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Liberty Global Inc. Q3 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions). And we'll take our first question from Mr. Vijay Jayant – Barclays Capital

[James Rackell] – Barclays Capital

Hi it's [James Rackell] for Vijay. A couple questions, you mentioned counterparties on the debt side, can you talk about how reliable you believe your derivative and currency hedge counterparties are?

And second, you talked about repurchasing equity, given to where some of your debt's trading, is that, A, something you can do given your covenant, and B, something you'd consider to repurchase some of the debt at a discount?

And third, looking at Eastern Europe as a whole can you talk about what if anything about the Eastern European markets that haven't been significantly affected? So essentially outside of Hungary and Romania, what makes those either from a macro point of view or competitively different and more or less likely to experience the same sort of effects?

Mike Fries

Hang on Charlie, this – let's dole these out, so Charlie why don't you start preparing for the counterparty risk question; I don't think it's that complicated or going to take that long. On the issue of our debt versus our stock, I mean I think we believe as we said, on a prudent basis there's nothing better out there to buy than our stock. So we will certainly continue to do that first and foremost and while we haven't changed our debt profile or objectives in the four to five range, certainly reducing our debt is not a bad thing to do in this environment as well.

But I think given the choice between the two, it's our view at this point since we don't have any balance sheet challenges, as I think we spent a fair amount of time discussing this morning, and our stock is probably a better value for shareholders. You want to talk about the counter party risk issue Charlie real quickly?

Charles H.R. Bracken

Yes I mean we're learning a lot about and I'm sure you are about CDS and clearly where all the banks trade. We don't have a big derivative portfolio, because of these currencies and interest rates. The first one, it's heavily diversified so we're not reliant on one single counterparty. As it turns out we're generally in a situation where we owe the counterparties rather than they owe us.

Which is not necessarily a good thing, but it means if there was any default we would actually be in the money if you like.

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