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Gannett Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from John Janedis – Wachovia.

John Janedis – Wachovia

Could you talk about the auto category on the TV stations? What did it look like in 1Q? Are you seeing a pick up? And longer term, how are you thinking about potential excess inventory due to the structural issues and what do CPM's look like?

Craig Dubow

From a television standpoint, Q1 has been very, very difficult because as I think we mentioned in the comments here, down in the high 40% range. The period three numbers did not see much improvement. I would say at best we're about where we were through the quarter. Obviously there's an enormous amount going on in Detroit that is having significant impact in that regard.

As far as visibility, it is extremely limited as you might imagine particularly with these kind of numbers at this point, but our groups are still participating in any way possible with the sector.

Gracia Martore

With regard to CPM's on the TV side, obviously with lower demand there is pressure on pricing so that's clearly having an impact on the automotive category as well as other categories. And as to the future on auto spending on the television side, we're going to have to wait and see where the big three end up over the next several months and what those look like in terms of their ability to continue to operate.

So we're just watching it as all of the rest of you are watching it and seeing how those numbers will progress. We have anecdotally seen at the local community level some auto dealers coming back into the paper and also online. In fact, on the online side in our community newspapers we actually had level to slightly up online revenues in the auto category.

John Janedis – Wachovia

On the furloughs, should 2Q look like 1Q in terms of that \$20 million?

Gracia Martore

It's a little early for us to say. We think it will be \$20 million plus or minus, but there were some different nuances on the program in the second quarter than in the first quarter. Our officers and other key management employees are actually asked to take the equivalent of two weeks of furlough rather than one week of furlough, but then some of our lower paid folks in some cases were asked to take less or none at all.

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