



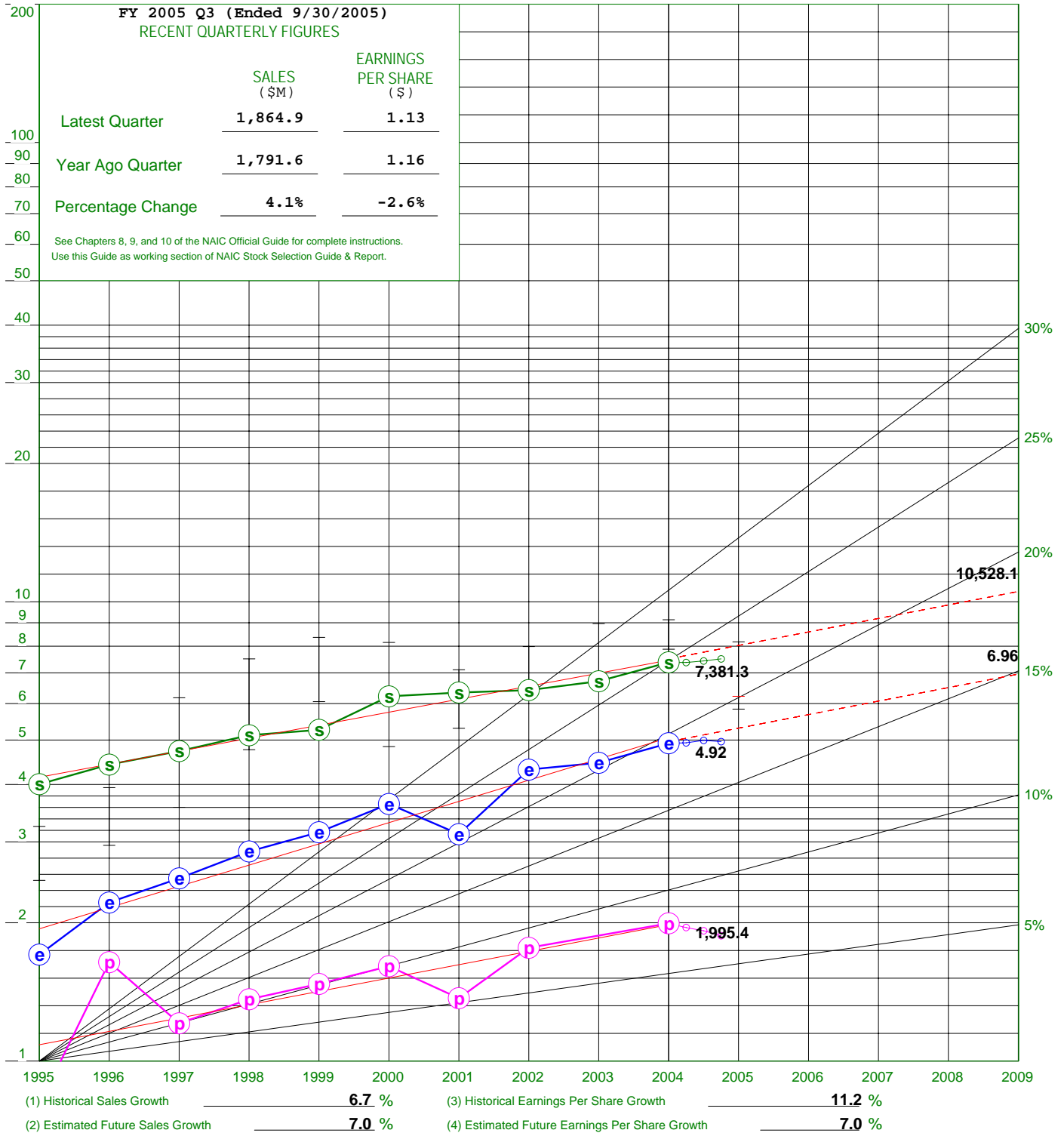
Stock Selection Guide [®]

The most widely used aid to good investment judgment

Company	GANNETT CO		Date	01/20/06	
Prepared by	jah		Data taken from	NAIC Data	
Where traded	NYSE		Major product/service	Publishing	
CAPITALIZATION --- Outstanding Amounts			Reference		
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	241.2	0.0	0.0		
Debt (\$M)	5,384.8	% to Tot.Cap.	41.0	% Potential Dil.	None

1 VISUAL ANALYSIS of Sales, Earnings and Price

GCI



2 EVALUATING MANAGEMENT

Company **GANNETT CO (GCI)**

01/20/06

		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	LAST 5 YEAR AVG.	TREND	
													UP	DOWN
A	% Pre-tax Profit on Sales (Net Before Taxes ÷ Sales)	20.1	37.1	25.6	26.6	28.0	25.9	21.6	27.5	27.5	27.0	25.5	UP	
B	% Earned on Equity (E/S ÷ Book Value)	22.3	21.4	20.4	20.1	18.9	18.8	14.5	16.7	14.4	15.3	15.9		DOWN

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is a building block for translating earnings into future stock prices.

		PRESENT PRICE		62.250		HIGH THIS YEAR		81.820		LOW THIS YEAR		58.370	
Year		PRICE		C Earnings Per Share	D Price Earnings Ratio		E LOW B ÷ C	F Dividend Per Share	G % Payout F ÷ C X 100	H % High Yield F ÷ B X 100			
		HIGH	LOW		A ÷ C	B ÷ C							
1	2000	81.6	48.4	3.63	22.5	13.3		0.860	23.7	1.8			
2	2001	71.1	53.0	3.12	22.8	17.0		0.900	28.8	1.7			
3	2002	79.9	62.8	4.31	18.5	14.6		0.940	21.8	1.5			
4	2003	89.6	66.7	4.46	20.1	15.0		0.980	22.0	1.5			
5	2004	91.4	78.8	4.92	18.6	16.0		1.040	21.1	1.3			
6	TOTAL		309.7		57.2	45.6			117.4				
7	AVERAGE		61.9		19.1	15.2			23.5				
8	AVERAGE PRICE EARNINGS RATIO				17.2		9	CURRENT PRICE EARNINGS RATIO				12.6	

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE -- NEXT 5 YEARS

Avg. High P/E ~~19.1~~ 18.0 X Estimate High Earnings/Share 6.96 = Forecast High Price \$ 125.3
(3D7 as adj.) (4A1)

B LOW PRICE -- NEXT 5 YEARS

(a) Avg. Low P/E ~~15.2~~ 14.0 X Estimated Low Earnings/Share ~~4.92~~ 4.96 = \$ 69.4
(3E7 as adj.)
 (b) Avg. Low Price of Last 5 Years = 61.9
(3B7)
 (c) Recent Severe Market Low Price = 58.4

(d) Price Dividend Will Support $\frac{\text{Present Divd.}}{\text{High Yield (H)}} = \frac{1.160}{0.018} = 65.3$
 Selected Estimate Low Price = 50.0
(4B1)

C ZONING

125.3 (4A1) High Forecast Price Minus 50.0 (4B1) Low Forecast Price Equals 75.3 (C) Range. 1/3 of Range = 18.8 (4CD)
 (4C2) Lower 1/3 = 50.0 (4B1) to 68.8 (Buy) **Note: Ranges changed to 25%/50%/25%**
 (4C3) Middle 1/3 = 68.8 to 106.5 (Maybe)
 (4C4) Upper 1/3 = 106.5 to 125.3 (4A1) (Sell)

Present Market Price of 62.250 is in the Buy (4C5) Range

D UP-SIDE DOWN-SIDE RATIO (Potential Gain vs. Risk of Loss)

High Price (4A1) 125.3 Minus Present Price 62.250
 Present Price 62.250 Minus Low Price (4B1) 50.0 = $\frac{63.1}{12.3} = \frac{5.1}{1}$ To 1
(4D)

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

High Price (4A1) 125.3
 Present Market Price 62.250 = $(\frac{2.013}{62.250}) \times 100 = (\frac{201.3}{62.250}) - 100 = \frac{101.3}{62.250}$ % Appreciation
(4E)

Relative Value: 73.3% Proj. Relative Value: 68.2%

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

Note: Results are expressed as a simple rate: use the table below to convert to a compound rate.

A Present Full Year's Dividend \$ 1.160
 Present Price of Stock \$ 62.250 = $\frac{0.019}{62.250} \times 100 = \frac{1.9}{62.250}$ Present Yield or % Returned on Purchase Price
(5A)

B AVERAGE YIELD OVER NEXT 5 YEARS
 Avg. Earnings Per Share Next 5 Years 6.08 X Avg. % Payout (3G7) 23.5 = 142.9 = 2.3 %
(5B)

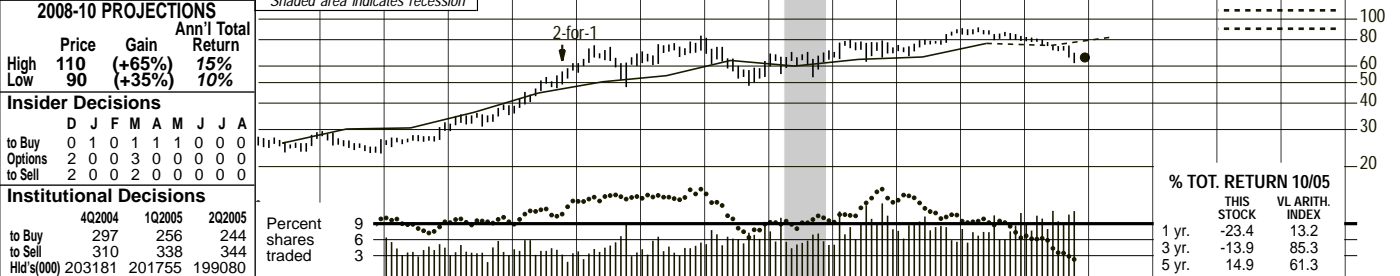
C ESTIMATED AVERAGE ANNUAL RETURN OVER NEXT FIVE YEARS

	5 Year Appreciation Potential <small>(4E)</small>		P.A.R.	Tot. Ret.
	<u>101.3</u>			
Average Yield <small>(5B)</small>	<u>2.3</u> %	Average Yield	<u>1.5</u> %	<u>1.3</u> %
Average Total Annual Return Over the Next 5 Years <small>(5C)</small>	<u>22.6</u> %	Annual Appreciation	<u>12.3</u> %	<u>15.0</u> %
		% Compd Ann Rate of Ret	<u>13.8</u> %	<u>16.3</u> %

GANNETT CO. NYSE-GCI

RECENT PRICE **65.76** P/E RATIO **13.3** (Trailing: 13.2 Median: 18.0) RELATIVE P/E RATIO **0.73** DIV'D YLD **1.8%** VALUE LINE

TIMELINESS 5 Lowered 10/21/05	High: 29.5	32.4	39.4	61.8	75.1	83.6	81.6	71.1	79.9	89.6	91.4	82.4	Target Price Range								
SAFETY 1 New 7/27/90	Low: 23.1	24.8	29.5	35.7	47.6	60.6	48.4	53.0	62.8	66.7	78.8	61.8	2008 2009 2010								
TECHNICAL 5 Lowered 11/18/05	<p>LEGENDS --- 12.5 x "Cash Flow" p sh Relative Price Strength 2-for-1 split 10/97 Options: Yes Shaded area indicates recession</p>																				
BETA .85 (1.00 = Market)	<p>2008-10 PROJECTIONS</p> <table border="1"> <tr> <td>Price</td> <td>Gain</td> <td>Ann'l Total Return</td> </tr> <tr> <td>High 110</td> <td>(+65%)</td> <td>15%</td> </tr> <tr> <td>Low 90</td> <td>(+35%)</td> <td>10%</td> </tr> </table>												Price	Gain	Ann'l Total Return	High 110	(+65%)	15%	Low 90	(+35%)	10%
Price	Gain	Ann'l Total Return																			
High 110	(+65%)	15%																			
Low 90	(+35%)	10%																			



1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	© VALUE LINE PUB, INC.	08-10
10.93	10.82	11.76	12.01	12.39	13.68	14.25	15.64	16.66	18.36	18.93	23.55	23.87	23.97	24.64	29.02	31.80	34.55	Sales per sh	43.55
1.83	1.80	1.74	1.88	2.07	2.41	2.44	2.90	3.57	4.04	4.32	5.10	4.80	5.16	5.30	6.14	6.15	6.55	"Cash Flow" per sh	8.70
1.24	1.18	1.00	1.20	1.36	1.62	1.71	1.89	2.50	2.86	3.26	3.63	3.12	4.31	4.46	4.92	4.85	5.40	Earnings per sh ^A	7.20
.56	.61	.62	.63	.64	.67	.68	.71	.74	.78	.82	.86	.89	.94	.98	1.04	1.12	1.20	Div'ds Decl'd per sh ^B	1.50
.60	.59	.67	.53	.45	.52	.65	.92	.78	.88	.93	1.33	1.22	1.03	1.03	1.10	1.15	1.10	Cap'l Spending per sh	1.20
6.20	6.49	5.35	5.47	6.49	6.52	7.63	10.37	12.26	14.26	16.66	19.31	21.58	25.80	30.92	32.10	32.65	36.15	Book Value per sh ^C	50.00
321.94	317.98	287.51	288.80	293.93	279.53	281.13	282.64	283.87	279.00	277.93	264.27	265.80	267.91	272.42	254.34	239.00	235.00	Common Shs Outst'g ^D	225.00
17.0	15.7	20.7	19.6	19.0	16.0	16.0	18.3	19.3	22.4	21.6	16.8	20.7	17.0	17.4	17.3	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	14.0
1.29	1.17	1.32	1.19	1.12	1.05	1.07	1.15	1.11	1.16	1.23	1.09	1.06	.93	.99	.92			Relative P/E Ratio	.95
2.6%	3.3%	3.0%	2.7%	2.5%	2.6%	2.5%	2.1%	1.5%	1.2%	1.2%	1.4%	1.4%	1.3%	1.3%	1.2%			Avg Ann'l Div'd Yield	1.5%

CAPITAL STRUCTURE as of 9/25/05	4006.7	4421.1	4729.5	5121.3	5260.2	6222.3	6344.2	6422.2	6711.1	7381.3	7600	8125	Sales (\$mill)	9800
Total Debt \$5384.8 mill. Due in 5 Yrs \$4.5 bill.	26.5%	30.6%	34.2%	34.3%	35.0%	35.2%	32.1%	33.5%	33.0%	32.4%	30.5%	32.0%	Operating Margin	32.0%
LT Debt \$5384.8 mill. LT Interest \$230 mill.	210.0	287.4	301.1	310.2	280.1	375.9	443.8	222.4	231.5	244.0	275	280	Depreciation (\$mill)	310
(Total interest coverage: 9.5x) (41% of Cap'l)	477.3	531.0	712.7	815.9	919.4	971.9	831.2	1160.1	1211.2	1317.2	1200	1260	Net Profit (\$mill)	1650
Leases, Uncapitalized Annual rentals \$48.5 mill.	40.6%	42.8%	41.1%	40.1%	39.8%	39.6%	39.4%	34.3%	34.2%	34.0%	34.0%	34.0%	Income Tax Rate	34.0%
Pension Assets-12/04 \$2.7 bill. Oblig. \$2.5 bill.	11.9%	12.0%	15.1%	15.9%	17.5%	15.6%	13.1%	18.1%	18.0%	17.8%	15.8%	15.5%	Net Profit Margin	16.8%
Pfd Stock None	41.3	47.6	117.1	178.4	191.4	128.3	50.5	174.5	261.5	365.2	350	350	Working Cap'l (\$mill)	400
Common Stock 239,890,573 shares as of 10/14/05	2767.9	1880.3	1740.5	1306.9	2463.3	5747.9	5080.0	4547.3	3834.5	4607.7	5400	5400	Long-Term Debt (\$mill)	5000
MARKET CAP: \$15.5 billion (Large Cap)	2145.6	2930.8	3479.7	3979.8	4629.6	5103.4	5735.9	6911.8	8423.0	8164.0	7800	8500	Shr. Equity (\$mill)	11250
CURRENT POSITION (SMILL.)	10.2%	12.4%	14.6%	16.2%	13.6%	10.0%	8.7%	10.8%	10.4%	10.9%	10.0%	10.0%	Return on Total Cap'l	11.0%
Cash Assets	67.2	135.9	54.7	54.7	54.7	54.7	54.7	54.7	54.7	54.7	54.7	54.7	Return on Shr. Equity	14.5%
Receivables	907.6	954.4	949.2	949.2	949.2	949.2	949.2	949.2	949.2	949.2	949.2	949.2	Retained to Com Eq	11.5%
Inventory (FIFO)	115.9	120.1	136.0	136.0	136.0	136.0	136.0	136.0	136.0	136.0	136.0	136.0	All Div'ds to Net Prof	21%
Other	132.6	160.3	167.3	167.3	167.3	167.3	167.3	167.3	167.3	167.3	167.3	167.3		
Current Assets	1223.3	1370.7	1307.2	1307.2	1307.2	1307.2	1307.2	1307.2	1307.2	1307.2	1307.2	1307.2		
Accts Payable	352.8	330.6	271.1	271.1	271.1	271.1	271.1	271.1	271.1	271.1	271.1	271.1		
Debt Due	-	-	-	-	-	-	-	-	-	-	-	-		
Other	609.0	674.9	862.8	862.8	862.8	862.8	862.8	862.8	862.8	862.8	862.8	862.8		
Current Liab.	961.8	1005.5	1133.9	1133.9	1133.9	1133.9	1133.9	1133.9	1133.9	1133.9	1133.9	1133.9		

BUSINESS: Gannett Co., Inc. publishes 99 U.S. dailies in 38 states and U.S. territories. In the United Kingdom, acquired Newsquest—17 dailies—in 1999-2000. Total daily circ (U.S.): 7.6 mill. Has wire service bureaus in several cities. Largest dailies: *USA Today* (circ.: 2.30 mill. worldwide); *The Arizona Republic* (435,000). Publishes Sunday supplement *USA Weekend*. Owns 21 network-affiliated TV stations, reaching about 18% of U.S. population. Has Web sites for dailies and TV stations. Sold billboard ops. '96; cable TV systems, '00. Has about 52,500 empls.; 12,800 stkhldr. Off/dir. control 1% of stk. (3/05 proxy). Chrmn: Douglas H. McCorkindale; Pres. & CEO: Craig A. Dubow. Inc.: Del. Addr.: 7950 Jones Branch Drive, McLean, VA 22107. Tel.: 703-854-6000. Web: www.gannett.com.

Gannett continues to report mixed results, though it fared considerably better than its industry in the third quarter. September-period "same store" newspaper revenues and operating expenses rose 1.3% and 1.7%, respectively. Employment and real estate advertising was robust again at the domestic community newspapers, but auto advertising fell, except at *USA Today*. Despite a pro forma 1% local advertising increase for the quarter, September local ad revenues were up 10%, possibly auguring well for the fourth quarter. *Newsquest*, the U.K. subsidiary, continued to suffer from the weak British economy. Broadcasting results missed nearly \$50 million in combined political and Olympic advertising revenues, which cost the company around \$0.10 a share in the third quarter. Excluding politics and the Olympics, though, broadcast revenues were up. But given the situation in the U.K. and lower consumer confidence at home, we've pared our 2005 share-net call by \$0.20.

We expect a solid share net recovery in 2006. Newspaper results should benefit from smaller price hikes for newsprint and a new press in Detroit. The winter Olympics and politics will boost broadcast profits and perhaps help results at *USA Today*, as well. (In 2002, political and Olympics-related revenues totaled about \$100 million.) Finally, continued share repurchases will likely help a bit. Nonetheless, we've trimmed our 2006 share-net estimate by a dime to reflect probable lower growth in consumer spending.

Earnings will probably grow steadily out to 2008-2010. Newspaper profits should increase with higher advertising rates, despite little or no gain in circulation per paper. Broadcasting should also be a steady gainer, despite competition from cable. And Gannett's financial strength should allow it to continue to boost earnings per share through either acquisitions or share repurchases.

These untimely, but top-quality, shares have some investment interest at their recent price. The newspaper stocks, including GCI, have seen a substantial selloff in the last year, but we think the shares will eventually garner a better relative P/E multiple.

Sigourney B. Romaine November 18, 2005

(A) Based on diluted shares. Excludes non-recurring gains: '88, \$0.06; '96, \$1.05; '98, \$0.64; '00, \$2.77. Excludes net charge for accounting adjustments: '92, \$0.51. Excl. discon-	tinued operations: '99, \$0.14; '00, \$0.01. Next earnings report due late January.	ment plan available.	Company's Financial Strength	A++
(B) Dividends historically paid in early January, April, July, and October. ■ Dividend reinvest-	(C) Includes intangibles. At 12/26/04: \$39.78/sh.	(D) In millions, adjusted for stock splits.	Stock's Price Stability	95
			Price Growth Persistence	75
			Earnings Predictability	90

© 2005, Value Line Publishing, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

To subscribe call 1-800-833-0046.

Trailing 4 quarters

PERT Worksheet-A Graph

Company GANNETT CO (GCI)

