Leader in Sioux Falls won the Taylor Family Award, presented by the Nieman Foundation, for fairness and solution-oriented reporting. The award honored "Growing Up Indian," a series that examined the welfare of children on Indian reservations. Gannett journalists took five honors in the Scripps Howard National Journalism Awards:

Linda Valdez, The Arizona Republic, Phoenix, editorial writing;

Tracy Loew, Statesman Journal at Salem, OR, outstanding community journalism;

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Laurie Roberts, The Arizona Republic, Phoenix, for commentary;

Mike Thompson, Detroit (MI) Free Press for editorial cartooning;

The Burlington (VT) Free Press, Edward Willis Scripps Award for Distinguished Service to the First Amendment for Crusade to open government.

Four sites were honored with Sigma Delta Chi awards:

The St. Cloud (MN) Times, investigative reporting;

The Detroit (MI) Free Press, editorial writing;

The News Journal in Wilmington, DE, public service journalism;

The Military Times, public service journalism.

The National Cartoonist Society's Reuben Award, given for best editorial cartoonist, was won by Gary Varvel of The Indianapolis Star.

The Toner Prize for Excellence in Political Reporting, given by Syracuse University, went to Craig Harris of the Arizona Republic for his series on Arizona's public pension system.

The Associated Press Managing Editors awards included:

The Arizona Republic, Phoenix, won the Gannett Foundation Award for Digital Innovation in Watchdog Journalism (large category);

The Statesman Journal, Salem, OR, won the Gannett Foundation Award for Digital Innovation in Watchdog Journalism (small category);

The Poughkeepsie (NY) Journal won a Public Service Award for Money Pit, Money Makers: Developmental Centers and the Medicaid Match ;

The Burlington (VT) Free Press won in the First Amendment category for work to strengthen open-government laws;

The Asbury Park (NJ) Press won in the Public Service category for its investigation and campaign to save Barnegat Bay;

The News Journal at Wilmington, DE, was honored in the Online Convergence category;

Florida Today at Brevard, FL, was honored in the Online Convergence category.





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**Audience research:** As Gannett's publishing businesses continue their mission to meet consumers' news and information needs anytime, anywhere and in any form, the company remains focused on an audience aggregation strategy. The company considers the reach and coverage of multiple products in its communities and measures the frequency with which consumers interact with each Gannett product.

Results from 2011 studies indicate that many Gannett local media organizations are reaching more people more often. For example, in Wilmington, DE, the combination of all Gannett products reach 84% of the adult population, an average of 6.1 times a week for 2.09 million total impressions each week – an 8% increase since 2008.

The company has gathered audience aggregation data for 52 Gannett markets and will continue to add more data in 2012. Aggregated audience data allows advertising sales staff to provide detailed information to advertisers about how best to reach their potential customers and the most effective product combination and frequency. This approach enables the company to increase its total advertising revenue potential while maximizing advertiser effectiveness.

Scarborough Research measures 77 of the nation's top markets. In a report on market penetration, the number of adults in a community who access a publication and its related web site, it noted that more than 3 out of 4 adults in the Rochester, NY, market in a given week either read the print version of the Rochester Democrat and Chronicle or visited its web site (democratandchronicle.com), making it the top-ranked publishing/web operations in the country for integrated audience penetration. Gannett had three of the top six such operations (Rochester, Gannett East Wisconsin and The Des Moines Register) in combined print and web site penetration. These markets are industry leaders because they understand and aggressively pursue different audiences for different platforms – true audience aggregation.

In addition to the audience-based initiative, the company continues to measure customer attitudes, behaviors and opinions to better understand customers' web site use patterns and use focus groups with audiences and advertisers to better determine their needs. In 2009, the U.S. Community Publishing research group launched an ongoing longitudinal study to measure audience and sentiment of consumers in key markets. To date, the group has conducted more than 23,200 interviews for the study.

U.S. Community Publishing Research is supporting the content evolution initiative by conducting consumer research in 78 markets to determine the local passion topics, those readers are most interested in seeing covered by their Gannett local media organizations. Through December 2011, research studies had been conducted in 14 markets, with the remaining 64 slated to be completed in early 2012.

**Advertising:** U.S. Community Publishing has advertising departments that sell retail, classified and national advertising across multiple platforms including print, online, mobile and niche publications. The company has a national ad sales force to focus efforts on the largest national advertisers and a separate sales organization to support classified employment sales – the DESC. Additionally, GannettLocal provides marketing specialists to small and medium sized businesses and Gannett Client Solutions groups which can provide customized marketing solutions. The company also has relationships with outside representative firms that specialize in the sale of national ads.

Retail display advertising is associated with local merchants or locally owned businesses. In addition, retail includes regional and national chains such as department and grocery stores – that sell in the local market.

Classified advertising includes the major categories of automotive, employment, legal, real estate/rentals and private party consumer-to-consumer business for merchandise and services. Advertising for classified segments is published in the classified sections, in other sections within the publication, on affiliated web sites and in niche magazines that specialize in the segment.

National advertising is display advertising principally from advertisers who are promoting national products or brands. Examples are pharmaceuticals, travel, airlines, or packaged goods. Both retail and national ads also include preprints, typically stand-alone multiple page fliers that are inserted in the daily print product.

The division's audience aggregation strategy gives it the ability to deliver specific audiences that advertisers want. Although some advertisers want mass reach, many want to target niche audiences by demographics, geography, consumer buying habits or customer behavior. In 2011, due to Gannett's new partnership with Yahoo!, U.S. Community Publishing's local media organizations are able to enhance audience delivery for customers by offering behavioral targeting. Whether it is mass reach or a niche audience, the approach our sites use is to identify an advertiser's best customers and develop advertising schedules that combine products within a site's portfolio to best reach the desired audience with the appropriate frequency.

In 2011, U.S. Community Publishing expanded the use of online reader panels for measuring advertising recall and effectiveness to include the Green Bay and Appleton markets. The reader panels, now in 18 markets, include nearly 30,000 opt-in respondents who provide valuable feedback regarding the ROI and effectiveness of more than 6,000 advertisements and 3,600 news articles. Reader panels are also used to identify

consumer sentiment and trends. This capability allowed markets to provide deeper insights for advertisers and ROI metrics that are in high-demand from customers.

The company's consultative multi-media sales approach has been directed at all levels of advertisers, from small, locally owned merchants to large, complex businesses. Along with this sales approach, the company has intensified its sales and management training and improved the quality of sales calls. Digital knowledge and a Gannett five step consultative sales process were formal training topics in 2011 in all Gannett markets. Front line sales managers in our largest 14 markets participated in intensive training to help them coach their sales executives for top performance.

A major company priority is to restructure U.S. Community Publishing sales organizations to match customers' needs while creating additional efficiencies to lower the cost of sale. U.S. Community Publishing local media organizations redesigned their sales teams around three general groups of customers: strategic regional, key local and small local accounts. The structure aligns sales and support resources to customers' needs and provides efficient service and affordable packages to smaller accounts and customized, innovative solutions to larger, more market driven clients. The structure includes digital specialists who expand online share in the local market for retail and classified verticals, including Cars.com, Homefinder.com, Apartments.com and CareerBuilder.com. There are also product specialists in larger markets who focus on growing niche advertisers in non-daily publications.

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To better serve top local customers and win more market share, the company created five Gannett Client Solutions Groups. Functioning like local ad agencies, the groups develop highly designed creative campaigns to give customers a competitive edge in the marketplace. The campaigns are comprehensive and often extend beyond the local media organizations' product portfolio, providing a high level of service.

The national ad sales team is responsible for large national retail accounts. These resources give national customers one point of contact for all Gannett markets, enable Gannett to have more strategic conversations, allow teams to respond better to customers' needs, and permit local sales personnel to focus on advertisers in their markets.

This national team works with the national sales resources of Digital, Broadcast and USA TODAY to create multi-market, multi-platform solutions for national advertisers scalable across the country.

Ad revenues from affiliated online operations are reported together with revenue from print publishing.

**Online operations:** The company's local web sites achieved significant growth in audience reach in 2011, as visitors rose 10% year over year as measured internally. In 2011, in coordination with the Digital group staff, U.S. Community Publishing completed the roll-out of a significant redesign of its web sites aimed at creating a more relevant and enjoyable experience for users, driving audience growth, and establishing unique marketing opportunities for advertisers. Results have been positive, including a substantial increase in online video consumption given the more prominent placement of video players throughout the site.

During 2011, Gannett expanded its partnership activity with Yahoo! to enable more of its local sales force to sell Yahoo! advertising inventory as part of Gannett's local advertising solutions. As a result of this successful partnership, local advertisers are benefiting from expanded digital reach.

The overriding objective of U.S. Community Publishing's online strategy is to provide compelling content that best serves our customers. A key reason customers turn to a Gannett online site is to find local news and information. The credibility of the local media organization, a known and trusted information source, includes its web site and differentiates the web site from other Internet sites. This factor allows Gannett's local media organizations to compete successfully as Internet information providers.

A second objective in the company's online business development is to maximize the natural synergies between the local media organizations and local web sites. The local content, customer relationships, news and advertising sales staff, and promotional capabilities are all competitive advantages for Gannett. The company's strategy is to use these advantages to create strong and timely content, sell packaged advertising products that meet the needs of advertisers, operate efficiently and leverage the known and trusted brand of the local media organization.

Gannett Media Technologies International (GMTI) provides technological support and products for the company's domestic local media organizations and Internet activities, including ad software and database management, editorial production and archiving, and web site hosting. In addition, GMTI provides similar services to other media companies.

**Non-daily operations:** The publication of non-daily products continued to be an important part of Gannett's market strategy for 2011. The company produces non-daily publications in the U.S. including glossy lifestyle magazines, community publications and publications catering to one topic, such as health or cars. The company's strategy for non-daily publications is to appeal to key advertising segments (e.g. affluent women, women with children or young readers). Non-daily products help print operations increase overall impressions and frequency for advertisers looking to reach specific audience segments or in some cases, like community weeklies, provide a lower price point alternative for smaller advertisers with specific geographic targets, thus helping to increase the local media organization's local market share.

**Circulation:** Detailed information about the circulation of the company's newspapers may be found later in this Form 10-K. Circulation declined in nearly all publishing markets, a trend generally consistent with the domestic publishing industry.

Home-delivery prices for the company's publications are established individually and range from \$1.70 to \$3.80 a week for daily products and \$0.85 to \$3.40 a copy for Sunday products.

Twenty-one U.S. Community Publishing sites increased Sunday circulation volume from the previous year based on the ABC September 2011 Publisher's Statement, including Alexandria, LA; Clarksville, TN; Cherry Hill, NJ; Chillicothe, OH; Cincinnati, OH; Des Moines, IA; Fort Collins, CO; Greenville, SC; Jackson, TN; Lafayette, IN; Montgomery, AL; Murfreesboro, TN; Nashville, TN; Newark, OH; Pensacola, FL; Phoenix, AZ; Reno, NV; Salisbury, MD; Staunton, VA; Wilmington, DE; and Zanesville, OH. In total, U.S. Community Publishing total Sunday circulation was down just slightly to the previous year, 0.1% based on the September 2011 statement.

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At the end of 2011, 70 of the company's domestic daily publications, including USA TODAY, were published in the morning, and 12 were published in the evening. For local U.S. publications, excluding USA TODAY, morning circulation accounts for 97% of total daily volume, while evening circulation accounts for 3%.

The single copy price of USA TODAY at newsstands and vending machines is \$1.00. Mail subscriptions are available nationwide and abroad, and home, hotel and office delivery in many markets. Approximately 47% of its net paid circulation results from single-copy sales at newsstands, vending machines or to hotel guests, and the remainder is from home and office delivery, mail, educational and other sales.

**Production:** Product quality and efficiency improvements continue in several areas, as continually improving technology allows for greater speed and accuracy and led to continued consolidation of job functions for all divisions of Gannett now managed by Gannett Publishing Services. That efficiency trend is expected to continue through 2012.

The roll-out of U.S. Community Publishing sites into the Gannett Imaging and Ad Design Centers (GIADC) was completed in 2011. Properties being serviced by the GIADC total 79 and include all U.S. Community Publishing dailies with the exception of Muncie and Guam. In addition to U.S. Community Publishing Sites, USA TODAY is now included.

In 2011, the GIADC built 1.3 million ads (includes digital, print and spec). Of the 1.3 million ads, almost 100,000 were digital and 36,000 were spec ads. Of the spec ads produced, over 11,000 of those were reported to the GIADC as being sold. All sites were live going into the fourth quarter (with the exception of USA TODAY) and on average the GIADC processed 28,829 ads per week and 64,968 images per week. In October, the GIADC launched a Creative Campaign program which allows sales representatives to work directly with a team of highly creative artists to target particular customers and develop a comprehensive multimedia program.

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Digital needs continue to increase from U.S. Community Publishing and other Gannett divisions. The GIADC has assisted Digital on several initiatives and built ads for the Broadcast division for a good portion of the year. Broadcast will be transitioning a portion of its work to the GIADC in 2012. There have been inquiries by non-Gannett customers about the ad production process, and the GIADC is positioning the organization to assume commercial work in 2012.

USA TODAY Prepress transitioned to GPS in the fourth quarter. With this transition, workflow will change. USA TODAY print sites are being moved from USA TODAY owned plate equipment, and new guidelines are being established for workflow, print standards and overall quality monitoring. This initiative will continue throughout 2012.

At the end of 2011, all 82 domestic daily publications (including USA TODAY) were printed by the offset process and the majority at 44-inch web and on 45 gram paper. Also at year end, more than 70% of its domestic community daily publications were either printed in Gannett owned facilities that print multiple daily publications or non-Gannett printers.

Sixteen publications are now producing work in Gannett's five Design Studio locations in Asbury Park, NJ; Nashville, TN; Louisville, KY; Des Moines, IA; and Phoenix, AZ. All U.S. Community Publishing sites, except Guam, will have their design work produced in Design Studios by the end of 2012.

**Gannett Publishing Services:** Reducing the costs associated with the production and distribution of publications across all divisions is a major strategic transformation initiative for Gannett. In late September 2011, Gannett Publishing Services (GPS), a single business unit of Gannett, was formed to directly manage all of the production and circulation operations of Gannett's 81 domestic community publications, USA TODAY and Gannett Offset. GPS encompasses approximately 7,700 employees.

GPS will more fully leverage Gannett's existing assets, including employee talent and experience, physical plants and equipment, and its vast national and local distribution networks. The tactical objectives of the new unit are to optimize commercial services, leverage expertise, standardize best practices to optimize efficiency and eliminate duplication. The strategic objectives are to allow local unit management to focus on growing audience, content and revenue development and GPS management to focus on consumer sales and the transition of the company's print subscribers to multi-media subscribers on the new content subscription model.

GPS will be responsible for imaging, ad production, internal and external printing and packaging, internal and external distribution, consumer sales, customer service and direct marketing services. GPS expects revenue gains from the sales of pre-media services, commercial printing, third party product delivery and customer services capabilities and expects cost savings from standardizing best practices across the printing and distribution networks and the elimination of redundancies.

**Competition:** The company's publishing operations and affiliated web sites compete with other media for advertising principally on the basis of their performance in helping to sell the advertisers' products or services. Publishing operations also compete for circulation and readership against other professional news and information operations and amateur content creators. While most of the company's publishing operations do not have daily competitors that are published in the same city, in select larger markets, there are such competitors. Most of the company's print products compete with other print products published in suburban areas, nearby cities and towns, free-distribution and paid-advertising publications (such as weeklies), and other media, including magazines, television, direct mail, cable television, radio, outdoor advertising telephone directories, e-mail marketing, web sites and mobile-device platforms.

Web sites which compete for the principal traditional classified advertising revenue streams such as real estate, employment and automotive, have had the most significant impact on the company's revenue results.

The rate of development of opportunities in, and competition from, digital media, including Internet and mobile platforms, is increasing. Through internal development, content distribution programs, acquisitions and partnerships, the company's efforts to explore new opportunities in the news, information and communications business and in audience generation will keep expanding. The company continues to seek more effective ways to engage with its local communities using all available media platforms and tools.

**Environmental 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 its operations.

The company is one of the industry leaders in the use of recycled newsprint, increasing its purchases of newsprint containing recycled content from 42,000 metric tons in 1989 to 223,715 metric tons in 2011. During 2011, 56% of the company's domestic newsprint purchases contained recycled content, with an average recycled content of 39%.

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The company's publishing operations use inks, photographic chemicals, solvents and fuels. The use, management and disposal of these substances are sometimes regulated by environmental agencies. The company retains a corporate environmental consultant who, along with internal and outside counsel, oversees regulatory compliance and preventive measures. Some of the company's subsidiaries have been included among the potentially responsible parties in connection with sites that have been identified as possibly requiring environmental remediation. Additional information about these matters can be found in Item 3, Legal Proceedings, in this Form 10-K.

**Raw materials U.S. & U.K.:** Newsprint, which is the basic raw material used in print publication, has been and may continue to be subject to significant price changes from time to time. During 2011, the company's total newsprint consumption was 488,414 metric tons, including consumption by USA WEEKEND, USA TODAY, tonnage at non-Gannett print sites and Newsquest. Newsprint consumption was 9% less than in 2010. The company purchases newsprint from 22 domestic and global suppliers.

In 2011, newsprint supplies were adequate. The company has and continues to moderate newsprint consumption and expense through press web-width reductions and the use of lighter basis weight paper. The company believes that available sources of newsprint, together with present inventories, will continue to be adequate to supply the needs of its publishing operations.

The average cost per ton of newsprint consumed in 2011 increased by 13% compared to 2010. The effect of price increases was partially offset by consumption declines. In 2012, the company expects newsprint expenses to decline due to decreases in consumption.

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### **Publishing/United Kingdom**

Newsquest produces 17 daily paid-for publications and more than 200 weekly publications, magazines and trade publications in the U.K., as well as a wide range of niche products. Newsquest operates its publishing activities around regional centers 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 across the market. The clustering of titles and, usually, the publication of a free print product alongside a paid-for print product, allows cross-selling of advertising serving the same or contiguous markets, satisfying the needs of its advertisers and audiences. Newsquest produces free and paid-for print products with quality local editorial content. Newsquest also distributes a substantial volume of advertising leaflets in the communities it serves. Most of Newsquest's paid-for distribution is outsourced to wholesalers, although direct delivery is employed as well to maximize circulation sales opportunities.

Newsquest's publishing operations are in competitive markets. Their principal competitors include other regional and national newspaper and magazine publishers, other advertising media such as broadcast and billboard, Internet-based news and other information and communication businesses.

Newsquest revenues for 2011 were approximately \$513 million, down 6% in local currency reflecting the continuing difficult economy. While in-paper advertising revenue categories declined, digital revenues grew by 5%. As in the U.S., advertising, including ad revenue from online web sites affiliated with the publications, is the largest component of Newsquest's revenue, comprising approximately 70%. Circulation represented 22% of revenue. Printing for third-party newspaper publishers accounts for most of the remainder of revenue.

Editorial quality was recognized through the awards won in the year. Herald Chief Reporter Lucy Adams won the European Lorenzo Natali Journalism Prize for her writing on the plight of women in the Democratic Republic of Congo suffering sexual abuse.

The Sunday Herald became European Weekly Newspaper of the year at the European Newspaper awards in Vienna in March. It was also named best designed newspaper in the U.K. at the Newspaper 2011 Awards in London in May.

Newsquest media organizations also won a number of other regional press awards for playing an effective role in the community. For example, The Worcester News was presented with a certificate of achievement by the U.K. government for encouraging local employers to hire young people for apprenticeships. It set a target of creating 100 apprenticeships within 100 days. In fact, it got 100 employers to offer 206 apprenticeships within the time period.

Following the successful launch of Northern Farmer in 2010, a sister title to The Scottish Farmer, Newsquest launched Southern Farmer and Wales Farmer in 2011. An additional farming product is planned for 2012.

Significant restructuring in response to the economic unevenness and lower revenues resulted in reducing the number of employees at Newsquest to 4,500 at year end, a decrease of 8% compared to 2010. Cost reduction initiatives included the consolidation of a number of back-office functions.

In October 2010, after discussion with its pension plan trustees and employees, the decision was made to close the Newsquest defined benefit plan to future accrual, effective March 31, 2011. The plan closure reduced pension expense and funding volatility and was part of a package of measures to address the plan's deficit.

Despite an increase in the cost of newsprint, total costs finished down from 2010 in local currency, as a result of the range of cost reduction measures taken.

**Digital operations:** Newsquest actively seeks to maximize the value of its local media brands through digital channels. Newsquest's most recent data indicated that an average of 8.3 million unique users accessed the Newsquest site network each month during the period July - December 2011.

Newsquest's total online revenue increased by 5% in local currency. Online banner revenues grew by 14%, propelled by improved audiences and sales activity. During the year national banner sales were managed by dealing directly with advertising agencies rather than selling through third-party ad networks.

Testing of a subscription on the Herald Scotland web site began in 2011.



Beginning in 2011, Newsquest's digital employment advertising was served by CareerBuilder, increasing the potential audience to both CareerBuilder and Newsquest's customers.

In Scotland, the group's wholly owned market leading recruitment web site, s1, increased revenues by 12% from 2010.

**Digital operations Publishing and Broadcasting**

Gannett Digital's mission is to be Gannett's catalyst for revenue growth and innovation. During 2011, under the leadership of newly hired Chief Digital Officer David Payne, Gannett Digital was reorganized into a product development and shared services organization that supports, hosts and manages the key infrastructure for the company's digital operations, including databases, applications, templates, architecture, user experience, project management, digital video production, mobile and web development, distribution, packaging, ad solutions, and paid content systems.

At its core, Gannett has unparalleled, original content assets, including its national brand, USA TODAY, and its over 100 local print and television brands, as well as a large audience reach. In December 2011, Gannett's total online U.S Internet audience totaled 50.8 million monthly unique visitors, reaching about 23% of the Internet audience, as measured by comScore Media Metrix.

During the first quarter of 2011, the redesign of the local publishing and broadcast web sites was completed. Results have been positive to date, including a substantial increase in online video consumption given the more prominent placement of video players throughout the sites. Specifically, the local publishing and broadcast sites saw an 82% year-over-year increase in on-demand video plays during 2011.

Following the reorganization in mid-2011, Gannett Digital has developed an aggressive roadmap to 1) develop next generation mobile, tablet and browser experiences for its more than 100 properties and 2) integrate its back-end editorial, publishing and advertising platforms. New video and user-generated content (UGC) systems and capabilities, combined with an invigorated social integration and distribution strategy, will be key components of the new digital experiences that will drive engagement. The advertising strategy for the new products will be focused on higher impact, higher value advertising units that will drive better results for marketers.

Additionally, back-end tools will be built to enable Gannett to more effectively leverage its content across all divisions.

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Gannett Digital is managing a series of infrastructure enhancements that will streamline operations to enable easier workflows for the editorial and sales/marketing teams. Areas of work include new advertising operations and processes, merging and integrating disparate publishing systems from across the company, building out asset management capabilities and improving front-end tools for editorial workflow. The first of these infrastructure projects began in late 2011 with the migration of USA TODAY to a new order management platform. This will be followed in 2012 by migrating ad servers to DoubleClick, simplifying sales processes and developing richer targeting and profiling systems that deliver more attractive ad solutions for clients.

Gannett Digital is also supporting U.S. Community Publishing's new content subscription model through the development and enhancement of digital applications for tablets and smartphones and mobile and web sites that will provide access to all of its digital content offerings. Additionally, Gannett Digital is working with a cross-divisional technology team and a third-party vendor to build the infrastructure to support the new subscription model.

Video remains a key growth opportunity for Gannett. In December 2011, Gannett's total on-demand video plays, including BNQT Media Group, totaled 122 million, up over 380% year over year. The strong growth can be attributed to creating and licensing more video content, optimizing video players for mobile sites and search engines, and better promoting video via site redesigns. In 2012, Gannett will be opening a Video Production Center (VPC) in Atlanta, GA, housed with WXIA-TV, to curate, publish and distribute on-demand and live video content across Gannett and to/from third-parties. Other key areas of focus in 2012 will be increasing video content in the local markets through investment in technology and training, developing analytic capabilities and continuing to drive increased monetization.

The consumer adoption of mobile devices remains a critical area of opportunity and product development for Gannett. In 2011, Gannett's properties served 2.86 billion mobile page views and for USA TODAY specifically, mobile page views surpassed web site page views in December 2011. During the first several months of 2011, a new mobile content management system that supports both mobile sites and native applications rolled out across Gannett, enabling both centralized and local resources to more rapidly build and manage content (including video) using a common development framework.

Throughout the year, USA TODAY continued its leadership role in mobile by developing a broad product portfolio to address established and emerging platforms and devices. Both USA TODAY's iPhone and iPad applications lead the news category; the iPhone application reaches 1.4 million monthly visitors and has over 4.7 million downloads, while the iPad application reaches 1.1 million monthly visitors and has over 2.8 million downloads. In addition to products for Apple's iOS, USA TODAY has also built products for Android systems, including the Samsung Galaxy and Motorola Zoom, and Microsoft systems, including Windows Phone 7 and the upcoming Windows 8 product that is scheduled to be in Beta release during the first half of 2012.

Recently, Gannett capitalized on Amazon's release of its low-cost Kindle Fire tablet and released an Android application specifically built for the device in time for the gift-giving season. The strategy yielded strong results; USA TODAY acquired over 125,000 new users in the seven days between December 25 and December 31. As of mid-January 2012, the USA TODAY application was the number one free application in the News & Weather category and maintained a 4.5 star rating.

New product development remains a focus for Gannett and will benefit from the aforementioned improvements to technology through better collaboration across the company and increased speed to market. The most significant new product development effort in 2011 was the launch of DealChicken, Gannett's owned and operated social commerce/daily deals product. During the third and fourth quarters of 2011, DealChicken was launched in 57 markets, joining Phoenix, which originally launched DealChicken in September 2010. DealChicken has expanded Gannett's advertiser base; approximately 80% of DealChicken's advertisers have been new to Gannett. Additionally, DealChicken has been able to leverage its broad reach to offer both regional and national deals. Overall, DealChicken brings a new email marketing capability to Gannett's growing suite of marketing services and will be a key component of Gannett's new Digital Marketing Services group.

Throughout 2012 and beyond, Gannett Digital will remain focused on building products that delight and engage consumers, while also driving the highest possible monetization.

### **Digital segment**

The digital business segment includes CareerBuilder, as well as PointRoll, ShopLocal, Reviewed.com and Planet Discover. At the end of 2011, the digital segment had approximately 2,400 full-time and part-time employees.

CareerBuilder is the global leader in human capital solutions, helping companies target, attract and retain talent. Its online job site, CareerBuilder.com, is the largest in North America with the most traffic and revenue. Currently, CareerBuilder operates web sites in 20 countries outside the U.S., including the U.K., France, Germany, Canada, Singapore, India and China, and has a presence in 51 markets.

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CareerBuilder offers everything from employment branding, and talent and compensation intelligence to recruitment solutions. Most of the revenues are generated by its own sales force but substantial revenues are also earned through sales of employment advertising placed with CareerBuilder's owners' affiliated media organizations.

In 2011, CareerBuilder acquired JobsCentral, a leading jobs board in Singapore that also has a fast-growing presence in Malaysia. The company also acquired JobScout24, which solidified CareerBuilder's position as one of the top three online recruitment sites in Germany. CareerBuilder is looking to expand its global operations further in 2012.

CareerBuilder has a long-term strategic marketing agreement with Microsoft. CareerBuilder is headquartered in Chicago, IL, and at the end of 2011, it had approximately 2,000 full-time and part-time employees.

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PointRoll is the leading provider of digital marketing services and technology. PointRoll enables advertisers, agencies, and publishers to create, target, deploy, and optimize digital campaigns in real time across any digital channel including display, rich media, in-stream video, mobile, tablet and more. PointRoll provides the creative tools, analytics and expertise marketers need to effectively engage consumers and convert them into buyers and brand supporters. Founded in April 2000, PointRoll has been instrumental in the evolution of digital engagement and has evolved beyond the expandable banner ad to offer marketers the ability to find consumers wherever they are across any digital platform and deliver a relevant brand or direct response experience, dramatically improving ad effectiveness while gaining actionable insights. In early 2012, PointRoll plans to launch its next-generation technology platform called OnPoint, which will provide advanced audience analytics, new creative formats, added dynamic advertising functionality, and enhanced insights for customers' campaigns. PointRoll is headquartered in King of Prussia, PA, and maintains offices across the U.S.

ShopLocal, a leader in multi-channel shopping services, connects retailers with shoppers through innovative, effective and measurable marketing solutions, enabling over 80 of the nation's top retailers to deliver highly interactive, targeted and engaging localized promotions to shoppers through online circulars, display advertising, search, social media, digital out of home and mobile. The result is highly effective communications that deliver the right message, to the right person, at the right time. Pioneering the use of the Internet for driving in-store sales with online circulars, ShopLocal has spent the past decade developing digital marketing solutions and building a powerful publisher network that connects one-to-one with shoppers. ShopLocal's leading client base includes Target, Best Buy, Home Depot, CVS, Super-Value and Sears. ShopLocal is headquartered in Chicago, IL.

Planet Discover provides hosted search and advertising services that allow clients to offer consumers robust local information through search. Its innovative technology enables clients to provide specialized, private-label search functionality that gives users a simple-to-use interface for finding all the local information they need, and gives advertisers valuable exposure to local consumers at that critical time when purchases are considered. Planet Discover is headquartered in Fort Mitchell, KY.

**Competition:** For CareerBuilder, which is currently the largest online employment site in North America, the market for online recruitment solutions is highly competitive with a multitude of online and offline competitors. Competitors include other employment related web sites, general classified advertising web sites, professional networking and social networking web sites, traditional media companies, Internet portals, search engines and blogs. The barriers for entry into the online recruitment market are relatively low and new competitors continue to emerge. Recent trends include the rising popularity of professional and social media networking web sites which have gained traction with employer advertisers. The number of niche job boards targeting specific industry verticals has also continued to increase. CareerBuilder's ability to maintain its existing customer base and generate new customers depends to a significant degree on the quality of its services, pricing and reputation among customers and potential customers.

For PointRoll, the market for rich media advertising technology solutions is highly competitive with a dozen or so competitors. Competitors include divisions of larger public media and technology companies, and several earlier-stage independent rich media, dynamic ad, video, mobile, and social advertising technology specialists. The barriers to entry in the rich media market are moderate. Recent trends include the shift towards audience-centric, exchange-based media buying, entry of dynamic ad generation specialists, the move towards automated creative design tools, and the shift of video content online with associated in-stream advertising opportunities. Increasingly, marketers and their agencies are looking for advertising technology providers that can scale across media platforms, including rich media, video and mobile. PointRoll's ability to maintain and grow its customer base and revenue depends largely on its continued product innovation, level of service quality, depth of marketing analytics and ultimately the effectiveness of its rich media advertising and resulting customer satisfaction.

For ShopLocal, the market for digital store promotions is highly competitive and evolving as digital media transforms marketing programs. ShopLocal competitors in the online circular space are also numerous. Recent trends include the increasingly rapid consumer media shift to digital formats and the growth in research-online-buy-offline shopping behavior. These are driving an evolution and eventual transformation of marketing for the store which creates potential challenges from traditional as well as new competitors. The barriers to entry in the space are moderate. ShopLocal's ability to retain and grow its client base and revenue depends largely on expansion of the types of promotions managed, innovation in distribution methods and continued high-quality service.

**Regulation and legislation** (for digital segment businesses and digital operations associated with publishing and broadcasting businesses): The U.S. Congress has passed legislation that regulates certain aspects of the Internet, including content, copyright infringement, taxation, access charges, liability for third-party activities and jurisdiction. In addition, federal, state, local and foreign governmental organizations have enacted and also are considering other legislative and regulatory proposals that would regulate the Internet. Areas of potential regulation include, but are not limited to, user privacy and intellectual property ownership. With respect to user privacy, the legislative and regulatory proposals would regulate behavioral advertising, which specifically refers to the use of user behavioral data for the creation and delivery of more relevant, targeted Internet advertisements. Some Gannett properties leverage certain aspects of user behavioral data in their solutions.

## **Broadcasting**

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At the end of 2011, the company's broadcasting division, headquartered in McLean, VA, included 23 television stations in markets with nearly 21 million households covering 18.1% of the U.S. population. The broadcasting division also includes Captivate Network.

At the end of 2011, the broadcasting division had approximately 2,600 full-time and part-time employees, approximately 2% more than at the end of 2010.

The principal sources of the company's television revenues are: 1) local advertising focusing on the immediate geographic area of the stations; 2) national advertising; 3) retransmission of the company's television signals on satellite and cable networks; 4) advertising

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on the station's web and mobile products; and 5) 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. Captivate derives its revenue principally from national advertising on video screens in elevators of office buildings and select hotel lobbies. As of year-end, Captivate had over 9,700 video screens located in 25 major cities across North America.

Advertising rates charged by a television station are based on the ability of a station to deliver a specific audience to an advertiser. The larger a station's ratings in any particular day part, the more leverage a station has in asking for a price advantage. As the market fluctuates with supply and demand, so does the station's pricing. Almost 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 and sells on its own behalf commercial advertising for certain of the available ad spots within the network programs. The company's television stations produce local programming such as news, sports, and entertainment.

The company broadcasts local newscasts in High Definition (HD) in all of its 19 markets. These telecasts have been well received given the dramatic increase in sales of HD televisions.

For all of its stations, the company is party to network affiliation agreements as well as cable and satellite carriage agreements. The company's 12 NBC-affiliated stations have agreements that expire on Jan. 1, 2017. The agreements for the company's six CBS affiliates expire on Dec. 31, 2015. The company's three ABC affiliates have agreements which expire on Feb. 28, 2014. The company's two MyNetworkTV-affiliated stations have agreements that expire in October 2014.

In 2011, the company completed retransmission negotiations with multiple providers including hundreds of cable operators in its local markets. All are multi-year agreements that provide the company with significant and steady revenue streams. There are no incremental costs associated with this revenue and therefore all of these revenues contribute directly to operating income. Retransmission revenues are expected to grow by double digits again in 2012.

The transition to DTV has provided the company with the ability to offer additional services to its viewers. The company is very active in creating a Mobile DTV service for viewers nationwide. In 2011, Gannett's partnership in Pearl (a group of nine broadcast companies) continued making progress with FOX, NBC and ION executing a nationwide Mobile DTV business called Mobile Content Venture (MCV). MCV made several announcements in 2011 which demonstrated significant advancements of the business: 1) stations continue to power up mobile transmitters around the country (eight Gannett stations), 2) over 32 markets will launch the MCV service in 2012 across the country, 3) a consumer nationwide brand was announced and the product will be named Dyle, and 4) agreements with both Metro PCS/Samsung and Belkin to provide the service were announced at the Consumer Electronics Show in January 2012.

As part of our growing engagement and innovation with social media, Gannett joined 10 leading television broadcast groups and invested in a long-term commercial partnership with a Silicon Valley-based start-up called ConnecTV. The service being developed is a free, real-time social network built for TV viewers. ConnecTV expands the TV experience by allowing viewers to interact with other fans watching the same program, while providing a broad range of related content and promotional opportunities. The product is an application that can be downloaded to any mobile device.

**Programming and production:** 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. 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, to increase locally responsible programming, and to better control costs.

The company's television stations continue to improve their Information Centers with a renewed emphasis on creating powerful, focused and dynamic newscasts with the help of the division's newly created 9 Areas of Focus. Following a year-long research project, Gannett TV stations have focused on several content areas and presentation methods that will engage current viewers and help return non-viewers to local TV news. The focus areas range from Community Advocacy to Watchdog Journalism to Debate and Opinion. Furthermore, staff members are much more engaged in the product.

In early 2011, the company's Phoenix station launched a resource sharing effort with the company's Phoenix publishing and online operations which brought the company's channel 12 News television operation into the Republic Media building. The television station is broadcasting from a high-tech street-level studio. The combined news staff is part of a print, broadcast and online collaboration designed to add breadth and depth

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to coverage for readers and viewers, and initially is focusing on four areas: breaking news, sports, features/entertainment and photo/video.

The broadcast division is currently installing an updated news-room workflow solution that allows it to share content seamlessly throughout the entire company. New, lower cost cameras, are also part of this new workflow and allow more people to shoot and edit their own video while improving the overall quality of Gannett Broadcasting's on air look.

The stations are also aggressively deploying a new technology that allows Gannett Broadcasting to do high quality, even HD, live shots from any location where cellular service is available. This technology will allow the company to greatly expand its live news distribution abilities at a far more efficient cost. This combination gives Gannett television stations greater flexibility and ease in the use of live shots while at the same time reducing capital purchases and depreciation. Both of these are examples of using new technologies to increase content, quality and efficiency while reducing cost.

The Broadcast Division has established several centralized operations including Gannett Graphics Group (G3), web and digital developers, hubbing centers for each of its three network affiliate groups for master control monitoring, and the Center for Credit and Collections (CCC). Operational efficiencies and cost reductions have been realized from these centers. The Broadcast Division also established a centralized traffic center called Gannett Traffic Operation (GTO). While GTO created some efficiencies and permitted a slight reduction in workforce, the key strategic reason for centralizing was to give the company a mechanism to better standardize best practices with inventory, and better position the company for future opportunities for business with a single point of entry to its inventory.

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Broadcasting stations were recognized with several regional and national awards. Thirty-nine regional Edward R. Murrow Awards from the Radio Television Digital News Association were awarded to Gannett television stations, including four Overall Excellence Awards received at KARE in Minneapolis-St. Paul, MN; KUSA in Denver, CO; WGRZ in Buffalo, NY; and KSDK in St. Louis, MO. Three Gannett TV stations WGRZ, KARE and KUSA won five national Edward R. Murrow awards for a variety of locally produced work, with WGRZ winning for overall excellence in the small market category. KUSA won its 12th consecutive Station of the Year award from Colorado Broadcasters Association.

**Competition:** In each of its broadcasting markets, the company's stations and affiliated web sites compete for revenues with other network-affiliated and independent television and radio broadcasters and with other advertising media, such as cable television, newspapers, magazines, direct mail, outdoor advertising and Internet media. Other sources of present and potential competition for the company's broadcasting properties include home video and audio recorders and players, direct broadcast satellite, low-power television, radio, video offerings (both wire line and wireless) of telephone companies as well as developing video services. The stations also compete in the emerging local electronic media space, which includes Internet or Internet-enabled devices, handheld wireless devices such as mobile phones and iPads, social media platforms, and digital spectrum opportunities associated with DTV. The company's broadcasting stations compete principally on the basis of their audience share, advertising rates and audience composition.

In 2011, the Broadcast Division focused on increasing engagement with local customers across all platforms, not just television, and those efforts paid off. The division saw very strong growth in digital metrics as its content remains in high demand and it re-structured workflows and re-designed consumer products. Overall in 2011, online visitors increased 27% and page views were up 24%. This is a significant improvement over 2009-2010 when page views increased 6%. The most valuable content, from an advertising perspective, is video. On demand video plays increased 100% in 2011 as a direct result of the workflow and design initiatives.

Consumer engagement on mobile devices is also a priority. 2011 saw strong growth despite an exponential growth in competition. Mobile video consumption increased almost every month in 2011, growing 275% from January 2011 to December 2011. In the second half of 2011, the stations began rolling out local station apps for the iPhone. Page views from these apps are now double the page views from the mobile web.

Social media is a positive development for broadcasters. Broadcast television news, sports and entertainment programming drive some of the largest engagement numbers on Facebook and Twitter, and that engagement in turn creates more interest in that programming, as well as free marketing. Whether it's following big breaking news, such as Hurricane Irene or the East Coast Earthquake, or getting involved to change laws or policies, or even helping to replenish a food bank or volunteering in breast cancer awareness events, customers engage with local brands using Facebook and Twitter. Gannett Broadcast Facebook fans increased over 200% in 2011 and Twitter increases were similar. The benefit is not only in having customers who like or follow Gannett TV stations, but also in engaging people who contribute pictures, comments, and give input every day on local content. Social media has enabled a true two-way conversation that results in deep consumer engagement and loyalty while providing new means for local advertisers to reach targeted customers.

Local news and information is highly 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.

**Regulation:** The company's television stations are operated under the authority of the Federal Communications Commission (FCC), 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 upon application to the FCC and usually are renewed except in rare cases in which 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. Nine of the company's stations filed for FCC license renewals in 2004, eight did so in 2005, another five in 2006 and the remaining station filed on Feb. 1, 2007. As of January, 2012, 18 of the 23 license renewal applications were granted and the company expects the remaining five pending renewals to be granted in the ordinary course.

FCC Regulations also limit concentrations of broadcasting control and regulate network and local programming practices. 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; or radio and daily newspapers). In addition, the Communications Act includes a national ownership cap under which one company is permitted to serve no more than 39% of all U.S. television households. (The company's 23 television stations currently reach approximately 18.1% of U.S. television households.) FCC rules permit common ownership of two television stations in the same market in certain circumstances provided that at least one of the commonly owned stations is not among the market's top four rated stations at the time of acquisition.



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In 2007, the FCC revised its ownership regulations by adopting a modified daily newspaper/broadcast cross-ownership rule. In adopting this new rule, the FCC granted a permanent waiver authorizing the company's continued ownership of both KPNX-TV and The Arizona Republic in Phoenix, AZ. The revised rule may be of limited value in permitting expanded ownership opportunities because it contains presumptions that (i) common ownership of a television station and a daily newspaper may be permitted in the top 20 television markets only if the television station is not one of the top four rated stations, and (ii) in all other television markets, common ownership of a newspaper and television station in the same market is not in the public interest. (Most of the company's stations are rated number one or two in their markets.) Applicants for proposed combinations that are presumed not to be in the public interest will be required to satisfy specified criteria to rebut the presumption against common ownership. The FCC did not revise any other aspect of the FCC ownership rules. Following an appeal, in July 2011 a court remanded the FCC's

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relaxation of the newspaper/broadcast rule back to the FCC for its failure to comply with statutory notice requirements. The court rejected a challenge to the FCC's grant of a permanent waiver to the company's continued ownership of the Arizona Republic and KPNX-TV. The court also rejected a challenge to the FCC's retention of the local television ownership rule. Media parties have sought Supreme Court review of the court's decision not to further liberalize the ownership rules. In addition, the FCC has commenced a new review of its ownership rules, as it is required to do every four years, and this review may result in additional rule modifications. The FCC has proposed to retain the local television ownership rule (but is seeking comment on a possible waiver standard for smaller markets), and has proposed a modest relaxation of the newspaper/broadcast rule (similar to the rule that the FCC had adopted during the last ownership review that was rejected in court). The FCC's notice of proposed rulemaking also seeks comment about shared services agreements and local news agreements, including whether such arrangements should be attributable for purposes of the ownership rules. This review process is expected to continue throughout 2012.

Congress and the FCC are considering possible changes to the Communications Act and to other FCC Regulations, respectively, including a repackaging of the television spectrum, which might entail the company's stations moving to different channels, having smaller service areas, and/or accepting additional interference; the rules concerning retransmission consent (which govern cable and satellite operators' carriage of the signals of the company's stations); the statutory cable and satellite copyright regime; and the rules and policies concerning the specific amount and type of public-interest programming required to be carried by broadcast stations to satisfy their license obligations and requirements concerning the disclosure of such programming efforts.

## **Employees**

At the end of 2011, the company and its subsidiaries had approximately 31,000 full-time and part-time employees including 2,000 for CareerBuilder. At certain operations, headcount reductions were made in 2011 as part of efficiency and consolidation efforts taken in response to the uneven recoveries in the U.S. and U.K. economies and declining revenues, particularly in the company's publishing businesses.

Approximately 11% of those employed by the company and its subsidiaries in the U.S. are represented by labor unions. They are represented by 64 local bargaining units, most of which are affiliated with one of seven international unions under collective bargaining agreements. These agreements conform generally with the pattern of labor agreements in the publishing and broadcasting industries. The company does not engage in industrywide or companywide bargaining. The company's U.K. subsidiaries bargain with two unions over working practices, wages and health and safety issues only.

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.

The company and its subsidiaries have various retirement plans, including plans established under some collective bargaining agreements.

The company has a 401(k) Savings Plan, which is available to most domestic non-represented employees and unionized employees who have bargained participation in the plan.

In June 2008, the Board of Directors approved amendments to each of (i) the Gannett Retirement Plan; (ii) the Gannett Supplemental Retirement Plan (SERP); (iii) the Gannett 401(k) Savings Plan (401(k) Plan); and (iv) the Gannett Deferred Compensation Plan (DCP). The amendments were designed to improve the 401(k) Plan while reducing the amount and volatility of future pension expense. As a result of the amendments to the Gannett Retirement Plan and SERP, most participants in these plans had their benefits frozen as of Aug. 1, 2008. Participants whose Gannett Retirement Plan and, if applicable, SERP benefits were frozen will have their frozen benefits periodically increased by a cost of living adjustment until benefits commence. Effective Aug. 1, 2008, most participants whose benefits were frozen under the Gannett Retirement Plan and, if applicable, the SERP, receive higher matching contributions under the 401(k) Plan. Under the new formula, the matching contribution rate generally increased from 50% of the first 6% of compensation that an employee elects to contribute to the plan to 100% of the first 5% of compensation. The company also makes additional employer contributions to the 401(k) Plan on behalf of certain long service employees. The DCP was amended to provide for Gannett contributions on behalf of certain employees whose benefits under the 401(k) Plan are capped by IRS rules.

Newsquest employees have local staff councils for consultation and communication with local Newsquest management. Newsquest had provided the majority of its employees with the option to participate in a retirement plan that incorporates life insurance. In October 2010, after discussion with its pension plan trustees and employees, the decision was made to close the Newsquest defined benefit plan to future accrual, effective March 31, 2011. The plan closure was made to reduce pension expenses and funding volatility and was part of a package of measures to address the plan's deficit. The company expects that some of the savings from closing the defined benefit plan will be partially offset by increased membership in Newsquest's defined contribution plan.

A key initiative for the company is its Leadership and Diversity program that focuses on finding, developing and retaining the best and the brightest employees and a diverse workforce that reflects the communities Gannett serves.

**Environmental Initiatives**

For 2011, Gannett invested in seven large green HVAC equipment project upgrades. The total investment, after rebates, was \$892,000 with an annual cost savings of \$766,000. This program achieves an energy reduction of 6.9 million kilowatt hours (KWH) of electricity every year. Gannett has also identified new projects that will reduce power consumption by another 4 million kilowatt hours in 2012.

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State	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
Territory	City	Local media organization/Online site	Morning	Afternoon	Sunday	Founded
Alabama	Montgomery	Montgomery Advertiser <i>www.montgomeryadvertiser.com</i>	32,654		43,458	1829
Arizona	Phoenix	The Arizona Republic <i>www.azcentral.com</i>	316,050		492,528	1890
Arkansas	Mountain Home	The Baxter Bulletin <i>www.baxterbulletin.com</i>	9,116		1901	
California	Palm Springs	The Desert Sun <i>www.mydesert.com</i>	38,363		45,674	1927
	Salinas	The Salinas Californian <i>www.thecalifornian.com</i>	9,145		1871	
	Visalia	Visalia Times-Delta/Tulare Advance-Register <i>www.visaliatimesdelta.com</i> <i>www.tulareadvanceregister.com</i>	18,960			1859
Colorado	Fort Collins	Fort Collins Coloradoan <i>www.coloradoan.com</i>	20,612		25,861	1873
Delaware	Wilmington	The News Journal <i>www.delawareonline.com</i>	83,270		111,322	1871
Florida	Brevard County	FLORIDA TODAY <i>www.floridatoday.com</i>	63,838		85,855	1966
	Fort Myers	The News-Press <i>www.news-press.com</i>	64,757		88,074	1884
	Pensacola	Pensacola News Journal <i>www.pnj.com</i>	41,022		59,545	1889
	Tallahassee	Tallahassee Democrat <i>www.Tallahassee.com</i>	34,529		46,801	1905
Guam	Hagatna	Pacific Daily News <i>www.guampdn.com</i>	17,196		14,923	1944
Indiana	Indianapolis	The Indianapolis Star <i>www.indystar.com</i>	168,925		273,288	1903
	Lafayette	Journal and Courier <i>www.jconline.com</i>	26,621		36,223	1829
	Muncie	The Star Press <i>www.thestarpress.com</i>	21,068		27,819	1899
	Richmond	Palladium-Item <i>www.pal-item.com</i>	9,895		15,562	1831
Iowa	Des Moines	The Des Moines Register <i>www.desmoinesregister.com</i>	107,137		204,441	1849
	Iowa City	Iowa City Press-Citizen	10,177			1860

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*www.press-citizen.com*

Kentucky	Louisville	The Courier-Journal <i>www.courier-journal.com</i>	152,221	230,399	1868
Louisiana	Alexandria	Alexandria Daily Town Talk <i>www.thetowntalk.com</i>	20,092	27,290	1883
	Lafayette	The Daily Advertiser <i>www.theadvertiser.com</i>	29,529	42,160	1865
	Monroe	The News-Star <i>www.thenewsstar.com</i>	25,029	28,764	1890
	Opelousas	Daily World <i>www.dailyworld.com</i>	5,682	7,083	1939
	Shreveport	The Times <i>www.shreveporttimes.com</i>	39,328	53,193	1871

**Table of Contents****DAILY LOCAL MEDIA ORGANIZATIONS AND AFFILIATED ONLINE SITES**

State	September 30, Territory City	September 30, Local media organization/Online site	September 30, Morning	September 30, Circulation Afternoon	September 30, Sunday	September 30, Founded
Maryland	Salisbury	The Daily Times <i>www.delmarvanow.com</i>	17,168		23,381	1900
Michigan	Battle Creek	Battle Creek Enquirer <i>www.battlecreekenquirer.com</i>	15,180		22,262	1900
	Detroit	Detroit Free Press <i>www.freep.com</i>	254,442		476,015	1832
	Lansing	Lansing State Journal <i>www.lansingstatejournal.com</i>	42,989		66,437	1855
	Livingston County	Daily Press & Argus <i>www.livingstondaily.com</i>	11,784		16,657	1843
	Port Huron	Times Herald <i>www.thetimesherald.com</i>	17,276		28,144	1900
Minnesota	St. Cloud	St. Cloud Times <i>www.sctimes.com</i>	21,625		31,147	1861
Mississippi	Hattiesburg	Hattiesburg American <i>www.hattiesburgamerican.com</i>		11,679	15,439	1897
	Jackson	The Clarion-Ledger <i>www.clarionledger.com</i>	59,843		74,403	1837
Missouri	Springfield	Springfield News-Leader <i>www.news-leader.com</i>	36,482		63,413	1893
Montana	Great Falls	Great Falls Tribune <i>www.greatfallstribune.com</i>	26,696		29,631	1885
Nevada	Reno	Reno Gazette-Journal <i>www.rgj.com</i>	42,046		54,586	1870
New Jersey	Asbury Park	Asbury Park Press <i>www.app.com</i>	104,563		155,341	1879
	Bridgewater	Courier News <i>www.mycentraljersey.com</i>	16,347		20,740	1884
	Cherry Hill	Courier-Post <i>www.courierpostonline.com</i>	48,606		63,653	1875
	East Brunswick	Home News Tribune <i>www.mycentraljersey.com</i>	31,442		39,310	1879
	Morristown	Daily Record <i>www.dailyrecord.com</i>	21,170		24,934	1900
	Vineland	The Daily Journal <i>www.thedailyjournal.com</i>	13,196			1864
New York	Binghamton	Press & Sun-Bulletin <i>www.pressconnects.com</i>	35,503		52,133	1904
	Elmira	Star-Gazette <i>www.stargazette.com</i>	16,210		25,470	1828
	Ithaca	The Ithaca Journal <i>www.theithacajournal.com</i>	11,159			1815
	Poughkeepsie	Poughkeepsie Journal	26,380		38,086	1785

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	Rochester	<i>www.poughkeepsiejournal.com</i> Rochester Democrat and Chronicle <i>www.democratandchronicle.com</i>	119,781	172,549	1833
	Westchester County	The Journal News <i>www.lohud.com</i>	77,364	99,620	1829
North Carolina	Asheville	Asheville Citizen-Times <i>www.citizen-times.com</i>	31,748	50,283	1870

**Table of Contents****DAILY LOCAL MEDIA ORGANIZATIONS AND AFFILIATED ONLINE SITES**

State	September 30, Territory City	September 30, Local media organization/Online site	September 30, Morning	September 30, Circulation Afternoon	September 30, Sunday	September 30, Founded	
Ohio	Bucyrus	Telegraph-Forum <a href="http://www.bucyrustelegraphforum.com">www.bucyrustelegraphforum.com</a>	3,960			1923	
	Chillicothe	Chillicothe Gazette <a href="http://www.chillicothegazette.com">www.chillicothegazette.com</a>		9,019	11,590	1800	
	Cincinnati	The Cincinnati Enquirer <a href="http://www.cincinnati.com">www.cincinnati.com</a>	148,807		256,706	1841	
	Coshocton	Coshocton Tribune <a href="http://www.coshoctontribune.com">www.coshoctontribune.com</a>			4,057	5,058	1842
	Fremont	The News-Messenger <a href="http://www.thenews-messenger.com">www.thenews-messenger.com</a>			6,573		1856
	Lancaster	Lancaster Eagle-Gazette <a href="http://www.lancastereaglegazette.com">www.lancastereaglegazette.com</a>			8,057	10,042	1807
	Mansfield	News Journal <a href="http://www.mansfieldnewsjournal.com">www.mansfieldnewsjournal.com</a>	18,392			27,697	1885
	Marion	The Marion Star <a href="http://www.marionstar.com">www.marionstar.com</a>	7,296			9,284	1880
	Newark	The Advocate <a href="http://www.newarkadvocate.com">www.newarkadvocate.com</a>			11,970	15,264	1820
	Port Clinton	News Herald <a href="http://www.portclintonnewsherald.com">www.portclintonnewsherald.com</a>			2,973		1864
	Zanesville	Times Recorder <a href="http://www.zanesvilletimesrecorder.com">www.zanesvilletimesrecorder.com</a>	12,746			15,234	1852
Oregon	Salem	Statesman Journal <a href="http://www.statesmanjournal.com">www.statesmanjournal.com</a>	37,364		46,482	1851	
South Carolina	Greenville	The Greenville News <a href="http://www.greenvilleonline.com">www.greenvilleonline.com</a>	55,587		101,500	1874	
South Dakota	Sioux Falls	Argus Leader <a href="http://www.argusleader.com">www.argusleader.com</a>	33,919		52,621	1881	
Tennessee	Clarksville	The Leaf-Chronicle <a href="http://www.theleafchronicle.com">www.theleafchronicle.com</a>	14,635		19,766	1808	
	Jackson	The Jackson Sun <a href="http://www.jacksonsun.com">www.jacksonsun.com</a>	21,368		31,543	1848	
	Murfreesboro	The Daily News Journal <a href="http://www.dnj.com">www.dnj.com</a>	11,237		16,302	1848	
	Nashville	The Tennessean <a href="http://www.tennessean.com">www.tennessean.com</a>	122,606		204,979	1812	
Utah	St. George	The Spectrum <a href="http://www.thespectrum.com">www.thespectrum.com</a>	16,766		20,918	1963	
Vermont	Burlington	The Burlington Free Press <a href="http://www.burlingtonfreepress.com">www.burlingtonfreepress.com</a>	31,330		40,202	1827	
Virginia	McLean	USA TODAY <a href="http://www.usatoday.com">www.usatoday.com</a>	1,776,820			1982	
	Staunton	The Daily News Leader <a href="http://www.newsleader.com">www.newsleader.com</a>	13,892		16,771	1904	



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Wisconsin	Appleton	The Post-Crescent <i>www.postcrescent.com</i>	40,986	56,845	1853	
	Fond du Lac	The Reporter <i>www.fdlreporter.com</i>	10,499	13,919	1870	
	Green Bay	Green Bay Press-Gazette <i>www.greenbaypressgazette.com</i>	45,415	71,286	1915	
	Manitowoc	Herald Times Reporter <i>www.htrnews.com</i>		10,552	12,601	1898
	Marshfield	Marshfield News-Herald <i>www.marshfieldnews herald.com</i>		8,553		1927
	Oshkosh	Oshkosh Northwestern <i>www.thenorthwestern.com</i>	15,144		20,541	1868
	Sheboygan	The Sheboygan Press <i>www.sheboyganpress.com</i>	14,667		18,955	1907
	Stevens Point	Stevens Point Journal <i>www.stevenspointjournal.com</i>		8,334		1873
	Wausau	Central Wisconsin Sunday			19,034	
		Wausau Daily Herald <i>www.wausaudailyherald.com</i>		16,197	22,717	1903
	Wisconsin Rapids	The Daily Tribune <i>www.wisconsinrapidstribune.com</i>		8,308		1914

**Table of Contents****DAILY PAID-FOR LOCAL MEDIA ORGANIZATIONS AND AFFILIATED ONLINE SITES/NEWSQUEST PLC**

City	September 30, Local media organization/Online site	September 30, Circulation Monday-Saturday	September 30, Founded
Basildon	Echo <a href="http://www.echo-news.co.uk">www.echo-news.co.uk</a>	30,108*	1969
Blackburn	Lancashire Telegraph <a href="http://www.lancashiretelegraph.co.uk">www.lancashiretelegraph.co.uk</a>	23,260	1886
Bolton	The Bolton News <a href="http://www.theboltonnews.co.uk">www.theboltonnews.co.uk</a>	21,940	1867
Bournemouth	Daily Echo <a href="http://www.bournemouthecho.co.uk">www.bournemouthecho.co.uk</a>	26,818	1900
Bradford	Telegraph & Argus <a href="http://www.thetelegraphandargus.co.uk">www.thetelegraphandargus.co.uk</a>	26,766	1868
Brighton	The Argus <a href="http://www.theargus.co.uk">www.theargus.co.uk</a>	24,949	1880
Colchester	The Gazette <a href="http://www.gazette-news.co.uk">www.gazette-news.co.uk</a>	16,165*	1970
Darlington	The Northern Echo <a href="http://www.thenorthernecho.co.uk">www.thenorthernecho.co.uk</a>	41,181	1870
Glasgow	Evening Times <a href="http://www.eveningtimes.co.uk">www.eveningtimes.co.uk</a>	52,400	1876
Glasgow	The Herald <a href="http://www.theherald.co.uk">www.theherald.co.uk</a>	50,440	1783
Newport	South Wales Argus <a href="http://www.southwalesargus.co.uk">www.southwalesargus.co.uk</a>	23,332	1892
Oxford	Oxford Mail <a href="http://www.oxfordmail.co.uk">www.oxfordmail.co.uk</a>	19,062	1928
Southampton	Southern Daily Echo <a href="http://www.dailyecho.co.uk">www.dailyecho.co.uk</a>	31,964	1888
Swindon	Swindon Advertiser <a href="http://www.swindonadvertiser.co.uk">www.swindonadvertiser.co.uk</a>	18,059	1854
Weymouth	Dorset Echo <a href="http://www.dorsetecho.co.uk">www.dorsetecho.co.uk</a>	17,429	1921
Worcester	Worcester News <a href="http://www.worcesternews.co.uk">www.worcesternews.co.uk</a>	14,339	1937
York	The Press <a href="http://www.thepress.co.uk">www.thepress.co.uk</a>	25,989	1882

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\* Publishes Monday-Friday

Circulation figures are according to ABC results for the period Jan-Jun 2011.

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

### **GANNETT DIGITAL**

**CareerBuilder:** [www.careerbuilder.com](http://www.careerbuilder.com)

**Headquarters:** Chicago, IL

**Sales offices:** Atlanta, GA; Boston, MA; Charlotte, NC; Chicago, IL; Cincinnati, OH; Dallas, TX; Denver, CO; Detroit, MI; Edison, NJ; Houston, TX; Los Angeles; McLean, VA; Minneapolis, MN; Nashville, TN; New York, NY; Orlando, FL; Overland Park, KS; Philadelphia, PA; Phoenix, AZ; San Mateo, CA; Seattle, WA; Washington, DC

**International offices:** Canada; China; Cyprus; Denmark; France; Germany; Greece; India; Ireland; Italy; Malaysia; Netherlands; Norway; Poland; Singapore; Spain; Sweden; Switzerland; United Kingdom

**Planet Discover:** [www.planetdiscover.com](http://www.planetdiscover.com)

**Headquarters and sales office:** Cincinnati, OH

**Technology office:** Cedar Rapids, IA

**PointRoll, Inc.:** [www.pointroll.com](http://www.pointroll.com)

**Headquarters:** King of Prussia, PA

**Sales offices:** Chicago, IL; Detroit, MI; Los Angeles, CA; New York, NY; San Francisco, CA

**ShopLocal:** [www.shoplocal.com](http://www.shoplocal.com)

**Headquarters:** Chicago, IL

**Sales office:** Chicago, IL

**Reviewed.com:** [www.reviewed.com](http://www.reviewed.com)

**Headquarters:** Boston, MA

### **Mobile:**

*Gannett powers more than 100 local mobile sites and mobile applications and also partners with 4INFO and other mobile service providers to power news alerts and mobile marketing campaigns via text messaging. Gannett has also developed and deployed leading applications for iPad, iPhone and Android.*

**Table of Contents****TELEVISION STATIONS AND AFFILIATED ONLINE SITES**

State	September 30, City	September 30, Station/Online site	September 30, Channel/Network	September 30, Weekly Audience (a)	September 30, Founded
Arizona	Flagstaff	KNAZ-TV	Channel 2/NBC	(b)	1970
	Phoenix	KPNX-TV <i>www.azcentral.com/12news</i>	Channel 12/NBC	1,180,000	1953
Arkansas	Little Rock	KTHV-TV <i>www.todaysthv.com</i>	Channel 11/CBS	422,000	1955
California	Sacramento	KXTV-TV <i>www.news10.net</i>	Channel 10/ABC	890,000	1955
Colorado	Denver	KTVD-TV <i>www.my20denver.com</i>	Channel 20/MyNetworkTV	590,000	1988
		KUSA-TV <i>www.9news.com</i>	Channel 9/NBC	1,150,000	1952
District of Columbia	Washington	WUSA-TV <i>www.wusa9.com</i>	Channel 9/CBS	1,797,000	1949
Florida	Jacksonville	WJXX-TV	Channel 25/ABC	397,000	1989
		WTLV-TV <i>www.firstcoastnews.com</i>	Channel 12/NBC	459,000	1957
	Tampa-St. Petersburg	WTSP-TV <i>www.wtsp.com</i>	Channel 10/CBS	1,201,000	1965
Georgia	Atlanta	WATL-TV <i>www.myatltv.com</i>	Channel 36/MyNetworkTV	920,000	1954
		WXIA-TV <i>www.11alive.com</i>	Channel 11/NBC	1,602,000	1948
	Macon	WMAZ-TV <i>www.13wmaz.com</i>	Channel 13/CBS	208,000	1953
Maine	Bangor	WLBZ-TV <i>www.wlbz2.com</i>	Channel 2/NBC	109,000	1954
	Portland	WCSH-TV <i>www.wcsh6.com</i>	Channel 6/NBC	293,000	1953
Michigan	Grand Rapids	WZZM-TV <i>www.wzzm13.com</i>	Channel 13/ABC	374,000	1962
Minnesota	Minneapolis-St. Paul	KARE-TV <i>www.kare11.com</i>	Channel 11/NBC	1,297,000	1953
Missouri	St. Louis	KSDK-TV <i>www.ksdk.com</i>	Channel 5/NBC	986,000	1947
New York	Buffalo	WGRZ-TV <i>www.wgrz.com</i>	Channel 2/NBC	515,000	1954
North Carolina	Greensboro	WFMY-TV <i>www.digtriad.com</i>	Channel 2/CBS	585,000	1949
Ohio	Cleveland	WKYC-TV	Channel 3/NBC	1,115,000	1948

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*www.wkyc.com*

South Carolina	Columbia	WLTX-TV <i>www.wltx.com</i>	Channel 19/CBS	298,000	1953
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Tennessee	Knoxville	WBIR-TV <i>www.wbir.com</i>	Channel 10/NBC	461,000	1956
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**Captivate Network:** *www.captivatenetwork.com*

**Headquarters:** Chelmsford, MA

**Advertising offices:** Chicago, IL; Los Angeles, CA; New York, NY; San Francisco, CA; Toronto, Canada.

(a) Weekly audience is number of TV households reached, according to the November 2011 Nielsen book.

(b) Audience numbers fall below minimum reporting standards.

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**USA TODAY:** [www.usatoday.com](http://www.usatoday.com)

**Headquarters and editorial offices:** McLean, VA

**Print sites:** Atlanta, GA; Columbia, SC; Denver, CO; Eugene, OR; Everett, WA; Fort Lauderdale, FL; Houston, TX; Indianapolis, IN; Kankakee, IL; Las Vegas, NV; Lawrence, KS; Milwaukee, WI; Minneapolis, MN; Mobile, AL; Nashville, TN; Newark, OH; Norwood, MA; Orlando, FL; Phoenix, AZ; Plano, TX; Rochester, NY; Rockaway, NJ; St. Louis, MO; Salisbury, NC; Salt Lake City, UT; San Bernardino, CA; San Jose, CA; Springfield, VA; Sterling Heights, MI; Tampa, FL; Warrendale, PA; Wilmington, DE; Winston-Salem, NC

**Advertising offices:** Atlanta, GA; Chicago, IL; Dallas, TX; Detroit, MI; Los Angeles, CA; McLean, VA; New York, NY; San Francisco, CA

**USATODAY.com**

**Headquarters and editorial offices:** McLean, VA

**Advertising offices:** Atlanta, GA; Chicago, IL; Dallas, TX; Detroit, MI; Los Angeles, CA; McLean, VA; New York, NY; San Francisco, CA

**USA TODAY Sports Media Group**

**Headquarters:** New York, NY

**Advertising offices:** Los Angeles, CA; McLean, VA; New York, NY

**USA WEEKEND:** [www.usaweekend.com](http://www.usaweekend.com)

**Headquarters and editorial offices:** McLean, VA

**Advertising offices:** Chicago, IL; Detroit, MI; Los Angeles, CA; New York, NY; San Francisco, CA

**Schedule Star LLC:** [www.schedulestar.com](http://www.schedulestar.com); [www.highschoolsports.net](http://www.highschoolsports.net)

**Headquarters:** Pittsburgh, PA

**Clipper Magazine:** [www.clippermagazine.com](http://www.clippermagazine.com); [www.couponclipper.com](http://www.couponclipper.com);

**Headquarters:** Mountville, PA

**Gannett Healthcare Group:** [www.GannettHG.com](http://www.GannettHG.com); [www.GannettEducation.com](http://www.GannettEducation.com); [www.ContinuingEducation.com](http://www.ContinuingEducation.com); [www.Nurse.com](http://www.Nurse.com); [www.TodayinPT.com](http://www.TodayinPT.com); [www.TodayinOt.com](http://www.TodayinOt.com); [www.PearlsReview.com](http://www.PearlsReview.com)

**Headquarters:** Falls Church, VA

**Regional offices:** Dallas, TX; Hoffman Estates, IL; San Jose, CA

**Publications:** Nurse.com Nursing Spectrum, Nurse.com NurseWeek, Nurse.com The Magazine , Today in PT, Today in OT

**Gannett Government Media Corp.**

**Headquarters:** Springfield, VA

**Regional office:** Los Angeles, CA

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**Publications:** Army Times: [www.armytimes.com](http://www.armytimes.com), Navy Times: [www.navytimes.com](http://www.navytimes.com), Marine Corps Times: [www.marinecorpstimes.com](http://www.marinecorpstimes.com), Air Force Times: [www.airforcetimes.com](http://www.airforcetimes.com), Federal Times: [www.federaltimes.com](http://www.federaltimes.com), Defense News: [www.defensenews.com](http://www.defensenews.com), Armed Forces Journal: [www.armedforcesjournal.com](http://www.armedforcesjournal.com), C4ISR Journal: [www.c4isrjournal.com](http://www.c4isrjournal.com), Training and Simulation Journal: [www.tsjonline.com](http://www.tsjonline.com), Military Times EDGE: [www.militarytimesedge.com](http://www.militarytimesedge.com)

**Gannett Media Technologies International:** [www.gmti.com](http://www.gmti.com):

**Headquarters:** Norfolk, VA

**Regional offices:** Cincinnati, OH; Phoenix, AZ

### Non-daily publications

Weekly, semi-weekly, monthly or bimonthly publications in Alabama, Arizona, Arkansas, California, Colorado, Delaware, Florida, Guam, Indiana, Iowa, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Jersey, New York, North Carolina, Ohio, Oregon, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, Wisconsin

### Gannett Publishing Services:

**Headquarters:** McLean, VA

**Sales office:** Atlanta, GA

**Gannett Direct Marketing Services, Inc.:** [www.gdms.com](http://www.gdms.com):

**Headquarters:** Louisville, KY

**Gannett Satellite Information Network:** McLean, VA

**Gannett Digital Marketing Services:** DealChicken; Clipper Digital; GannettLocal

**Headquarters:** Chicago, IL

**National Web Sites:** [bnqt.com](http://bnqt.com) [careerbuilder.com](http://careerbuilder.com) [highschoolsports.net](http://highschoolsports.net) [mmajunkie.com](http://mmajunkie.com) [reviewed.com](http://reviewed.com) [usatoday.com](http://usatoday.com) [usaweekend.com](http://usaweekend.com)

**GANNETT ON THE NET:** News and information about Gannett is available on its web site, [www.gannett.com](http://www.gannett.com). In addition to news and other information about Gannett, the company provides access through this site to its annual report on Form 10-K, its quarterly reports on Form 10-Q, its current reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after the company files or furnishes them electronically to the Securities and Exchange Commission (SEC). Certification by Gannett's Chief Executive Officer and Chief Financial Officer are included as exhibits to the company's SEC reports (including the company's Form 10-K filed in 2011).

Gannett also provides access on this web site to its Principles of Corporate Governance, the charters of its Audit, Transformation, Executive Compensation and Nominating and Public Responsibility Committees and other important governance documents and policies, including its Ethics and Inside Trading Policies. Copies of all of these corporate governance documents are available to any shareholder upon written request made to the company's Secretary at our headquarters address. In addition, the company will disclose on this web site changes to, or waivers of, its corporate Ethics Policy.

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### **ITEM 1A. RISK FACTORS**

In addition to the other information contained or incorporated by reference into this Form 10-K, prospective investors should consider carefully the following risk factors before investing in our securities. The risks described below may not be the only risks we face. Additional risks that we do not yet perceive or that we currently believe are immaterial may also adversely affect our business and the trading price of our securities.

#### **Deterioration in economic conditions in the markets we serve in the U.S. and the UK may depress demand for our products and services**

Our operating results depend on the relative strength of the economy in our principal publishing, digital and television markets as well as the strength or weakness of national and regional economic factors. Generally soft economic conditions and uneven recoveries in the U.S. and U.K. have had a significant adverse impact on the company's businesses, particularly publishing. If conditions remain challenging or worsen in the U.S. or U.K. economy, all key advertising revenue categories could be significantly impacted.

#### **Competition from alternative forms of media may impair our ability to grow or maintain revenue levels in core and new businesses**

Advertising produces the predominant share of our publishing, broadcasting and affiliated web site revenues as well as digital segment revenues. With the continued development of alternative forms of media, particularly electronic media including those based on the Internet, our businesses may face increased competition. Alternative media sources may also affect our ability to generate circulation/content revenues and television audience. This competition may make it difficult for us to grow or maintain our broadcasting, print advertising and circulation/content revenues, which we believe will challenge us to expand the contributions of our online and other digital businesses.

#### **A decline in the company's credit ratings and continued volatility in the U.S. credit markets could significantly impact the company's ability to obtain new financing to fund its operations and strategic initiatives or to refinance its existing debt at reasonable rates as it matures**

At the end of 2011, the company had approximately \$1.76 billion in long-term debt, of which \$235 million was in the form of borrowings under bank credit agreements, and the balance was in the form of unsecured notes. Approximately \$307 million of this debt matures in April 2012 with remaining maturities in 2014-2018. While the company's cash flow is expected to be sufficient to pay amounts when due, if operating results deteriorate significantly, a portion of these maturities may need to be refinanced. Access to the capital markets may at times be affected by our credit ratings and conditions in the economy. A decline in our corporate credit rating could make future borrowings more expensive, and volatile credit markets could make it harder for us to obtain debt financings generally. However, in 2010 the company amended its revolving credit agreements and extended the maturity date with the majority of its lenders from March 15, 2012 to September 30, 2014. Total commitments under the amended revolving credit agreements are \$1.63 billion through March 15, 2012 and total extended commitments from March 15, 2012 to September 30, 2014 will be \$1.14 billion. At the end of 2011, the company had approximately \$1.40 billion of additional borrowing capacity under its revolving credit facilities.

#### **Volatility in global financial markets directly affects the value of our pension plan assets**

The company's principal U.S. retirement plan, the Gannett Retirement Plan, is underfunded by \$560 million. Depending on various factors, including future investment returns, discount rates and potential pension legislative changes, the company may be required to make up this underfunding with contributions in future years.

#### **Foreign exchange variability could adversely affect our consolidated operating results**

Weakening of the British pound-to-U.S. dollar exchange rate could diminish Newsquest's earnings contribution to consolidated results. Newsquest results for 2011 were translated to U.S. dollars at the average rate of 1.60. CareerBuilder, with expanding overseas operations, also has foreign exchange risk but to a significantly lesser degree.

#### **Changes in the regulatory environment could encumber or impede our efforts to improve operating results or value of assets**

Our publishing and broadcasting operations are subject to government regulation. Changing regulations, particularly FCC regulations which affect our television stations, may result in increased costs and adversely impact our future profitability. For example, FCC regulations required us to construct digital television stations in all of our television markets, despite the fact that the new digital stations did not produce significant additional revenue. In addition, our television stations are required to possess television broadcast licenses from the FCC; when granted, these licenses are generally granted for a period of eight years. Under certain circumstances the FCC is not required to renew any license and could decline to renew our license applications that are currently pending in 2012.



**The degree of success of our investment and acquisition strategy may significantly impact our ability to expand overall profitability**

We will continue efforts to identify and complete strategic investments, partnerships and business acquisitions. These efforts may not prove successful. Strategic investments and partnerships with other companies expose us to the risk that we may not be able to control the operations of our investee or partnership, which could decrease the amount of benefits we reap from a particular relationship. The company is also exposed to the risk that its partners in strategic investments and infrastructure may encounter financial difficulties which could lead to disruption of investee or partnership activities.

Acquisitions of other businesses may be difficult to integrate with our existing operations, could require an inefficiently high amount of attention from our senior management, might require us to incur additional debt or divert our capital from more profitable expenditures, and might result in other unanticipated problems and liabilities. The impairment of any such assets would adversely affect future reported results of operations and shareholders' equity.

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### **The value of our existing intangible assets may become impaired, depending upon future operating results**

Goodwill and other intangible assets were approximately \$3.4 billion as of Dec. 25, 2011, representing approximately 51% of our total assets. We periodically evaluate our goodwill and other intangible assets to determine whether all or a portion of their carrying values may no longer be recoverable, in which case a charge to earnings may be necessary, as occurred in 2009 and 2010 (see Notes 3 and 4 to the Consolidated Financial Statements). Any future evaluations requiring an asset impairment charge for goodwill or other intangible assets would adversely affect future reported results of operations and shareholders' equity, although such charges would not affect our cash flow.

### **Adverse results from litigation or governmental investigations can impact our business practices and operating results**

From time to time, we are parties to litigation and regulatory, environmental and other proceedings with governmental authorities and administrative agencies. Adverse outcomes in lawsuits or investigations could result in significant monetary damages or injunctive relief that could adversely affect our operating results or financial condition as well as our ability to conduct our businesses as they are presently being conducted. See Note 12 of the Notes to Consolidated Financial Statements and Part I, Item 3. Legal Proceedings contained elsewhere in this report for a description of certain of our pending litigation and regulatory matters and other proceedings with governmental authorities.

### **The collectability of accounts receivable under current soft economic conditions could deteriorate to a greater extent than provided for in the company's financial statements and in its projections of future results**

Generally soft economic conditions and uneven recoveries in the U.S. and U.K. have increased the company's exposure to losses resulting from the potential bankruptcy of its advertising customers. The company's accounts receivable are stated at net estimated realizable value and its allowance for doubtful accounts has been determined based on several factors, including receivable agings, significant individual credit risk accounts and historical experience. While recent collection trends have been favorable, adjustments to future operating results could occur if such collectability trends worsen and estimates prove inaccurate.

## **ITEM 1B. UNRESOLVED STAFF COMMENTS**

None.

## **ITEM 2. PROPERTIES**

### **Publishing/United States**

Generally, the company owns many of the plants that house all aspects of the publication process. Certain U.S. Community Publishing operations have outsourced printing to non-Gannett publishers or commercial printers. In the case of USA TODAY, at Dec. 25, 2011, 22 non-Gannett printers were used to print it in U.S. markets where there were no company publishing sites with appropriate facilities. Non-Gannett printers in 11 foreign countries publish and distribute an international edition of USA TODAY under a royalty agreement. USA WEEKEND, Clipper Magazine and Gannett Healthcare Group are also printed under contracts with commercial printing companies. Many of the company's local media organizations have outside news bureaus and sales offices, which generally are leased. In several markets, two or more of the company's local media organizations share combined facilities; and in certain locations, facilities are shared with other non-Gannett publishing properties. At the end of 2011, 70% of the company's U.S. daily publications were either printed by non-Gannett printers or printed in combination with other Gannett publications. The company's publishing properties have rail siding facilities or access to main roads for newsprint delivery purposes and are conveniently located for distribution purposes.

During 2011, the company continued its efforts to consolidate certain of its U.S. publishing facilities to achieve savings and efficiencies. The company's facilities are adequate for present operations. A listing of publishing centers and key properties may be found on pages 18-20.

### **Publishing/United Kingdom**

Newsquest owns certain of the plants where its publications are produced and leases other facilities. Newsquest headquarters is in Weybridge, Surrey. Additions to Newsquest's printing capacity and color capabilities have been made since Gannett acquired Newsquest in 1999. Newsquest has consolidated certain of its facilities to achieve savings and efficiencies. Certain Newsquest operations have out-sourced printing to non-Newsquest publishers. All of Newsquest's properties are adequate for present purposes. A listing of Newsquest publishing centers and key

properties may be found on page 21.

**Digital**

Generally, the company's digital businesses lease their facilities. This includes facilities for executive offices, sales offices and data centers. The company's facilities are adequate for present operations. The company also believes that suitable additional or alternative space, including those under lease options, will be available at commercially reasonable terms for future expansion. A listing of key digital facilities can be found on page 21.

**Broadcasting**

The company's broadcasting facilities are adequately equipped with the necessary television broadcasting equipment. The company owns or leases transmitter facilities in 22 locations. All of the company's stations have converted to digital television operations in accordance with applicable FCC regulations. The company's broadcasting facilities are adequate for present purposes. A listing of television stations can be found on page 22.

**Corporate facilities**

The company's headquarters and USA TODAY are located in McLean, VA. The company also owns data and network operations centers in nearby Maryland and in Phoenix, AZ. Headquarters facilities are adequate for present operations. The company leases space in its headquarters facilities to third-party tenants.

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**ITEM 3. LEGAL PROCEEDINGS**

Information regarding legal proceedings may be found in Note 12 of the Notes to Consolidated Financial Statements.

**Environmental**

Some of the company's subsidiaries have been included among the potentially responsible parties (PRP) in connection with sites that have been identified as possibly requiring environmental remediation. In four such matters that involve a governmental authority as a party, the company's liability could exceed \$100,000.

Poughkeepsie Newspapers is required by a consent order with the U.S. EPA to fund a portion of the remediation costs at the Hertel Landfill site in Plattekill, NY. Poughkeepsie Newspapers has paid and expensed its share of the initial clean up but remains liable for a share of follow-up testing and potential further remediation at the site. Such remaining liability is not expected to be material.

In conjunction with the sale of property in Norwich, CT, in May 2007, Gannett Satellite Information Network, Inc. (GANSAT) submitted a Transfer of Establishment form to the Connecticut Department of Environmental Protection. Because there is evidence of soil and groundwater contamination at the property, GANSAT will conduct a site investigation, and, if necessary, remediation, in accordance with the requirements of the Connecticut Transfer Act. The site investigation cost is not expected to be material. The cost of remediation, if any, will not be known until the conclusion of the site investigation.

In December 2004, the U.S. Forest Service advised by letter that it considers Shiny Rock Mining Corporation to be legally responsible for a release of hazardous substances at a closed mine site in Oregon. Shiny Rock Mining Corporation is a former Gannett subsidiary that donated the property at issue to Friends of Opal Creek (Friends) in 1992. Gannett tendered this matter to Friends pursuant to an indemnification agreement, and Friends and the Forest Service entered into a Consent Agreement to conduct a site investigation. Friends has been funding the investigation by using proceeds from an insurance policy, now expired. In December 2008, Friends notified Gannett that it may not have sufficient resources to fund its indemnification responsibilities if site costs exceed the proceeds available under the insurance policy. Whether Gannett will be required to fund further site work, and how much that might cost, depends on whether additional site investigation and/or remediation will be required, both unknown at this time.

The Advertiser Company, a Gannett subsidiary which publishes The Montgomery Advertiser, has been notified by the U.S. EPA that it has been identified as a PRP for the investigation and remediation of a plume of groundwater contamination in downtown Montgomery, AL. The Advertiser Company understands that, while the EPA's investigation of this urban area is ongoing, at this stage of the process only The Advertiser Company and two other parties have received notice of potential responsibility; however, it is possible that other PRPs may be identified as the EPA's investigation continues. The Advertiser Company, which ceased printing at a location in downtown Montgomery in 1997, is currently investigating whether its former operations had a connection with the site. At this point in the investigation, incomplete information is available about the site, other PRPs and what potential further investigation and remediation action may be required. Accordingly, the future costs of any potential remediation action and The Advertiser Company's share of such costs, if any, cannot yet be determined.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**Table of Contents****PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

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

Information regarding outstanding shares, shareholders and dividends may be found on pages 1, 3 and 46 of this Form 10-K. Information about debt securities sold in private transactions may be found on page 44 of this Form 10-K.

**Gannett Common stock prices**

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

Year	September 30, Quarter	September 30, Low	September 30, High
<b>2001</b>	First	\$ 56.50	\$ 67.74
	Second	\$ 59.58	\$ 69.38
	Third	\$ 55.55	\$ 69.11
	Fourth	\$ 58.55	\$ 71.10
<b>2002</b>	First	\$ 65.03	\$ 77.85
	Second	\$ 71.50	\$ 79.87
	Third	\$ 63.39	\$ 77.70
	Fourth	\$ 66.62	\$ 79.20
<b>2003</b>	First	\$ 67.68	\$ 75.10
	Second	\$ 70.43	\$ 79.70
	Third	\$ 75.86	\$ 79.18
	Fourth	\$ 77.56	\$ 88.93
<b>2004</b>	First	\$ 84.50	\$ 90.01
	Second	\$ 84.95	\$ 91.00
	Third	\$ 79.56	\$ 86.78
	Fourth	\$ 78.99	\$ 85.62
<b>2005</b>	First	\$ 78.43	\$ 82.41
	Second	\$ 71.13	\$ 80.00
	Third	\$ 66.25	\$ 74.80
	Fourth	\$ 59.19	\$ 68.62
<b>2006</b>	First	\$ 58.81	\$ 64.80
	Second	\$ 53.22	\$ 60.92
	Third	\$ 51.67	\$ 57.15
	Fourth	\$ 55.92	\$ 61.25
<b>2007</b>	First	\$ 55.76	\$ 63.11
	Second	\$ 54.12	\$ 59.79
	Third	\$ 43.70	\$ 55.40
	Fourth	\$ 35.30	\$ 45.85
<b>2008</b>	First	\$ 28.43	\$ 39.00
	Second	\$ 21.79	\$ 30.75

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	Third	\$	15.96	\$	21.67
	Fourth	\$	06.09	\$	17.05
<b>2009</b>	First	\$	01.95	\$	09.30
	Second	\$	02.20	\$	05.48
	Third	\$	03.18	\$	10.14
	Fourth	\$	09.76	\$	15.63
<b>2010</b>	First	\$	13.53	\$	17.25
	Second	\$	13.73	\$	18.67
	Third	\$	11.98	\$	15.11
	Fourth	\$	11.76	\$	15.78
<b>2011</b>	First	\$	14.49	\$	17.19
	Second	\$	13.30	\$	15.64
	Third	\$	08.55	\$	14.60
	Fourth	\$	09.16	\$	13.57
<b>2012</b>	First*	\$	13.36	\$	15.51

\* Through February 10, 2012  
**Purchases of Equity Securities**

Period	September 30, (a) Total Number of Shares Purchased	September 30, (b) Average Price Paid per Share	September 30, (c) Total Number of Shares Purchased as Part of Publicly Announced Program	September 30, (d) Approximate Dollar Value of Shares that May Yet Be Repurchased
				Under the Program
9/26/11 10/30/11	775,602	\$ 9.76	775,602	\$ 773,450,568
10/31/11 11/27/11	766,000	\$ 11.41	766,000	\$ 764,713,541
11/28/11 12/25/11	736,000	\$ 11.98	736,000	\$ 755,899,957
<b>Total 4th Quarter 2011</b>	2,277,602	\$ 11.03	2,277,602	\$ 755,899,957

All of the shares included in column (c) of the table above were repurchased from remaining authorization from the share repurchase program announced on July 25, 2006. On Feb. 21, 2012, the company's Board of Directors approved a new program to repurchase up to \$300 million in Gannett common stock (replacing the former repurchase program). There is no expiration date for the repurchase program. No repurchase programs expired during the periods presented above, and management does not intend to terminate the repurchase program. All share repurchases were part of a publicly announced repurchase program.

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### **Comparison of shareholder return 2007 to 2011**

The following graph compares the performance of the company's common stock during the period Dec. 31, 2006, to Dec. 31, 2011, with the S&P 500 Index, and a Peer Group Index selected by the company.

The company previously had established an index of peer group companies because of changes to the S&P 500 Publishing Index, which resulted in the company's belief that the S&P 500 Publishing Index no longer comprised a representative group of peer companies. The company therefore selected a peer group which it believed to be more representative based upon the strong publishing/broadcasting orientation of the companies selected. This peer group comprised A.H. Belo Corp., Belo Corp., The E.W. Scripps Company, Journal Communications, Inc., Lee Enterprises, Inc., The McClatchy Company, Media General, Inc. and The New York Times Company (collectively, the 2010 Peer Group).

As a result of changes in the media industry, particularly the shift to digital media, the company is redefining its peer group to include A.H. Belo Corp., Belo Corp., Discovery Communications Inc., The E.W. Scripps Company, Journal Communications, Inc., The McClatchy Company, Media General, Inc., Meredith Corp., Monster Worldwide Inc., News Corp., The New York Times Company, The Washington Post Company, and Yahoo Inc. (collectively, the 2011 Peer Group).

The S&P 500 Index includes 500 U.S. companies in the industrial, utilities and financial sectors and is weighted by market capitalization. The total returns of the 2010 Peer Group and the 2011 Peer Group (each, a Peer Group) also are weighted by market capitalization.

The graph depicts the results of investing \$100 in the company's common stock, the S&P 500 Index and Peer Group Indices at closing on Dec. 31, 2006. It assumes that dividends were reinvested monthly with respect to the company's common stock, daily with respect to the S&P 500 Index and monthly with respect to each Peer Group.

	September 30, 2006	September 30, 2007	September 30, 2008	September 30, 2009	September 30, 2010	September 30, 2011
Gannett Co., Inc.	100	66.50	15.14	29.10	29.91	27.03
S&P 500 Index	100	105.49	66.46	84.05	96.71	98.76
2011 Peer Group	100	91.33	40.37	62.36	67.45	71.35
2010 Peer Group	100	68.89	17.86	38.63	38.16	31.37

### **ITEM 6. SELECTED FINANCIAL DATA**

Selected financial data for the years 2007 through 2011 is contained under the heading Selected Financial Data on page 78 and is derived from the company's audited financial statements for those years.

The information contained in the Selected Financial Data is not necessarily indicative of the results of operations to be expected for future years, and should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 and the consolidated financial statements and related notes thereto included in Item 8 of this Form 10-K.

### **ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

#### **Certain factors affecting forward-looking statements**

Certain statements in this 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 that could cause actual results and events to differ materially from those anticipated in the forward-looking statements. The company is not responsible for updating or revising any forward-looking statements, whether the result of new information, future events or otherwise, except as required by law.

Potential risks and uncertainties which could adversely affect the company's results include, without limitation, the following factors:

(a) increased consolidation among major retailers or other events which may adversely affect business operations of major customers and

depress the level of local and national advertising; (b) a potential increase in competition for the company's digital segment businesses; (c) a decline in viewership of major networks and local news programming resulting from increased competition or other factors; (d) a continuance of the generally soft economic conditions in the U.S. and the U.K. or a further economic downturn leading to a continuing or accelerated decrease in circulation or local, national or classified advertising; (e) a further decline in general print readership and/or advertiser patterns as a result of competitive alternative media or other factors; (f) an increase in newsprint or syndication programming costs over the levels anticipated; (g) labor disputes which may cause revenue declines or increased labor costs; (h) acquisitions of new businesses or dispositions of existing businesses; (i) rapid technological changes and frequent new product introductions prevalent in electronic publishing; (j) an increase in interest rates; (k) a weakening in the British pound to U.S. dollar exchange rate; (l) volatility in financial and credit markets which could affect the value of retirement plan assets and the company's ability to raise funds through debt or equity issuances; (m) changes in the regulatory environment; (n) an other than temporary decline in operating results and enterprise value that could lead to further non-cash goodwill, other intangible asset, investment or property, plant and equipment impairment charges; (o) credit rating downgrades, which could affect the availability and cost of future financing; (p) adverse outcomes in proceedings with governmental authorities or administrative agencies; and (q) general economic, political and business conditions.



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### **Executive Summary**

Gannett Co., Inc. is a leading international media and marketing solutions company operating primarily in the United States and the United Kingdom (U.K.). Approximately 89% of 2011 consolidated revenues are from domestic operations and approximately 11% are from foreign operations, primarily in the U.K.

The company's goal is to be the leading source of news and information in the markets it serves, and be customer centric by delivering quality products and results for readers, viewers, advertisers and other customers. Gannett believes that well-managed local media organizations, television stations, electronic media including Internet and mobile products and services, magazine/specialty publications and programming efforts will maximize profits for the company's shareholders as will our customer-centric solutions approach to advertising. To that end, the company's strategy has the following elements:

Become a leading digital destination for consumers and advertisers.

Create new business opportunities in the digital space through internal innovation, acquisitions or affiliations.

Transform its sales organization from transactional advertising to a culture of customer-focused marketing solutions and ideas.

Create highly relevant content that delivers what consumers want and advertisers need to engage with their audiences on multiple platforms.

Maintain strong financial discipline throughout its operations.

Maximize existing resources through efforts to enhance revenues and control or reduce costs. For businesses that do not fit with the company's long-term strategic goals, a reallocation of resources will be undertaken.

Strengthen the foundation of the company by finding, developing and retaining the best and brightest employees through a robust Leadership and Diversity program.

Gannett implements its strategy and manages its operations through three business segments: publishing, digital and broadcasting (television). The publishing segment includes the operations of 99 daily publications in the U.S., U.K. and Guam, about 500 non-daily local publications in the United States and Guam and more than 200 such titles in the U.K. Its 82 U.S. daily publications, including USA TODAY, the nation's number one newspaper in print circulation, with an average circulation of approximately 1.8 million, have a combined daily average paid circulation of 5.0 million, which is the nation's largest publishing group in terms of circulation. Together with the 17 daily paid-for publications its Newsquest division operates in the U.K., the total average daily circulation of its 99 domestic and U.K. daily publications was approximately 5.5 million for 2011. All daily newspapers also operate web sites which are tightly integrated with publishing operations. The company's publishing operations also have strategic business relationships with online affiliates including CareerBuilder, Classified Ventures, ShopLocal.com and Topix.

The publishing segment also includes commercial printing; newswire; marketing and data services operations.

The company's digital segment includes CareerBuilder, PointRoll, ShopLocal, Reviewed.com and Planet Discover. CareerBuilder is the global leader in human capital solutions, helping companies to target, attract and retain talent. Its online job site, CareerBuilder.com, is the largest in North America with the most traffic and revenue. CareerBuilder is also rapidly expanding its international operations.

Through its broadcasting segment, the company owns and operates 23 television stations with affiliated web sites covering 18.1% of the U.S. population in markets with a total of nearly 21 million households. This segment also includes the results of Captivate Network, a national news

and entertainment network that delivers programming and full-motion video advertising on video screens located in elevators of office towers and select hotel lobbies across North America.

**Fiscal year:** The company's fiscal year ends on the last Sunday of the calendar year. The company's 2011 fiscal year ended on Dec. 25, 2011, and encompassed a 52-week period. The company's 2010 and 2009 fiscal years also encompassed 52-week periods.

**Discontinued operations:** Unless stated otherwise, as discussed in the section titled "Discontinued operations," all of the information contained in Management's Discussion and Analysis of Financial Condition and Results of Operations relates to continuing operations. Therefore, the results of The Honolulu Advertiser and its related assets, which were sold in May 2010, and a small directory publishing operations sold in June 2010, are excluded for all periods covered by this report. These transactions are discussed in more detail on page 33 in the business acquisitions, investments, dispositions and discontinued operations section of this report.

**Operating results summary:** Operating revenues were \$5.2 billion in 2011, a decline of 4% from \$5.4 billion in 2010.

Publishing revenues were \$3.8 billion for 2011 or 5% below 2010 levels, reflecting principally the impact of the soft economy on advertising demand.

Digital segment revenues totaled \$686 million for 2011, an increase of 11%, reflecting solid revenue growth at CareerBuilder as it gained strength and market share domestically and as it expanded its reach overseas through key acquisitions.

Broadcast revenues for 2011 were \$722 million or 6% lower than 2010 levels, reflecting substantially lower political spending and the absence of Winter Olympic revenue achieved in 2010. Overall, Olympic and political revenues were approximately \$95 million lower in 2011 from 2010 levels. Excluding the estimated incremental impact of Olympic and political related advertising, broadcast revenues were up 6% in 2011. This reflects an increase in core advertising, retransmission and online television revenues.

Digital revenues company-wide including the Digital segment and all digital revenues generated by other business segments were approximately \$1.1 billion, 21% of total operating revenues and an increase of 10% over last year.

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Total operating costs declined 1% to \$4.4 billion for 2011, primarily due to the impact of cost efficiency efforts company-wide, offset partially by higher expenses in Digital segment businesses related to higher revenue levels and higher publishing segment workforce restructuring charges.

Newsprint expense for publishing was 3% higher than in 2010, as a 9% decline in consumption was offset by a 13% increase in average usage prices.

The company reported operating income for 2011 of \$831 million compared to \$1.0 billion in 2010, a 17% decrease.

The company's net equity income in unconsolidated investees for 2011 was \$8 million, a decrease of \$11 million over 2010. This decrease reflects impairment charges taken in 2011, partially offset by better results at certain digital investments, particularly Classified Ventures where earnings grew 25% in 2011.

Interest expense was \$173 million in 2011, flat compared to 2010, reflecting significantly lower average debt balances offset by higher average interest rates. From its strong operating cash flow and its disciplined liquidity management, the company reduced its long-term debt by \$592 million or 25% in 2011 and by \$1.3 billion or 43% over the last two years.

The company reported income from continuing operations attributable to Gannett Co., Inc. of \$459 million or \$1.89 per diluted share for 2011 compared to \$567 million or \$2.35 per diluted share for 2010.

Net income attributable to noncontrolling interests was \$41 million in 2011, an increase of 20% or \$7 million over 2010, reflecting significantly improved operating results at CareerBuilder.

**Outlook for 2012:** For 2012, and in particular for the first part of the year, the company's performance will continue to be adversely affected by soft economic conditions in the U.S. and U.K. In publishing, pressure on ad revenues will continue. In response, in February 2012, the company announced a workforce restructuring program in its U.S. Community Publishing group. The company's pension expenses will be considerably higher in 2012. The publishing segment will also be affected by incremental accelerated depreciation charges related to the shift of its Cincinnati publishing activities to a non-Gannett publisher in Columbus, OH.

In early 2012, the company began the rollout of its new content subscription model for U.S. Community Publishing, and the effects of that initiative on revenue and readership will not become evident until later in the year. In the Publishing and Digital segments, expense levels will be elevated because the company continues to make substantial investments in people and technology in support of content, marketing and revenue enhancing initiatives. Digital revenues are expected to grow and selling-related expenses will increase also.

Broadcasting results will improve significantly with expected incremental advertising revenues associated with the 2012 elections, as well as Summer Olympics and the Super Bowl.

The company's consolidated operating results are expected to be below 2011 levels for the early part of the year.

### **Basis of reporting**

Following is a discussion of the key factors that have affected the company's accounting for or reporting on the business over the last three fiscal years. This commentary should be read in conjunction with the company's financial statements, Selected Financial Data and the remainder of this Form 10-K.

**Critical accounting policies and the use of estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions about future events that affect the amounts reported in the financial statements and accompanying notes. Actual results could significantly differ from those estimates. The company believes that the following discussion addresses the company's most critical accounting policies, which are those that are important to the presentation of the company's financial condition and results of operations and require management's most difficult, subjective and complex judgments.

**Goodwill:** As of December 25, 2011, goodwill represented approximately 43% of the company's total assets. Goodwill represents the excess of acquisition cost over the fair value of assets acquired, including identifiable intangible assets, net of liabilities assumed. Goodwill is tested for impairment on an annual basis or between annual tests if events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The company's annual measurement date is the end of its fiscal year. In the first step of the

test, the company is required to determine the fair value of each reporting unit and compare it to the carrying amount of the reporting unit. Fair value of the reporting unit is determined using various techniques, including multiple of earnings and discounted cash flow valuation. Determining the fair value of the reporting units is judgmental in nature and involves the use of significant estimates and assumptions. These estimates and assumptions include changes in revenue and operating margins used to project future cash flows, discount rates, valuation multiples of entities engaged in the same or similar lines of business and future economic and market conditions. The fair value of the company's reporting units is also impacted by the company's overall market capitalization. If the carrying amount of the reporting unit exceeds the fair value of the reporting unit, the company performs the second step of the impairment test, as this is an indication that the reporting unit goodwill may be impaired. In the second step of the impairment test, the company determines the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment of goodwill has occurred and the company must recognize an impairment loss for the difference between the carrying amount and the implied fair value of goodwill.

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The company has 6 major reporting units (defined as reporting units with goodwill in excess of \$50 million) which accounted for 97% of its goodwill balance at December 25, 2011, the most recent annual impairment testing date. The following table shows the aggregate goodwill for these units summarized at the segment level:

In millions of dollars	September 30,
Segment	Goodwill Balance
Publishing	\$ 528
Broadcast	\$ 1,619
Digital	\$ 641

In the case of the Publishing segment there are three major reporting units that comprise the goodwill balance shown above. The aggregate estimated fair value of these reporting units exceeded the carrying value. In order for these reporting units to fail step one of the goodwill impairment test, the estimated value of the reporting units would have to decline by over 35% for U.S. Community Publishing, Newsquest and the USA TODAY group (which includes USA TODAY brand properties, associated printing operations and USA WEEKEND).

For the Broadcast segment, which is considered a single reporting unit, estimated fair value exceeded carrying value at the end of 2011. In order for the Broadcast reporting unit to fail step one of the goodwill impairment test, its estimated fair value would have to decline by over 25%.

For the two Digital businesses reflected in the balance above, PointRoll and CareerBuilder, the estimated fair value at the end of 2011 exceeded carrying value. In order for either of these reporting units to fail step one of the goodwill impairment test, the estimated fair value would have to decline by over 15% for PointRoll and 40% for CareerBuilder.

Fair value of the reporting units will depend on several factors, including the strength of the economy in the company's principal publishing, digital and broadcast markets. Generally soft and uneven recoveries in the U.S. and U.K. markets have had an adverse effect on most of the company's reporting units in recent years. New and developing competition as well as technological change could also adversely affect fair value estimates in the near term for certain of the company's reporting units, particularly those in the Digital segment (exclusive of CareerBuilder). Any one or a combination of these factors could lead to declines in reporting unit fair values and goodwill impairment charges.

**Indefinite Lived Intangibles:** This asset grouping consists of mastheads and trade names for publishing and digital businesses and FCC licenses for television stations.

Local mastheads (publishing titles and web site domain names) and other trade names are not subject to amortization and are tested for impairment annually (at year-end), or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test consists of a comparison of the fair value of each masthead/domain name or trade name with its carrying amount. The company uses a relief from royalty approach which utilizes a discounted cash flow model to determine the fair value of each masthead/domain name or trade name. Management's judgments and estimates of future operating results in determining the reporting unit fair values are consistently applied to each underlying business in determining the fair value of each intangible asset. No impairments in this asset category are indicated at this time.

Television FCC licenses for the Atlanta and Denver markets are not subject to amortization and are tested for impairment annually (at year-end), or more frequently if events or changes in circumstances indicate that the asset might be impaired. The impairment test consists of a comparison of the fair value of the license with its carrying amount. Fair value is estimated using an income approach referred to as the Greenfield Approach. This method requires multiple assumptions relating to the future prospects of each individual television station including, but not limited to: (i) expected long-term market growth characteristics, (ii) station revenue shares within a market, (iii) future expected operating expenses, (iv) costs of capital and (v) appropriate discount rates. No impairment of the carrying value of these licenses is indicated at this time. In addition, the company does not believe that either of these FCC licenses are at risk of requiring an impairment charge for the foreseeable future.

**Other Long-Lived Assets (Property, Plant and Equipment and Amortizable Intangible Assets):** Property, plant and equipment are recorded at cost and are depreciated on a straight-line method over the estimated useful lives of such assets. Changes in circumstances, such as technological advances or changes to the company's business model or capital strategy, could result in actual useful lives differing from company estimates. In cases where the company determines that the useful life of buildings and equipment should be shortened, the company would depreciate the asset over its revised remaining useful life thereby increasing depreciation expense.

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Accelerated depreciation was recorded in 2011 for certain property, plant and equipment, reflecting specific decisions in recent quarters to consolidate production and other business services in the publishing segment.

The company reviews its property, plant and equipment assets for potential impairment at the asset group level (generally at the local business level) by comparing the carrying value of such assets with the expected undiscounted cash flows to be generated by those asset groups/local business units. Due to expected continued cash flow in excess of carrying value from its businesses, no property, plant or equipment assets are considered impaired.

The company's amortizable intangible assets consist mainly of customer relationships. These asset values are amortized systematically over their estimated useful lives. An impairment test of these assets would be triggered if the undiscounted cash flows from the related asset group (business unit) were to be less than the asset carrying value. No such triggering events relative to those assets have occurred.

For certain of these amortizable intangible assets, a significant deterioration in operating results at the underlying business unit could lead to future impairment charges.

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**Pension and Other Postretirement Benefits:** The determination of pension plan obligations and expense is based on a number of actuarial assumptions. Two critical assumptions are the expected long-term rate of return on plan assets and the discount rate applied to pension plan obligations. For other postretirement benefit (OPEB) plans, which provide for certain health care and life insurance benefits for qualifying retired employees and which are not funded, critical assumptions in determining OPEB obligations and expense are the discount rate and the assumed health care cost-trend rates.

The company and its subsidiaries have various retirement plans, including plans established under collective bargaining agreements. The company's principal retirement plan is the Gannett Retirement Plan (GRP). The GRP accounted for 74% of company pension plan assets and 70% of company pension obligations at Dec. 25, 2011, the most recent measurement date. Substantially all GRP participants had their benefits frozen effective August 1, 2008. At the end of 2011, the plan's projected benefit obligations were \$2.34 billion, plan assets were valued at \$1.78 billion and the plan was therefore 76% funded.

To estimate the long-term rate of return on pension assets, the company uses a process that incorporates actual historical asset-class returns and an assessment of expected future performance. The company used an assumption of 8.75% for its expected return on GRP assets for 2011. A change in the expected long-term return on plan assets would increase or decrease pension plan expense. As an indication of the sensitivity of pension expense to the long-term rate of return assumption, a 50 basis point decrease in the expected rate of return on GRP assets would have increased estimated pension plan expense for 2011 by approximately \$9 million. Actual rates of return on plan assets may vary significantly from estimates because of changes in financial markets.

U.S. accounting rules specify that discount rates reflect rates at which pension benefits could be effectively settled using high quality fixed income investments with maturities similar to the benefit payments. The company developed the discount rate for the GRP by matching the projected payments underlying the pension benefit obligation to a modeled yield curve consisting of high-quality Aa-graded non-callable bonds. A decrease in the discount rate for the GRP would increase the pension obligations, thus changing the funded status recorded on the company's Consolidated Balance Sheet. As an indication of the sensitivity of pension liabilities to the discount rate assumption, a 50 basis point change in the discount rate applied to the GRP at the end of 2011 would have changed plan obligations by approximately \$106 million. A 50 basis point change in the discount rate used to calculate 2011 expense for the plan would have changed total pension plan expense for 2011 by approximately \$0.6 million.

The company's principal pension plan in the U.K., the Newsquest Pension Scheme, has also been frozen to future accruals. At Dec. 25, 2011, the most recent measurement date, this plan had a projected benefit obligation of \$714 million, assets of \$561 million and was therefore 79% funded. This plan would be subject to the same accounting impacts as the GRP, although by lesser amounts, based upon changes in discount rate and investment return assumptions.

The company developed its discount rate for its OPEB plans using the same methodology as that described for the GRP. As an indication of discount rate sensitivity to the determination of estimated OPEB expense in 2011, a 50 basis point change in the discount rate for the company's OPEB plans would change estimated OPEB expense by approximately \$0.5 million and would have changed OPEB liabilities at the end of 2011 by approximately \$7.0 million. The assumed health care cost-trend rate also affects OPEB liabilities and expense. A 100 basis point increase in the health care cost trend rate would result in an increase of approximately \$7.5 million in the Dec. 25, 2011 postretirement benefit obligation and a \$0.4 million increase in the aggregate service and interest cost components of 2011 expense.

**Income Taxes:** The company's annual tax rate is based on its income, statutory tax regulations and rates, and tax planning opportunities available to it in the various jurisdictions in which it operates. Significant judgment is required in determining the company's annual tax expense and in evaluating its tax positions.

Tax law requires items to be included in the company's tax returns at different times than when the items are reflected in the financial statements. As a result, the annual tax expense reflected in the consolidated statements of income is different than that reported in the tax returns. Some of these differences are permanent, such as expenses recorded for accounting purposes that are not deductible in the returns, and some differences are temporary and reverse over time, such as depreciation expense. Temporary differences create deferred tax assets and liabilities. Deferred tax liabilities generally represent tax expense recognized in the financial statements for which payment has been deferred, or expense for which a deduction has been taken already in the tax return but the expense has not yet been recognized in the financial statements. Deferred tax assets generally represent items that can be used as a tax deduction or credit in tax returns in future years for which a benefit has already been recorded in the financial statements. Valuation allowances are established when necessary to reduce deferred income tax assets to the amounts the company believes are more likely than not to be recovered. In evaluating the amount of any such valuation allowance, the company considers the reversal of existing temporary differences, the existence of taxable income in prior carryback years, available tax planning strategies and estimates of future taxable income for each of its taxable jurisdictions. The latter two factors involve the exercise of significant judgment. As of Dec. 25, 2011, deferred tax asset valuation allowances totaled \$54 million. Although realization is not assured, the company believes it is more likely than not that all other deferred tax assets for which no valuation allowances have been established will be realized. Projected future

taxable income is the principal basis upon which this assumption is made.



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The company determines whether it is more likely than not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit is recorded in the financial statements. A tax position is measured as the portion of the tax benefit that is greater than 50% likely to be realized upon settlement with a taxing authority (that has full knowledge of all relevant information). The company may be required to change its provision for income taxes when the ultimate deductibility of certain items is challenged or agreed to by taxing authorities, when estimates used in determining valuation allowances on deferred tax assets significantly change, or when receipt of new information indicates the need for adjustment in valuation allowances. Additionally, future events, such as changes in tax laws, tax regulations, or interpretations of such laws or regulations, could have an impact on the provision for income tax and the effective tax rate. Any such changes could significantly affect the amounts reported in the consolidated financial statements in the year these changes occur.

The effect of a one percentage point change in the effective tax rate for 2011 would have resulted in a change of \$6 million in the provision for income taxes and net income attributable to Gannett Co., Inc.

**Business acquisitions, investments, dispositions and discontinued operations**

**2011:** In early January 2011, the company completed the acquisition of Reviewed.com, a group of 12 product-review web sites that provide comprehensive reviews for technology products such as digital cameras, camcorders and high-definition televisions. Its operations have been expanded to include other household items and consumer services.

In May 2011, CareerBuilder acquired JobsCentral, a leading job board in Singapore that also has a fast-growing presence in Malaysia.

In June 2011, the company acquired Nutrition Dimension which provides continuing education, certification and review programs and other educational content for nutrition, fitness and training professionals.

In August 2011, the company acquired US PRESSWIRE, the global leader in the creation and distribution of premium digital sports images to media companies worldwide. US PRESSWIRE operates within the USA TODAY Sports Media Group and provides daily sports photo coverage for all of the company's publishing and broadcast properties.

In September 2011, CareerBuilder acquired JobScout24, a leading job board in Germany.

In November 2011, the company acquired the mixed martial arts web site, MMAjunkie.com, one of the leading online news destinations for the sport and a content provider for several print, online and TV outlets.

In November 2011, the company purchased a minority stake in ShopCo Holdings, LLC. ShopCo provides a common online shopping platform which allows advertisers to reach consumers in order to assist them in making informed purchasing decisions.

Total cash paid in 2011 for business acquisitions and investments was \$23.0 million and \$19.4 million, respectively.

**2010:** In March 2010, CareerBuilder purchased CareerSite.biz, in the U.K. which operates two online recruitment niche sites focusing on nursing and rail workers as well as a successful virtual career fair business.

In October 2010, the company purchased a minority stake in Ongo Inc. Ongo is a personal news service that gives consumers a new way to read, discover and share digital news and information from multiple titles.

In the second quarter of 2010, the company completed the sale of The Honolulu Advertiser as well as a small directory publishing operation in Michigan. In connection with these transactions, the company recorded a net after tax gain of \$21.2 million in discontinued operations. Income from continuing operations for all periods presented exclude operating results from these former properties which have been reclassified to discontinued operations. Amounts applicable to these discontinued operations are as follows:

<b>In thousands of dollars</b>	<b>September 30, 2010</b>	<b>September 30, 2009</b>
Revenues	\$ 32,710	\$ 103,390
Pretax (loss)/income	(758)	6,262
Net (loss)/income	(322)	3,790

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Gains (after tax) 21,195  
Total cash paid in 2010 for business acquisitions and investments was \$15.2 million and \$11.0 million, respectively.

**2009:** In February 2009, the company purchased a minority interest in Homefinder, a leading national online marketplace connecting homebuyers, sellers and real estate professionals.

In July 2009, Newsquest sold one of its commercial printing businesses, Southernprint Limited.

Total cash paid in 2009 for business acquisitions (principally post-acquisition consideration) and investments was \$9.6 million and \$9.7 million, respectively.

**Table of Contents****RESULTS OF OPERATIONS****Consolidated summary continuing operations**

A consolidated summary of the company's results is presented below.

In millions of dollars, except per share amounts	September 30, 2011	September 30, Change	September 30, 2010	September 30, Change	September 30, 2009
Operating revenues	\$ 5,240	(4%)	\$ 5,439	(1%)	\$ 5,510
Operating expenses	\$ 4,409	(1%)	\$ 4,439	(7%)	\$ 4,791
Operating income	\$ 831	(17%)	\$ 1,000	39%	\$ 719
Non-operating expense, net	\$ 178	16%	\$ 154	3%	\$ 149
Income from continuing operations					
Per share basic	\$ 1.92	(19%)	\$ 2.38	59%	\$ 1.50
Per share diluted	\$ 1.89	(20%)	\$ 2.35	58%	\$ 1.49

A discussion of operating results of the company's publishing, digital and broadcasting segments, along with other factors affecting net income attributable to Gannett, is as follows:

**Publishing segment**

In addition to its domestic local publications and affiliated web sites, the company's publishing operations include USA TODAY, USA WEEKEND, Newsquest, which produces daily and non-daily publications in the U.K., Clipper Magazine, Gannett Healthcare Group, Gannett Government Media, Gannett Offset commercial printing and other advertising and marketing services businesses. The publishing segment in 2011 contributed 73% of the company's revenues.

Publishing operating results were as follows:

In millions of dollars	September 30, 2011 <sup>(a)</sup>	September 30, Change	September 30, 2010	September 30, Change	September 30, 2009
Revenues	\$ 3,831	(5%)	\$ 4,051	(6%)	\$ 4,292
Expenses	\$ 3,354	(1%)	\$ 3,403	(10%)	\$ 3,776
Operating income	\$ 478	(26%)	\$ 648	25%	\$ 516

(a) Numbers do not sum due to rounding.

**Foreign currency translation:** The average exchange rate used to translate U.K. publishing results was 1.60 for 2011, 1.55 for 2010 and 1.56 for 2009. Therefore, reported U.K. publishing revenue, expense and operating income trend higher from 2010 to 2011 and slightly lower from 2009 to 2010 because of rate fluctuations.

**Publishing operating revenues:** Publishing operating revenues are derived principally from advertising and circulation sales, which accounted for 66% and 28%, respectively, of total publishing revenues in 2011. Ad revenues include those derived from advertising placed with print products as well as publishing related internet web sites, mobile and tablet applications. These include revenue in the classified, retail and national ad categories. Other publishing revenues are mainly from commercial printing.

The table below presents the principal components of publishing revenues for the last three years.

Publishing operating revenues, in millions of dollars	September 30, 2011	September 30, Change	September 30, 2010 <sup>(a)</sup>	September 30, Change	September 30, 2009 <sup>(a)</sup>
Advertising	\$ 2,511	(7%)	\$ 2,711	(6%)	\$ 2,888

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Circulation	\$	1,064	(2%)	\$	1,087	(5%)	\$	1,145
Commercial printing and other	\$	256	1%	\$	254	(2%)	\$	260
<b>Total</b>	\$	3,831	(5%)	\$	4,051	(6%)	\$	4,292

(a) Numbers do not sum due to rounding.

The table below presents the principal components of publishing advertising revenues for the last three years. These amounts include ad revenue from printed publications as well as online ad revenue from web sites affiliated with the publications.

Advertising revenues, in millions of dollars	September 30, 2011	September 30, Change	September 30, 2010	September 30, Change	September 30, 2009
Retail	\$ 1,303	(6%)	\$ 1,384	(6%)	\$ 1,480
National	\$ 446	(11%)	\$ 501	(4%)	\$ 522
Classified	\$ 762	(8%)	\$ 826	(7%)	\$ 886
Total ad revenue	\$ 2,511	(7%)	\$ 2,711	(6%)	\$ 2,888

**Publishing revenue comparisons 2011-2010:**

**Advertising Revenue:** Advertising revenues for 2011 declined \$199 million or 7%, reflecting the impact of the soft economy on advertising demand.

The table below presents the percentage change in 2011 compared to 2010 for each of the major ad revenue categories, by quarter.

Advertising Revenue Comparisons by Quarter	September 30, Q1	September 30, Q2	September 30, Q3	September 30, Q4
Retail	(7%)	(5%)	(6%)	(6%)
National	(10%)	(9%)	(15%)	(9%)
Classified	(6%)	(8%)	(9%)	(8%)
Total advertising	(7%)	(7%)	(9%)	(7%)

Ad revenues were lower in both the U.S. and the U.K.

In the U.K., in local currency, ad revenues were down more than in the U.S. Because U.K. ad revenue benefited from a higher average exchange rate for 2011, in U.S. dollars, Newsquest ad revenues were down 6% compared with an 8% decline for U.S. publishing.

The table below presents the percentage change for the retail, national, and classified categories for 2011 compared to 2010.

Advertising Revenue Year Over Year Comparisons	September 30, U.S. Publishing	September 30, Newsquest (in pounds)	September 30, Total Publishing (constant currency)
Retail	(6%)	(6%)	(6%)
National	(12%)	3%	(11%)
Classified	(7%)	(13%)	(9%)
Total	(8%)	(9%)	(8%)

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Retail ad revenues were down \$82 million or 6% in 2011. In the U.S., revenues were down in most principal categories, with the more significant declines occurring in the department store, telecommunications and home improvement categories, partially offset by an increase in retail online advertising. Retail ad revenues were down 6% in the U.K. on a constant currency basis.

National ad revenues were down \$54 million or 11% in 2011, primarily due to lower ad sales for USA TODAY and its associated businesses, as well as for U.S. Community Publishing. At USA TODAY, print ad revenues were down 14% for the year, reflecting weakness in automotive, travel and entertainment, partially offset by an increase in the telecommunications and credit card categories.

The table below presents the percentage change in classified categories for 2011 compared to 2010.

Classified Revenue Year Over Year Comparisons	September 30,	September 30,	September 30,
	U.S. Publishing	Newsquest (in pounds)	Total Publishing (constant currency)
Automotive	(2%)	(13%)	(4%)
Employment	2%	(20%)	(6%)
Real Estate	(18%)	(9%)	(15%)
Legal	(17%)		(17%)
Other	(9%)	(9%)	(9%)
Total	(7%)	(13%)	(9%)

Classified ad revenues declined \$64 million or 8% in 2011 with a decline of 7% in the U.S. and 9% in the U.K. Domestically, employment advertising was up 2% for the year while automotive declined 2%. Real estate continued to reflect the housing issues nationwide and was down 18% for the year. Classified advertising in the U.K. was worse than in the U.S. as automotive, employment and real estate declined in local currency 13%, 20% and 9%, respectively.

Digital revenues in the publishing segment were up for the year in the U.S. as well as at Newsquest in the U.K. U.S. Community Publishing digital revenues were up 9%, reflecting strong increases in the automotive, employment and retail categories. Digital revenues at USA TODAY and its associated brands were up by a low double digit percentage for the year, while digital revenues at Newsquest increased 5% in local currency.

Looking to 2012, the company expects continuing challenges in the retail, national and classified categories based on the expected continuation of soft economic conditions in the U.S. and the U.K. Digital revenues are expected to continue growing but print ads are expected to be lower.

**Circulation Revenue:** Publishing circulation revenues declined \$23 million or 2% over 2010. Circulation revenues were lower in the U.S., and in the U.K., in local currency. Revenue comparisons reflect generally lower circulation volumes partially offset by price increases. Daily net paid circulation, excluding USA TODAY, declined 6%, while Sunday net paid circulation declined 1%. U.S. Community Publishing sites reported that Sunday six month circulation was down just 0.1% in the September 2011 Audit Bureau of Circulations (ABC) Publisher's Statement, with 21 publishing sites showing year over year Sunday circulation gains.

Circulation revenues were lower at USA TODAY, reflecting lower average daily circulation volume. USA TODAY's average daily circulation for 2011 declined 2% to 1,776,820.

For local publishing operations in the U.S. and U.K., morning circulation accounted for approximately 94% of total daily volume, while evening circulation accounted for 6%.

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Local publishing circulation volume is summarized in the table below. In 2011, the company reclassified certain net paid circulation volume from evening to morning distribution due to changes in delivery times. All prior periods have been restated to conform to the new classifications.

Average net paid circulation volume, in thousands	September 30, 2011	September 30, Change	September 30, 2010	September 30, Change	September 30, 2009
<b>Local Publications</b>					
Morning	3,501	(6%)	3,711	(7%)	3,981
Evening	204	(6%)	218	(8%)	237
Total daily	3,705	(6%)	3,929	(7%)	4,218
Sunday	4,773	(1%)	4,845	(4%)	5,030

In 2012, the company will conduct a phased rollout of a new content subscription model. Subscriptions will include full web, mobile, e-editions and tablet access, as well as the subscriber's choice of frequency of print-edition home delivery. As a result of these changes, past revenue trends may not be indicative of future trends.

**Other Revenue:** Commercial printing and other publishing revenues increased 1% to \$256 million in 2011 due primarily to an increase in commercial printing revenues in the U.K. Commercial printing revenues in the U.S. and U.K. accounted for approximately 58% of total other revenues.

### *Publishing revenue comparisons 2010-2009:*

**Advertising Revenue:** Advertising revenues for 2010 decreased \$178 million or 6%. The rate of decline generally narrowed over the course of the year as economic conditions slowly stabilized and sales initiatives took hold. Early in 2010, revenue declines were most pronounced due in large measure to the more severe global economic conditions. Ad revenues were lower in both the U.S. and the U.K.

In the U.K., in local currency, ad revenues were down more than in the U.S. U.K. ad revenue declines were impacted by a slightly lower average exchange rate for 2010 compared with 2009. In U.S. dollars, Newsquest ad revenues were down 8% compared with a 5% decline for U.S. publishing.

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Retail ad revenues were down \$96 million or 6% in 2010. In the U.S., revenues were lower in most principal categories, with the more significant declines occurring in the department store, financial and telecommunications categories, partially offset by an increase in retail online advertising. Retail ad revenues were slightly better in the U.K. and on a constant currency basis were down 5% in 2010. Retail revenue declines narrowed throughout 2010, and the fourth quarter was the best comparison quarter of the year.

National ad revenues were down \$21 million or 4% in 2010, primarily due to lower ad sales for USA TODAY and its associated businesses, partially offset by an increase in national ad revenues for U.S. Community Publishing. At USA TODAY, print ad revenues were down 13% for the year, reflecting weakness in travel, telecommunications and pharmaceutical, partially offset by an increase in the automotive and retail categories. National advertising revenues excluding USA TODAY and USA WEEKEND were 3% higher in 2010.

Classified ad revenues decreased \$60 million or 7% in 2010 with a decline of 4% in the U.S. and 10% in the U.K. Domestically, classified advertising improved sequentially throughout the year. Automotive and employment were especially strong and were up 5% and 3%, respectively. Real estate continued to reflect the housing issues nationwide and was down 19% for the year. Classified advertising in the U.K. continued to remain challenging. Real estate advertising was up 1% in pounds for the year, while automotive and employment were down 7% and 17%, respectively.

Digital revenues in the publishing segment were up for 2010 in the U.S. as well as at Newsquest in the U.K. U.S. Community Publishing digital revenues were up 11%, reflecting strong increases in most categories. Digital revenues at USA TODAY increased 12% for 2010, while digital revenues at Newsquest increased 6% in local currency.

**Circulation Revenue:** Circulation revenues declined \$58 million or 5% over 2009 as revenues for both U.S. and U.K. publications were generally lower. Revenue comparisons reflect generally lower circulation volumes partially offset by limited price increases. Daily net paid circulation, excluding USA TODAY, declined 7%, while Sunday net paid circulation declined 4%. Daily and Sunday net paid circulation comparisons improved sequentially throughout 2010 as greater focus was placed on increasing home delivery circulation. U.S. Community Publishing sites reported that Sunday home delivery circulation was up 1% in the September 2010 ABC Publisher's Statement, with 28 publishing sites showing year over year Sunday circulation gains.

Circulation revenues were lower at USA TODAY, reflecting lower average daily circulation. USA TODAY's average daily circulation for 2010 decreased 5% to 1,817,405.

For local publications, morning circulation accounted for approximately 94% of total daily volume, while evening circulation accounted for 6%.

**Other Revenue:** Commercial printing and other publishing revenues decreased 2% to \$254 million in 2010 due primarily to the sale of a U.K. commercial printing business early in the third quarter of 2009, partially offset by gains in delivery revenue for non-company publications.

**Publishing expense comparisons 2011-2010:** Publishing operating costs decreased 1% to \$3.4 billion in 2011, primarily due to the impact of continued cost control and efficiency efforts, partially offset by an increase in workforce restructuring charges of \$64 million. These charges include costs of \$35 million associated with the transition of printing and publishing services from the company's Cincinnati production facility to a non-Gannett publishing facility in Columbus, OH.

Publishing payroll costs were down 6%, reflecting the impact of headcount reductions across the segment.

Newsprint expense was up 3%, reflecting lower consumption, down 9%, offset by a 13% increase in usage prices.

**Publishing expense comparisons 2010-2009:** Publishing operating costs declined 10% to \$3.4 billion in 2010, primarily due to the impact of efforts to implement operating efficiencies, facility consolidations and significantly lower newsprint expense.

Significant savings were achieved through tight cost control measures as well as by permanently restructuring the company's cost base and creating operating efficiencies wherever possible. Efforts included numerous facility consolidations, centralization, compensation actions and outsourcing. Savings reflect the impact of headcount reductions in 2010 and 2009. Lower newsprint expense was also a significant contributor to the savings.

Publishing payroll costs were down 5%, reflecting the impact of headcount reductions, partially offset by lower savings from furloughs in 2010 than in 2009.

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Newsprint expense was down 23%, reflecting lower consumption, down 10%, including savings from web width reductions and greater use of light weight newsprint. Newsprint usage prices rose throughout the year but still finished down 15% for the full year.

Other factors contributing to the decline in costs include the impact of a lower U.K. exchange rate, and the sale early in the third quarter of 2009 of a commercial printing business in the U.K.

**Outlook for 2012:** The company expects most publishing expenses to decline further in 2012, reflecting headcount reduction decisions, facility consolidations and lower newsprint expense driven by lower usage. Normal depreciation charges will be lower but accelerated depreciation charges will be taken as a result of the transition of printing and publishing services from Cincinnati to Columbus as noted above. Pension costs will be higher in 2012.

**Publishing operating results 2011-2010:** Publishing operating income decreased to \$478 million in 2011 from \$648 million in 2010. The principal factors affecting reported operating results comparisons for the full year were the following:

Lower operating results at most U.S. and U.K. properties as ad revenue categories were affected by the impact of the soft economy on advertising demand;

An increase in newsprint expense as a significant decline in usage was not sufficient to offset an increase in usage prices;

Higher charges in 2011 from workforce restructuring efforts and consolidations;

Positive impact of a significant increase in digital revenue; and

Positive impact of currency translation at a higher rate in 2011.



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**Publishing operating results 2010-2009:** Publishing operating income increased to \$648 million in 2010 from \$516 million in 2009. The principal factors affecting comparisons for the full year were the following:

higher reported operating results at many of the company's larger domestic daily newspapers and significantly lower newsprint expense;

higher reported operating results at Newsquest;

continued cost containment efforts throughout U.S. and U.K. operations; and

lower charges in 2010 from facility consolidations and asset impairments.

**Digital**

The digital business segment includes CareerBuilder, PointRoll, ShopLocal, Reviewed.com and Planet Discover.

Digital revenues, expenses and operating income were as follows:

In millions of dollars	September 30, 2011	September 30, Change	September 30, 2010	September 30, Change	September 30, 2009
Revenues	\$ 686	11%	\$ 618	5%	\$ 586
Expenses	\$ 561	5%	\$ 535	(1%)	\$ 543
Operating income	\$ 125	50%	\$ 83	93%	\$ 43

Digital revenues increased \$68 million or 11% over 2010, reflecting primarily a significant increase in revenues at CareerBuilder.

Digital expenses in 2011 increased 5% to \$561 million, primarily due to an increase in expenses at CareerBuilder associated with its revenue growth. Expenses were also higher at PointRoll as investments in new products and services are being made there. As an offset to these factors, an intangible impairment charge of \$13 million was reflected in digital results for 2010 which did not recur in 2011.

As a result of all of these factors, Digital segment operating income increased 50% to \$125 million in 2011.

CareerBuilder operations are predominately based in North America, however expansion efforts continue in parts of Europe and Asia. CareerBuilder is the nation's largest online recruitment and career advancement source for employers, employees, recruiters and job seekers. Its North American network revenue is driven mainly from its own sales force but it also derives revenues from its owner-affiliated businesses, including the company's local media organizations, which sell various CareerBuilder employment products including upsells of print employment ads. For the company's financial reporting purposes, CareerBuilder revenues exclude amounts recorded at Gannett-owned local media organizations. North American network revenue increased 13%, compared to last year, with substantially all the increase attributable to revenues CareerBuilder derived from its own sales efforts. Revenues derived from its owner-affiliated newspapers were up 1% in 2011, while revenues from its own sales efforts were up 15% in 2011.

**Digital results 2010-2009:** Reported digital revenues increased \$32 million or 5% over 2009, reflecting significant gains at CareerBuilder, PointRoll and ShopLocal.

Digital expenses in 2010 decreased 1% to \$535 million, primarily due to lower asset impairment charges. Operating income rose 93% to \$83 million in 2010, reflecting strong gains in 2010 for CareerBuilder, PointRoll and ShopLocal.

CareerBuilder North American network revenue increased 3%, compared to 2009, with all of the increase attributable to revenues derived from its own sales efforts. Revenues derived from owner-affiliated businesses were down slightly, while revenues from its own sales efforts were up 4% in 2010.

**Outlook for 2012:** The company expects digital segment revenues and profits to grow again in 2012, with continued gains at CareerBuilder.

**Broadcasting**

The company's broadcasting operations at the end of 2011 included 23 television stations and affiliated web sites in markets with nearly 21 million households reaching 18.1% of the U.S. population. The Broadcasting Division also includes Captivate Network.

Broadcasting revenues accounted for approximately 14% of the company's reported operating revenues in 2011. Broadcasting revenues accounted for approximately 14% and 11% of the company's reported operating revenues in 2010 and 2009, respectively.

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

In millions of dollars	September 30, 2011	September 30, Change	September 30, 2010 <sup>(a)</sup>	September 30, Change	September 30, 2009
Revenues	\$ 722	(6%)	\$ 770	22%	\$ 631
Expenses	\$ 420	(5%)	\$ 440	6%	\$ 415
Operating income	\$ 302	(8%)	\$ 329	52%	\$ 216

(a) Numbers do not sum due to rounding.

Broadcast revenues decreased \$47 million or 6% for 2011. Year-over-year revenue comparisons were unfavorably impacted by \$107 million in ad revenues associated with the Winter Olympics and political/election-related advertising in 2010. Excluding the estimated incremental impact of Olympic and political related advertising which totaled \$86 million, broadcast revenues were up 6% in 2011. This reflects a significant improvement in core advertising, led by the automotive, banking and medical categories. Retransmission and digital television revenue were also significantly higher in 2011 from 2010, up 27% and 26%, respectively.

Favorable television results were partially offset by a decrease in revenues at Captivate. Broadcasting revenues, excluding Captivate, decreased 6% and excluding also the estimated incremental impact of Olympics and political related advertising, broadcasting revenues increased 7%.

Broadcast costs decreased 5% to \$420 million in 2011. The decrease reflects continuing cost control and efficiency efforts, lower sales and programming costs in 2011 and certain facility consolidation and asset impairment charges taken in 2010 that did not recur in 2011.

Operating income decreased 8% to \$302 million in 2011, reflecting significantly lower net political and Olympic advertising revenues, partially offset by higher core revenues, retransmission revenues, online television revenues and lower expenses.

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**Broadcast results 2010-2009:** Broadcast revenues increased \$138 million or 22% for 2010. Year-over-year revenue comparisons were favorably impacted by \$107 million in ad revenues associated with the Winter Olympics and political/election-related advertising in 2010. Excluding the estimated incremental impact of Olympic and political-related advertising which totaled \$80 million, broadcast revenues were up 9% in 2010. This reflects a significant increase in core advertising, led by the automotive and financial categories. Higher retransmission and Captivate revenues also contributed to the increase.

Excluding Captivate, broadcast revenues increased 22%. Local television revenues increased 12% while national revenues increased 44%. Excluding the impact of political in both years, local revenues increased 7% and national revenues 17%.

Broadcast costs increased 6% to \$440 million in 2010. The increase reflects higher sales and marketing costs in 2010 associated with higher revenues, partially offset by the absence of furlough savings in 2010 compared to 2009.

Operating income increased 52% to \$329 million in 2010 reflecting higher political, Olympic, core, retransmission and Captivate revenue, partially offset by modestly higher expense associated with the increased revenue.

**Outlook for 2012:** The company expects revenues to increase primarily due to increased ad demand from 2012 political election campaigns, from Summer Olympics and Super Bowl coverage on its 12 NBC stations, and from an increase in retransmission revenue. The company expects operating profit from broadcast to show a substantial gain in 2012.

**Consolidated operating expenses**

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

Consolidated operating expenses, in millions of dollars	September 30, 2011	September 30, Change	September 30, 2010	September 30, Change	September 30, 2009
Cost of sales	\$ 2,961	(1%)	\$ 2,980	(8%)	\$ 3,230
Selling, general and admin. expenses	\$ 1,223	3%	\$ 1,188		\$ 1,187
Depreciation	\$ 166	(9%)	\$ 183	(12%)	\$ 208
Amortization of intangible assets	\$ 32	1%	\$ 31	(5%)	\$ 33
Facility consolidation and asset impairment charges	\$ 27	(52%)	\$ 57	(57%)	\$ 133
Total	\$ 4,409	(1%)	\$ 4,439	(7%)	\$ 4,791

Total reported operating expense decreased 1% to \$4.41 billion in 2011. Payroll savings were significant from reduced headcount from consolidations and restructuring efforts. Strong cost controls were in place throughout the company, however expenses increased 5% in the Digital segment associated with the significant increase in its revenue. Cost savings were also partially offset by an increase in workforce restructuring charges of \$62 million as well as a charge of \$15 million incurred for the disability-related retirement of the company's former chairman and chief executive officer in the fourth quarter of 2011.

Depreciation expense was 9% lower in 2011, reflecting reduced depreciation resulting from recent impairment charges and certain assets reaching the end of their depreciable life.

The non-cash facility consolidation and asset impairment charges for all years are more fully discussed beginning on page 40 and in Notes 3 and 4 to the Consolidated Financial Statements.

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

	September 30, 2011	September 30, 2010	September 30, 2009
Payroll and employee benefits	46.8%	47.4%	46.2%
Newsprint and other production material	12.1%	12.0%	13.1%

**Operating expense comparisons 2010-2009:** Total operating expense decreased 7% to \$4.44 billion in 2010. Operating expenses declined due in part to sharply lower newsprint expense (down 23%) reflecting lower consumption and lower prices. Payroll savings were also significant, from reduced headcount from consolidations and other restructuring efforts, partially offset by lower furlough savings in 2010 than in 2009. Strong cost controls were in place throughout the company, however expenses increased modestly in broadcasting associated with the significant increase in revenue.

Depreciation expense was 12% lower in 2010, reflecting reduced capital spending, reduced depreciation resulting from recent impairment charges and certain assets reaching the end of their depreciable life.

The non-cash facility consolidation and asset impairment charges for all years are more fully discussed beginning on page 40 and in Notes 3 and 4 to the Consolidated Financial Statements.

**Outlook for 2012:** The company expects that total operating expenses may increase modestly in 2012, reflecting higher broadcast and digital costs related to anticipated increased revenues, as well as costs associated with the launch of certain strategic initiatives. These costs will be partially offset by reduced publishing costs. Newsprint expenses are expected to be lower in 2012. Pension expenses are expected to increase while normal depreciation expenses are projected to decrease. Accelerated depreciation charges will be taken related to the transition of production/packaging activities from Cincinnati to Columbus, OH. Payroll expenses will be up modestly in the broadcast and digital segments due to increased revenue, while publishing payroll costs are expected to decline due primarily to carryover effect of actions taken during 2011 and early 2012. The company may undertake further facility consolidation and other actions, depending on developing business conditions.

#### **Non-operating income and expense**

**Equity earnings:** This income statement category reflects results from unconsolidated minority interest investments, including the company's equity share of operating results from its publishing partnerships, including the Tucson joint operating agency, the California Newspapers Partnership and the Texas-New Mexico Newspapers Partnership, as well as from investments in certain other digital/new technology businesses.

The company's net equity income in unconsolidated investees for 2011 was \$8 million, a decrease of \$11 million over 2010. The decline reflects \$16 million in impairment charges taken in 2011, partially offset by better results at certain digital investments, particularly Classified Ventures where earnings grew 25% in 2011.

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The company's net equity income in unconsolidated investees for 2010 was \$19 million, an increase of \$15 million over 2009. This increase reflects better results at certain newspaper partnerships and digital investments, particularly Classified Ventures as well as the effect of lower impairment charges taken in 2010.

**Interest expense:** 2011 interest expense was flat compared to 2010 as lower average debt levels were offset by higher average rates.

Interest expense decreased \$3 million or 2% in 2010 as compared to 2009, reflecting significantly lower average debt balances, partially offset by higher rates.

The company reduced its long-term debt by \$592 million or 25% in 2011. At the end of 2011, the company's senior leverage ratio was 1.67x, well under the ceiling designated by the financial covenant under its revolving credit agreements.

A further discussion of the company's borrowing and related interest cost is presented in the Liquidity and capital resources section of this report beginning on page 43, and in Note 7 to the Consolidated Financial Statements.

**Other non-operating items:** The company reported a net loss of \$13 million for other non-operating items in 2011 compared with a slight net gain of \$100,000 in 2010. In 2011, the company recorded \$15 million of non-cash charges for the write-down of certain investments. These charges were partially offset by a gain recognized as a result of the prepayment of a secured promissory note the company received in connection with the disposition of certain publishing operations in 2010.

In 2009, the company realized a \$43 million non-cash debt exchange gain offset partially by a \$28 million non-cash charge for the write-down of certain publishing business assets sold.

**Outlook for 2012:** The company expects its net interest expense to be down for the year, reflecting lower average debt balances.

**Provision for income taxes on income from continuing operations**

The company reported pre-tax income attributable to Gannett of \$612 million for 2011. The provision for income taxes reflects a special net tax benefit from the release of certain tax reserves due to audit settlements and a permanent stock basis deduction associated with the disposal of certain business assets in 2011. An impairment charge for these assets had been recorded in previous years, however no related tax benefit had been taken as the formal disposal of the assets did not occur until 2011. The effective tax rate on pre-tax income is 25%.

The company reported pre-tax income attributable to Gannett of \$811 million for 2010. The provision for income taxes reflects a special net tax benefit primarily from the release of certain state tax reserves due to the lapse of statutes of limitations. The effective tax rate on pre-tax income is 30.1%.

The company reported pre-tax income attributable to Gannett of \$543 million for 2009. The effective tax rate on pre-tax income is 35.2%.

The lower effective tax rate for 2011 compared to 2010 is due to the stock basis deduction associated with previous impairment charges and the release of foreign tax reserves upon audit settlements.

For 2010, the lower effective tax rate compared to 2009 is due to the release of state tax reserves primarily related to the sale of a business in a prior year upon the expiration of statutes of limitations,.

Further information concerning income tax matters is contained in Note 10 of the Consolidated Financial Statements.

**Income from continuing operations attributable to Gannett Co., Inc.**

Income from continuing operations attributable to Gannett Co., Inc. and related per share amounts are presented in the table below.

In millions of dollars, except per share amounts	September 30, 2011	September 30, Change	September 30, 2010	September 30, Change	September 30, 2009
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Income	\$	459	(19%)	\$	567	61%	\$	351
Per diluted share	\$	1.89	(20%)	\$	2.35	58%	\$	1.49

Income attributable to Gannett Co., Inc. consists of income from continuing operations reduced by net income attributable to noncontrolling interests, primarily from CareerBuilder. Net income attributable to noncontrolling interests was \$41 million, \$35 million and \$27 million in 2011, 2010 and 2009, respectively.

**Discontinued operations**

Earnings from discontinued operations represent the combined operating results (net of income taxes) of The Honolulu Advertiser and its related assets as well as a small directory publishing operation in Michigan each of which were sold during the second quarter of 2010. The revenues and expenses from each of these properties have, along with associated income taxes, been removed from continuing operations and reclassified into a single line item amount on the Statements of Income titled (Loss) income from the operation of discontinued operations, net of tax for each period presented.

In 2010 the company reported earnings per diluted share of \$0.08 for the gain on the disposition of these properties.

	September 30,	September 30,	September 30,
	2010	Change	2009
<b>Discontinued Operations</b>			
<b>In thousands, except per share amounts</b>			
(Loss) income from operation of discontinued operations, net of tax	\$ (322)	***	\$ 3,790
Per share diluted		***	\$ 0.02
Gain on disposal of publishing businesses, net of tax	\$ 21,195	***	
Per share diluted	\$ 0.08	***	

Net income attributable to Gannett Co., Inc., and related per share amounts are presented in the table below, and include income from continuing and discontinued operations.

	September 30,	September 30,	September 30,	September 30,	September 30,
	2011	Change	2010	Change	2009
<b>In millions of dollars, except per share amounts</b>					
Net income	\$ 459	(22%)	\$ 588	66%	\$ 355
Per basic share	\$ 1.92	(22%)	\$ 2.47	63%	\$ 1.52
Per diluted share	\$ 1.89	(22%)	\$ 2.43	61%	\$ 1.51

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### **Operating results non-GAAP information**

**Presentation of non-GAAP information:** The company uses non-GAAP financial performance and liquidity measures to supplement the financial information presented on a GAAP basis. These non-GAAP financial measures are not to be considered in isolation from or as a substitute for the related GAAP measures, and should be read only in conjunction with financial information presented on a GAAP basis.

The company discusses in this report non-GAAP financial performance measures that exclude from its reported GAAP results the impact of special items consisting of workforce restructuring charges, facility consolidation expenses, non-cash asset impairment charges, incremental charges associated with the company's former chairman and chief executive officer's disability related retirement, pension gain, debt exchange gain, impairment of publishing assets sold and certain charges and credits to its income tax provision. The company believes that such expenses and tax items are not indicative of normal, ongoing operations and their inclusion in results makes for more difficult comparisons between periods and with peer group companies. Workforce restructuring and facility consolidation expenses primarily relate to incremental expenses the company has incurred to consolidate or outsource production processes and centralize other functions. These expenses include payroll and related benefit costs (including certain union pension costs) and accelerated depreciation. Non-cash asset impairment charges were recorded to reduce the book value of certain intangible assets and investments accounted for under the equity and cost methods to fair value, as the businesses underlying these assets had experienced significant and sustained unfavorable operating results.

Management uses non-GAAP financial performance measures for purposes of measuring business unit and consolidated company performance against profit plans. The company therefore believes that each of the non-GAAP measures presented provides useful information to investors by allowing them to view the company's businesses through the eyes of management and the Board of Directors, facilitating comparison of results across historical periods, and providing a focus on the underlying ongoing operating performance of its businesses. In addition, many of the company's peer group companies present similar non-GAAP measures so the presentation of such measures facilitates industry comparisons.

**Discussion of special charges and credits affecting reported results:** Facility consolidation plans led the company to recognize charges in 2009-2011 associated with revising the useful lives of certain assets over a shortened period as well as shutdown costs. Additionally, results from performing impairment tests on certain assets including goodwill, other intangible assets, other long-lived assets and investments accounted for under the equity and cost methods, required the recognition of impairment charges in 2009-2011. Total charges for these matters were \$58 million (\$36 million after-tax or \$.15 per share), \$60 million (\$43 million after-tax or \$.18 per share) and \$142 million (\$95 million after-tax or \$.40 per share) in 2011, 2010 and 2009, respectively. In addition, an impairment charge of \$28 million (\$24 million after-tax or \$.10 per share) was taken in 2009 to reduce the value of certain commercial printing assets which were then sold. The 2009 impairment charges were driven by poor business trends amid recessions in the U.S. and U.K. Concurrent with the decline in business conditions, there was broad-based downward pressure on equity share values in early 2009 and the company's stock price declined significantly. These factors led to the reassessment of asset carrying values and the determination that non-cash impairment write downs to underlying estimated fair value were required. These non-cash impairment charges are detailed in Notes 3 and 4 to the Consolidated Financial Statements.

For the years 2011, 2010 and 2009 the company recorded workforce restructuring related costs totaling \$74 million (\$46 million after-tax or \$.19 per share), \$12 million (\$7 million after-tax or \$.03 per share), and \$28 million (\$18 million after-tax or \$.08 per share), respectively. These charges were taken in connection with workforce reductions related to facility consolidation and outsourcing efforts and as part of a general program to fundamentally change the company's cost structure.

During 2011, the company recorded a \$15 million (\$9 million after-tax or \$.04 per share) incremental charge for the disability-related retirement of the company's former chairman and chief executive officer.

In addition, the company recorded net tax special benefits of \$31 million (\$.13 per share) during 2011 related to tax audit settlements covering multiple years and a permanent stock basis deduction related to the disposal of certain business assets.

During 2010, the company booked a net tax benefit of \$29 million (\$.12 per share) primarily due to the expiration of the statutes of limitations including the release of certain reserves related to the sale of a business in a prior year. The benefit was partially offset by a \$2 million (\$.01 per share) tax charge related to health care reform legislation.

During 2009, the company reached an agreement with one of its unions for a complete withdrawal from the union's underfunded pension plan and release from any future obligations with respect thereto. As a result of this agreement, the company recognized a pension settlement gain of \$40 million (\$25 million after-tax or \$.10 per share).

In connection with the debt exchange offer completed in May 2009, the company recorded a gain of approximately \$43 million (\$26 million after-tax or \$.11 per share) which is classified in "Other non-operating items" in the Statement of Income. This gain resulted from recording its

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new 2015 and 2016 notes at fair value as of the time of the exchange and extinguishing the old notes at their historical book values.

### Consolidated results

Adjustments to remove special items from GAAP operating expense follow:

In millions of dollars	September 30, 2011	September 30, Change	September 30, 2010	September 30, Change	September 30, 2009 <sup>(a)</sup>
Operating expense (GAAP basis)	\$ 4,409	(1%)	\$ 4,439	(7%)	\$ 4,791
<i>Remove special items:</i>					
Workforce restructuring	(74)	***	(12)	(59%)	(28)
Facility consolidation and asset impairment charges	(27)	(52%)	(57)	(57%)	(133)
Former Chairman and CEO incremental retirement charges	(15)	***			
Pension gain				***	40
As adjusted (non-GAAP basis)	\$ 4,293	(2%)	\$ 4,370	(6%)	\$ 4,669

(a) Numbers do not sum due to rounding.



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As adjusted (non-GAAP basis) operating expenses declined 2% in 2011 to \$4.3 billion, reflecting strong cost controls throughout the company, partially offset by an increase in digital segment expenses as a result of increased revenue. Payroll savings were significant from reduced headcount from consolidations and restructuring efforts.

As adjusted (non-GAAP basis) operating expenses declined 6% in 2010 compared to 2009, as newsprint and payroll expenses were significantly lower than 2009.

Adjustments to remove special items from GAAP operating income follow:

In millions of dollars	September 30, 2011	September 30, Change	September 30, 2010 <sup>(a)</sup>	September 30, Change	September 30, 2009
Operating income (GAAP basis)	\$ 831	(17%)	\$ 1,000	39%	\$ 719
<i>Remove special items:</i>					
Workforce restructuring	74	***	12	(59%)	28
Facility consolidation and asset impairment charges	27	(52%)	57	(57%)	133
Former Chairman and CEO incremental retirement charges	15	***			
Pension gain				***	(40)
As adjusted (non-GAAP basis)	\$ 947	(11%)	\$ 1,068	27%	\$ 840

(a) Numbers do not sum due to rounding.

As adjusted (non-GAAP basis) operating income declined 11% in 2011 to \$947 million reflecting the impact the soft economy had on publishing advertising revenues. Broadcast revenues were lower as a result of substantially lower political spending and the absence of Winter Olympic revenue achieved in 2010. Digital revenues increased significantly, reflecting stronger revenue growth at CareerBuilder. As adjusted (non-GAAP basis) operating income comparisons were favorably impacted by reduced expenses in the publishing and broadcast segments.

As adjusted (non-GAAP basis) operating income increased 27% in 2010 compared to 2009 as a result of increased operating income in the publishing, digital and broadcast segments. Broadcast results were favorably impacted by substantial political spending and Winter Olympic revenue achieved in 2010. Expenses were favorably impacted by significantly reduced newsprint and payroll expenses.

Adjustments to remove special items from GAAP non-operating expense which consist of equity income or loss, interest expense and other non-operating items follow:

In millions of dollars	September 30, 2011	September 30, Change	September 30, 2010	September 30, Change	September 30, 2009 <sup>(a)</sup>
Total non-operating (expense) income (GAAP basis)	\$ (178)	16%	\$ (154)	3%	\$ (149)
<i>Remove special items:</i>					
Investment impairment charges	30	***	3	(71%)	9
Debt exchange gain				***	(43)
Impairment of publishing assets sold				***	28
As adjusted (non-GAAP basis)	\$ (148)	(2%)	\$ (151)	(2%)	\$ (154)

(a) Numbers do not sum due to rounding.

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As adjusted (non-GAAP basis) non-operating expense declined 2% in 2011 to \$148 million reflecting better results at certain digital unconsolidated investees, particularly Classified Ventures. This was partially offset by reduced equity income in the company's publishing partnerships.

As adjusted (non-GAAP basis) non-operating expense declined 2% in 2010 compared to 2009 as a result of slightly lower interest expense and better results at Classified Ventures.

Adjustments to remove special items from GAAP income from continuing operations attributable to Gannett Co., Inc. and diluted earnings per share from continuing operations follow:

In millions of dollars, except per share amounts	2011 <sup>(a)</sup>	Change	2010 <sup>(a)</sup>	Change	2009 <sup>(a)</sup>
Income from continuing operations attributable to Gannett Co., Inc.					
(GAAP basis)	\$ 459	(19%)	\$ 567	61%	\$ 351
<i>Remove special items (net of tax):</i>					
Workforce restructuring	46	***	7	(61%)	18
Facility consolidation and asset impairment charges	18	(56%)	41	(53%)	88
Former Chairman and CEO incremental retirement charges	9	***			
Pension gain				***	(25)
Investment impairment charges	18	***	2	(76%)	7
Debt exchange gain				***	(26)
Impairment of publishing assets sold				***	24
Prior year tax reserve adjustments, net	(20)	(30%)	(29)		
Tax benefit of stock basis deduction	(11)	***			
Tax charge for health care legislation		***	2		
As adjusted (non-GAAP basis)	\$ 518	(12%)	\$ 591	35%	\$ 438
Diluted earnings per share from continuing operations (GAAP basis)	\$ 1.89	(20%)	\$ 2.35	58%	\$ 1.49
<i>Remove special items (net of tax):</i>					
Workforce restructuring	0.19	***	0.03	(63%)	0.08
Facility consolidation and asset impairment charges	0.07	(59%)	0.17	(54%)	0.37
Former Chairman and CEO incremental retirement charges	0.04	***			
Pension gain				***	(0.10)
Investment impairment charges	0.08	***	0.01	(67%)	0.03
Debt exchange gain				***	(0.11)
Impairment of publishing assets sold				***	0.10
Prior year tax reserve adjustments, net	(0.08)	(33%)	(0.12)	***	
Tax benefit of stock basis deduction	(0.04)	***			
Tax charge for health care legislation		***	0.01	***	
As adjusted (non-GAAP basis)	\$ 2.13	(13%)	\$ 2.44	32%	\$ 1.85

(a) Numbers do not sum due to rounding.

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As adjusted (non-GAAP basis) income from continuing operations attributable to Gannett Co., Inc. declined 12% in 2011 (13% on a diluted per share basis) as a result of reduced revenue in the publishing and broadcast segments partially offset by a reduction in their expenses.

As adjusted (non-GAAP basis) income from continuing operations attributable to Gannett Co., Inc. increased 35% in 2010 (32% on a diluted per share basis) as a result of significantly increased broadcast revenues and lower newsprint and payroll expenses.

**Segment results**

A summary of the impact of asset impairment and workforce restructuring charges on the company's publishing segment is presented below:

In millions of dollars	September 30, 2011 <sup>(a)</sup>	September 30, Change	September 30, 2010 <sup>(a)</sup>	September 30, Change	September 30, 2009 <sup>(a)</sup>
Publishing segment operating expenses (GAAP basis)	\$ 3,354	(1%)	\$ 3,403	(10%)	\$ 3,776
<i>Remove special items:</i>					
Workforce restructuring	(73)	***	(10)	(64%)	(27)
Facility consolidation and asset impairment charges	(27)	(24%)	(36)	(64%)	(99)
Pension gain				***	40
As adjusted (non-GAAP basis)	\$ 3,253	(3%)	\$ 3,358	(9%)	\$ 3,689
Publishing segment operating income (GAAP basis)	\$ 478	(26%)	\$ 648	25%	\$ 516
<i>Remove special items:</i>					
Workforce restructuring	73	***	10	(64%)	27
Facility consolidation and asset impairment charges	27	(24%)	36	(64%)	99
Pension gain				***	(40)
As adjusted (non-GAAP basis)	\$ 578	(17%)	\$ 693	15%	\$ 603

(a) Numbers do not sum due to rounding.

As adjusted (non-GAAP basis) publishing segment operating expenses declined 3% in 2011 as a result of continued cost control and efficiency efforts as well as lower payroll expense.

As adjusted (non-GAAP basis) publishing segment operating income declined 17% in 2011 to \$578 million, reflecting the impact of the soft economy on advertising demand, partially offset by a decrease in expenses.

As adjusted (non-GAAP basis) publishing segment operating expenses declined 9% in 2010 compared to 2009 due to a significant decrease in newsprint and payroll expenses as well as cost control and efficiency efforts.

As adjusted (non-GAAP basis) publishing segment operating income increased 15% in 2010 compared to 2009 as a decline in revenues were more than offset by reduced expenses.

A summary of the impact of asset impairment and workforce restructuring charges on the company's digital segment is presented below:

September 30,	September 30,	September 30,	September 30,	September 30,
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In millions of dollars	2011	Change	2010	Change	2009
Digital segment operating expenses (GAAP basis)	\$ 561	5%	\$ 535	(1%)	\$ 543
<i>Remove special items:</i>					
Workforce restructuring		***	(1)	***	
Facility consolidation and asset impairment charges		***	(13)	(49%)	(25)
As adjusted (non-GAAP basis)	\$ 561	8%	\$ 521	1%	\$ 518
Digital segment operating income (GAAP basis)	\$ 125	50%	\$ 83	93%	\$ 43
<i>Remove special items:</i>					
Workforce restructuring		***	1	***	
Facility consolidation and asset impairment charges		***	13	(49%)	25
As adjusted (non-GAAP basis)	\$ 125	29%	\$ 97	43%	\$ 68

As adjusted (non-GAAP basis) digital segment operating expenses increased 8% in 2011 to \$561 million, due primarily to an increase in expenses at CareerBuilder associated with revenue growth. As adjusted (non-GAAP basis) digital segment operating income increased 29% to \$125 million in 2011, reflecting a significant increase in revenues at CareerBuilder, partially offset by an increase in expenses.

As adjusted (non-GAAP basis) digital segment operating expenses increased 1% in 2010 compared to 2009 due to an increase in expenses at CareerBuilder and PointRoll, partially offset by declines at other digital properties. As adjusted (non-GAAP basis) digital segment operating income increased 43% reflecting strong gains for CareerBuilder, PointRoll and ShopLocal.

A summary of the impact of asset impairment and workforce restructuring charges on the company's broadcasting segment is presented below:

In millions of dollars	September 30, 2011 <sup>(a)</sup>	September 30, Change	September 30, 2010 <sup>(a)</sup>	September 30, Change	September 30, 2009
Broadcasting segment operating expenses (GAAP basis)	\$ 420	(5%)	\$ 440	6%	\$ 415
<i>Remove special items:</i>					
Workforce restructuring	(1)		(1)		(1)
Facility consolidation and asset impairment charges		***	(9)		(9)
As adjusted (non-GAAP basis)	\$ 420	(3%)	\$ 431	6%	\$ 405
Broadcasting segment operating income (GAAP basis)	\$ 302	(8%)	\$ 329	52%	\$ 216
<i>Remove special items:</i>					
Workforce restructuring	1		1		1
Facility consolidation and asset impairment charges		***	9		9
As adjusted (non-GAAP basis)	\$ 303	(11%)	\$ 339	50%	\$ 226

(a) Numbers do not sum due to rounding.

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As adjusted (non-GAAP basis) broadcast segment operating expenses decreased 3% in 2011, reflecting continued cost control and efficiency efforts and lower sales and programming costs. As adjusted (non-GAAP basis) broadcast segment operating income decreased 11% in 2011 to \$303 million, as a result of significantly lower net political and Olympic advertising revenues, partially offset by higher core, retransmission and online television revenues, and lower expenses.

As adjusted (non-GAAP basis) broadcast segment operating expenses increased 6% in 2010 compared to 2009 due to higher sales and marketing costs in 2010 associated with higher revenues. As adjusted (non-GAAP basis) broadcast segment operating income increased 50% in 2010 compared to 2009, reflecting higher political, Olympic, core, retransmission and Captivate revenue, partially offset by modestly higher expense associated with higher revenue levels.

A summary of the impact of special charges on the company's Corporate segment is presented below:

In millions of dollars	September 30, 2011 <sup>(a)</sup>	September 30, Change	September 30, 2010	September 30, Change	September 30, 2009
Corporate segment operating expenses (GAAP basis)	\$ 74	22%	\$ 61	7%	\$ 57
<i>Remove special items:</i>					
Former Chairman and CEO incremental retirement charges	(15)	***			
As adjusted (non-GAAP basis)	\$ 60	(2%)	\$ 61	7%	\$ 57

(a) Numbers do not sum due to rounding.

A summary of the impact of special items on the company's effective tax rate in millions of dollars follows:

In millions of dollars	September 30, 2011	September 30, 2010 <sup>(a)</sup>	September 30, 2009 <sup>(a)</sup>
Provision for income taxes as reported (GAAP basis)	\$ 153	\$ 244	\$ 191
Workforce restructuring	28	5	10
Facility consolidation and asset impairment charges	10	16	45
Former Chairman and CEO incremental retirement charges	6		
Pension gain			(15)
Non-operating investment impairment charges	12	1	6
Debt exchange gain			(17)
Prior year tax reserve adjustments, net	20	29	
Tax benefit of stock basis deduction	11		
Tax charge for health care legislation		(2)	
As adjusted (non-GAAP basis)	\$ 240	\$ 292	\$ 221
As adjusted effective tax rate (non-GAAP basis)	31.6%	33.1%	33.6%

(a) Numbers do not sum due to rounding.

The as adjusted effective tax rate (non-GAAP basis) in 2011 was 31.6% compared to 33.1% in 2010. The lower rate for 2011 reflects higher reserve releases due to audit settlements and the lapse of certain statutes of limitations. The 2011 rate also reflects a lower statutory tax rate for U.K. operations.

**FINANCIAL POSITION**

**Liquidity and capital resources**

The company's cash flow from operating activities was \$814 million in 2011, up from \$773 million in 2010, primarily reflecting the impact of lower pension contributions to the Gannett Retirement Plan in 2011. In 2011 and 2010, the company made contributions to the plan of \$33 million and \$130 million, respectively.

Net cash used for investing activities totaled \$25 million. This reflects capital spending of \$72 million, \$23 million for acquisitions, and \$19 million for equity investments, which were offset by proceeds from the sale of certain assets of \$37 million and proceeds from investments of \$53 million.

Cash used for financing activities totaled \$805 million in 2011. This includes the payment of unsecured fixed rate notes totaling \$433 million and payment of unsecured floating rate term loans of \$180 million. Additionally, there were repurchases of approximately 4.9 million shares of the company's stock for \$53 million, the payment of dividends totaling \$48 million, an \$85 million payment to repurchase a noncontrolling membership interest and distributions to noncontrolling membership shareholders of \$24 million. These financing cash flows were partially offset by proceeds of borrowings under revolving credit agreements of \$14 million.

Certain key measurements of the elements of working capital for the last three years are presented in the following chart:

<b>Working capital measurements</b>	<b>September 30, 2011</b>	<b>September 30, 2010</b>	<b>September 30, 2009</b>
Current ratio	1.2-to-1	1.3-to-1	1.2-to-1
Accounts receivable turnover	7.4	7.4	6.9
Newsprint inventory turnover	5.7	5.1	4.5

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

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

In thousands of dollars	September 30, Dec. 25, 2011	September 30, Dec. 26, 2010
Unsecured notes bearing fixed rate interest at 5.75% paid June 2011	\$	\$ 433,196
Unsecured floating rate term loan paid July 2011		180,000
Unsecured notes bearing fixed rate interest at 6.375% due April 2012	306,534	306,397
Borrowings under revolving credit agreements expiring September 2014	235,000	221,000
Unsecured notes bearing fixed rate interest at 8.75% due November 2014	247,609	246,924
Unsecured notes bearing fixed rate interest at 10% due June 2015	59,522	58,007
Unsecured notes bearing fixed rate interest at 6.375% due September 2015	247,995	247,535
Unsecured notes bearing fixed rate interest at 10% due April 2016	169,775	165,950
Unsecured notes bearing fixed rate interest at 9.375% due November 2017	247,168	246,830
Unsecured notes bearing fixed rate interest at 7.125% due September 2018	246,760	246,403
<b>Total long-term debt</b>	<b>\$ 1,760,363</b>	<b>\$ 2,352,242</b>

Total average debt outstanding in 2011 and 2010 was \$2.1 billion and \$2.7 billion, respectively. The weighted average interest rate on all debt was 7.4% for 2011 and 6.0% for 2010.

On December 25, 2011, the company had unused borrowing capacity of \$1.40 billion under its revolving credit agreements. In addition, its revolving credit agreements allow the company to borrow at least \$1.0 billion of additional unsecured debt (unrestricted as to purpose) guaranteed by the guarantor subsidiaries under these credit agreements. This borrowing limit is subject to increases depending upon the company's total leverage ratio.

During 2010 and 2009, the company completed a series of financing transactions which significantly improved its debt maturity profile.

In September 2010, the company completed a private placement offering of unsecured senior notes totaling \$500 million in two tranches: \$250 million with a coupon of 6.375% due 2015 and \$250 million with a coupon of 7.125% due 2018. The 2015 notes were priced at 98.970% of face value, resulting in a yield to maturity of 6.625%. The 2018 notes were priced at 98.527% of face value, resulting in a yield to maturity of 7.375%. On or after Sept. 1, 2014, the 2018 notes may be redeemed or purchased by the company at the applicable redemption price (expressed as a percentage of the principal amount of the 2018 notes) plus accrued but unpaid interest thereon to the redemption date, if redeemed during the 12-month period commencing on Sept. 1 of the following years: 2014 103.563%, 2015 101.781% and 2016 and thereafter 100.000%. The company used the net proceeds of the offering to partially repay borrowings outstanding under its revolving credit facilities and term loan.

In September 2010, the company amended its revolving credit agreements and extended the maturity date with the majority of its lenders from March 15, 2012 to Sept. 30, 2014. Total commitments under the amended revolving credit agreements are \$1.63 billion through March 15, 2012 and total extended commitments from March 15, 2012 to Sept. 30, 2014 will be \$1.14 billion.

In October 2009, the company completed a private placement offering of \$250 million in aggregate principal amount of 8.750% senior notes due 2014 and \$250 million in aggregate principal amount of 9.375% senior notes due 2017. The 2014 notes were priced at 98.465% of face value, resulting in a yield to maturity of 9.125%. The 2017 notes were priced at 98.582% of face value, resulting in a yield to maturity of 9.625%. On or after November 15, 2013, the 2017 notes may be redeemed or purchased by the company at the applicable redemption price (expressed as a percentage of principal amount of the 2017 notes) plus accrued but unpaid interest thereon to the redemption date, if redeemed during the 12-month period commencing on November 15 of the following years: 2013 104.688%, 2014 102.344% and 2015 and thereafter 100.000%. The company used the net proceeds from the offering to partially repay borrowings outstanding under its revolving credit facilities and term loan.

In May 2009, the company completed a private exchange offer related to its 5.75% fixed rate notes due June 2011 and its 6.375% fixed rate notes due April 2012. The company exchanged approximately \$67 million in principal amount of its 2011 notes for approximately \$67 million principal amount of new 10% senior notes due 2015, and approximately \$193 million in principal amount of its 2012 notes for approximately \$193 million principal amount of new 10% senior notes due 2016.

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In connection with the May 2009 exchange transactions and in accordance with the modifications and extinguishments requirements of ASC Topic 470, Debt, the company recorded a gain of approximately \$42.7 million which was classified in Other non-operating items in the Statement of Income for the second quarter of 2009. This gain resulted from recording the notes at fair value as of the time of the exchange and extinguishing the old notes at their historical book values. Fair value of the notes was based on their trading prices on and shortly after the exchange date. The discount created by recording the notes at fair value instead of face value is being amortized over the term of the notes to interest expense.

The notes issued during 2010 and 2009 with maturity dates in 2014 and thereafter were made available in private offerings that were exempt from the registration requirements of the Securities Act of 1933. These notes are guaranteed on a senior basis by the subsidiaries of the company that guarantee its revolving credit and term loan agreements discussed more fully below.

The company's three revolving credit agreements require the company to maintain a senior leverage ratio of less than 3.5x. The agreements also require the company to maintain a total leverage ratio of less than 4.0x. The total leverage ratio would also include any subordinated debt the company may issue in the future. Currently, all of the company's debt is senior and unsecured. At Dec. 25, 2011, the senior leverage ratio was 1.67x.



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Until March 15, 2012, commitment fees for the revolving credit agreements may range from 0.125% to 0.25% depending on credit ratings for the company's senior unsecured debt from Moody's Investor Services (Moody's) and Standard & Poor's (S&P). The rate currently in effect is 0.25%. After March 15, 2012, commitment fees will equal 0.50% of the undrawn commitments. In addition, the company pays a fee to the lenders that agreed in September 2010 to extend their commitments from 2012 to 2014 based on the leverage ratio that ranges from 0 to 75 basis points for drawn amounts and 25 basis points for undrawn amounts. At the current leverage ratio, the additional fee is 25 basis points for undrawn amounts but 0 basis points for drawn amounts. No extension fees are payable after March 15, 2012 on either drawn or undrawn amounts.

Under each of the agreements, the company may borrow at an applicable margin above the Eurodollar base rate or the higher of the Prime Rate or the Federal Funds Effective Rate plus 0.50%. Until March 15, 2012, the applicable margin for such borrowings ranges from 1.00% to 2.25% depending on credit ratings. At its current ratings the company will pay an applicable margin of 2.25% under each of the revolving credit agreements. After March 15, 2012, the applicable margin will be determined based on the company's leverage ratio but will differ between Eurodollar base rate loans and loans based on the higher of the Prime Rate or the Federal Funds Effective Rate plus 0.50%. For borrowings at a margin above the Eurodollar base rate, the margin will vary from 2.00% to 3.25%. For borrowings at a margin above the higher of the Prime Rate or the Federal Funds Effective Rate plus 0.50%, the margin will vary from 1.00% to 2.25%. At its current leverage ratios, the company anticipates that the applicable margins will be 2.25% and 1.25%, respectively, when the new pricing takes effect.

In connection with each of its three revolving credit agreements and its then outstanding loan agreement, the company agreed to provide guarantees from a majority of its domestic wholly-owned subsidiaries in the event that the company's credit ratings from either Moody's or S&P fell below investment grade. In the first quarter of 2009, the company's credit rating was downgraded below investment grade by both S&P and Moody's. Accordingly, the guarantees were triggered and the existing notes due 2011 and 2012 and other unsecured debt of the company became structurally subordinated to the revolving credit agreements and the term loan.

In September 2009, the company further amended the terms of its three revolving credit agreements and its term loan agreement to provide for the issuance of up to \$500 million of additional long-term debt carrying the same guarantees put in place for the revolving credit agreements and term loan. In addition, the company also amended one of the credit agreements to permit it to obtain up to \$100 million of letters of credit from the lenders, which would count toward their commitments.

On Aug. 21, 2009, Moody's confirmed the company's Ba1 corporate family rating and its Ba2 senior unsecured note rating. In addition, Moody's rated the company's bank debt, which includes its revolving credit agreements and term loan, Baa3. The Baa3 rating also applies to most of the company's long-term debt which has the same subsidiary guarantees as the bank debt. The company's debt is rated BB by Standard and Poor's.

In August 2010, the company further amended the terms of its three revolving credit agreements and its term loan agreement to allow for the issuance of up to \$750 million of additional long-term debt carrying the same guarantees put in place for the revolving credit agreements and term loan.

As of Dec. 25, 2011, the company had \$235 million of borrowings under its revolving credit agreements. The maximum amount outstanding at the end of any period during 2011 and 2010 was \$0.5 billion and \$1.3 billion, respectively. The daily average outstanding balance of the revolving credit agreements during 2011 and 2010 was \$257 million and \$852 million, respectively. The weighted average interest rate for 2011 and 2010 was 2.6% and 2.6%, respectively.

During the first quarter of 2009, the company repurchased \$68.8 million in principal amount of its floating rate notes due in May 2009 in privately negotiated transactions at a discount. In connection with these transactions, the company recorded a gain of approximately \$1.1 million which is classified in "Other non-operating items" in the Statement of Income. This gain is net of \$0.6 million reclassified from accumulated other comprehensive loss for related interest rate swap agreements.

The company has an effective universal shelf registration statement under which an unspecified amount of securities may be issued, subject to a \$7 billion limit established by the Board of Directors. Proceeds from the sale of such securities may be used for general corporate purposes, including capital expenditures, working capital, securities repurchase programs, repayment of debt and financing of acquisitions. The company may also invest borrowed funds that are not required for other purposes in short-term marketable securities.

The following schedule of annual maturities of long-term debt assumes the company uses available capacity under its revolving credit agreements to refinance the unsecured fixed rate notes due in 2012. Based on this refinancing assumption, all of the obligations are reflected as maturities for 2014 and beyond.

	September 30,
<b>In thousands of dollars</b>	
<b>2012 (1)</b>	\$
<b>2013</b>	
<b>2014 (2)</b>	789,143
<b>2015</b>	307,517
<b>2016</b>	169,775
<b>2017</b>	247,168
<b>2018</b>	246,760
<b>Total</b>	\$ 1,760,363

(1) Notes due of \$307 million in 2012 are assumed to be repaid with funds from revolving credit agreements.

(2) Notes due of \$247 million plus \$542 million deemed as due under the revolving credit agreements. Notwithstanding the assumptions used in the table above, the company's debt maturities may also be repaid with cash flow from operating activities or by accessing capital markets or a combination of both.

The fair value of the company's total long-term debt, determined based on the bid and ask quotes for the related debt, totaled \$1.9 billion and \$2.5 billion at Dec. 25, 2011 and Dec. 26, 2010, respectively.

The company has a capital expenditure program (not including business acquisitions) of approximately \$90 million planned for 2012, including approximately \$3 million for renovation of existing facilities, \$76 million for digital assets and other equipment, and \$11 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 2012 capital program will be funded from cash flow from operations.

**Table of Contents****Contractual obligations and commitments**

The following table summarizes the expected cash outflows resulting from financial contracts and commitments as of the end of 2011.

Contractual obligations In millions of dollars	September 30,	September 30,	September 30, Payments due by period		September 30,	September 30,
	Total	2012	2013-14	2015-16	2015-16	Thereafter
Long-term debt (1)	\$ 2,325	\$ 122	\$ 1,023	\$ 630	\$ 550	
Operating leases (2)	253	49	79	55	70	
Purchase obligations (3)	230	117	86	20	7	
Programming contracts (4)	81	10	61	10		
Other long-term liabilities (5)	489	181	74	71	163	
Total	\$ 3,378	\$ 479	\$ 1,323	\$ 786	\$ 790	

(1) See Note 7 to the Consolidated Financial Statements. The amounts included above include periodic interest payments. Interest payments are based on interest rates in effect at year-end and assume any term debt that matures before the expiration of the revolving credit agreements is outstanding for the life of the credit agreements.

(2) See Note 12 to the Consolidated Financial Statements.

(3) Includes purchase obligations related to printing contracts, capital projects, interactive marketing agreements, wire services and other legally binding commitments. Amounts which the company is liable for under purchase orders outstanding at Dec. 25, 2011, are reflected in the consolidated balance sheets as accounts payable and accrued liabilities and are excluded from the table above.

(4) Programming contracts include television station commitments to purchase programming to be produced in future years.

(5) Other long-term liabilities primarily consist of amounts expected to be paid related to under-funded postretirement benefit plans. Due to uncertainty with respect to the timing of future cash flows associated with unrecognized tax benefits at Dec. 25, 2011, the company is unable to make reasonably reliable estimates of the period of cash settlement, if necessary. Therefore, \$110 million of unrecognized tax benefits have been excluded from the contractual obligations table above. See Note 10 to the Consolidated Financial Statements for a further discussion of income taxes.

The company's principal retirement plan, the Gannett Retirement Plan (GRP), had assets of \$1.78 billion and liabilities of \$2.34 billion at Dec. 25, 2011. For 2012, the company expects to contribute up to \$118 million to the GRP, depending on final actuarial results, and \$5 million to the U.K. retirement plan. Due to uncertainties regarding significant assumptions involved in estimating future contributions, such as interest rate levels and the amount and timing of asset returns, the company is unable to reasonably estimate its future contributions beyond 2012, and therefore no plan contributions thereafter are reflected in the above table.

In December 1990, the company adopted a Transitional Compensation Plan (the Plan). The Plan 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.

**Capital stock**

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In February 2004, the company announced the reactivation of its existing share repurchase program. During 2011, 4.9 million shares were purchased under the program for \$53 million. There were no shares purchased under the program in 2010 or 2009. On Feb. 21, 2012, the company's Board of Directors approved a new program to repurchase up to \$300 million in Gannett common stock (replacing the former repurchase program).

The shares may be repurchased at management's discretion, either in the open market or in privately negotiated block transactions. Management's decision to repurchase shares will depend on price, availability and other corporate developments. Purchases may occur from time to time and no maximum purchase price has been set. While there is no expiration date for the repurchase program, the company's Board of Directors reviews the share authorization regularly, the last such review having occurred in February 2012. 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. In June 2003, the debt was fully repaid and all of the shares had been fully allocated to participants. The company elected not to add additional shares to the ESOP and began funding contributions in cash. Through 2008, the ESOP used the cash match to purchase on the open market an equivalent number of shares of company stock on behalf of participants. In early 2009, the company began funding the 401(k) Savings Plan company matching contributions through the issuance of treasury shares. Beginning in 2010, the company funded the 401(k) Savings Plan match through the issuance of a 50/50 combination of treasury shares and shares purchased on the open market with cash.

In December 2011, the company began funding the 401(k) Saving Plan match by purchasing all shares on the open market with cash.

The company's common stock outstanding at Dec. 25, 2011, totaled 237,036,994 shares, compared with 239,509,020 shares at Dec. 26, 2010.

**Table of Contents****Dividends**

Dividends declared on common stock amounted to \$57 million in 2011, compared with \$38 million in 2010.

		September 30, Payment date	September 30, Per share
<b>Cash dividends</b>			
<b>2011</b>	4th Quarter	Jan. 3, 2012	\$ .08
	3rd Quarter	Oct. 3, 2011	\$ .08
	2nd Quarter	July 1, 2011	\$ .04
	1st Quarter	April 1, 2011	\$ .04
<b>2010</b>	4th Quarter	Jan. 3, 2011	\$ .04
	3rd Quarter	Oct. 1, 2010	\$ .04
	2nd Quarter	July 1, 2010	\$ .04
	1st Quarter	April 1, 2010	\$ .04

On Feb. 21, 2012, the Board of Directors declared a dividend of \$0.20 per share, payable on April 2, 2012, to shareholders of record as of the close of business March 9, 2012. This represents more than a doubling from the company's current dividend level of \$0.08 per share.

**Accumulated other comprehensive income (loss)**

The company's foreign currency translation adjustment, included in accumulated other comprehensive income (loss) and reported as part of shareholders' equity, totaled \$400 million at the end of 2011 and \$395 million at the end of 2010. The increase reflected a strengthening of Sterling against the U.S. dollar. Newsquest's assets and liabilities at Dec. 25, 2011 were translated from Sterling to U.S. dollars at an exchange rate of 1.56 versus 1.54 at the end of 2010. Newsquest's financial results were translated at an average rate of 1.60 for 2011, 1.55 for 2010 and 1.56 for 2009.

The company has recognized the funded status of its pension and retiree medical benefit plans in the statement of financial position. At Dec. 25, 2011 and Dec. 26, 2010, accumulated other comprehensive loss includes a reduction of equity of \$996 million and \$762 million, respectively, for losses that will be amortized to pension and other postretirement costs in future years.

In August 2007, the company entered into three interest rate swap agreements totaling a notional amount of \$750 million in order to mitigate the volatility of interest rates. These agreements, which expired in May 2009, effectively fixed the interest rate on the \$750 million in floating rate notes due May 2009 at 5.0125%. These instruments were designated as cash flow hedges in accordance with ASC Topic 815, Derivatives and Hedging, and changes in fair value were recorded through accumulated other comprehensive loss with a corresponding adjustment to other long-term liabilities. As a result of a tender offer and strategic redemptions of part of the floating rate notes during the fourth quarter of 2008 and first quarter of 2009, the cash flow hedging treatment was discontinued for interest rate swaps associated with approximately \$186.6 million of notional value on the retired floating rate notes. Amounts recorded in accumulated other comprehensive loss related to the discontinued cash flow hedges were reclassified into earnings and subsequent changes to the fair value of the interest rate swaps were recorded through earnings. Expense in 2009 associated with the derivatives designated as hedges under ASC Topic 815, which is classified as Interest expense on the company's Consolidated Statement of Income, was \$7.7 million. Expense in 2009 associated with the derivatives not designated as hedges under ASC Topic 815, which is classified as Other non-operating items on the company's Consolidated Statement of Income, was \$0.6 million.

**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. The company's principal operating costs have not generally been subject to significant inflationary pressures. 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 ownership of Newsquest, which uses the British pound as its functional currency, which is then translated into U.S. dollars. The company's foreign currency translation adjustment, related principally to

Newsquest and reported as part of shareholders' equity, totaled \$400 million at Dec. 25 2011. Newsquest's assets and liabilities were translated from British pounds to U.S. dollars at the Dec. 25, 2011, exchange rate of 1.56. Refer to Item 7A for additional detail.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The company believes that its market risk from financial instruments, such as accounts receivable, accounts payable and debt, is not material. The company is exposed to foreign exchange rate risk primarily due to its operations in the United Kingdom, for which the British pound is the functional currency. Translation gains or losses affecting the Consolidated Statements of Income have not been significant in the past. If the price of the British pound against the U.S. dollar had been 10% more or less than the actual price, operating income would have increased or decreased approximately 1% in 2011.

Because the company has \$235 million in floating interest rate obligations outstanding at Dec. 25, 2011, the company is subject to changes in the amount of interest expense it might incur. A 1/2% increase or decrease in the average interest rate for these obligations would result in an increase or decrease in annual interest expense of \$1.2 million.

Refer to Note 7 to the Consolidated Financial Statements for information regarding the fair value of the company's long-term debt.

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\* All other schedules prescribed under Regulation S-X are omitted because they are not applicable or not required.

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**Report of Ernst & Young LLP, Independent Registered Public Accounting Firm**

Board of Directors and Shareholders of Gannett Co., Inc.:

We have audited the accompanying consolidated balance sheets of Gannett Co., Inc. as of December 25, 2011 and December 26, 2010, and the related consolidated statements of income, cash flows, and equity for each of the three fiscal years in the period ended December 25, 2011. Our audits also included the financial statement schedule listed in the accompanying index in Item 8. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Gannett Co., Inc. at December 25, 2011 and December 26, 2010, and the consolidated results of its operations and its cash flows for each of the three fiscal years in the period ended December 25, 2011, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Gannett Co., Inc.'s internal control over financial reporting as of December 25, 2011, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2012, included in Item 9A, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

McLean, Virginia

February 22, 2012



**Table of Contents****GANNETT CO., INC.****CONSOLIDATED BALANCE SHEETS**

<b>In thousands of dollars</b>	<b>September 30, Dec. 25, 2011</b>	<b>September 30, Dec. 26, 2010</b>
<b>Assets</b>		
<i>Current assets</i>		
Cash and cash equivalents	\$ 166,926	\$ 183,014
Trade receivables, less allowance for doubtful receivables of \$34,646 and \$39,419, respectively	693,194	717,377
Other receivables	17,247	30,746
Inventories	49,122	72,025
Deferred income taxes	22,771	21,254
Prepaid expenses and other current assets	106,631	95,064
Assets held for sale	19,654	19,654
<b>Total current assets</b>	<b>1,075,545</b>	<b>1,139,134</b>
<i>Property, plant and equipment</i>		
Land	170,002	172,786
Buildings and improvements	1,345,943	1,366,361
Machinery, equipment and fixtures	2,583,981	2,615,796
Construction in progress	6,755	15,797
<b>Total</b>	<b>4,106,681</b>	<b>4,170,740</b>
Less accumulated depreciation	(2,466,454)	(2,412,629)
<b>Net property, plant and equipment</b>	<b>1,640,227</b>	<b>1,758,111</b>
<i>Intangible and other assets</i>		
Goodwill	2,864,885	2,836,960
Indefinite-lived and amortizable intangible assets, less accumulated amortization of \$188,333 and \$197,454, respectively	502,195	518,797
Deferred income taxes	208,650	170,385
Investments and other assets	324,948	393,457
<b>Total intangible and other assets</b>	<b>3,900,678</b>	<b>3,919,599</b>
<b>Total assets</b>	<b>\$ 6,616,450</b>	<b>\$ 6,816,844</b>

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

**Table of Contents****GANNETT CO., INC.****CONSOLIDATED BALANCE SHEETS**

In thousands of dollars	September 30, Dec. 25, 2011	September 30, Dec. 26, 2010
<b>Liabilities and equity</b>		
<i>Current liabilities</i>		
Accounts payable		
Trade	\$ 188,930	\$ 200,827
Other	27,045	32,125
Accrued liabilities		
Compensation	173,600	150,926
Interest	26,158	26,738
Other	232,176	217,278
Dividends payable	18,935	9,680
Income taxes	3,658	31,565
Deferred income	231,435	224,047
<b>Total current liabilities</b>	<b>901,937</b>	<b>893,186</b>
Income taxes	112,088	137,497
Long-term debt	1,760,363	2,352,242
Postretirement medical and life insurance liabilities	163,699	168,322
Pension liabilities	908,110	619,340
Other long-term liabilities	258,228	228,008
<b>Total liabilities</b>	<b>4,104,425</b>	<b>4,398,595</b>
<b>Redeemable noncontrolling interest</b>		<b>84,176</b>
<b>Commitments and contingent liabilities (see Note 12)</b>		
<i>Equity</i>		
<i>Gannett Co., Inc. shareholders' equity</i>		
Preferred stock, par value \$1: Authorized, 2,000,000 shares: Issued, none		
Common stock, par value \$1: Authorized, 800,000,000 shares: Issued, 324,418,632 shares	324,419	324,419
Additional paid-in capital	617,727	630,316
Retained earnings	7,276,200	6,874,641
Accumulated other comprehensive loss	(595,839)	(365,334)
	7,622,507	7,464,042
Less Treasury stock, 87,381,638 shares and 84,909,612 shares, respectively, at cost	(5,294,616)	(5,300,288)
<b>Total Gannett Co., Inc. shareholders' equity</b>	<b>2,327,891</b>	<b>2,163,754</b>
Noncontrolling interests	184,134	170,319
<b>Total equity</b>	<b>2,512,025</b>	<b>2,334,073</b>

<b>Total liabilities, redeemable noncontrolling interest and equity</b>	<b>\$ 6,616,450</b>	<b>\$ 6,816,844</b>
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*The accompanying notes are an integral part of these consolidated financial statements.*

**Table of Contents****GANNETT CO., INC.****CONSOLIDATED STATEMENTS OF INCOME**

In thousands of dollars, except per share amounts	September 30,	September 30,	September 30,
Fiscal year ended	Dec. 25, 2011	Dec. 26, 2010	Dec. 27, 2009
<i>Net operating revenues</i>			
Publishing advertising	\$ 2,511,025	\$ 2,710,524	\$ 2,888,034
Publishing circulation	1,063,890	1,086,702	1,144,539
Digital	686,471	618,259	586,174
Broadcasting	722,410	769,580	631,085
All other	256,193	253,613	259,771
<b>Total</b>	<b>5,239,989</b>	<b>5,438,678</b>	<b>5,509,603</b>
<i>Operating expenses</i>			
Cost of sales and operating expenses, exclusive of depreciation	2,961,097	2,980,465	3,230,176
Selling, general and administrative expenses, exclusive of depreciation	1,223,485	1,187,633	1,186,970
Depreciation	165,739	182,514	207,652
Amortization of intangible assets	31,634	31,362	32,983
Facility consolidation and asset impairment charges (see Notes 3 and 4)	27,243	57,009	132,904
<b>Total</b>	<b>4,409,198</b>	<b>4,438,983</b>	<b>4,790,685</b>
<b>Operating income</b>	<b>830,791</b>	<b>999,695</b>	<b>718,918</b>
<i>Non-operating (expense) income</i>			
Equity income in unconsolidated investees, net (see Notes 3 and 6)	8,197	19,140	3,927
Interest expense	(173,140)	(172,986)	(175,745)
Other non-operating items	(12,921)	111	22,799
<b>Total</b>	<b>(177,864)</b>	<b>(153,735)</b>	<b>(149,019)</b>
Income before income taxes	652,927	845,960	569,899
Provision for income taxes	152,800	244,013	191,328
<b>Income from continuing operations</b>	<b>500,127</b>	<b>601,947</b>	<b>378,571</b>
(Loss) income from the operation of discontinued operations, net of tax		(322)	3,790
Gain on disposal of publishing businesses, net of tax		21,195	
<b>Net income</b>	<b>500,127</b>	<b>622,820</b>	<b>382,361</b>
Net income attributable to noncontrolling interests	(41,379)	(34,619)	(27,091)
<b>Net income attributable to Gannett Co., Inc.</b>	<b>\$ 458,748</b>	<b>\$ 588,201</b>	<b>\$ 355,270</b>
<b>Income from continuing operations attributable to Gannett Co., Inc.</b>	<b>\$ 458,748</b>	<b>\$ 567,328</b>	<b>\$ 351,480</b>

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(Loss) income from the operation of discontinued operations, net of tax		(322)		3,790
Gain on disposal of publishing businesses, net of tax		21,195		
<b>Net income attributable to Gannett Co., Inc.</b>	<b>\$</b>	<b>458,748</b>	<b>\$</b>	<b>588,201</b>
			<b>\$</b>	<b>355,270</b>
<b>Earnings from continuing operations per share basic</b>	<b>\$</b>	<b>1.92</b>	<b>\$</b>	<b>2.38</b>
			<b>\$</b>	<b>1.50</b>
<i>Earnings from discontinued operations</i>				
Discontinued operations per share basic				0.02
Gain on disposal of publishing businesses per share basic			0.09	
<b>Net income per share basic</b>	<b>\$</b>	<b>1.92</b>	<b>\$</b>	<b>2.47</b>
			<b>\$</b>	<b>1.52</b>
<b>Earnings from continuing operations per share diluted</b>	<b>\$</b>	<b>1.89</b>	<b>\$</b>	<b>2.35</b>
			<b>\$</b>	<b>1.49</b>
<i>Earnings from discontinued operations</i>				
Discontinued operations per share diluted				0.02
Gain on disposal of publishing businesses per share diluted			0.08	
<b>Net income per share diluted</b>	<b>\$</b>	<b>1.89</b>	<b>\$</b>	<b>2.43</b>
			<b>\$</b>	<b>1.51</b>

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

**Table of Contents****GANNETT CO., INC.****CONSOLIDATED STATEMENTS OF CASH FLOWS**

<b>In thousands of dollars</b>	<b>September 30,</b>	<b>September 30,</b>	<b>September 30,</b>
<b>Fiscal year ended</b>	<b>Dec. 25, 2011</b>	<b>Dec. 26, 2010</b>	<b>Dec. 27, 2009</b>
<i>Cash flows from operating activities</i>			
Net income	\$ 500,127	\$ 622,820	\$ 382,361
Adjustments to reconcile net income to operating cash flows:			
Debt exchange gain			(42,746)
Gain on sale of discontinued operations, net of tax		(21,195)	
Depreciation	165,739	183,322	209,826
Amortization of intangible assets	31,634	31,362	32,983
Facility consolidation and asset impairment charges (see Notes 3 and 4)	41,772	57,009	160,939
Stock-based compensation equity awards	28,003	32,707	25,373
Provision for deferred income taxes	97,500	150,363	54,213
Pension expense, net of pension contributions	(42,330)	(124,864)	(12,563)
Equity income in unconsolidated investees, net (see Notes 3 and 6)	(8,197)	(19,140)	(3,927)
Other, net, including gains on asset sales	(1,639)	(3,996)	14,668
Decrease in trade receivables	33,464	34,909	105,184
Decrease (increase) in other receivables	12,273	(5,182)	26,951
Decrease (increase) in inventories	22,932	(10,434)	56,768
Decrease in accounts payable	(12,614)	(15,199)	(66,765)
Increase (decrease) in interest and taxes payable	(57,173)	(98,270)	64,526
Increase (decrease) in deferred income	4,595	4,745	(50,300)
Change in other assets and liabilities, net	(1,950)	(46,073)	(90,911)
<b>Net cash flow from operating activities</b>	<b>814,136</b>	<b>772,884</b>	<b>866,580</b>
<i>Cash flows from investing activities</i>			
Purchase of property, plant and equipment	(72,451)	(69,070)	(67,737)
Payments for acquisitions, net of cash acquired	(23,020)	(15,164)	(9,581)
Payments for investments	(19,406)	(10,984)	(9,674)
Proceeds from investments	52,982	45,478	20,461
Proceeds from sale of certain assets, including discontinued operations in 2010	36,976	112,706	31,908
<b>Net cash (used for) provided by investing activities</b>	<b>(24,919)</b>	<b>62,966</b>	<b>(34,623)</b>
<i>Cash flows from financing activities</i>			
Proceeds from (payments of) borrowings under revolving credit facilities	14,000	(1,160,000)	(526,000)
Proceeds from issuance of long-term debt		493,743	492,618
Payments of unsecured floating rate term loan	(180,000)		
Payments of unsecured fixed rate notes and other indebtedness	(433,432)	(50,000)	(680,505)
Dividends paid	(47,946)	(38,216)	(119,328)
Cost of common shares repurchased	(53,037)		
Proceeds from issuance of common stock upon exercise of stock options	3,609	3,214	402
Repurchase of and distributions to noncontrolling membership interests	(108,691)		
<b>Net cash used for financing activities</b>	<b>(805,497)</b>	<b>(751,259)</b>	<b>(832,813)</b>
<b>Effect of currency exchange rate change</b>	<b>192</b>	<b>(372)</b>	<b>702</b>

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Increase (decrease) in cash and cash equivalents	(16,088)	84,219	(154)
Balance of cash and cash equivalents at beginning of year	183,014	98,795	98,949
<b>Balance of cash and cash equivalents at end of year</b>	<b>\$ 166,926</b>	<b>\$ 183,014</b>	<b>\$ 98,795</b>

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

**Table of Contents****GANNETT CO., INC.****CONSOLIDATED STATEMENTS OF EQUITY**

	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,	September 30,
		Gannett Co., Inc.	Shareholders	Equity			
in thousands of dollars							
Fiscal years ended December 27, 2009, December 26, 2010,	Common	Additional	Retained	Accumulated	Treasury	Noncontrolling	Total
and December 25, 2011	stock	paid-in	earnings	other	stock	Interests	
	\$1 par	capital		comprehensive			
	value			income (loss)			
<b>Balance: Dec. 28, 2008</b>	\$ 324,419	\$ 743,199	\$ 6,006,753	\$ (469,252)	\$ (5,549,237)	\$ 118,806	\$ 1,174,688
Net income, 2009			355,270			27,091	382,361
Redeemable noncontrolling interest accretion						(5,463)	(5,463)
Foreign currency translation adjustment				60,934			60,934
Interest rate swap				5,075			5,075
Pension and other postretirement benefit liability adjustment, net of tax provision of \$74,051				84,355			84,355
Other				2,056		3,116	5,172
<i>Total comprehensive income</i>							532,434
Dividends declared, 2009:							
0.16 per share			(37,437)				(37,437)
Stock options exercised		(678)			986		308
Stock-based compensation		25,373					25,373
401(k) match		(139,919)			185,444		45,525
Tax benefit derived from stock awards settled		94					94
Other treasury stock activity		1,645			4,845		6,490
<b>Balance: Dec. 27, 2009</b>	\$ 324,419	\$ 629,714	\$ 6,324,586	\$ (316,832)	\$ (5,357,962)	\$ 143,550	\$ 1,747,475
Net income, 2010			588,201			34,619	622,820
Redeemable noncontrolling interest accretion						(5,872)	(5,872)
Foreign currency translation adjustment				(21,527)			(21,527)
Pension and other postretirement benefit liability adjustment, net of tax benefit of \$17,606				(27,280)			(27,280)
Other				305		(2,793)	(2,488)
<i>Total comprehensive income</i>							565,653
Dividends declared, 2010:							
0.16 per share			(38,146)				(38,146)
Acquisitions/dispositions						815	815
Stock options exercised		(6,153)			8,131		1,978
Stock-based compensation		32,707					32,707
401(k) match		(22,227)			45,094		22,867
Tax benefit derived from stock awards settled		1,236					1,236



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Other treasury stock activity		(4,961)				4,449			(512)					
<b>Balance: Dec. 26, 2010</b>	<b>\$</b>	<b>324,419</b>	<b>\$</b>	<b>630,316</b>	<b>\$</b>	<b>6,874,641</b>	<b>\$</b>	<b>(365,334)</b>	<b>\$</b>	<b>(5,300,288)</b>	<b>\$</b>	<b>170,319</b>	<b>\$</b>	<b>2,334,073</b>
Net income, 2011				458,748					41,379					500,127
Redeemable noncontrolling														
Interest accretion									(973)					(973)
Foreign currency translation														
Adjustment						5,342								5,342
Pension and other postretirement														
Benefit liability adjustment, net of														
Tax benefit of \$140,182								(233,490)						(233,490)
Other								(2,357)				(3,112)		(5,469)
<b>Total comprehensive income</b>														<b>265,537</b>
Dividends declared, 2011:														
0.24 per share								(57,189)						(57,189)
Distributions to noncontrolling														
membership shareholders												(23,542)		(23,542)
Treasury stock acquired											(53,037)			(53,037)
Stock options exercised				(7,294)							9,646			2,352
Stock-based compensation				28,003										28,003
401(k) match				(24,714)							41,341			16,627
Tax benefit derived from stock														
wards settled				1,257										1,257
Other treasury stock activity				(9,841)							7,722		63	(2,056)
<b>Balance: Dec. 25, 2011</b>	<b>\$</b>	<b>324,419</b>	<b>\$</b>	<b>617,727</b>	<b>\$</b>	<b>7,276,200</b>	<b>\$</b>	<b>(595,839)</b>	<b>\$</b>	<b>(5,294,616)</b>	<b>\$</b>	<b>184,134</b>	<b>\$</b>	<b>2,512,025</b>

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

**Table of Contents****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 2011 fiscal year ended on Dec. 25, 2011, and encompassed a 52-week period. The company's 2010 and 2009 fiscal years also encompassed 52-week periods.

**Consolidation:** The consolidated financial statements include the accounts of the company and its wholly and majority-owned subsidiaries after elimination of all significant intercompany transactions and profits. Investments in entities for which the company does not have control, but has the ability to exercise significant influence over operating and financial policies, are accounted for under the equity method. Accordingly, the company's share of net earnings and losses from these ventures is included in Equity income in unconsolidated investees, net in the Consolidated Statements of Income.

**Segment presentation:** The digital segment includes results from CareerBuilder, PointRoll, ShopLocal, Reviewed.com and Planet Discover. The digital segment and the digital revenues line do not include online/digital revenues generated by web sites that are associated with the company's publishing and broadcasting operating properties. Such amounts are reflected within those segments and are included as part of publishing revenues and broadcasting revenues in the Consolidated Statements of Income.

**Noncontrolling interests presentation:** Noncontrolling interests is presented as a component of equity on the Consolidated Balance Sheet. This balance primarily relates to the noncontrolling owners of CareerBuilder, LLC (CareerBuilder). Redeemable non-controlling interest in the mezzanine section of the balance sheet represented redeemable stock held by a noncontrolling owner in CareerBuilder. During the first quarter of 2011, CareerBuilder repurchased this membership interest. As a result, Gannett's ownership percentage increased from 50.8% to 52.9%. Net income in the Consolidated Statements of Income reflects 100% of CareerBuilder results as the company holds the controlling interest. Net income is subsequently adjusted to remove the noncontrolling interest to arrive at Net income attributable to Gannett Co., Inc.

**Reclassification of certain items within the Consolidated Statements of Cash Flows:** Certain amounts in the Consolidated Statements of Cash Flows in prior years have been reclassified to conform to current year presentation.

**Operating agencies:** The company's publishing subsidiary in Detroit participates in a joint operating agency. The joint operating agency performs the production, sales and distribution functions for the subsidiary and another publishing company under a joint operating agreement. Operating results for the Detroit joint operating agency are fully consolidated along with a charge for the noncontrolling partner's share of profits.

Through May 2009, the company also published the Tucson Citizen through the Tucson joint operating agency in which the company held a 50% interest. Because of challenges facing the publishing industry and the difficult economy, particularly in the Tucson area, the company ceased publishing the Citizen on May 16, 2009. The company retained its online site and 50% partnership interest in the joint operating agency which provides services to the remaining non-Gannett newspaper in Tucson. The company's share of results for its share of Tucson operations are accounted for under the equity method, and are reported as a net amount in Equity income in unconsolidated investees, net.

**Cash and cash equivalents:** Cash and cash equivalents consist of cash and investments with maturities of three months or less.

**Trade receivables and allowances for doubtful accounts:** Trade receivables are recorded at invoiced amounts and generally do not bear interest. The allowance for doubtful accounts reflects the company's estimate of credit exposure, determined principally on the basis of its collection experience, aging of its receivables and significant individual account credit risk.

**Inventories:** Inventories, consisting principally of newsprint, printing ink and plate material for the company's publishing operations, are valued primarily at the lower of cost (first-in, first-out) or market. At certain U.S. publishing operations however, newsprint inventory is carried on a last-in, first-out basis.

**Valuation of long-lived assets:** In accordance with the requirements included within ASC Topic 350, Intangibles Goodwill and Other (ASC Topic 350) and Topic 360, Property, Plant, and Equipment (ASC Topic 360), the company evaluates the carrying value of long-lived assets (mostly property, plant and equipment and definite-lived intangible assets) to be held and used whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying value of a long-lived asset group is considered impaired when the projected undiscounted future cash flows are less than its carrying value. The company measures impairment based on the amount by which the carrying value exceeds the fair value. Fair 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 values are reduced for the cost to dispose.

***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; and machinery, equipment and fixtures, three to 30 years. Changes in the estimated useful life of an asset, which could happen as a result of facility consolidations, can affect depreciation expense and net income. 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.

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**Goodwill and other intangible assets:** Goodwill represents the excess of acquisition cost over the fair value of assets acquired, including identifiable intangible assets, net of liabilities assumed. In accordance with the impairment testing provisions included in ASC Topic 350, goodwill is tested for impairment on an annual basis or between annual tests if events occur or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. The company's annual measurement date is the end of its fiscal year. The company is required to determine the fair value of each reporting unit and compare it to the carrying amount of the reporting unit. Fair value of the reporting unit is determined using various techniques, including multiple of earnings and discounted cash flow valuation techniques. If the carrying amount of the reporting unit exceeds the fair value of the reporting unit, the company performs the second step of the impairment test, as this is an indication that the reporting unit goodwill may be impaired. In the second step of the impairment test, the company determines the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment of goodwill has occurred and the company must recognize an impairment loss for the difference between the carrying amount and the implied fair value of goodwill. In determining the reporting units, the company considers the way it manages its businesses and the nature of those businesses. The company has established its reporting units for publishing at or one level below the segment level. These reporting units therefore consist principally of U.S. Community Publishing, the USA TODAY group, the U.K. group, and certain individual stand-alone publishing businesses. For Digital, the reporting units are the stand-alone digital businesses. For Broadcasting, goodwill is accounted for at the segment level.

The company performs an impairment test annually, or more often if circumstances dictate, of its indefinite-lived intangible assets. Intangible assets that have finite useful lives are amortized over those useful lives and are evaluated for impairment in accordance with ASC Topic 350 as described above.

**Investments and other assets:** Investments where the company does have significant influence are recorded under the equity method of accounting. See Note 6 for further discussion, including impairment charges related to certain of these investments.

Investments in non-public businesses in which the company does not have control or does not exert significant influence are carried at cost and losses resulting from periodic evaluations of the carrying value of these investments are included as a non-operating expense. At Dec. 25, 2011 and Dec. 26, 2010, such investments totaled approximately \$2 million and \$16 million, respectively. As described in Note 3, the company recognized impairment charges in 2011 related to such investments.

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. The related assets are recorded at the lower of cost or estimated net realizable value. 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.

**Revenue recognition:** The company's revenues include amounts charged to customers for: space purchased in the company's newspapers, digital ads placed on its web sites, advertising and marketing service fees, commercial printing, and advertising broadcast on the company's television stations. Publishing revenues also include circulation revenues for newspapers purchased by readers or distributors, reduced by the amount of discounts taken. Broadcast revenues include revenues from the retransmission of the company's television signals on satellite and cable networks. Advertising revenues are recognized, net of agency commissions, in the period when advertising is printed or placed on web sites or broadcast. Revenues for marketing services are generally recognized as ads or services delivered. Commercial printing revenues are recognized when the product is delivered to the customer. Circulation revenues are recognized when purchased newspapers are distributed. Amounts received from customers in advance of revenue recognition are deferred as liabilities. Broadcasting retransmission fees are recognized over the contract period based on a negotiated fee per subscriber.

**Retirement plans:** Pension and other postretirement benefit costs under the company's retirement plans are actuarially determined. The company recognizes the cost of postretirement benefits including pension, medical and life insurance benefits on an accrual basis over the working lives of employees expected to receive such benefits.

**Stock-based employee compensation:** The company's stock option awards generally have graded vesting terms and the company recognizes compensation expense for these options on a straight-line basis over the requisite service period for the entire award (generally four years). See Note 11 for further discussion.

The company also grants restricted stock or restricted stock units to employees and members of its Board of Directors as a form of compensation. The expense for such awards is based on the grant date fair value of the award and is recognized on a straight-line basis over the requisite service period, which is generally the four-year incentive period.

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**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. See Note 10 for further discussion.

**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 restricted stock units.

**Foreign currency translation:** The income statements of foreign operations have been translated to U.S. dollars using the average currency exchange rates in effect during the relevant period. The balance sheets have 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 the balance sheets are included in comprehensive income (loss) and are classified as accumulated other comprehensive income (loss) in shareholders' equity.

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**Loss contingencies:** The company is subject to various legal proceedings, claims and regulatory matters, the outcomes of which are subject to significant uncertainty. The company determines whether to disclose or accrue for loss contingencies based on an assessment of whether the risk of loss is remote, reasonably possible or probable, and whether it can be reasonably estimated. The company accrues for loss contingencies when such amounts are probable and reasonably estimable. If a contingent liability is only reasonably possible, the company will disclose the potential range of the loss, if material and estimable.

**New accounting pronouncement:** In June 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-05, Presentation of Comprehensive Income. ASU 2011-05 revises the manner in which entities present comprehensive income in their financial statements. The new guidance removes the presentation options in Accounting Standards Codification 220 and requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. ASU 2011-05 did not change the items that must be reported in other comprehensive income. The company will be required to adopt the provisions of ASU 2011-05 in the first quarter of 2012.

In September 2011, the FASB issued ASU No. 2011-09, Compensation – Retirement Benefits – Multi-employer Plans (Subtopic 715-80). ASU 2011-09 is intended to provide more information about an employer’s financial obligations to multi-employer pension plans. The guidance does not change the current recognition and measurement guidance for an employer’s participation in a multi-employer pension plan. The company adopted the provisions of ASU 2011-09 in the fourth quarter of 2011 and the related disclosures can be found in Note 8.

In September 2011, the FASB issued ASU No. 2011-08, Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment (ASU 2011-08). Under ASU 2011-08, a company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the entity determines that this threshold is not met, then performing the two-step impairment test is unnecessary. ASU 2011-08 is effective for interim and annual impairment tests performed for fiscal years beginning after December 15, 2011; however, early adoption is permitted. The company early adopted this provision and the adoption of ASU 2011-08 did not have a significant impact on the company’s consolidated financial statements.

## **NOTE 2**

### **Acquisitions, investments and dispositions**

**2011:** In early January 2011, the company completed the acquisition of Reviewed.com, a group of 12 product-review web sites that provide comprehensive reviews for technology products such as digital cameras, camcorders and high-definition televisions. Its operations have been expanded to include other household items and consumer services.

In May 2011, CareerBuilder acquired JobsCentral, a leading job board in Singapore that also has a fast-growing presence in Malaysia.

In June 2011, the company acquired Nutrition Dimension which provides continuing education, certification and review programs and other educational content for nutrition, fitness and training professionals.

In August 2011, the company acquired US PRESSWIRE, the global leader in the creation and distribution of premium digital sports images to media companies worldwide. US PRESSWIRE operates within the USA TODAY Sports Media Group and provides daily sports photo coverage for all of the company’s publishing and broadcast properties.

In September 2011, CareerBuilder acquired JobScout24, a leading job board in Germany.

In November 2011, the company acquired the mixed martial arts web site, MMAjunkie.com, one of the leading online news destinations for the sport and a content provider for several print, online and TV outlets.

In November 2011, the company purchased a minority stake in ShopCo Holdings, LLC. ShopCo provides a common online shopping platform which allows advertisers to reach consumers in order to assist them in making informed purchasing decisions.

Total cash paid in 2011 for business acquisitions and investments was \$23.0 million and \$19.4 million, respectively.

**2010:** In March 2010, CareerBuilder purchased CareerSite.biz in the U.K. which operates two online recruitment niche sites focusing on nursing and rail workers as well as a successful virtual career fair business.

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In October 2010, the company purchased a minority stake in Ongo Inc. Ongo is a personal news service that gives consumers a new way to read, discover and share digital news and information from multiple titles.

In the second quarter of 2010, the company completed the sale of The Honolulu Advertiser as well as a small directory publishing operation in Michigan. In connection with these transactions, the company recorded a net after tax gain of \$21.2 million in discontinued operations. Income from continuing operations for all periods presented exclude operating results from these former properties which have been reclassified to discontinued operations. Amounts applicable to these discontinued operations are as follows:

<b>In thousands of dollars</b>	<b>September 30, 2010</b>	<b>September 30, 2009</b>
Revenues	\$ 32,710	\$ 103,390
Pretax (loss)/income	(758)	6,262
Net (loss)/income	(322)	3,790
Gains (after tax)	21,195	

Total cash paid in 2010 for business acquisitions and investments was \$15.2 million and \$11.0 million, respectively.

**2009:** In February 2009, the company purchased a minority interest in Homefinder, a leading national online marketplace connecting homebuyers, sellers and real estate professionals.

In July 2009, Newsquest sold one of its commercial printing businesses, Southernprint Limited.

Total cash paid in 2009 for business acquisitions (principally post-acquisition consideration) and investments was \$9.6 million and \$9.7 million, respectively.

**Table of Contents****NOTE 3****Facility consolidation and asset impairment charges**

Facility consolidation plans led the company to recognize charges associated with revising the useful lives of certain assets over a shortened period as well as shutdown costs. Difficult business conditions have required the company to perform impairment tests on certain assets including goodwill, other intangible assets and other long-lived assets. As a result, the company recorded non-cash impairment charges to reduce the book value of certain of those assets. In addition, an impairment charge was taken to reduce the value of certain publishing assets sold in 2009 to fair value less costs to sell. The company also recorded impairment charges for certain minority-owned investments accounted for under the equity- or cost-methods.

A summary of these charges by year is presented below:

	September 30, Pre-Tax Amount	September 30, 2011 After-Tax Amount <sup>(a)</sup>	September 30, Per Share Amount
<b>In millions except per share amounts</b>			
<i>Facility consolidation and asset impairment charges</i>			
Property, plant and equipment:			
Publishing	\$ 17	\$ 10	\$ 0.04
Total property, plant and equipment	17	10	0.04
Other:			
Publishing	10	7	0.03
Total other	10	7	0.03
Total asset impairment and other charges against operations	\$ 27	\$ 18	\$ 0.07
<i>Non-operating charges:</i>			
Equity method investments	16	10	0.04
Other investments	15	9	0.04
Total charges	\$ 58	\$ 36	\$ 0.15

(a) Total amounts may not sum due to rounding.

	September 30, Pre-Tax Amount	September 30, 2010 After-Tax Amount <sup>(a)</sup>	September 30, Per Share Amount <sup>(a)</sup>
<b>In millions except per share amounts</b>			
<i>Facilities consolidation and asset impairment charges</i>			
Goodwill:			
Digital	\$ 11	\$ 11	\$ 0.04
Total goodwill	11	11	0.04



<b>Other intangible assets:</b>			
Publishing	17	12	0.05
Digital	2	1	
Total other intangible assets	19	13	0.06
<b>Property, plant and equipment:</b>			
Publishing	15	9	0.04
Broadcasting	4	2	0.01
Total property, plant and equipment	19	12	0.05
<b>Other:</b>			
Publishing	3	2	0.01
Broadcasting	5	3	0.01
Total other	8	5	0.02