GANNETT CO INC /DE/
Form 4
October 30, 2013

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Prophet Tony A

(Last) (First) (Middle)

C/O GANNETT CO., INC., 7950 JONES BRANCH DRIVE

(Street)

MCLEAN, VA 22107

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
GANNETT CO INC /DE/ [GCI]

3. Date of Earliest Transaction (Month/Day/Year)
10/29/2013

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security	2. Conversion or Exercise	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any	4. Transaction Code	5. Number of Derivative Securities	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Pric Deriva Securi

(Instr. 3)	Price of Derivative Security	(Month/Day/Year)	(Instr. 8)		Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)						(Instr.
			Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Phantom Stock	(1)	10/29/2013	A		1,735		(2)	(2)	Common Stock	1,735	$ (

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Prophet Tony A C/O GANNETT CO., INC. 7950 JONES BRANCH DRIVE MCLEAN, VA 22107	X			

Signatures

/s/ Todd A. Mayman, Attorney-in-Fact	10/30/2013
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Each share of phantom stock is the economic equivalent of one share of Gannett common stock.

(2) These shares of phantom stock vest in two equal installments on February 1, 2014 and on May 1, 2014. The shares of phantom stock are payable in cash or stock, at the election of the reporting person, on various dates selected by the reporting person or as otherwise provided in the Issuer's Deferred Compensation Plan.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. eight:normal;font-style:normal;text-transform:none;font-variant: normal;">13,700

12,500

Total

73,000

68,700

	September 30, 2015	December 31, 2014
Lots included in impairment reserve:		
Mid Atlantic	2,900	3,700
North East	700	600
Mid East	2,500	2,500
South East	600	1,000
Total	6,700	7,800

	September 30, 2015	December 31, 2014
Contract land deposits, net:		
Mid Atlantic	$ 202,361	$ 188,747
North East	31,340	27,900
Mid East	40,593	40,061
South East	46,880	42,642
Total	$ 321,174	$ 299,350

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Contract land deposit impairments (recoveries):				
Mid Atlantic	$ 256	$ 15	$ 1,311	$ (45)
North East	—	—	9	2
Mid East	276	1,026	297	1,056
South East	(5)	—	—	190
Total	$ 527	$ 1,041	$ 1,617	$ 1,203

Mid Atlantic

Three Months Ended September 30, 2015 and 2014

The Mid Atlantic segment had an approximate $11,500, or 15%, increase in segment profit in the third quarter of 2015 compared to the third quarter of 2014. The increase in segment profit was driven by an increase in revenues of approximately $89,900, or 13%, quarter over quarter due to a 9% increase in the number of units settled and a 3% increase in the average settlement price. The increases in the number of units settled and the average settlement price were favorably impacted by an 11% higher backlog unit balance and a 2% higher average price of homes in backlog, respectively, entering the third quarter of 2015 compared to the same period in 2014. The Mid Atlantic segment’s gross

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profit margin percentage decreased to 18.9% in 2015 from 19.3% in 2014, due primarily to higher lot and construction costs quarter over quarter.

Segment New Orders and the average sales price of New Orders increased 11% and 1%, respectively, in the third quarter of 2015 from the same period in 2014. The number of New Orders increased despite a 6% decrease in the average number of active communities quarter over quarter, due to higher sales absorption quarter over quarter. Community sales absorption was impacted by improved market conditions in the third quarter of 2015 compared to the third quarter of 2014.

Nine Months Ended September 30, 2015 and 2014

The Mid Atlantic segment had an approximate $32,800, or 18%, increase in segment profit in the first nine months of 2015 compared to the same period in 2014, driven by an increase in revenues of approximately $269,300, or 15%, year over year. The increase in revenues is due primarily to a 10% increase in the number of units settled and a 4% increase in the average settlement price in 2015 compared to 2014. The number of units settled and the average settlement price were favorably impacted by a 9% higher backlog unit balance and a 3% higher average price of homes in backlog, respectively, entering 2015 compared to 2014. The Mid Atlantic segment's gross profit margin percentage decreased to 18.8% in 2015 from 19.1% in 2014, due primarily to higher lot and construction costs year over year.

Segment New Orders and the average sales price for New Orders in the first nine months of 2015 increased 12% and 2%, respectively, compared to the same period in 2014. New Orders increased despite a 4% decrease in the average number of active communities year over year, due to higher sales absorption year over year. Community sales absorption was impacted by improved market conditions in 2015 compared to 2014.

North East

Three Months Ended September 30, 2015 and 2014

The North East segment had an approximate $1,700, or 19%, increase in segment profit in the third quarter of 2015 compared to the third quarter of 2014. The increase in segment profit was driven by an increase in revenues of approximately $24,100, or 25%, quarter over quarter due to a 22% increase in the number of units settled and a 2% increase in the average settlement price. The increase in the number of units settled was due to a 14% higher backlog unit balance entering the third quarter of 2015 compared to the same period in 2014, coupled with a higher backlog turnover rate quarter over quarter. The North East segment's gross profit margin percentage decreased to 17.9% in the third quarter of 2015 from 19.4% in the third quarter of 2014, due primarily to higher construction and lot costs quarter over quarter.

Segment New Orders decreased 2% and the average sales price of New Orders increased 1% in the third quarter of 2015 compared to the same period in 2014. The number of New Orders decreased primarily due to a 14% decrease in the average number of active communities quarter over quarter, offset partially by higher sales absorption quarter over quarter. Community sales absorption was impacted by improved market conditions in the third quarter of 2015 compared to the third quarter of 2014.

Nine Months Ended September 30, 2015 and 2014

The North East segment had an approximate $5,600, or 24%, increase in segment profit in the first nine months of 2015 compared to the same period in 2014. The increase in segment profit was primarily driven by an increase in revenues of approximately $50,300, or 19%, year over year due to a 15% increase in the number of units settled and a

3% increase in the average settlement price. The increase in units settled was attributable to a 19% higher backlog unit balance entering 2015 compared to the backlog unit balance entering 2014, offset partially by a slower backlog turnover rate year over year. The North East segment's gross profit margin percentage decreased to 18.5% in 2015 from 18.9% in 2014 due to higher lot costs.

Segment New Orders and the average sales price of New Orders each increased approximately 4%, during the first nine months of 2015 from the same period in 2014. The number of New Orders increased despite an 11% decrease in the average number of active communities year over year, due to higher sales absorption year over year. Community sales absorption was impacted by improved market conditions in 2015 compared to 2014. The increase in the average sales price of New Orders is primarily attributable to a relative shift in New Orders to our higher priced NVHomes product.

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Mid East

Three Months Ended September 30, 2015 and 2014

The Mid East segment had an approximate $11,600, or 63%, increase in segment profit in the third quarter of 2015 compared to the third quarter of 2014. The increase in segment profit was primarily driven by an increase in revenues of approximately $41,500, or 16%, quarter over quarter due to an 11% increase in the number of units settled and a 5% increase in the average settlement price. The number of units settled was favorably impacted by an 18% higher backlog unit balance entering the third quarter of 2015 compared to the same period in 2014, offset partially by a slower backlog turnover rate quarter over quarter. The average settlement price in 2015 was favorably impacted by a 3% higher average price of homes in backlog entering the third quarter of 2015 compared to the same period in 2014. The segment's gross profit margin percentage increased to 17.9% in the third quarter of 2015 from 16.5% in the same period in 2014. The segment's gross profit margin percentage was favorably impacted primarily by increased settlement activity, which allowed us to better leverage certain operating costs in 2015, offset partially by higher lot costs quarter over quarter.

Segment New Orders increased 12% and the average sales price of New Orders was flat in the third quarter of 2015 compared to the same period in 2014. New Orders were favorably impacted by higher sales absorption in the third quarter of 2015 compared to the third quarter of 2014 due to improved market conditions.

Nine Months Ended September 30, 2015 and 2014

The Mid East segment had an approximate $23,400, or 80%, increase in segment profit in the first nine months of 2015 compared to the same period in 2014. The increase in segment profit was driven by an increase in revenues of approximately $76,300, or 12%, year over year due primarily to an 8% increase in the number of units settled and a 4% increase in the average settlement price. The increase in the number of units settled was favorably impacted by an 11% higher backlog unit balance entering 2015 compared to the same period in 2014, offset partially by a slower backlog turnover rate year over year. The average settlement price in 2015 was favorably impacted by a 5% higher average price of homes in backlog entering 2015 compared to the same period in 2014. The segment's gross profit margin percentage increased to 17.1% in 2015 from 15.6% in 2014, due primarily to increased settlement activity, which allowed us to better leverage certain operating costs in 2015, offset partially by higher lot costs year over year.

Segment New Orders and the average sales price of New Orders increased 13% and 1%, respectively, in the first nine months of 2015 compared to the same period in 2014. New Orders were favorably impacted by higher sales absorption in 2015 compared to 2014 due to improved market conditions.

South East

Three Months Ended September 30, 2015 and 2014

The South East segment had an approximate $7,300, or 72%, increase in segment profit in the third quarter of 2015 compared to the third quarter of 2014. The increase in segment profit was primarily driven by an increase in revenues of approximately $33,800, or 26%, quarter over quarter due to a 16% increase in the number of units settled and a 9% increase in the average settlement price. The number of units settled was favorably impacted by a 24% higher backlog unit balance entering the third quarter of 2015 compared to the same period in 2014, offset partially by a slower backlog turnover rate in the third quarter of 2015. The increase in the average settlement price is attributable to a 5% higher average price of homes in backlog entering the third quarter of 2015 compared to the same period in 2014. The South East segment's gross profit margin percentage increased to 19.4% in the third quarter of 2015 from 18.3% in the third quarter of 2014, due to the increased settlement activity, which allowed us to better leverage certain operating costs in the third quarter of 2015. Segment gross profit margin was also favorably impacted by a market mix shift in settlements to markets with higher average gross profit margins. These favorable gross profit margin impacts were partially offset by higher lot costs quarter over quarter.

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Segment New Orders and the average sales price of New Orders increased 20% and 3%, respectively, in the third quarter of 2015 compared to the same period in 2014. New Orders increased due to higher sales absorption quarter over quarter. Community sales absorption was impacted by improved market conditions in the third quarter of 2015 compared to the third quarter of 2014.

Nine Months Ended September 30, 2015 and 2014

The South East segment had an approximate $12,800, or 49%, increase in segment profit in the first nine months of 2015 compared to the same period of 2014. The increase in segment profit was driven by an increase in revenues of approximately $72,800, or 21%, year over year due to a 16% increase in the number of units settled and a 5% increase in the average settlement price. The increase in settlements was driven primarily by a 12% higher backlog unit balance entering 2015 compared to the same period in 2014, coupled with an increase in New Orders in 2015. The increase in the average settlement price is attributable to a 5% higher average price of homes in backlog entering 2015 compared to the same period in 2014. The South East segment's gross profit margin percentage increased to 19.1% in 2015 from 18.2% in 2014, due to the increased settlement activity, which allowed us to better leverage certain operating costs in 2015. Segment gross profit margin was also favorably impacted by a market mix shift in settlements to markets with higher average gross profit margins. These favorable gross profit margin impacts were partially offset by higher lot costs quarter over quarter.

Segment New Orders and the average sales price of New Orders increased 24% and 3%, respectively, in the first nine months of 2015 compared to the same period in 2014. New Orders increased despite a 4% decrease in the average number of active communities year over year, due to higher sales absorption year over year. Community sales absorption was impacted by improved market conditions in 2015 compared to 2014.

Homebuilding Segment Reconciliations to Consolidated Homebuilding Operations

In addition to the corporate capital allocation and contract land deposit impairments discussed above, the other reconciling items between homebuilding segment profit and homebuilding consolidated profit before tax include unallocated corporate overhead (which includes all management incentive compensation), equity-based compensation expense, consolidation adjustments and external corporate interest expense. Our overhead functions, such as accounting, treasury and human resources, are centrally performed and the costs are not allocated to our operating segments. Consolidation adjustments consist of such items to convert the reportable segments' results, which are predominantly maintained on a cash basis, to a full accrual basis for external financial statement presentation purposes, and are not allocated to our operating segments. External corporate interest expense primarily consists of interest charges on our 3.95% Senior Notes due 2022, and is not charged to the operating segments because the charges are included in the corporate capital allocation discussed above.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Homebuilding consolidated gross profit:				
Mid Atlantic	$149,582	$135,828	$393,406	$348,210
North East	21,556	18,610	58,724	50,595
Mid East	53,666	42,548	120,594	98,182
South East	31,565	23,576	79,974	62,912
Consolidation adjustments and other	6,426	4,543	4,224	10,543
Homebuilding consolidated gross profit	$262,795	$225,105	$656,922	$570,442

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	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Homebuilding consolidated profit before taxes:				
Mid Atlantic	$88,058	$76,542	$217,665	$184,900
North East	10,745	9,056	29,359	23,761
Mid East	29,958	18,374	52,607	29,241
South East	17,372	10,093	38,812	26,034
Reconciling items:				
Contract land deposit impairment reserve (1)	4,705	453	11,511	4,108
Equity-based compensation expense	(12,727)	(16,896)	(37,364)	(41,507)
Corporate capital allocation (2)	45,690	42,220	124,033	105,697
Unallocated corporate overhead	(18,055)	(8,179)	(67,803)	(49,652)
Consolidation adjustments and other	9,147	10,464	11,477	22,093
Corporate interest expense	(6,019)	(5,616)	(17,591)	(16,870)
Reconciling items sub-total	22,741	22,446	24,263	23,869
Homebuilding consolidated profit before taxes	$168,874	$136,511	$362,706	$287,805

(1) This item represents changes to the contract land deposit impairment reserve which are not allocated to the reportable segments.
(2) This item represents the elimination of the corporate capital allocation charge included in the respective homebuilding reportable segments. The corporate capital allocation charge is based on the segment's monthly average asset balance, and is as follows for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Corporate capital allocation charge:				
Mid Atlantic	$28,743	$27,187	$78,412	$67,085
North East	4,451	3,151	11,566	8,333
Mid East	7,472	7,202	20,079	18,680
South East	5,024	4,680	13,976	11,599
Total	$45,690	$42,220	$124,033	$105,697

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Mortgage Banking Segment

Three and Nine Months Ended September 30, 2015 and 2014

We conduct our mortgage banking activity through NVR Mortgage Finance, Inc. ("NVRM"), a wholly owned subsidiary. NVRM focuses almost exclusively on serving the homebuilding segment customer base. The following table summarizes the results of our mortgage banking operations and certain statistical data for the three and nine months ended September 30, 2015 and 2014:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Loan closing volume:				
Total principal	$951,872	$803,125	$2,449,902	$1,951,682
Loan volume mix:				
Adjustable rate mortgages	15 %	19 %	16 %	17 %
Fixed-rate mortgages	85 %	81 %	84 %	83 %
Operating profit:				
Segment profit	$16,966	$8,617	$35,847	$17,884
Equity-based compensation expense	(844)	(1,337)	(2,510)	(3,367)
Mortgage banking income before tax	$16,122	$7,280	$33,337	$14,517
Capture rate:	88 %	86 %	88 %	83 %
Mortgage banking fees:				
Net gain on sale of loans	$20,912	$12,116	$48,243	$32,621
Title services	6,844	5,778	17,982	15,156
Servicing fees	128	112	392	326
	$27,884	$18,006	$66,617	$48,103

Loan closing volume for the three and nine months ended September 30, 2015 increased by approximately $148,700, or 19%, and $498,200, or 26%, respectively, from the same periods for 2014. The increase during the three months ended September 30, 2015 was primarily attributable to a 15% increase in the number of loans closed and a 3% increase in the average loan amount over the same period in 2014. The increase during the nine months ended September 30, 2015 was primarily attributable to a 21% increase in the number of loans closed and a 4% increase in the average loan amount over the same period in 2014. The increases in the number of loans closed was primarily attributable to the aforementioned increases in the homebuilding segment's number of settlements in 2015 as compared to 2014 and increases in the number of loans closed by NVRM for our homebuyers who obtain a mortgage to purchase the home (the "Capture Rate") compared to the same period in 2014. The Capture Rate for the three and nine months ended September 30, 2015 increased to 88%, compared to 86% and 83% for the three months and nine months ended September 30, 2014, respectively. The increases in the average loan amount are consistent with the homebuilding segment's increase in average settlement price.

Segment profit for the three and nine months ended September 30, 2015 increased by approximately $8,300 and $18,000, respectively, from the same periods in 2014. These increases were primarily attributable to increases in mortgage banking fees, partially offset by increases in general and administrative expenses. Mortgage banking fees increased by approximately $9,900 and $18,500 during the three and nine months ended September 30, 2015, respectively, resulting from the aforementioned increase in loan closing volumes and higher rate lock commitments. General and administrative expenses increased by approximately $1,700 and $800 during the three and nine months ended September 30, 2015, respectively, resulting from an increase in management incentive compensation attributable to the improved operating results in the current year.

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Mortgage Banking – Other

We sell all of the loans we originate into the secondary mortgage market. Insofar as we underwrite our originated loans to the standards and specifications of the ultimate investor, we have no further financial obligations from the issuance of loans, except in certain limited instances where early payment default occurs. Those underwriting standards are typically equal to or more stringent than the underwriting standards required by Fannie Mae (“FNMA”), the Department of Veterans Affairs (“VA”) and the Federal Housing Administration (“FHA”). Because we sell all of our loans and do not service them, there is often a substantial delay between the time that a loan goes into default and the time that the investor requests us to reimburse them for losses incurred because of the default. We believe that all of the loans that we originate are underwritten to the standards and specifications of the ultimate investor to whom we sell our originated loans. We employ a quality control department to ensure that our underwriting controls are effective, and further assess the underwriting function as part of our assessment of internal controls over financial reporting.

NVRM maintains an allowance for losses on mortgage loans originated that reflects our judgment of the present loss exposure from the loans that we have originated and sold. The allowance is calculated based on an analysis of historical experience and exposure. At September 30, 2015, we had an allowance for loan losses of approximately $11,600. Although we consider the allowance for loan losses reflected on the September 30, 2015 balance sheet to be adequate, there can be no assurance that this allowance will prove to be adequate to cover losses on loans previously originated.

NVRM is dependent on our homebuilding operations’ customers for business. If new orders and selling prices of the homebuilding segment decline, NVRM’s operations will also be adversely affected. In addition, NVRM’s operating results may be adversely affected in future periods due to tightening and volatility of the credit markets, changes in investor funding times, increased regulation of mortgage lending practices and increased competition in the mortgage market.

Liquidity and Capital Resources

Lines of Credit and Notes Payable

Our homebuilding business segment funds its operations from cash flows provided by operating activities and capital raised in the public debt and equity markets. Our mortgage banking subsidiary, NVRM, provides for its mortgage origination and other operating activities using cash generated from operations, borrowings from its parent company, NVR, as well as a $25,000 revolving mortgage repurchase facility, which is non-recourse to NVR. The agreement expires on July 28, 2016. At September 30, 2015, there was no debt outstanding under the NVRM revolving mortgage repurchase facility and there were no borrowing base limitations.

There have been no material changes in our lines of credit and notes payable during the three and nine months ended September 30, 2015. For additional information regarding lines of credit and notes payable, see Part II, Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2014.

Cash Flows

For the nine months ended September 30, 2015, cash and cash equivalents decreased by $157,957. Cash provided by operating activities was $15,582. Cash provided by earnings for the nine months ended September 30, 2015 was used to fund the increase in homebuilding inventory of $289,754, as a result of an increase in units under construction at

September 30, 2015 when compared to December 31, 2014. Cash was favorably impacted by a $78,935 increase in accounts payable and accrued expenses associated with the increase in homebuilding inventory. Cash was also provided by a $25,317 increase in customer deposits attributable to an increase in our sales backlog at September 30, 2015.

Net cash used in investing activities for the nine months ended September 30, 2015 of $613 included cash used for purchases of property, plant and equipment of $13,468 and investments in our unconsolidated JVs totaling $1,552. These were partially offset by the receipt of capital distributions from our unconsolidated JVs totaling $13,931.

Net cash used in financing activities was $172,926 for the nine months ended September 30, 2015. Cash was used to repurchase 183,128 shares of our common stock at an aggregate purchase price of $263,446 under our ongoing common stock repurchase program, discussed below. Stock option exercise activity provided $76,419 in proceeds, and we realized $14,465 in excess income tax benefits from equity-based compensation plan activity.

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Equity Repurchases

In addition to funding growth in our homebuilding and mortgage banking operations, we historically have used a substantial portion of our excess liquidity to repurchase outstanding shares of our common stock in open market and privately negotiated transactions. This ongoing repurchase activity is conducted pursuant to publicly announced Board authorizations, and is typically executed in accordance with the safe-harbor provisions of Rule 10b-18 promulgated under the Exchange Act. In addition, the Board resolutions authorizing us to repurchase shares of our common stock specifically prohibit us from purchasing shares from our officers, directors, Profit Sharing/401(k) Plan Trust or Employee Stock Ownership Plan Trust. The repurchase program assists us in accomplishing our primary objective, creating increases in shareholder value. See Part II, Item 2, Unregistered Sales of Equity Securities and Use of Proceeds, of this Quarterly Report on Form 10-Q for further discussion of repurchase activity during the third quarter of 2015.

Recent Accounting Pronouncements

See Note 14 to the accompanying condensed consolidated financial statements for discussion of recently issued accounting pronouncements applicable to us.

Critical Accounting Policies

General

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. We continually evaluate the estimates we use to prepare the consolidated financial statements and update those estimates as necessary. In general, our estimates are based on historical experience, on information from third party professionals, and other various assumptions that are believed to be reasonable under the facts and circumstances. Actual results could differ materially from those estimates made by management.

Homebuilding Inventory

The carrying value of inventory is stated at the lower of cost or market value. The cost of lots and completed and uncompleted housing units represent the accumulated actual cost of the units. Field construction supervisors' salaries and related direct overhead expenses are included in inventory costs. Interest costs are not capitalized into inventory, with the exception of land under development. Upon settlement, the cost of the unit is expensed on a specific identification basis. The cost of building materials is determined on a first-in, first-out basis.

Sold inventory is evaluated for impairment based on the contractual sales price compared to the total estimated cost to construct. Unsold inventory is evaluated for impairment by analyzing recent comparable sales prices within the applicable community compared to the costs incurred to date plus the expected costs to complete. Any calculated impairments are recorded immediately.

Land Under Development and Contract Land Deposits

Land Under Development

On a very limited basis, we directly acquire raw parcels of land already zoned for its intended use to develop into finished lots. Land under development includes the land acquisition costs, direct improvement costs, capitalized interest, where applicable, and real estate taxes.

Land under development, including the land under development held by our unconsolidated joint ventures and the related joint venture investments, is reviewed for potential write-downs when impairment indicators are present. In addition to considering market and economic conditions, we assess land under development impairments on a community-by-community basis, analyzing, as applicable, current sales absorption levels, recent sales' gross profit, and the dollar differential between the projected fully-developed cost of the lots and the current market price for lots. If indicators of impairment are present for a community, we perform an analysis to determine if the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts, and if they are, impairment charges are

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required to be recorded in an amount by which the carrying amount of the assets exceeds the fair value of the assets. Our determination of fair value is primarily based on discounting the estimated future cash flows at a rate commensurate with the inherent risks associated with the assets and related estimated cash flow streams.

At September 30, 2015, we had approximately $53,200 in land under development in four separate communities. In addition, at September 30, 2015, we had an aggregate investment totaling approximately $63,700 in five separate JVs that controlled land under development. None of the communities classified as land under development, nor any of the undeveloped land held by the JVs, had any indicators of impairment at September 30, 2015. As such, we do not believe that any of the land under development is impaired at this time. However, there can be no assurance that we will not incur impairment charges in the future due to unanticipated adverse changes in the economy or other events adversely affecting specific markets or the homebuilding industry.

Contract Land Deposits

We purchase finished lots under fixed price purchase agreements that require deposits that may be forfeited if we fail to perform under the contract. The deposits are in the form of cash or letters of credit in varying amounts and represent a percentage of the aggregate purchase price of the finished lots.

We maintain an allowance for losses on contract land deposits that reflects our judgment of the present loss exposure in the existing contract land deposit portfolio at the end of the reporting period. To analyze contract land deposit impairments, we utilize a loss contingency analysis that is conducted each quarter. In addition to considering market and economic conditions, we assess contract land deposit impairments on a community-by-community basis pursuant to the purchase contract terms, analyzing, as applicable, current sales absorption levels, recent sales' gross profit, the dollar differential between the contractual purchase price and the current market price for lots, a developer's financial stability, a developer's financial ability or willingness to reduce lot prices to current market prices, and the contract's default status by either us or the developer along with an analysis of the expected outcome of any such default.

Our analysis is focused on whether we can sell houses profitably in a particular community in the current market with which we are faced. Because we do not own the finished lots on which we had placed a contract land deposit, if the above analysis leads to a determination that we cannot sell homes profitably at the current contractual lot price, we then determine whether we will elect to default under the contract, forfeit our deposit and terminate the contract, or whether we will attempt to restructure the lot purchase contract, which may require us to forfeit the deposit to obtain contract concessions from a developer. We also assess whether an impairment is present due to collectability issues resulting from a developer's non-performance because of financial or other conditions.

Although we consider the allowance for losses on contract land deposits reflected on the September 30, 2015 condensed consolidated balance sheet to be adequate (see Note 2 to the accompanying condensed consolidated financial statements included herein), there can be no assurance that this allowance will prove to be adequate over time to cover losses due to unanticipated adverse changes in the economy or other events adversely affecting specific markets or the homebuilding industry.

Warranty/Product Liability Accruals

Warranty and product liability accruals are established to provide for estimated future costs as a result of construction and product defects, product recalls and litigation incidental to our business. Liability estimates are determined based on our judgment considering such factors as historical experience, the likely current cost of corrective action, manufacturers' and subcontractors' participation in sharing the cost of corrective action, consultations with third party experts such as engineers, and evaluations by our General Counsel and outside counsel retained to handle specific product liability cases. Although we consider the warranty and product liability accrual reflected on the September

30, 2015 condensed consolidated balance sheet to be adequate (see Note 9 to the accompanying condensed consolidated financial statements included herein), there can be no assurance that this accrual will prove to be adequate over time to cover losses due to increased costs for material and labor, the inability or refusal of manufacturers or subcontractors to financially participate in corrective action, unanticipated adverse legal settlements, or other unanticipated changes to the assumptions used to estimate the warranty and product liability accrual.

Equity-Based Compensation Expense

Compensation costs related to our equity-based compensation plans are recognized within our income statement. The costs recognized are based on the grant date fair value. Compensation cost for share-based grants is recognized on a

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straight-line basis over the requisite service period for the entire award (from the date of grant through the period of the last separately vesting portion of the grant). For the recognition of equity-based compensation expense, stock options which are subject to a performance condition are treated as a separate award from the "service-only" stock options, and compensation expense is recognized when it becomes probable that the stated performance target will be achieved.

We calculate the fair value of our non-publicly traded, employee stock options using the Black-Scholes option-pricing model. While the Black-Scholes model is a widely accepted method to calculate the fair value of options, its results are dependent on input variables, two of which, expected term and expected volatility, are significantly dependent on management's judgment. We have concluded that our historical exercise experience is the best estimate of future exercise patterns to determine an option's expected term. To estimate expected volatility, we analyze the historical volatility of our common stock over a period equal to the option's expected term. Changes in management's judgment of the expected term and the expected volatility could have a material effect on the grant-date fair value calculated and expensed within the income statement. In addition, we are required to estimate future grant forfeitures when considering the amount of stock-based compensation costs to record. We have concluded that our historical forfeiture rate is the best measure to base our estimate of future forfeitures of equity-based compensation grants. However, there can be no assurance that our future forfeiture rate will not be materially higher or lower than our historical forfeiture rate, which would affect the aggregate cumulative compensation expense recognized.

In addition, when recognizing stock based compensation cost related to "performance condition" stock option grants, we are required to make a determination as to whether the performance conditions will be met prior to the completion of the actual performance period. The performance metric is based on our return on capital performance during specified three-year periods. While we currently believe that this performance condition will be satisfied at the target level and are recognizing compensation expense related to such stock options accordingly, our future expected activity levels could cause us to make a different determination, resulting in a change to the compensation expense to be recognized related to performance condition option grants that would otherwise have been recognized to date. Although we believe that the compensation costs recognized are representative of the cumulative ratable amortization of the grant-date fair value of unvested stock options outstanding and expected to be exercised, changes to the estimated input values such as expected term and expected volatility and changes to the determination of whether performance condition grants will vest, could produce widely different fair values.

Mortgage Loan Loss Allowance

We originate several different loan products to our customers to finance the purchase of their home. We sell all of the loans we originate into the secondary mortgage market generally within 30 days from origination. All of the loans that we originate are underwritten to the standards and specifications of the ultimate investor. Insofar as we underwrite our originated loans to those standards, we bear no increased concentration of credit risk from the issuance of loans, except in certain limited instances where early payment default occurs. Those underwriting standards are typically equal to or more stringent than the underwriting standards required by FNMA, VA and FHA. We employ a quality control department to ensure that our underwriting controls are effectively operating, and further assess the underwriting function as part of our assessment of internal controls over financial reporting. We maintain an allowance for losses on mortgage loans originated that reflects our judgment of the present loss exposure in the loans that we have originated and sold. The allowance is calculated based on an analysis of historical experience and exposure. Although we consider the allowance for loan losses reflected on the September 30, 2015 condensed consolidated balance sheet to be adequate, there can be no assurance that this allowance will prove to be adequate over time to cover losses due to unanticipated changes to the assumptions used to estimate the mortgage loan loss allowance.

Item 3.Quantitative and Qualitative Disclosure about Market Risk

There have been no material changes in our market risks during the nine months ended September 30, 2015. For additional information regarding our market risks, see Part II, Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2014.

Item 4.Controls and Procedures

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Exchange Act Rule 13a-15. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective. There have been no changes in our internal control over financial reporting in the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1.Legal Proceedings

In June 2010, we received a Request for Information from the United States Environmental Protection Agency ("EPA") pursuant to Section 308 of the Clean Water Act. The request sought information about storm water discharge practices in connection with homebuilding projects completed or underway by us in New York and New Jersey. We cooperated with this request, and provided information to the EPA. We were subsequently informed by the United States Department of Justice ("DOJ") that the EPA forwarded the information on the matter to the DOJ, and the DOJ requested that we meet with the government to discuss the status of the case. Meetings took place in January 2012, August 2012 and November 2014 with representatives from both the EPA and DOJ. We have continued discussions with the EPA and DOJ and are presently engaged in settlement discussions with them. Any settlement is expected to include injunctive relief and payment of a civil penalty. There can be no assurance that a settlement will be reached. Because we are unable to determine at this time the amount of any civil penalty we might be required to pay if a settlement is reached, we have not recorded any associated liabilities on the accompanying condensed consolidated balance sheets.

We are also involved in various other litigation arising in the ordinary course of business. In the opinion of management, and based on advice of legal counsel, this litigation is not expected to have a material adverse effect on our financial position, results of operations or cash flows. Legal costs incurred in connection with outstanding litigation are expensed as incurred.

Item 1A.Risk Factors

There have been no material changes to the risk factors as previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Item 2.Unregistered Sales of Equity Securities and Use of Proceeds

(dollars in thousands, except per share data)

We had two share repurchase authorizations outstanding during the quarter ended September 30, 2015. On July 31, 2014 and February 18, 2015, we publicly announced the Board of Directors' approval for us to repurchase our outstanding common stock in one or more open market and/or privately negotiated transactions, up to an aggregate of $300,000 per authorization. The repurchase authorizations do not have expiration dates. We repurchased the following shares of our common stock during the third quarter of 2015:

Period	Total Number	Average	Total Number of	Maximum Number

	of Shares Purchased	Price Paid per Share	Shares Purchased as Part of Publicly Announced Plans or Programs	(or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs
July 1 - 31, 2015	12,438	$1,366.21	12,438	$ 384,303
August 1 - 31, 2015	35,342	$1,505.67	35,342	$ 331,090
September 1 - 30, 2015 (1)	80,317	$1,543.32	80,317	$ 207,134
Total	128,097	$1,515.74	128,097	

(1) 20,515 outstanding shares were repurchased under the July 31, 2014 share repurchase authorization, which fully utilized the authorization. The remaining 59,802 outstanding shares were repurchased under the February 18, 2015 share repurchase authorization.

On November 4, 2015, the Board of Directors approved a repurchase authorization providing us authorization to repurchase up to an aggregate of $300,000 of our common stock in one or more open market and/or privately negotiated transactions.

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Item 5.Other Information.

Employment Agreements

On November 4, 2015, NVR, Inc. (the “Company”) entered into amended and restated employment agreements (“Agreements”) with Paul C. Saville, President and Chief Executive Officer; Daniel D. Malzahn, Vice President, Chief Financial Officer and Treasurer; Robert W. Henley, President of NVR Mortgage Finance, Inc.; and Eugene J. Bredow, Vice President and Controller. The Agreements, which replace current employment agreements expiring on January 1, 2016, are for a five year term beginning on January 1, 2016. Each of the Agreements provides for, among other terms, a minimum base salary, an annual incentive opportunity equal to a maximum of 100% of the officer’s annual base salary based on criteria established annually by the Compensation Committee and separation payments in the event of death, disability, retirement, termination without cause, termination with good reason, or termination upon a change in control. Each of the Agreements also includes non-competition and confidentiality provisions and provides that the executive is entitled to participate in employee benefit plans (including health and retirement plans) which are available to other comparable executives of the Company. Copies of the employment agreements for Messrs. Saville, Malzahn, Henley and Bredow are filed herewith as Exhibits 10.1, 10.2, 10.3 and 10.4 and are incorporated by reference into this Item 5. The above referenced summary of the material terms of the Agreements is qualified in its entirety by reference to such exhibits.

Amendments to Nonqualified Deferred Compensation Plan

On November 4, 2015, the Board of Directors of the Company approved the Amended and Restated NVR, Inc. Nonqualified Deferred Compensation Plan (the "Plan") pursuant to which eligible employees, as designated by the Board of Directors (the “Board”), may defer up to 100% of salary and/or annual bonus payments on a pre-tax basis. The Plan was originally approved and adopted by the Board on December 15, 2005. The Plan has been amended and restated to make certain clarifying changes to reflect administration consistent the Internal Revenue Service’s Code Section 409A regulations (the “Regulations”) and certain design changes consistent with the Regulations. A primary purpose of the Plan is to permit eligible employees who are subject to the Company’s minimum stock ownership requirements, including the Company’s executive officers, to acquire the Company’s common stock on a pre-tax basis. Eligible employees may elect a deferral period of two to twenty years or until separation from service. Executive officers participating in the Plan whose benefits are payable upon a separation from service are subject to a statutory six-month waiting period before payments may be issued. Compensation deferred pursuant to the Plan will be invested in the Company’s common stock and all distributions from the Plan will be in shares of the Company’s common stock. The Plan is filed herewith as Exhibit 10.5 and is incorporated by reference into this Item 5. The above referenced summary of the material terms of the Plan is qualified in its entirety by reference to Exhibit 10.5.

Amendments to Bylaws

On November 6, 2015, the Board amended and restated the Company’s Bylaws (the “Amended and Restated Bylaws”) to implement a proxy access bylaw. Article 3.16 of the Amended and Restated Bylaws permits a shareholder, or a group of up to 20 shareholders, owning 5% or more of the Company’s outstanding common stock continuously for at least three years to nominate and include in the Company's proxy materials directors constituting up to 20% of the number of directors in office, or if such amount is not a whole number, the closest whole number below 20%, provided that the shareholder(s) and the nominee(s) satisfy the requirements specified in Article 3.16. This description of the amendments to the Bylaws is qualified in its entirety by reference to the text of the Amended and Restated Bylaws, which is attached hereto as Exhibit 3.1 and incorporated by reference into this Item 5.

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Item 6. Exhibits

(a) Exhibits:

3.1	Bylaws, as amended, of NVR, Inc. Filed herewith.
10.1*	Amended and Restated Employment Agreement between NVR, Inc. and Paul C. Saville dated November 4, 2015. Filed herewith.
10.2*	Amended and Restated Employment Agreement between NVR, Inc. and Daniel D. Malzahn dated November 4, 2015. Filed herewith.
10.3*	Amended and Restated Employment Agreement between NVR, Inc. and Robert W. Henley dated November 4, 2015. Filed herewith.
10.4*	Amended and Restated Employment Agreement between NVR, Inc. and Eugene J. Bredow dated November 4, 2015. Filed herewith.
10.5*	Amended and Restated NVR, Inc. Nonqualified Deferred Compensation Plan. Filed herewith.
31.1	Certification of NVR's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
31.2	Certification of NVR's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
32	Certification of NVR's Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

* Exhibit is a management contract or compensatory plan or arrangement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

		NVR, Inc.
Date:	November 6, 2015 By:	/s/ Daniel D. Malzahn
		Daniel D. Malzahn
		Vice President, Chief Financial Officer and Treasurer

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Exhibit Index

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