

The logo for Seeking Alpha, with the text 'Seeking Alpha' in white and a gold Greek letter alpha symbol to the right, all on a dark red background.

## Gray Television Incorporated Q3 2007 Earnings Call Transcript

### Question-and-Answer Session

---

**Operator**

(Operator Instructions) We'll go first to Victor Miller of Bear Stearns.

**Victor Miller - Bear Stearns**

Okay. Good morning. Thanks for taking my question.

**Bob Prather**

Good morning, Victor.

**Victor Miller - Bear Stearns**

You obviously reported in early August, I think August 6th and you did mention that you hadn't -- versus the guidance had some issues on the top line and the expense line.

Could you talk about what happened in those last 55 days in the quarter that did take you by surprise on the revenue and expense side? What didn't show up and what did you need to spend that you didn't expect to spend?

Secondly, Bob how do you really look and when should we start seeing retrains dollars from the company because obviously there is a big potential for it?

**Bob Prather**

Fine.

**Victor Miller - Bear Stearns**

And lastly for Jim, given the numbers it looks like your leverage is going to pencil in somewhere around 9.7 times by year end. If the guidance is kind of out there. How are you going to deal with that level of leverage in this marketplace? Thanks.

**Bob Prather**

Jim, do you want to take that one first?

**Jim Ryan**

The leverage question?

**Bob Prather**

Yes.

**Jim Ryan**

Victor that, there would be a -- that's a T12 and I think that's, I think we might be doing a little bit better than that on a trailing 12 calculation. Obviously, '08 is a very, very strong year for us with the political cycle. We'll also benefit again from an Olympic cycle and in '06 we did, I think it was 3.4, Olympic money so we'd probably do as well or better I would think.

We're still budgeting for that, but I think it's a very strong year for us in '08. So we will naturally deliver quite a little bit. There is a significant amount of free cash, which we generate next year that we would apply to the outstanding balances and bring the debt levels down as well

**Bob Prather**

Victor, I'll answer your retrains. We've got, I think two thirds or roughly two thirds of our cable agreements are up in December of next year. We're planning to have an all out campaign to get retrains money out of those people.

We'll start hopefully negotiating sometime middle of the year and try to get deals done before the end of the year. So, any significant retrains won't really be seen until 2009, but we clearly think we'll be able to get some money. We've got some very strong stations you well know that we think we got good bargaining power with these cable companies. So, and we're putting together a strategic plan to make sure we maximize our retrains dollars.

Copyright © 2008 CNET Networks, Inc. All Rights Reserved.