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Sinclair Broadcast Group Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) Your first question comes from Victor Miller with Bear, Stearns.

Victor Miller – Bear, Stearns & Company

I am very struck by the ability of you to grow the revenue as strongly as you did in the first quarter, relative to what we've heard for the rest of the industry, which has been fairly dour. Especially at your CBS and NBC stations. Can you talk about what you're seeing in the mid-market scene and whether you think it's just a better positioning being a media company in the mid-markets as opposed to the pressure we're maybe seeing in the national side, in the larger markets? It does seem like there's a difference between the mid-market and large-market performance.

Secondly, David Amy, with a 21% free cash flow, 9% dividend yield, etc., at what point, given the stock at \$9 and given how you're doing relative to the rest of the industry, at what point does the conversation come to reigniting your repurchase program instead of maybe putting it into other operations at this point?

David B. Amy

Well, Victor, in terms of the sales performance and your reference to the mid-markets, what's interesting is our biggest market, Columbus, has been soft, actually. Even though our revenue shares of what's available has been enormous. Being a FOX affiliate in the first quarter, having the Super Bowl, and then also having some of the college championship games, which we enjoyed the year previous, really boosted us.

But when you take a look at this performance, which clearly we hit it out of the ballpark, we have showed that we're really, really performing. Two and a Half Men, for argument's sake, in syndication and Family Guy, are two shows that we did not have at this time last year and they're both legitimate hits. We have not seen a sit-com hit, probably, in 8 years and these two shows are just huge home runs for us. That will allow us to increase our revenue shares throughout the remainder of the year.

FOX in particular just put out a piece this morning that for the 17th week in a row they have won the adults 18-49 contest. Obviously we're very top-heavy with FOX stations. Though we're also not only enjoying being a FOX affiliate, I need to mention our affiliated product is also doing very well. So, we're fortified for the remainder of the year to grow our revenue shares.

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