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PRESENTATION

Operator

Good day everyone, and welcome to Gannett's Third Quarter 2011 Earnings Conference Call. This call is being recorded. Due to the large number of callers, we will limit you to one question or comment. We greatly appreciate your cooperation and courtesy. Our speakers for today will be Gracia Martore, President and CEO, Paul Saleh, Chief Financial Officer and Jeff Heinz, Director of Investor Relations. At this time I'd like to turn the conference over to Mr. Heinz. Please go ahead.

Jeffrey Heinz - ***Gannett Co Inc - Director, IR***

Thanks, Melody. Good morning and welcome to our conference call and webcast to review Gannett's third-quarter results. Hopefully, you have had the opportunity to review this morning's press release. You can also find it at www.gannett.com.

Before we get started, however, I need to remind you that our conference call and webcast today may include forward-looking statements and our actual results may differ. Factors that might cause them to differ are outlined in our SEC filings. This presentation also includes certain non-GAAP financial measures. We have provided reconciliations of those measures to the most directly comparable GAAP measures in the press release and on the investor relations portion of our website. With that, let me turn the call over to Gracia.

Gracia Martore - ***Gannett Co Inc - President, CEO***

Thanks, Jeff and good morning everyone. Let me begin by acknowledging Craig Dubow, our former Chairman and CEO, who retired on October 6th due to disability from ongoing health issues. Craig and I worked hand in hand for many years, and on behalf of the entire management team and the Board, we thank him for his leadership during an extremely challenging time for our industry and the economy, more broadly. Craig and the management team all maintain a steadfast commitment to serving our customers and their ever-changing media consumption preferences and created a solid foundation for the future. The management team and I share a common vision for the future of Gannett and are passionate about the opportunities ahead. On today's call, I am going to update you on some of our strategic initiatives and we will discuss some financial highlights for the quarter. Paul Saleh, our Chief Financial Officer, will then review our quarterly results in more detail, including the special items we noted in the release, as well as some balance sheet items. We'll then open up the call for your questions.

At Gannett, we continue to focus on two fronts: meeting the demands of the changing media landscape while further solidifying our role as the leading source of local news and information through our unique, relevant, highly-valued and engaging content. It's our mission to be the destination for consumers -- however, whenever and wherever they want to be informed and entertained. And to put it more simply, we want to be there for our consumers anytime and on any device. Our strong trusted relationships within our communities have been built over decades through an unwavering dedication to serving our consumers and businesses in these communities. As a result, we are participants in, and advocates for, our communities.

These deep, long-term relationships are rare in media, and we will safeguard and build upon them as we continue to evolve our businesses to be more digitally-focused. It is through this deep, rich engagement at the local level that we are also able to help our advertisers because we leverage the strength and reach of our tremendous local and national brands to provide effective solutions. We are operating from a position of strength with unique assets and attributes. And we recognize that we must continue to accelerate our evolution to fully leverage those strengths.

To that end, we've advanced on a number of fronts during the quarter and I want to highlight some of these efforts. At the end of September, we launched Gannett Publishing Services which combines and centralizes all of our domestic print production and distribution functions into one organizational structure. This new structure combines several functions such as imaging, ad production, printing, packaging and a variety of other things. These have traditionally been managed divisionally and reflected the autonomy of our divisional market management teams.

This change creates efficiencies within the company but more importantly, allows us to focus on attracting additional revenues by leveraging our expertise in areas like single copy sales, home delivery and third-party sales. This move will help us better utilize our print capacity and our distribution capabilities nationwide -- not just for our own properties, but for third parties as well. We expect to create some efficiencies through this centralization as we eliminate some duplicate operations beginning later this year and into the next couple of years. We will certainly keep you posted as that effort progresses.

And, we are working toward a similar goal with the Cincinnati Enquirer. During the quarter, we signed a letter of intent with the Columbus Dispatch for the possible printing of the Cincinnati Enquirer and the Kentucky Enquirer in a new, more compact format that will be brighter, more engaging and easier to read. The change provides convenience for consumers and new opportunities for advertisers. This new approach will enhance the user experience by allowing for a fuller use of color and photographs and improved readability while covering the same amount of news as the previous format.

As I noted before, we are advocates in the communities we serve. In Broadcasting, we are showcasing that role with unique content, coupled with our TV stations' powerful local brands. Here, too, an innovative approach is the lynchpin to our success. And, a good example of that in TV recently is the creation of high-quality, relevant content that aired in prime time across all of our stations, and all of the networks that they represent. This was a first for us.

The three, one-hour specials focus on specific medical issues that directly impact many of our lives -- obesity, cancer and heart disease. We forged new partnerships with other station groups and the special on cancer cleared 58 percent of the U.S. households. The content was developed centrally while the advertising and sponsorship opportunities for the shows were sold locally.

These programs have a very strong social media component, including a live online chat and Q&A during the program, which further enhanced audience engagement with them. That is an aspect of consumer interaction that dovetails particularly well with TV viewership and has become increasingly important and driven higher TV viewership as well. We experienced very good success with this model, and as I said, other non-Gannett stations have picked up on the program. Look for more of this type of collaboration in the future.

In our local markets, we continue to focus on providing solutions for our advertisers. I am pleased to say that we are building on the success we had with Yahoo in our first nine broadcast markets and are in the process of rolling it out to our remaining TV markets. We are broadening our reach through the Yahoo partnership and bringing sophisticated, targeted solutions to our customers -- both current and new. In addition, our hyper-local community sites bring us additional advertisers that typically would not have advertised on our TV stations.

As I've said in the past, digital is an increasingly important and rapidly-growing part of our business. We are very happy with the progress, for instance, of our Deal Chicken rollout. The launch is proceeding as planned with markets hatching on time and performing well. In late July we began the rollout. Currently, we are in 49 markets, and we will certainly meet our expectation of being in over 50 markets by year end. Excluding Phoenix, which was our first market, we have not been live in these markets for very long. In fact, almost 50 percent of our markets have been live for less than one month and only 11 markets have been live for over two months. We have nearly completed the investment and talent that we need both centrally and in all of the markets.

Perhaps most important is the phenomenal collaboration between our central team here in McLean and the local staffs on the ground in establishing these operations across all of those markets. At this point, our total investment has been under $10 million. Clearly, we are still very early in the process but, excluding Phoenix which has been in the market for more than one year, for just two full months of operation, we are seeing 50 percent revenue growth month over month. In Phoenix, gross revenue was about $25,000 in its first month. Monthly revenue is now about 10 times as much. While the early numbers are not particularly meaningful, we expect the revenue growth rate to push up even further in the fourth quarter.

Some additional metrics: our opt-in e-mail list has exceeded one million names which is no small feat given the relatively short time span DealChicken has been in operation. Equally impressive is that DealChicken is a Top 10 visited daily deals site among national sites based on Experian/Hitwise -- and that list was done closer to the beginning of our launch. Our average deal value has steadily increased and, once again, this product builds on our strong, local relationships, our existing local infrastructure, as well as our ability to promote DealChicken locally across multiple channels over the year in print and online. We are excited about these and other strategic initiatives which are moving us aggressively toward our goal of reaching and engaging with our audience in the best way and with the best products.

I'm going to provide some financial highlights for the quarter before I turn it over to Paul who will go into more specifics. Our earnings per share were 44 cents when adjusted for special items. They reflect the positive impact of several strategic initiatives, particularly our digital efforts, but also the challenges of managing our businesses in the midst of a tremendous amount of economic uncertainty and a softening global economy. We also had to compare against our own terrific success in garnering political spending last year. Total revenue as a result of all of these factors was down about three and a half percent.

An increase in digital segment revenues was a bright spot, reflecting double-digit revenue growth at CareerBuilder. They continued to capture market share domestically, leading to solid revenue growth. And CareerBuilder's international operations achieved substantially higher revenue growth. Our commitment to multi-platform sales resulted in company-wide digital revenues of almost $275 million. That was an increase of about 10 percent from the third quarter last year and represented 22 percent of total company-wide revenue. Year to date, we have generated over $800 million in digital revenue for the company, a 12 percent increase compared to last year.

Turning for a second to our Broadcasting segment, reported revenue was about six percent lower and, again, reflects the challenge of comparing to our own great success last year in generating ad spending related to politics -- over $21 million in the third quarter of last year. Total television revenues, when adjusted for that incremental impact of political spending, were up almost five percent. Retransmission revenues and online television revenues were both up nicely. So, a very good quarter for broadcasting in the face of some tough comparisons due to our strong market positions and ongoing success in taking market share.

Now, based on current trends and comparing against yet another substantial level of political advertising in last year's fourth quarter, we expect the percentage decline in total television revenues for the fourth quarter to be in the very low teens -- compared to the fourth quarter of 2010. If I exclude the incremental impact of political spending, total television revenues are expected to increase in the very high single digits to perhaps 10 percent to 11 percent in the fourth quarter compared to the same quarter last year -- again reflecting our strong stations, as well as continued good execution on the sales front. But, as always, I have to caveat that we are early in the quarter, and as we all know, pacings can be volatile. So, stay tuned and we will continue to update you as the quarter progresses.

In the publishing segment, a bright spot was the solid increase in digital revenues. Softening economic conditions, however, both here and in the UK, contributed to a decline in publishing segment revenues of just over five percent. We faced challenges across many of our advertising categories due in part to the Japanese situation that impacted auto advertising and continuing issues with the national housing market that severely tempered real estate advertising. At Newsquest, while the economy has made for tough operating conditions, year over year ad category comparisons for all categories improved relative to the first half of the year.

We continued to focus on managing costs and lowering expenses company-wide with the goal of creating ongoing efficiencies while at the same time, investing in growth opportunities. Importantly, all of our business segments were consistently profitable in the third quarter and digital revenues and traffic continued to show positive momentum in all of our business segments, reflecting the success we are having in offering content and solutions across all platforms.

Overall, our results for the quarter reflect the strength of Gannett's iconic local and national brands and our relentless commitment to continuously enhance the news, information and services we offer every day to the communities we serve. We remain focused on aligning expenses with areas of opportunity while leveraging our great brands, our strong balance sheet, and our world-class talent to position Gannett for long-term revenue growth. We will, as always, manage through the present, soft economic environment, but most importantly, we will proactively create a successful future for Gannett.

I'm convinced we have the right strategy and the right team in place to continue to remake Gannett in this incredible digital age.

With that, I'll turn the call over to Paul.

Paul Saleh ***- Gannett Co Inc - SVP, CFO***

Thank you, Gracia. I'll cover our quarterly results in more detail, particularly each of our business segments, and I will comment on some balance sheet items.

We generated about $1.3 billion in revenues in the quarter. Total expenses, excluding special items, were $1.1 billion, a decline of two percent year over year. The company remains solidly profitable with operating income, excluding special items, totaling $207 million. We generated operating cash flow of $256 million.

On a GAAP basis, earnings per diluted share for the third quarter were 41 cents Earnings per diluted share, excluding special items, were 44 cents, as Gracia noted. In the third quarter, we had about $11 million in pretax special items as detailed in the release. Reviewing them quickly, we had a charge of approximately $9 million on a pretax basis due to workforce restructuring which was reflected in operating income. On an after-tax basis, this charge represents about $5 million or two cents per share. We also recorded a special non-cash impairment charge of almost $2 million or slightly over $1 million on an after-tax basis for an investment in an online business. This non-cash charge is reflected as a non-operating item.

In the third quarter of last year, we had over $31 million in charges associated with workforce restructuring, facility consolidations and intangible asset impairments. These charges totaled about $23 million after-tax or ten cents per share. All of these items are found on Table 5 of our Earnings Release. From a cash flow perspective, net cash flow from operating activities totaled $188 million for the quarter and free cash flow totaled $176 million as found on Table 10 of our release. Through the first three quarters of this year, the company generated free cash flow of over $570 million.

Turning to our segment results, total publishing segment revenues were five percent lower in the quarter, slightly lagging second-quarter year-over-year comparisons, reflecting a softer economic environment. Advertising revenues were 8.5 percent lower. Circulation revenue was down just one percent in the quarter, a slight improvement relative to year-over-year comparisons in both the first quarter and the second quarter, and also reflecting our continued efforts to promote Sunday circulation in U.S. Community Publishing.

The demand for our online advertising solutions drove an eight percent increase in Publishing segment digital revenues. The gain was driven, in large part, by an increase of almost nine percent in online revenue and in U.S. Community Publishing. The largest online categories in U.S. Community Publishing -- auto, employment and retail -- which represent about 75 percent of their digital revenue were all up solidly in the quarter.

At Newsquest, advertising revenue in pounds was eight percent lower, reflecting continued softness in the UK economy. However, Newsquest year-over-year ad revenue comparisons were better than second quarter comparisons across all ad categories. In the classified categories in the U.S., auto ad demand was just over five percent lower in the quarter due to waning consumer confidence in the economy and the continued effect of the crisis in Japan. Employment advertising was unchanged from last year although the third-quarter comparison improved slightly relative to the second quarter. Decline in the real estate advertising category has been relatively consistent for a number of quarters, reflecting continuing systemic issues in the housing market. Classified category comparisons at Newsquest, in pounds, were better this quarter relative to the second quarter, driven by an 11 percentage point improvement in employment advertising comparisons.

In the Publishing segment, national advertising was down over 15 percent in the quarter. National advertising was seven percent higher at Newsquest in pounds. The increase was due in part to a national ad campaign associated with the conversion in the UK of TV broadcasting from analog to digital that benefited our regional publishers. The conversion is scheduled to be completed by October of next year. That gain was mitigated by continued weakness in the U.S. as a substantial increase in USA TODAY's largest category, technology, was more than offset by declines in the auto and entertainment categories.

Expenses in the publishing segment were down over three percent year over year as we continue to extract cost efficiencies. Newsprint expense was up slightly in the quarter as an increase in usage prices was almost offset by lower consumption. Newsprint prices have been relatively stable for the last year as softer demand in the U.S. was offset by growth internationally. Still, price conditions in North America could soften as consumption declines. At this point, we expect newsprint expenses to be lower in the fourth quarter of 2011 compared with 2010 due to a decline in consumption. Operating income in the Publishing segment, excluding special items, was $117 million while operating cash flow totaled $147 million and those are found in Table 7 of our Earnings.

Turning to the Broadcasting segment, we again faced the challenge of overcoming our own success last year which included over $21 million of politically-related ad spending. Broadcast revenues totaled $174 million, declining about $11 million or six percent. Total television revenues were up almost five percent in the quarter if you exclude the $18 million in incremental political revenues generated last year. Our TV stations continued to capture local market share through solid sales initiatives and the strength of their brands. Growth was achieved in many ad categories, particularly auto, which picked up strongly in September as inventory and supply-chain issues began to be resolved. Online advertising solutions at our TV stations continued to draw customers, resulting in a 28 percent increase in digital revenues. Higher retransmission revenues, which grew 27 percent in the quarter to $20 million, also contributed to the revenue results.

Excluding special items, Broadcasting segment expenses were down about four percent this quarter. Operating income totaled approximately $69 million in the quarter. Operating cash flow was $76 million -- just $8 million lower compared with the prior year despite the net decline of $18 million in political spending. These figures can be found on Table 7 of our Earnings Release.

Turning to the digital segment, revenues in our digital segment were up solidly in the quarter -- a little over 10 percent. Digital segment expenses, excluding special items, were eight percent higher, reflecting the pace of revenue growth, as well as continued investments in new, digital initiatives -- particularly by CareerBuilder. Operating income for the digital segment, excluding special items, was $34 million, up 20 percent. Operating cash flow was 17 percent higher and totaled $42 million.

CareerBuilder, once again, delivered strong results this quarter. Revenue growth at CareerBuilder was up about 15 percent, driven primarily by solid results domestically, as the business continues to build market share. CareerBuilder's international revenues were up strongly as well -- in the low 40 percent range. Although CareerBuilder continues to invest in strategic initiatives, particularly in expanding operations outside the U.S., operating expenses were held in line with revenue growth. Operating cash flow, as a result, was about 13 percent higher. Company-wide digital revenues, as Gracia noted, totaled $273 million, up 10 percent in the quarter and represented 21.5 percent of the total company revenues.

Now, turning to the balance sheet and capital allocation -- we generated $176 million of free cash flow this quarter, bringing the year-to-date total to approximately $572 million. We reduced debt by $103 million during the quarter. At the end of the quarter, we had approximately $1.9 billion of debt outstanding and our debt to EBITDA ratio, as measured by the covenant test in our credit facilities, was reduced to approximately 1.8 times at the end of the quarter. Interest expense in the quarter was relatively unchanged compared with the prior year, At this point, our all-in cost of debt is approximately 6.9 percent.

During the quarter, we repurchased approximately 2.7 million shares at a cost of $28 million. As we indicated when we announced the resumption of the share repurchase program in mid-July, the company expected to repurchase up to $100 million of shares over a 12-month period. Cash at quarter end was $196 million. Lastly, capital expenditures in the third quarter totaled about $17 million and $46 million year to date.

And, with that, I will open it up for questions.

QUESTION AND ANSWER

Operator

Our first question comes from Alexia Quadrani with JPMorgan.

Alexia Quadrani *- JPMorgan Chase & Co. - Analyst*

Thank you. On the newspaper side, could you tell us what you are seeing so far into the fourth quarter? And, still on newspapers, how should we really be thinking about profitability going into the fourth quarter and in 2012? Given the challenging market conditions, if you could elaborate a bit on what you think you can still do on the cost side.

Gracia Martore *- Gannett Co Inc - President, CEO*

Sure, thanks for the question, Alexia. It's very early in the quarter but, overall, we're not seeing anything that is substantially different than what we have seen in the prior quarters. I think there is a little bit of a slight improvement in some of our publishing businesses, but nothing substantial that we are seeing thus far. Seeing some slight improvement in TV, excluding political, in some key categories like auto. But again, it's tough to say at this point. We are going to have to wait and see how the holiday season is going to unfold.

I think, at this point, in talking to some consumer product manufacturers, they sense cautious optimism from retailers -- with an emphasis on cautious. They are waiting to see how the consumer is going to be spending as the holiday season begins to ramp up. Clearly, consumer confidence is going to have impact. One area of obvious optimism is auto and how that's going to impact our various platforms, including TV.

As you saw or read in our numbers in July and August, auto was still fairly muted but now with the Japanese production issues behind us, those issues are winding down. In fact, in September on the TV side, we saw auto advertising up over 20 percent and we saw new car sales in September up pretty nicely -- up about 10 percent. What we are hearing out of GM and others is that the consumer is still in the game despite a difficult economy. So, we're optimistic on the auto side, and that should have a good impact on all of our platforms -- particularly television.

As to the fourth quarter and beyond, we will continue to manage, as we always have at this company, aligning our expenses against the opportunities we see. I think a good example of that is what I mentioned early in my remarks on the Gannett Publishing Services side where we have combined all of those operations. That is going to achieve additional efficiencies, but as importantly -- if not more importantly -- give us some opportunities to generate revenues by managing it in a consolidated and more aggressive way and going out and looking for opportunities.

I mentioned Cincinnati where we're looking down the road at the potential consolidation -- the outsourcing of printing and some efficiencies. We're constantly looking at opportunities to be more efficient in what we do and we continue to believe that will be helpful on the newsprint side. Those comparisons are abating as the year has progressed, and as Paul mentioned, we expect newsprint expense to be below last year so that will be helpful as well. Thank you.

Alexia Quadrani ***- JPMorgan Chase & Co. - Analyst***

Thank you very much.

Operator

Our next question comes from Doug Arthur with Evercore.

Douglas Arthur *- Evercore Partners - Analyst*

Gracia, just to be clear on the Broadcasting, when you say adjusted was up 4.7 percent in Q3, and you're talking high-single digit for Q4, does that include retrans or excludes retrans?

Gracia Martore *- Gannett Co Inc - President, CEO*

That's total television revenues.

Douglas Arthur *- Evercore Partners - Analyst*

Okay.

Gracia Martore *- Gannett Co Inc - President, CEO*

So it includes retrans, it includes core, spot, et cetera. The only thing it excludes is the incremental impact of political year over year because that's the biggest one-off factor.

Douglas Arthur *- Evercore Partners - Analyst*

Okay and then on foreign exchange, how do you see that impacting you because there has been a fair amount of movement in the last 60 days there? How do you see that impacting you in the fourth quarter?

Gracia Martore *- Gannett Co Inc - President, CEO*

Yes, in the third quarter, it really had a de minimis impact on us despite all of the gyrations that it went through. The currency that is most impactful to us is the British pound. Last year, in the fourth quarter, the British pound averaged $1.54. It seems to be bobbing and weaving around that range. So, at this moment, we are not anticipating any significant impact -- one way or another.

Douglas Arthur *- Evercore Partners - Analyst*

Great, thank you.

Gracia Martore *- Gannett Co Inc - President, CEO*

Thank you, Doug.

Operator

We'll go next to Craig Huber with Access 342.

Craig Huber *- Access 342 - Analyst*

Yes, good morning. First Gracia, congratulations on your promotion to CEO.

Gracia Martore *- Gannett Co Inc - President, CEO*

Thanks. Thanks very much, Craig.

Craig Huber *- Access 342 - Analyst*

My first question if I could: I want to ask a similar question here about the cost. You guys have taken out a Herculean amount of costs here since 2007. You were very well run before that. You've taken out roughly 33 percent, 36 percent of cost since 3Q 2007 but by my calculations, revenues have dropped 43 percent in your newspaper division. As you look, you're getting deeper and deeper into your muscle here. Do you think you could take out another say 10 percent of your cash costs, put aside newsprint here, over say the next two years, if the economy does not cooperate?

Gracia Martore - ***Gannett Co Inc - President, CEO***

As I said earlier, Craig, if the economy doesn't cooperate, we are going to manage the business as we always have. But, I think what we are much more focused on is creating revenue opportunities to grow the top line. A lot of the time, attention and focus of our senior management team -- a lot of the focus of our strategic transformation efforts -- is very much on looking at opportunities to leverage those 100-plus local, great brands and strong relationships we have with local communities, together with great brands in USA TODAY and CareerBuilder and others.

So, that's where the lion's share of our focus -- improving that top line, irrespective of how the economy plays out over the next couple of years, to position ourselves, when the economy does return, to a more normalized environment -- if there is such a thing these days. But, from an expense perspective, we are continuously realigning our expenses to make sure they are in the areas of the most opportunity for us. Our expenses aren't going to be even quarter-to-quarter because there are going to be certain opportunities from quarter-to-quarter to invest in. We will continue to do the good job that Gannett has always done in being fiscally disciplined, but our major focus is on our transformational initiatives and our strategic efforts.

Craig Huber - ***Access 342 - Analyst***

And then Gracia, as a point of clarification, you're down 9.1 percent constant currency, newspaper ad revenue decline in the quarter. How did breakdown between the three months, please?

Gracia Martore - ***Gannett Co Inc - President, CEO***

I think it was relatively in same bandwidth, just looking at advertising versus a year ago, in Publishing. In Publishing, August of the three months was probably the stronger month but when I look at the three months, it was relatively the same -- not to say that there weren't movements within categories. So as I said earlier, we would expect that auto, for instance, and television, was much, much better in September than it was in July and August. We expect that we may see that kind of follow through in some of our other numbers as well. But, that sort of a general sense of it, Craig.

Craig Huber *- Access 342 - Analyst*

You think then, Gracia, September was down about 10 percent, it all came out to negative 9.1 percent in the quarter -- for your newspaper ad revenue?

Gracia Martore *- Gannett Co Inc - President, CEO*

No, September was not down 10 percent. The numbers probably were fairly consistent across the months.

Craig Huber *- Access 342 - Analyst*

And my other question, if I could, on your circulation revenues -- down about one percent in the quarter -- I assume part of that from selected price increases. But can you also speak about, if you would, your circulation volume decline, perhaps in the quarter, for daily and Sunday overall for the US?

Gracia Martore *- Gannett Co Inc - President, CEO*

Sure, Craig. On Sunday circulation, we continue to have a very, very nice story in U.S. Community Publishing where Sunday circulation was virtually flat year over year. And, that's on top of some great gains and good work that has been done by Bob Dickey and his team over the last couple of years on the Sunday circulation side. On the daily side, we saw about a 5 percent to 6 percent decline on that circulation. But let me remind you that, from the perspective of Sunday, that's a very key and important number for us because as you well know having covered the industry for so long, a lot of our advertising revenues are focused on Sunday. There's a disproportionate share of our advertising revenues that are generated from that Sunday product and so that's an area that we focus on a great deal. Thank you for your questions, Craig.

Craig Huber *- Access 342 - Analyst*

Okay, Gracia, thank you.

Operator

Next, we'll hear from John Janedis with UBS.

John Janedis ***- UBS - Analyst***

Hi. Good morning and congratulations again, Gracia.

Gracia Martore ***- Gannett Co Inc - President, CEO***

Thank you, John.

John Janedis ***- UBS - Analyst***

You're welcome. Just sticking with the expense theme, year to date, given your expense controls, how do you expect expenses overall to come in for 2011 -- relative to the commentary that you have in the 10Qs?

Gracia Martore ***- Gannett Co Inc - President, CEO***

As I said, John, we will continue to be very focused on expenses as we always have. One of the factors that will help us in the fourth quarter is newsprint pricing abating in terms of the comparison year over year. So, that will be helpful. At the same time, though, as we mentioned earlier, we are investing in things like DealChicken and we're going to continue to invest in those things.

CareerBuilder, on the digital side, had just a wonderful, wonderful topline performance. They've spent a few dollars here to invest in some things like marketing and other things that will position us extremely well as we go into 2012. In those growth businesses on the digital side where we're focusing more of our expenses, there is not going to be an evenness from quarter-to-quarter. And, we're not going to miss out on opportunities to invest in good products like DealChicken and in some of the good things that CareerBuilder is doing. But overall as a company, we will continue to be very focused on the expense side, and we will not disappoint you.

John Janedis - ***UBS - Analyst***

Okay and maybe two quick housekeeping questions. One, on the CareerBuilder number, was that plus-15 percent North America network only or is that all-in?

Gracia Martore - ***Gannett Co Inc - President, CEO***

That was all-in, John.

John Janedis - ***UBS - Analyst***

Can you give us the North American number?

Gracia Martore - ***Gannett Co Inc - President, CEO***

The total North America?

Paul Saleh - ***Gannett Co Inc - SVP, CFO***

I guess the total was not too far from the same -- high was close to 13 percent-plus.

John Janedis - ***UBS - Analyst***

Thank you. And Gracia, one quick question on auto. In terms of the number in September, of around 20 percent or so, has that continued into October?

Gracia Martore - ***Gannett Co Inc - President, CEO***

Again, it's pretty early in the quarter, but we expect to see some very, very good auto numbers in the fourth quarter for TV.

John Janedis - ***UBS - Analyst***

Thank you very much.

Gracia Martore - ***Gannett Co Inc - President, CEO***

Thank you.

Operator

Our next question comes from Barrington Research's Jim Goss.

James Goss - ***Barrington Research Associates, Inc. - Analyst***

Yes, thank you very much. I'll add my congratulations, Gracia.

Gracia Martore - ***Gannett Co Inc - President, CEO***

Thank you very much, Jim.

James Goss - ***Barrington Research Associates, Inc. - Analyst***

The conventional wisdom as publishing was moving into the digital age was that you're trading in a lot of dollars for digital dimes -- alluding to both pricing and cannibalization issues. As you began this call, you described how you're not really so worried about the cannibalization issue. You're going for the business as it is evolving. Can you look at the pricing side? It's sort of difficult to get to that in an objective way but I wonder if you might talk about that a little bit?

Gracia Martore - ***Gannett Co Inc - President, CEO***

Yes. As you know, we brought on David Payne to be our new Chief Digital Officer and one of the things that he and I have talked a lot about is the fact that we, and many others, can't just sit there and be satisfied with the theory that you turn dollars into dimes. And, we see some tremendous opportunities in various areas. So, for instance, in video where we believe that there is a huge amount of consumer demand. And, that is only beginning to ramp up. We see opportunities to have very attractive ECPMs in that area -- attractive and growing ECPMs in the video area.

We also are looking at a variety of things, as I mentioned earlier, from a product perspective, to improve the user experience, the design and the functionality of a number of our websites -- just as we did last year when we rolled out Odyssey. And, we saw a very nice pickup in traffic to our websites. And so, we see opportunities to attract more premium pricing for that better content experience, that better ad experience on these redesigned websites. David and I and the entire management team see some real, strong opportunities for us to continue to improve our digital opportunities and to find opportunities to impact pricing and revenue dollars in a meaningful way by doing that.

James Goss - ***Barrington Research Associates, Inc. - Analyst***

Okay. With iPads and other tablets it seems you have an opportunity to create almost a new category of media in that you can embed video into like a daily paper or something of that nature. Are you doing that sort of thing quite a bit, and are you moving the iPads into other markets, the local markets as well?

Gracia Martore - ***Gannett Co Inc - President, CEO***

David Payne has a wonderful launch scheduled for moving iPhone apps, iPad apps and a variety of other great, new media technologies across the Gannett platform over the next year. So, embedding video, more video content across all of our platforms, is absolutely a goal. In fact, we just, in the last month or so, green lit a video ad production capability and organization at our television station at WXIA in Atlanta, and it will serve as a hub for video production across the entire company. So, we very much recognize the opportunity that video presents itself, and when you have 23 television stations that do a phenomenal job of producing video, day in and day out, you understand the value, the terrific consumer experience that provides. Absolutely that is a tremendous area of focus for David and our entire team.

James Goss - ***Barrington Research Associates, Inc. - Analyst***

Okay, great. One last thing: do you have a stance you can talk about with regard to reverse comp?

Gracia Martore - ***Gannett Co Inc - President, CEO***

Yes. With regard to all of our retransmission fees and reverse comp, retrans, first of all, continues to be a positive development for us and we think appropriately so. We still believe there is a lack of alignment between the size of our stations' audiences and the percentage of sub fees that we are receiving, so we believe there continues to be some very good upside there. As for the networks, yes, they expect to get some of that retrans and for us, that's more of an academic issue for now -- given where the dates that our network affiliation agreements go out to.

But, we don't disagree that philosophically there can be a sharing, but we think that people need to understand that there's a lot of room for the pie to grow. So, there's room to share in the growth of that pie we see pretty clearly, as we are seeing deals being done in the marketplace. We see our opportunity over the next few years as our deals come up to expand that pie of dollars for us and then, to the extent that those dollars are used by the networks to improve their programming, and to provide better opportunities for us, we see that as actually a win-win.

James Goss - ***Barrington Research Associates, Inc. - Analyst***

Okay, thanks. Great answer.

Gracia Martore - ***Gannett Co Inc - President, CEO***

Thank you.

Operator

We'll go next to William Bird with Lazard.

William Bird - ***Lazard Capital Markets - Analyst***

Thank you. Congratulations, Gracia, on your promotion.

Gracia Martore - ***Gannett Co Inc - President, CEO***

Thanks, Bill.

William Bird - ***Lazard Capital Markets - Analyst***

Could you talk about what might change your buyback amount? It looks like between a buyback and the dividend you return around 25 percent of your cash flow. What could change that?

Gracia Martore - ***Gannett Co Inc - President, CEO***

When we announced the program, the reinstitution of the share repurchase program back in July, as well as the doubling of our dividend back in July, we indicated that this was a first step for us. We sized the program at that point to reflect where we thought the economy was and some of the headwinds that all of us are experiencing -- both domestically and globally.

When we see that the economy has better legs to it, that's another opportunity for us to re-look at it. But I also think that as we look at some of the strategic initiatives that we are putting in place over the next several months, that is certainly something that the Board will continuously look at each quarter as it weighs returning capital to shareholders to further strengthening the balance sheet to investing in opportunities that we believe can either expand our growth opportunities or fill in some capabilities that we may think are necessary to help us propel that digital growth that we've been talking about.

So, a variety of factors will play into that. We believe it was a good first step based on where the economy is and we will continuously evaluate that quarter to quarter with the Board.

William Bird - ***Lazard Capital Markets - Analyst***

Great, thank you. And then, could you just talk about just how acquisitions factor in as you think about repositioning for revenue growth?

Gracia Martore - ***Gannett Co Inc - President, CEO***

Yes, we just actually hired a new fellow, by the name of Tom Cox, to head up our M&A activities. Dan Ehrman, who very capably served in that role for many, many years with the company, is going to be retiring. So, we welcome Tom to the family. He has a terrific background in the digital world, as well as understands the media business in general. So, we see opportunities to acquire capabilities and technologies in core and adjacent areas, but nothing of dramatic size at this point in time. We are always looking for those opportunities and we are always going to be disciplined as we look at those opportunities going forward.

There are a couple of things on the advertising side that we are looking at. We've announced a couple of small transactions in our Sports vertical. We added a little piece in a couple of other areas. We are looking at some things, but nothing that is dramatically transformational.

William Bird - ***Lazard Capital Markets - Analyst***

Great, thank you.

Gracia Martore - ***Gannett Co Inc - President, CEO***

Thanks, Bill.

Operator

We'll go next to Edward Atorino with Benchmark.

Edward Atorino - ***The Benchmark Company - Analyst***

Yes, hi. There have been some TV stations up for sale -- the McGraw-Hill package being one that seemed to have fit your mix -- were you in on the bidding on that at all?

Gracia Martore - ***Gannett Co Inc - President, CEO***

Well, we would never discuss whether we were in and out of any bidding, but what it appears is that those recent transactions, we've done some quick math on it, but it's a little hard to decipher all of the moving pieces, but it looks like they been going in the 10 times or so, average EBITDA range. That speaks to the value of the terrific portfolio of 23 stations that we already own and the total value of the total portfolio of Gannett properties. That's why we are buying back stock -- because we believe those values aren't appropriately reflected in our share price. So, they were interesting transactions. We love our television stations. We, again, on the acquisition side, if there were opportunities to do duopolies that made good sense for us, we certainly would take a hard look at that.

Edward Atorino - ***The Benchmark Company - Analyst***

You bought a little bit in the quarter, are you -- you probably can't answer this anyways with all that cash and stock price and what you just said -- are you thinking about being more, I would say, active in the buyback arena?

Gracia Martore - ***Gannett Co Inc - President, CEO***

Well, we reinstated the program in mid-July and bought back about $28 million of stock in that couple of months. As I said in response to Bill Bird's question, there are a number of factors. It was a good first step when we announced that we would be doing about $100 million of share repurchases over the next year. But, together with the Board, we will be constantly reevaluating that in the context of other uses of free cash flow.

Edward Atorino - ***The Benchmark Company - Analyst***

I may have missed this when you were talking about circulation, did you give a price versus volume analysis of the circulation increase?

Gracia Martore - ***Gannett Co Inc - President, CEO***

We talked about the fact that circulation revenue, in total, was down about one percent. With regard to circulation, daily was down in the five percent to six percent range. But, more importantly, Sunday was about flat. So, I think it's more volume-driven then rate-driven.

Edward Atorino - ***The Benchmark Company - Analyst***

One last question, interestingly, SG&A was about $297 million, I think, in each of the three quarters. Is there a seasonal, a significant seasonal bounce in the fourth quarter?

Gracia Martore - ***Gannett Co Inc - President, CEO***

As you may recall at CareerBuilder, they tend to do some promotion and marketing spending that they look at in the fourth quarter and into the first quarter. It will really depend on where they see the market and what opportunities there are. We don't manage our businesses quarter to quarter to produce a particular result.

So, as you know in the third quarter, we had expenses associated with the ramp up of Deal Chicken. As well, CareerBuilder had a phenomenally good and strong revenue month. And so, there were some expenses spent for some marketing and some other areas that would have flowed into SG&A. As an overall comment, I'd say that as our business becomes more digitally focused. More of the expenses from those businesses fall in the SG&A category, rather than in the cost of goods sold category.

Edward Atorino - ***The Benchmark Company - Analyst***

No newsprint in digital.

Gracia Martore - ***Gannett Co Inc - President, CEO***

I don't think so.

Edward Atorino *- The Benchmark Company - Analyst*

Thank you very much. And, I'd like to add my congratulations as well.

Gracia Martore *- Gannett Co Inc - President, CEO*

Thanks very much, Ed.

Operator

We'll go next to Michael Kupinski with Noble Financial.

Chris Ferris *- Noble Financial Group - Analyst*

Hi Gracia. This is Chris Ferris on for Michael Kupinski. Thanks for taking the question and congratulations as well.

Gracia Martore *- Gannett Co Inc - President, CEO*

Thank you.

Chris Ferris *- Noble Financial Group - Analyst*

I was wondering if you could talk, I know you touched on this a little bit, but I was wondering if you could talk about how broadcast revenue trended on a month-to-month basis during the quarter? Did it improve sequentially?

Gracia Martore *- Gannett Co Inc - President, CEO*

In the first couple of months of the quarter, while it was up, it was impacted by auto advertising which, as we all know, is an important factor in our broadcast revenues. In September, with the Japanese supply chain disruptions pretty much behind and full production on auto, auto jumped, I think I mentioned, about 20 percent in September. So, we saw a nice, sequential uplift in September as a result of that. And we expect to see some follow-through, as I mentioned, into the fourth quarter.

Chris Ferris *- Noble Financial Group - Analyst*

Okay. Thank you. That's very helpful. And I was wondering if you could drill down a little bit on the success you are seeing at CareerBuilder. I was wondering if you could elaborate a little bit on how you are taking share and then what you think the long-term growth opportunity is -- particularly internationally.

Gracia Martore *- Gannett Co Inc - President, CEO*

Yes. Let me first address why we think we are taking share on the CareerBuilder side. I think, as we look at the metrics and frankly, Monster has not obviously published its third-quarter numbers, but when we look at the numbers through the second quarter, what we notice is that the share that we have, compared to the number two user, we're about 57 percent higher on average, unique visitors in the third quarter in the career resources category.

In total traffic, year over year growth was up about 14 percent. There's some other numbers that we look at that, for instance through the second quarter. CareerBuilder's North American network revenue was $310 million which exceeded number two's North America revenue by about $66 million. So, we track traffic, we track expressions of interest, we track total revenues. And on all of those metrics, our team at CareerBuilder sees good improvement over the rest of the players in the market.

And then on the international side, in 2009 and early 2010 there was not a lot of effort and dollars expended, given the global economic situation that prevailed at that point. But we have selectively made some small acquisitions. We've improved the results as we have been in many of the markets that we are in internationally year over year.

And so, we see again, with having the Microsoft exclusive on traffic overseas, we see that as a great opportunity to continue to expand upon our international operation. And, as Paul mentioned, we saw terrific revenue growth overseas albeit from a small base. But that's a real area of opportunity for us going forward.

Chris Ferris - ***Noble Financial Group - Analyst***

Very help, thank you.

Gracia Martore - ***Gannett Co Inc - President, CEO***

Thanks very much, Chris. And, I think we have time for one more question.

Operator

And we will go to Bishop Cheen with Wells Fargo.

Bishop Cheen - ***Wells Fargo Securities, LLC - Analyst***

Hi Gracia. Thank you for taking the question and add my congratulations, too. I'm sure those cards and letters keep coming in. Let me ask you a balance sheet question. Can you give us some color about how you are thinking about taking care of whatever the maturities are that are left? I know you have paid some down.

Gracia Martore - ***Gannett Co Inc - President, CEO***

Yes. The great thing about being at Gannett is that we generate an enormous amount of free cash flow, but we also have a substantial revolving credit facility in place. So, we will use a combination of some of our free cash flow, as well as the significant capacity we have under our revolving credit agreements to refund those maturities. We have no maturities coming due in 2013 so we'll be paying down the revolver yet again, depending on what we do, opposite with acquisitions and share repurchases and the like.

Bishop Cheen - ***Wells Fargo Securities, LLC - Analyst***

Right. That's the April maturity. I think that's your last hurdle for some time to come.

Gracia Martore - ***Gannett Co Inc - President, CEO***

Yes and it's a modest hurdle compared to what we generally do.

Bishop Cheen - ***Wells Fargo Securities, LLC - Analyst***

It is a modest one. Can I do a clarification follow-up with you on the retrans Q4? Talking about plus high single-digit growth Q4, as I understand it, you were talking about not including political. So, it's basically your core and your retrans in both quarters. Is that correct?

Gracia Martore - ***Gannett Co Inc - President, CEO***

Right. All revenues in television, excluding the incremental benefit of political, in both years.

Bishop Cheen - ***Wells Fargo Securities, LLC - Analyst***

Right. So, when I just do the math, we know what Q3 retrans was, we know it was up 27 percent as we look at Q4 retrans. And maybe this is an off-line follow-up with you: could we get some quantification of what retrans was Q4 2010?

Gracia Martore - ***Gannett Co Inc - President, CEO***

Sure. Paul, do you have those numbers handy by any chance? Just bear with us. We are going to go and get you that answer. It will take us a second. Retrans in 2010 in the third quarter was $15.7 million and it was about $20 million in the third quarter this year. That $20 million should be a good run rate for the fourth quarter of this year as well because we don't have any significant new agreements coming up for renewal.

Bishop Cheen - ***Wells Fargo Securities, LLC - Analyst***

Right, but it must have been considerably less in Q4 2010?

Gracia Martore - ***Gannett Co Inc - President, CEO***

It was probably in that $16 million to $17 million range -- $16 million range in the fourth quarter of last year.

Bishop Cheen - ***Wells Fargo Securities, LLC - Analyst***

Okay.

Gracia Martore - ***Gannett Co Inc - President, CEO***

Because we did a significant deal at the end of the fourth quarter last year. So, --

Bishop Cheen - ***Wells Fargo Securities, LLC - Analyst***

So, all that implies you are really expecting some very hefty, core growth in Q4 -- for Q4 that we are in for TV?

Gracia Martore - ***Gannett Co Inc - President, CEO***

As we experienced in the third quarter, when you exclude political, our underlying core business was very good. We expect it will continue to be very good in the fourth quarter. We're going to get some good help obviously from auto for the full quarter. We will have to see how the economy plays out, but we feel good, as I mentioned earlier, about where broadcast is headed in the fourth quarter.

Bishop Cheen - ***Wells Fargo Securities, LLC - Analyst***

Great. Thank you.

Gracia Martore - ***Gannett Co Inc - President, CEO***

Thank you very much for your question. We appreciate everyone joining us today. And, if you have any further questions, please feel free to call Jeff Heinz at 703-854-6917 or any of us. Have a wonderful day.

Operator

And ladies and gentlemen, that does conclude today's conference. We thank you all for joining.