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Gray Television Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. Ladies and gentlemen the question-and-answer session will be conducted electronically. (Operator Instructions). And we go to Marci Ryvicker with Wachovia Wells Fargo first. Please go ahead.

Marci Ryvicker - Wachovia Capital Markets

Thank you. Good morning.

Robert Prather, Jr.

Hey Marci.

Marci Ryvicker - Wachovia Capital Markets

I have a couple of questions. The first you mentioned CapEx, do you have a formal outlook for 2009?

Robert Prather, Jr.

Our outlook Marci is, like I said, we planned to spend basically no new money except for digital conversion expenses which satellite has done last year and we're paying this year, and emergency where we... it would image our own air product, things like that.

We've got a couple of projects in progress that are here against our last year regarding automation, but that again we think it will enable us to actually operate more efficiently with less people going forward. But we are not plan to let anybody have any real capital expenditure budget well in emergency right now.

Marci Ryvicker - Wachovia Capital Markets

Do you have a target number?

James Ryan

Zero.

Robert Prather, Jr.

Because like I said I don't know what the emergency is going to be. But --

Marci Ryvicker - Wachovia Capital Markets

Okay, okay. And then can you just talk about the expense savings that occurred when you transitioned from analog to digital?

Robert Prather, Jr.

Yeah. I think the main thing obviously is power. We think Jim, I'd like to be aggressive on these things, but I think it's going to be a total, \$2 dollars a year of savings both from power and from having, not having two transmitters go and other maintenance expenses, engineering costs, things like that. I think it should be 2 million a year plus or it's probably overall.

Marci Ryvicker - Wachovia Capital Markets

And then the last question. There has been a lot of talk on the networks, potentially bypassing the affiliate stations and going straight to the Telco satellite and cable distributors. Just wanted to know what your thoughts are there.

Robert Prather, Jr.

Marci, I'm not sure, I hear that all the time. I talk to networks frequently. They don't have to say that to me, and of course they might not want to say that to me either. But I would tell you this, the networks have a great deals. The affiliates operations market is now, they are not really paid any comp anymore. They are getting a lot of key including primetime program and for most free basically and they are getting the commercial managed during the hour to sell for themselves. And they are covering 100% of the currency. And I don't care what they go to; they go manage 8 to 10% of the currency. If they don't get all of the cable guys and all of the satellite and all of the phone company got and all of the broadband, whatever they want to signed up and there is no guarantee that any of those are going to let them have the flee either for that matters.

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