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December 6, 2006

Steve Orr
President
Newspaper Guild of Rochester
P.O. Box 14494
Rochester, New York 14614

Dear Steve:

I have your letter of December 4th indicating the Guild bargaining unit rejected the Company's "final, firm and best" offer.

Notwithstanding fourteen years of effort on the part of both parties to reach an agreement, I think it is clear, particularly given the 51-4 vote, that the parties have reached a good faith bargaining impasse. While you speak to "the key issues of hours/OT and layoffs," it seems perfectly clear to me that the key issue that has kept the parties from reaching an agreement over these many years has been The Guild's insistence on adding a new benefit to the contract, to wit, the 401K, and the Company's consistent refusal to do so. As to the issues you cited, the parties remain far apart on the essential substantive issues. We got a bit closer on certain fringe elements in the hours section, but the Company's need for flexible scheduling has never been embraced by The Guild. As to the layoff provision, the Company has consistently insisted on a departure from the strict seniority provision, but The Guild has never indicated a willingness to agree to that approach.

We have tried very hard to persuade you as to our core points but, after fourteen years, have failed to do so. As you know, certain of the changes in the final, firm and best offer are based on a calendar year, for example, the Income Protection Plan. It is particularly important that the implementation of this final offer, in the absence of an agreement, not be further delayed.

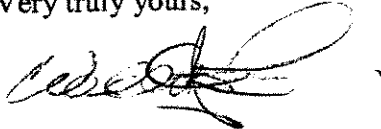
Accordingly, I hereby advise you that it is the Company's view that we are at a good faith bargaining impasse. Further, it is our intention to implement such portions of the final, firm and best offer as we deem appropriate on or about January 1, 2007. In view of the good faith bargaining impasse, the Company declines further negotiations.

Steve Orr
President
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The Company would reconsider this decision only in the event that the impasse is broken with a clear change of position on the part of The Guild with respect to the 401K issue, the need for scheduling flexibility, overtime compensation only over 40 hours, and the elimination of seniority as the controlling factor in layoffs.

I certainly agree that an agreement on a new contract would be preferable to the implementation of the Company's final, firm and best offer. But, the way you chose to spin the Company's offer to your bargaining unit, and the overwhelming rejection of the final offer, after fourteen years of bargaining, leads to the inescapable conclusion that further efforts to reach an agreement would be fruitless.

Very truly yours,



Wendell J. Van Lare

/sl

cc: Michael Kane (Rochester)
Karen Magnuson
Linda Baird
Matt Dudek
Kenneth Armes, FMCS