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Gray Television Q4 2007 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator Instructions) We'll go first today to Tracy Young with Bear Stearns.

Tracy Young - Bear Stearns

Two questions for you; what are you expecting for CapEx for 2008? And also, can you update us on your digital channels? Thanks.

Bob Prather

Jim, do you want to take the CapEx?

James C. Ryan

CapEx for 2008 would be 15 to 20. That will be heavily back-weighted to the end of the year. Most of the first 15 really involves the final transitions to '09 digital. In many markets, we have the ability to go from the temporary high band U channels back to the low band Vs, and we are putting in transmitters to do that. That dramatically reduces our power cost going forward and in some cases enhanced our coverage as well, so that's what most of the first 15 is. The rest of it is just routine and again, a lot of that is back-weighted into the end of the year.

Bob Prather

On your digital question, we've got 40 digital channels on the air right now, split up between My Network, CW, and we've got five Fox digital. We lost a little money on that last year mainly because when the UPN went out, some of the cable guys forced us up on the digital tier. That hurt us in some of our key markets where we lost as much as 40% of our market because of that bigger percentage of the market sometime didn't even have digital cable boxes.

We think this year we'll make a profit. We think next year when we go full digital and it's 100% coverage, these stations will be -- it's a virtual duopoly in all these towns and triopoly in several of them and we feel like we've got a real good future there.

One of the things we want to use our digital channels for, and we're doing a good job, I hope we can do even a better job in the years ahead, is doing a lot more local programming around high school, college sports, and those kinds of things.

Tracy Young - Bear Stearns

Thank you.

Operator

We'll take our next question from Marci Ryvicker of Wachovia Securities.

Marci Ryvicker - Wachovia

The first is national has been weak for a while. Is there anything that's different now than it had been? Is it auto, is it a different ad category? And what can you do to fix this, if anything?

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