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## Cox Radio Q3 2006 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

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

#### Victor Miller - Bear Stearns

Good morning, thanks for taking the question. Bob, in your mind what's the biggest difference between the slight decline in revenue in the first quarter and the mid single-digit you're seeing in third versus fourth?

Secondly, on the comment you just made, Neil, on expenses, if you wind up at a 2% level, does it imply that the fourth quarter, since you've been minus 0.2% for the first three quarters on the operating expense level -- setting aside the impact of a non-cash comp -- that would imply the fourth quarter would have to be up mid to high single-digit expenses to get you to the 2% level. Could you be more specific on what you mean in terms of core operating expenses and the impact of non-cash on that number?

#### Robert Neil

I'll go ahead. I think at this point, Victor, if you look at fourth quarter, it's really the first time I think I can say in a while that three straight months seem to be pacing pretty well; October, November and December. As we have looked at pacing over the course of this year, it really went back into last year, it was a bit of a roller coaster. You would have a month where you were pacing up a couple percentage points. Then you would hit a divot where you were down. Basically the net result of that ended up flat. If you were looking at those bar graphs, it would look like a roller coaster. But this is the first time where I've seen three consecutive months pacing up in a while. The activity appears to be pretty brisk at the moment. Obviously I think all of us are pretty cautious about what we want to try to take out of that. But it sure feels a lot better being up in the mid single-digits.

#### Neil Johnston

Victor, on the expense side, you are correct, we do see expenses being a little bit higher in the fourth quarter. This is primarily the result of delayed spending in the promotion area. If you look at our third quarter, third quarter expenses were very flat. Really, it is just spending ahead of the fall block. Sometimes you sort of straddle that end of quarter period, sometimes you spend it in the third quarter, sometimes you spend it in the fourth quarter. This year our plan is to spend it in fourth quarter. You will see expenses up in the fourth quarter getting us to that low single-digit overall expense growth.

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