GANNETT CO INC /DE/
Form 10-Q
July 30, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 29, 2014
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Commission file number 1-6961

GANNETT CO., INC.
(Exact name of registrant as specified in its charter)

Delaware	16-0442930
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
7950 Jones Branch Drive, McLean, Virginia	22107-0910
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (703) 854-6000.
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 ý 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨
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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	ý	Accelerated Filer	¨
Non-Accelerated Filer	¨	Smaller Reporting Company	¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes ¨ No ý
The total number of shares of the registrant's Common Stock, $1 par value outstanding as of June 29, 2014 was 225,647,176.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS
Gannett Co., Inc. and Subsidiaries
In thousands, except share data

	Jun. 29, 2014 (Unaudited)	Dec. 29, 2013
ASSETS		
Current assets		
Cash and cash equivalents	$430,666	$469,203
Trade receivables, less allowance for doubtful accounts (2014 - $17,666; 2013 - $15,275)	773,099	834,052
Other receivables	26,832	28,592
Inventories	55,050	49,950
Deferred income taxes	18,639	21,245
Assets held for sale	54,458	395,851
Prepaid expenses and other current assets	103,883	124,592
Total current assets	1,462,627	1,923,485
Property, plant and equipment		
Cost	3,956,247	4,007,879
Less accumulated depreciation	(2,357,190)	(2,338,247)
Net property, plant and equipment	1,599,057	1,669,632
Intangible and other assets		
Goodwill	3,804,551	3,790,472
Indefinite-lived and amortizable intangible assets, less accumulated amortization	1,466,718	1,477,231
Deferred income taxes	59,722	—
Investments and other assets	754,890	379,886
Total intangible and other assets	6,085,881	5,647,589
Total assets [a]	$9,147,565	$9,240,706

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

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CONDENSED CONSOLIDATED BALANCE SHEETS
Gannett Co., Inc. and Subsidiaries
In thousands, except share data

	Jun. 29, 2014 (Unaudited)	Dec. 29, 2013
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and current portion of film contracts payable	$173,388	$215,300
Accrued expenses	437,161	499,162
Dividends payable	45,433	45,645
Income taxes	101,754	17,791
Deferred income	241,428	223,404
Current portion of long-term debt	5,890	5,890
Total current liabilities	1,005,054	1,007,192
Noncurrent liabilities		
Income taxes	47,985	49,748
Deferred income taxes	695,250	587,904
Long-term debt	3,446,737	3,707,010
Post-retirement medical and life insurance liabilities	88,173	129,078
Pension liabilities	548,932	632,195
Other noncurrent liabilities	212,949	218,168
Total noncurrent liabilities	5,040,026	5,324,103
Total liabilities [a]	6,045,080	6,331,295
Redeemable noncontrolling interests	17,904	14,618
Commitments and contingent liabilities (See Note 13)		
Equity		
Gannett Co., Inc. shareholders’ equity		
Preferred stock of $1 par value per share, 2,000,000 shares authorized, none issued	—	—
Common stock of $1 par value per share, 800,000,000 shares authorized, 324,418,632 shares issued	324,419	324,419
Additional paid-in capital	561,288	552,368
Retained earnings	7,898,034	7,720,903
Accumulated other comprehensive loss	(458,542)	(494,055)
	8,325,199	8,103,635
Less treasury stock, at cost (2014 - 98,771,456 shares; 2013 - 96,849,744 shares)	(5,467,088)	(5,410,537)
Total Gannett Co., Inc. shareholders’ equity	2,858,111	2,693,098
Noncontrolling interests	226,470	201,695
Total equity	3,084,581	2,894,793
Total liabilities and equity	$9,147,565	$9,240,706

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

[a] Our consolidated assets as of June 29, 2014 include total assets of $57.5 million of variable interest entities (VIEs) and our consolidated assets as of December 29, 2013 include total assets of $44.7 million of VIEs. These assets can only be used to settle the obligations of the VIEs. Consolidated liabilities as of June 29, 2014 include total liabilities of $4.6 million of the VIEs and our consolidated liabilities as of December 29, 2013 include total liabilities of $2.7 million of the VIEs. The VIEs’ creditors have no recourse to us regarding these liabilities. See further description in

Note 1 - Basis of presentation and summary of significant accounting policies.

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME
Gannett Co., Inc. and Subsidiaries
Unaudited, in thousands, except share data

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	Jun. 29, 2014	Jun. 30, 2013	Jun. 29, 2014	Jun. 30, 2013
Net Operating Revenues:				
Broadcasting	$398,258	$211,962	$780,526	$403,542
Publishing advertising	530,183	562,476	1,031,483	1,088,975
Publishing circulation	277,851	279,655	559,927	565,627
All other Publishing	59,331	62,100	118,018	120,862
Digital	194,381	186,506	374,116	361,428
Total	1,460,004	1,302,699	2,864,070	2,540,434
Operating Expenses:				
Cost of sales and operating expenses, exclusive of depreciation	775,627	726,869	1,543,159	1,446,593
Selling, general and administrative expenses, exclusive of depreciation	353,779	320,615	708,992	634,730
Depreciation	44,850	38,467	89,614	77,393
Amortization of intangible assets	14,471	9,368	32,214	18,496
Facility consolidation and asset impairment charges	28,775	4,498	43,595	9,283
Total	1,217,502	1,099,817	2,417,574	2,186,495
Operating income	242,502	202,882	446,496	353,939
Non-operating (expense) income:				
Equity income in unconsolidated investees, net	156,540	9,424	165,031	17,218
Interest expense	(64,148)	(36,174)	(133,796)	(71,579)
Other non-operating items	(2,982)	(9,791)	(23,730)	(11,374)
Total	89,410	(36,541)	7,505	(65,735)
Income before income taxes	331,912	166,341	454,001	288,204
Provision for income taxes	106,000	39,600	158,500	45,000
Net income	225,912	126,741	295,501	243,204
Net income attributable to noncontrolling interests	(17,445)	(13,121)	(27,875)	(25,019)
Net income attributable to Gannett Co., Inc.	$208,467	$113,620	$267,626	$218,185
Net income per share – basic	$0.92	$0.50	$1.18	$0.95
Net income per share – diluted	$0.90	$0.48	$1.15	$0.93
Dividends declared per share	$0.20	$0.20	$0.40	$0.40

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

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Gannett Co., Inc. and Subsidiaries
Unaudited, in thousands

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	Jun. 29, 2014	Jun. 30, 2013	Jun. 29, 2014	Jun. 30, 2013
Net income	$225,912	$126,741	$295,501	$243,204
Redeemable noncontrolling interests (income not available to shareholders)	(1,395)	28	(1,850)	(246)
Other comprehensive income, before tax:				
Foreign currency translation adjustments	12,809	(287)	17,462	(32,873)
Pension and other post-retirement benefit items:				
Amortization of prior service credit, net	(1,215)	(384)	(1,700)	(806)
Amortization of actuarial loss	11,798	16,275	23,233	32,135
Remeasurement of post-retirement benefits liability	—	—	33,907	—
Other	(9,297)	(155)	(15,413)	18,931
Pension and other post-retirement benefit items	1,286	15,736	40,027	50,260
Other	819	(77)	1,061	(1,863)
Other comprehensive income, before tax	14,914	15,372	58,550	15,524
Income tax effect related to components of other comprehensive income	(5,441)	(5,886)	(21,976)	(16,017)
Other comprehensive income, net of tax	9,473	9,486	36,574	(493)
Comprehensive income	233,990	136,255	330,225	242,465
Comprehensive income attributable to noncontrolling interests, net of tax	(16,869)	(13,072)	(27,086)	(22,910)
Comprehensive income attributable to Gannett Co., Inc.	$217,121	$123,183	$303,139	$219,555

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

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

	Twenty-six Weeks Ended	
	Jun. 29, 2014	Jun. 30, 2013
Cash flows from operating activities:		
Net income	$295,501	$243,204
Adjustments to reconcile net income to net cash flow from operating activities:		
Depreciation and amortization	121,828	95,889
Facility consolidation and asset impairment charges	43,595	10,202
Pension contributions, net of pension expense	(64,179)	(75,751)
Equity income in unconsolidated investees, net	(165,031)	(17,218)
Stock-based compensation – equity awards	17,208	15,877
Change in other assets and liabilities, net	106,017	(48,262)
Net cash flow from operating activities	354,939	223,941
Cash flows from investing activities:		
Purchase of property, plant and equipment	(56,905)	(48,898)
Payments for acquisitions, net of cash acquired	(121,956)	(18,134)
Payments for investments	(5,318)	(2,379)
Proceeds from investments	163,315	29,365
Proceeds from sale of certain assets	66,617	6,586
Net cash flow from (used for) investing activities	45,753	(33,460)
Cash flows from financing activities:		
Payments of borrowings under revolving credit agreements, net	—	(79,000)
Payments of unsecured fixed rate notes	(250,000)	—
Payments of unsecured floating rate term loans	(17,925)	—
Dividends paid	(90,848)	(91,695)
Cost of common shares repurchased	(75,815)	(41,385)
Proceeds from issuance of common stock upon exercise of stock options	10,362	13,132
Distribution to noncontrolling interests	(877)	(218)
Deferred payments for acquisitions	(14,481)	(3,693)
Net cash used for financing activities	(439,584)	(202,859)
Effect of currency exchange rate change on cash	355	(1,155)
Decrease in cash and cash equivalents	(38,537)	(13,533)
Balance of cash and cash equivalents at beginning of period	469,203	175,030
Balance of cash and cash equivalents at end of period	$430,666	$161,497
Supplemental cash flow information:		
Cash paid for taxes, net of refunds	$45,284	$73,683
Cash paid for interest	$122,989	$63,055
Non-cash investing and financing activities:		
Assets-held-for-sale proceeds	$381,882	$—
Capital expenditures	$6,565	$—

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 29, 2014
NOTE 1 – Basis of presentation and summary of significant accounting policies
Basis of presentation: Our accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and, therefore, do not include all information and footnotes which are normally included in the Form 10-K and annual report to shareholders. In our opinion, the financial statements reflect all adjustments, which are of a normal recurring nature, that are necessary for a fair presentation of results for the interim periods presented.

Variable Interest Entities (VIE): A variable interest entity is an entity that lacks equity investors or whose equity investors lack a controlling interest in the entity through their equity investments. We consolidate VIEs when we are the primary beneficiary. In determining whether we are the primary beneficiary of a VIE for financial reporting purposes, we consider whether we have the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and whether we are obligated to absorb losses or the right to receive returns that would be significant to the VIE.
We determined that the entities holding four of our television stations constitute VIEs and the various agreements that we entered into with these entities represent variable interests. We evaluated the arrangements to determine whether we are considered the primary beneficiary, and as a result of this evaluation, we consolidated four stations in the Louisville, KY; Portland, OR; and Tucson, AZ, television markets for the quarter ending June 29, 2014.
The carrying amounts and classification of the assets and liabilities of the consolidated VIEs mentioned above and included in our consolidated balance sheets were as follows:

In thousands	Jun. 29, 2014	Dec. 29, 2013
Current assets	$19,144	$4,677
Plant, property and equipment, net	7,375	8,061
Intangible and other assets	30,955	32,008
Total assets	$57,474	$44,746
Current liabilities	$9,590	$7,827
Noncurrent liabilities	32,204	34,173
Total liabilities	$41,794	$42,000

Recent accounting standards: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 Revenue from Contracts with Customers (Topic 606) which supersedes the guidance in Revenue Recognition (Topic 605). The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. New disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers are also required. We are required to adopt ASU 2014-09 in the first quarter of 2017 and early application is not permitted. However, we will need to apply the standard to 2015 and 2016. We can choose to apply the standard using either the full retrospective approach or a modified retrospective approach where we will recognize a cumulative catch up adjustment to the opening balance of retained earnings. We are currently assessing the impact of adopting this pronouncement and the transition method we will use.
In July 2013, the FASB issued ASU 2013-11 Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, A Similar Tax Loss, or a Tax Credit Carryforward Exists. ASU 2013-11 provides guidance on financial statement presentation of an unrecognized tax benefit (UTB) when a net operating loss (NOL) carryforward, a similar tax loss, or a tax credit carryforward exists. Under ASU 2013-11, an entity must present a UTB, or a portion of a UTB, in the financial statements as a reduction to a deferred tax asset (DTA) for an NOL carryforward, a similar tax loss, or a tax credit carryforward except when:

- An NOL carryforward, a similar tax loss, or a tax credit carryforward is unavailable as of the reporting date under the tax law of the jurisdiction.
- The entity does not intend to use the DTA for this purpose (provided that the tax law permits a choice).

If either of these conditions exists, an entity should present a UTB in the financial statements as a liability and should not net the UTB with a DTA. ASU 2013-11 is effective for public entities for fiscal years beginning after December 15, 2013, and interim periods within those years. We were required to adopt ASU 2013-11 in the first quarter of 2014, and the impact on our consolidated results of operations, financial position and cash flows was insignificant.

NOTE 2 – Acquisitions and dispositions

In March 2014, Classified Ventures, in which we own a 26.9% interest, agreed to sell Apartments.com to CoStar Group, Inc. for $585 million. This transaction closed on April 1, 2014, early in our second quarter; as a result of our ownership stake, we received a special $154.6 million distribution from Classified Ventures after the closing of this transaction.

Early in the second quarter, our subsidiary CareerBuilder acquired Broadbean. Broadbean is a leading international job distribution, candidate sourcing and big data analytics software company. Broadbean is headquartered in London, United Kingdom and has offices in the U.S., France, Germany, the Netherlands and Australia. The acquisition unites two technology companies which specialize in sourcing and recruitment.

On February 28, 2014, we completed the previously announced sale of KMOV-TV in St. Louis, MO, to Meredith Corporation, following the receipt of regulatory approvals. As part of the sale, Sander Media conveyed to Meredith Corporation substantially all of its assets used to operate KMOV-TV, which Sander Media acquired when the Gannett-Belo transaction closed on December 23, 2013. We conveyed certain other assets that are needed to provide services to KMOV-TV, which we also acquired from Belo Corp.

On June 19, 2014, we announced, together with Sander Media LLC, that we completed the previously announced sale of KTVK-TV and KASW-TV in Phoenix, AZ, to Meredith Corporation, following receipt of regulatory approvals. As part of the sale, Sander Media conveyed to Meredith all of the assets used in the operation of both stations, which Sander Media acquired upon completion of the Belo transaction last December 2013. We also conveyed certain other assets that we used to provide services for both stations, which were also acquired from the Belo transaction. At the closing, Meredith simultaneously conveyed KASW-TV to SagamoreHill of Phoenix, LLC, which, through its affiliates, owns and operates two television stations in two markets. The total sale price of the Phoenix and St. Louis stations was $407.5 million. The majority of this amount is held in escrow at the end of the second quarter. We used a portion of the proceeds in a tax efficient structure to pay for the acquisition of six London Broadcasting Company television stations from SunTX Capital Partners which closed early in our third quarter.

NOTE 3 – Facility consolidation and asset impairment charges

We evaluated the carrying values of property, plant and equipment at certain publishing businesses as a result of our ongoing facility consolidation efforts. We revised the useful lives of certain assets to reflect the use of those assets over a shortened period as a result. Certain assets classified as held-for-sale according to Accounting Standards Codification (ASC) Topic 360 resulted in us recognizing non-cash charges in both 2014 and 2013 as we reduced the carrying values to equal the fair value less cost to dispose. The fair values were based on the estimated prices of similar assets. We also recorded non-cash impairment charges to reduce the book value of goodwill and other intangible assets. The goodwill impairment and other intangible non-cash charges resulted from our application of the interim impairment testing provisions included within the goodwill subtopic ASC Topic 350. We are required to test goodwill and other indefinite lived assets for impairment annually. Our annual measurement date for testing is the first day of the fourth quarter. However, because of softening business conditions at two of our smaller Publishing Segment reporting units, we updated our testing as of the beginning of the second quarter of 2014. Our testing showed that the implied fair value of the goodwill was less than the recorded value. Therefore, we recognized a charge to reduce the carrying value of goodwill to the implied fair value. We recorded pre-tax charges for facility consolidations and asset impairments of $28.8 million in the second quarter and $43.6 million for the year-to-date period in 2014. For 2013, we recorded $4.5 million pre-tax charges for the second quarter and $9.3 million for the year-to-date period. We also recorded a $1.0 million non-operating pre-tax charge to write off certain broadcasting assets that were donated in the second quarter of 2014 and a $0.9 million non-operating pre-tax charge to write off certain publishing assets in the first quarter of 2013.

NOTE 4 – Goodwill and other intangible assets

The following table displays goodwill, indefinite-lived intangible assets, and amortizable intangible assets at June 29, 2014 and December 29, 2013:

In thousands	Jun. 29, 2014		Dec. 29, 2013	
	Gross	Accumulated Amortization	Gross	Accumulated Amortization
Goodwill	$3,804,551	$—	$3,790,472	$—
Indefinite-lived intangibles:				
Television station FCC licenses	1,091,204	—	1,091,204	—
Mastheads and trade names	82,903	—	82,570	—
Amortizable intangible assets:				
Customer relationships	302,817	194,852	290,845	177,515
Other	223,650	39,004	213,790	23,663

Customer relationships include subscriber lists and advertiser relationships while other intangibles primarily include retransmission agreements, network affiliations, internally developed technology, patents and amortizable trade names.

The following table summarizes the changes in our net goodwill balance through June 29, 2014:

In thousands	Broadcasting	Publishing	Digital	Total
Balance at Dec. 29, 2013:				
Goodwill	$2,543,333	$7,807,416	$755,528	$11,106,277
Accumulated impairment losses	—	(7,187,535)	(128,270)	(7,315,805)
Net balance at Dec. 29, 2013	2,543,333	619,881	627,258	3,790,472
Activity during the period:				
Acquisitions and adjustments	(16,430)	4,578	33,233	21,381
Impairment	—	(15,310)	—	(15,310)
Foreign currency exchange rate changes	—	6,666	1,342	8,008
Total	(16,430)	(4,066)	34,575	14,079
Balance at Jun. 29, 2014:				
Goodwill	2,526,903	7,897,708	790,103	11,214,714
Accumulated impairment losses	—	(7,281,893)	(128,270)	(7,410,163)
Net balance at Jun. 29, 2014	$2,526,903	$615,815	$661,833	$3,804,551

On December 23, 2013, we completed our acquisition of Belo. The initial purchase price allocation is preliminary based upon all information available to us at the present time and is subject to change, and such changes could be material. We continue to review underlying assumptions and valuation techniques utilized to calculate the fair value of primarily the indefinite-lived and amortizable intangible assets, property, plant and equipment, investments and deferred income taxes. Certain immaterial adjustments have been made since the initial allocation in the fourth quarter of 2013.

NOTE 5 – Long-term debt

Our long-term debt is summarized below:

In thousands	Jun. 29, 2014	Dec. 29, 2013
Unsecured floating rate term loan due quarterly through August 2018	$139,000	$154,800
VIE unsecured floating rate term loans due quarterly through December 2018	37,145	39,270
Unsecured notes bearing fixed rate interest at 8.75% due November 2014	250,000	250,000
Unsecured notes bearing fixed rate interest at 10% due June 2015	66,568	66,568
Unsecured notes bearing fixed rate interest at 6.375% due September 2015	250,000	250,000
Unsecured notes bearing fixed rate interest at 10% due April 2016	193,429	193,429
Unsecured notes bearing fixed rate interest at 9.375% due November 2017	—	250,000
Unsecured notes bearing fixed rate interest at 7.125% due September 2018	250,000	250,000
Unsecured notes bearing fixed rate interest at 5.125% due October 2019	600,000	600,000
Unsecured notes bearing fixed rate interest at 5.125% due July 2020	600,000	600,000
Unsecured notes bearing fixed rate interest at 6.375% due October 2023	650,000	650,000
Unsecured notes bearing fixed rate interest at 7.75% due June 2027	200,000	200,000
Unsecured notes bearing fixed rate interest at 7.25% due September 2027	240,000	240,000
Total principal long-term debt	3,476,142	3,744,067
Other (fair market value adjustments and discounts)	(23,515)	(31,167)
Total long-term debt	3,452,627	3,712,900
Less current portion of long-term debt maturities of VIE loans	5,890	5,890
Long-term debt, net of current portion	$3,446,737	$3,707,010

For the first six months of 2014, our long-term debt decreased by $260.3 million as a result of our early repayment of the 9.375% notes due in 2017. We redeemed the notes by paying 104.688% of the outstanding principal amount in accordance with the original terms. The early redemption of these notes will save us approximately $12 million in interest expense for the remainder of 2014. On June 29, 2014, we had unused borrowing capacity of $1.27 billion under our revolving credit agreement that expires in August 2018.

NOTE 6 – Retirement plans

We, along with our subsidiaries, have various retirement plans, including plans established under collective bargaining agreements. The Gannett Retirement Plan (GRP) is our principal retirement plan. Our retirement plan costs include costs for qualified and nonqualified plans and are presented in the following table:

In thousands	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	Jun. 29, 2014	Jun. 30, 2013	Jun. 29, 2014	Jun. 30, 2013
Service cost-benefits earned during the period	$877	$1,756	$2,708	$3,881
Interest cost on benefit obligation	42,372	35,071	84,738	70,254
Expected return on plan assets	(59,174)	(49,299)	(117,748)	(98,842)
Amortization of prior service cost	1,901	1,898	3,783	3,776
Amortization of actuarial loss	11,674	16,190	22,901	31,550
Expense (credit) for company-sponsored retirement plans	$(2,350)	$5,616	$(3,618)	$10,619

For the twenty-six weeks ended June 29, 2014, we contributed $41.0 million to the GRP, $6.6 million to the G.B. Dealey Retirement Plan (Dealey Plan) and $6.9 million to the Newsquest Pension Scheme in the U.K. (Newsquest Plan). We assumed the Dealey Plan as part of the Belo acquisition that was completed on December 23, 2013. For the remainder of 2014 and based on current funding requirements, we expect to contribute $28.0 million to the GRP, $8.9 million to the Dealey Plan and approximately $7.4 million to the Newsquest Plan.

NOTE 7 – Post-retirement benefits other than pension

We provide health care and life insurance benefits to certain retired employees who meet age and service requirements. Most of our retirees contribute to the cost of these benefits and retiree contributions are increased as actual benefit costs increase. Our policy is to fund benefits as claims and premiums are paid. In March 2014, we adopted changes to the retiree medical plan that were effective July 1, 2014. Beginning on that date, we will pay a stipend to certain Medicare-eligible Gannett retirees. This stipend will be accessible through a Healthcare Reimbursement Account and retirees will be able to select from a variety of plans offered through the individual Medicare marketplace. As a result of this change, we remeasured the related post-retirement benefit obligation during the first quarter of 2014, and recorded a reduction to the liability of $33.9 million (with a corresponding adjustment to "Accumulated other comprehensive loss"). Post-retirement benefit costs for health care and life insurance are presented in the following table:

In thousands	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	Jun. 29, 2014	Jun. 30, 2013	Jun. 29, 2014	Jun. 30, 2013
Service cost-benefits earned during the period	$68	$89	$186	$264
Interest cost on net benefit obligation	1,030	1,303	2,515	2,828
Amortization of prior service credit	(3,116)	(2,282)	(5,483)	(4,582)
Amortization of actuarial loss	124	85	332	585
Net periodic post-retirement benefit credit	$(1,894)	$(805)	$(2,450)	$(905)

NOTE 8 – Income taxes

The total amount of unrecognized tax benefits that, if recognized, would impact the effective tax rate was approximately $45.0 million as of June 29, 2014 and $46.5 million as of December 29, 2013. The following table summarizes the activity related to unrecognized tax benefits, excluding the federal tax benefit of state tax deductions:

In thousands	Unrecognized Tax Benefits
Balance at Dec. 29, 2013	$57,324
Changes in unrecognized tax benefits:	
Additions based on tax positions related to the current year	3,744
Additions for tax positions of prior years	75
Reductions for tax positions of prior years	(4,315)
Reductions due to lapse of statutes of limitations	(574)
Balance at Jun. 29, 2014	$56,254

We recognize interest and penalties related to unrecognized tax benefits as a component of income tax expense. Interest income attributable to overpayment of income tax is recognized as a component of income tax expense. We recognized a net benefit from the reversal of interest and penalty expense of $1.2 million in the second quarter of 2014 and $4.6 million during the second quarter of 2013. We recognized a net benefit from the reversal of interest and penalty expense of $2.5 million during the first six months of 2014 and $17.4 million during the first six months of 2013. The net interest and penalty benefits recognized in the second quarter and first six months of 2014 and 2013 are primarily from the release of uncertain tax position reserves due to audit settlements and the lapse of the applicable statutes of limitations. The amount of net accrued interest and penalties related to uncertain tax benefits as of June 29, 2014, was approximately $9.0 million and as of December 29, 2013, was approximately $11.5 million.

We file income tax returns in the U.S. and various state and foreign jurisdictions. The 2010 through 2012 tax years remain subject to IRS examination. The 2009 through 2012 tax years generally remain subject to examination by state authorities, and the 2012 tax year is subject to examination in the U.K. Tax years before 2009 remain subject to examination by certain states primarily due to the filing of amended tax returns as a result of the settlement of the IRS examination for these years and due to ongoing audits.

It is reasonably possible that the amount of unrecognized benefits with respect to certain of our unrecognized tax positions will significantly increase or decrease within the next 12 months. These changes may be the result of settlement of ongoing audits, lapses of statutes of limitations or other regulatory developments. At this time, we estimate the amount of gross unrecognized tax positions may be reduced by up to approximately $8.2 million within the next 12 months primarily due to lapses of statutes of limitations and settlement of ongoing audits in various jurisdictions.

NOTE 9 – Supplemental equity information

The following table summarizes equity account activity for the twenty-six week periods ended June 29, 2014 and June 30, 2013:

In thousands	Gannett Co., Inc. Shareholders' Equity	Noncontrolling Interests	Total Equity
Balance at Dec. 29, 2013	$2,693,098	$201,695	$2,894,793
Comprehensive income:			
Net income	267,626	27,875	295,501
Redeemable noncontrolling interests (income not available to shareholders)	—	(1,850)	(1,850)
Other comprehensive income	35,513	1,061	36,574
Total comprehensive income	303,139	27,086	330,225
Dividends declared	(90,495)	—	(90,495)
Stock-based compensation	17,208	—	17,208
Treasury shares acquired	(75,815)	—	(75,815)
Other activity	10,976	(2,311)	8,665
Balance at Jun. 29, 2014	$2,858,111	$226,470	$3,084,581