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Operator: Good day, and welcome to the Gray Television's Fourth Quarter 2017 Earnings Conference Call. Today's conference is being recorded. At this time, I would like to turn conference over to Hilton Howell, Chairman, President and Chief Executive Officer. Please go ahead, sir.

Hilton Howell: Thank you, Ashley. Good morning, everyone and thank you for joining us this morning. As our operator mentioned, my name is Hilton Howell and I'm the Chairman and CEO of Gray Television. I'm also joined as usual by our Chief Legal and Development Officer, Kevin Latek; and our Chief Financial Officer, Jim Ryan.

We will begin this morning with a disclaimer that Kevin will provide.

Kevin Latek: Thank you, Hilton. Good morning, everyone. Certain matters discussed on this call may include forward-looking statements regarding, among other things, future operating results. Those statements are subject to a number of risks and uncertainties. Actual results in the future could differ from those described in the forward-looking statements as a result of various important factors. Such factors have been set forth in Gray's most recent reports filed with the SEC and included in today's earnings release. The Company undertakes no obligation to update these forward-looking statements.

Gray uses its website as a key source of Company information. The website address is www.gray.tv. We will post an updated investor deck to the website in the next couple of weeks.

Included on the call will be a discussion of non-GAAP financial measures, and in particular, broadcast cash flow, broadcast cash flow less corporate expenses, operating cash flow, free cash flow and certain leverage ratios. These metrics are not meant to replace GAAP measurements, but are provided as supplements to assist the public in their analysis and evaluation of our Company. We included reconciliations of the non-GAAP financial measures to the GAAP measures in our financial statements that are made available on our website.

And now, I'll turn the call to Hilton.

Hilton Howell: Thank you, Kevin. 2017 was a year that saw dramatic changes in the regulatory landscape for broadcasters with more yet to come, as well as a slightly more challenging local environment than we had originally hoped. Nevertheless, and through it all Gray turned in an absolutely outstanding year.

As you saw on our earnings release this morning, our fourth quarter 2017 local and national advertising revenue increased by approximately $21 million, or 16% compared to the fourth quarter of 2016.

For all of 2017, our combined local and national advertising revenue increased 68 million or 14% compared to 2016. Our total revenue for full year 2017 set a new company record of $882.7 million, which represented a 9% increase over the prior year.

For all of the year, our fully diluted net income per share was $3.55 which was also a new record for Gray. This earnings per share figure includes a net one-time benefit related to the FCC spectrum auction proceeds and last December's tax reform. Nevertheless, excluding these one-time benefits our 2017 fully diluted net income per share would have been $1.04 and that figure would also upset a new all-time record for Gray Television.

Importantly, we are better positioned to capitalize on new business, regulatory, and political opportunities in 2018 than we could have imagined just a few short months ago. We raised approximately a quarter billion dollars in gross proceeds from a secondary equity offering in December of 2017. This equity raise when combined with the substantial cash generated from our business provides us with tremendous dry powder to pursue select acquisitions that meet our exacting criteria.

Moreover, we are very proud of our success in growing the company to prudent, cash flow accretive transactions, while simultaneously deleveraging our balance sheet. In the full year starting November 1, 2013 we have invested approximately $1.5 billion market to acquire market leading local television stations that expanded our scale from 36 stations in 30 markets to over 100 television stations in 57 markets.

In addition, over the six years ending December 2017, we lowered our total leverage ratio net of all cash on our balance sheet from 7.5 times trailing eight quarter cash flow to 4.2 times. Stated differently, while we proceeded to grow the company very quickly, we also managed to decrease our net leverage by an impressive 45%.

At yearend 2017, our cash balance stood at the $462 million. Absent acquisitions in 2018, our anticipated total leverage ratio will drop to the very low threes. In short, we are very pleased with the progress we have made to date, and we are committed to continuing these trends of growing cash flow, expanding our portfolio, and reducing leverage overtime.

As impressive as our history is, we are keenly focused on growing Gray's future. We are continually and actively working to make our company and our stations ever more efficient at every single level. We are working more closely with our advertising clients, especially national and political buyers than ever before.

Our retransmission consent agreements are largely renewed on quite favorable terms while our agreements with one exception are now in place for the next few years. We are seeing and fulfilling increasing demand for political advertising, almost every quarter for the past few quarters and all signs point to a robust 2018 political season for our top performing local news television stations.

And as always, we remain quietly busy exploring numerous and various opportunities to continue growing our company to both large and small transactions that will make Gray an evenly stronger player in the broadcast industry.

At this point, I will turn the call over to Kevin and Jim and after their remarks we will open up the line for any questions you may have of any others. Kevin?

Kevin Latek: Good morning. Since our prior earnings call, we received the best overall set Nielsen sweep supports in our company's history and in many respects in anyone's history. We did tell you that we secured a milestone in the press release that we issued early last month. It's worth taking a moment now to reiterate the highlights of those highlights.

Specifically, during the November 2017 sweeps period, Gray's more than 100 television stations collectively produced and aired approximately 7200 hours of original local news content in November 2017. Our stations also finished with these impressive results. 57 markets with the number one and/or number two ranked television stations with the highest all day ratings in their market. Forty markets with the number one ranked station in all-day rating, 40 markets with the number one ranked station for local news ratings, nine markets with 90% or more of all local news viewing, 29 markets with 50% or more of all local news viewing and 26 markets with 50% or more of total broadcast viewing.

In fact, during November, the number one, number two, and number three highest rated news programs across every local television station, national broadcast network, and cable network news program aired on Gray's television stations.

These and many other examples of our uniquely strong stable local television stations allow us to achieve the benefits and scale that otherwise should be out of reach for broadcaster that reaches just 11% of U.S. television households. And that's actually a perfect way to reach retransmission consent agreements.

We have now completed the renewal of over 350 separate retransmission consent agreements that expired at the end of 2017. We have two negotiations still ongoing that we anticipate completing in the coming weeks.

Overall we are very pleased with the results obtained. Due to the still ongoing retrans negotiations, we are providing a wider than normal range of guidance for retrans revenue in the first quarter. This range anticipates that 2018 will represent another year when our gross retransmission revenue will increase by more than 20% on a year-over-year basis. The strong retrans results confirm what we have been saying for two decades namely that vertical scale of strong television stations can be every bit as valuable as horizontal scale of numerous stations reaching many more households.

This message has been reinforced through our portable advertising results. In 2016, notwithstanding the many headwinds and surprisingly noncompetitive races, Gray still posted $9.63 in political revenue per TV household in our markets.

This figure represents not only the highest average in the industry, it's also twice as high almost twice as high as nearly any of the broadcaster, including those broadcasters who unlike Gray had multiple television stations located in the hottest political markets in 2016. Throughout 2017 we consistently beat our guidance for political revenue as we kept experiencing higher spending and more competitive special elections in the off year than we had anticipated.

Looking ahead to 2018, we have Governors' races in 81% of our markets, Senate races in 65% of our markets, and House races of course in every market. Some months ago, we began airing political ads for some of the 2018 primary and even some November 2018 general elections. Moreover, with political experts openly predicting a possible democratic takeover of the south of the Senate and/or the House, we believe that political viewership, political fundraising, and political ad spending could be quite robust in 2018 for the entire industry and especially for those with news leading local television stations like ours.

Finally, in terms of M&A, quite simply, we are relieved that the FCC's local ownership rules now reflect some common sense reforms and have gone into effect. These new rules coupled with the end of the FCC's quiet period and substantive tax reform should open new opportunities for Gray to continue its efforts to acquire market leading local television stations.

What we will not change, however, is our approach to transactions, which means that we will continue to be patient, opportunistic, and disciplined as we wait for the right acquisitions that fit our culture and model at attractive prices. We expect to remain busy in this front throughout the year, although we do have nothing to disclose at this time. And now, I'll turn the call over to Jim Ryan.

Jim Ryan: Thank you, Kevin. Good morning, everyone. Our earnings release 8-K is being filed presently and it also includes an updated of combined historical data through the fourth quarter of 2017 so that's match set of combined historical data information available from 2014 to 2017 by quarter and again, that's in the 8-K that's being filed presently, our 10-K will be filed a little later today.

As Hilton and Kevin said, we are very pleased with the overall results of Q4 and of the entire year 2017. A couple of particular things to know we finished the year with cash on hand of $462.4 million and as Hilton said a little bit earlier, our leverage ratio on a trailing eight quarter basis was at a historic low of 4.16 times.

Absent any significant M&A in 2018, we currently expect our year-end 2018 leverage will continue to decline significantly and net of all cash will be somewhere in the lower threes. Free cash for 2017 on a combined historical basis was 173.8 million, we have now as of the end of end of 2017 fully utilized all of our NOLs, and we are becoming a federal taxpayer in 2018. We are currently estimating that federal cash taxes in 2018 will be somewhere in the mid $40 million range.

With that said, we still currently expect that free cash in 2018 will exceed $200 million and that is consistent with what we've been saying for years now. As a housekeeping matter, an effective tax rate for GAAP purposes will be somewhere, we expect between 25% and 26%.

Our Miller Kaplan market share reports to cover 33 of our markets show that their aggregate share of market revenue, which is nearly 40% has remained generally consistent for both the fourth quarter and the full year each of the past three years and we are very pleased with that.

Also as we said, we are pleased with fourth quarter results, but it did come with some challenges that are continuing into the first quarter. In Q4, we saw auto advertising was softer than anticipated especially in December. We also saw several communications companies reduce spending in the aggregate by nearly $1 million very late in the quarter, and McDonald shifted its local spending from our stations to the network and that was that 300,000 in December.

Looking at Q1 expectations, it's clearly a mixed story. We obviously benefited from NBC's February broadcast of the Super Bowl with $2.3 million in revenue up about $1.7 million over the Fox broadcast from last year.

The Olympic broadcast will generate somewhere between $5.5 million and $5.8 million revenue and with about $1.7 million in auto ads alone within those numbers. While the ratings for the Olympics in February were not as robust as we had expected, the revenue we earn was generally consistent with our expectations for this cycle, given the venue and the very significant time zone difference.

As I said, some of the challenges that we noted -- keeping with Olympics for a minute, in total for February, our NBC stations, local and national advertising were up about an aggregate of 4.5 million, however, as would be expected in anticipated, our nine NBC stations were down on local and national revenue by approximately $3 million as dollars clearly shifted into the Olympic broadcast during the quarter.

Following up again on Q2, again auto had started out slower than we had anticipated this year. As we look through the account list, there is not any one big driver. As we've commented in the last two quarters, it tends to be what I would describe as broad-based and relatively small to midsize retrenchments up and down the board, with more people taking a little bit of spend off the table than people putting a little bit of spend onto the table.

We certainly will keep watching our auto closely as the year progresses. The communications companies that I mentioned in Q4 continue to reduce spending in Q1 by nearly 1.6 million, which would be national business for us. One accounts for 1 million of that 1.6 million.

McDonald's also continued to spend in network in Q1 and shifted $1.3 million from our stations to the networks. We are encouraged that McDonald's has actually asked for avail request for second quarter and so we are cautiously optimistic that some McDonald spending will return to our stations as we move into Q2.

While it is very early for Q2 sales with less than 50 million of business on books, which would be less than one third of our overall expectations, which would also be perfectly normal this early in February, our Q2 pacing at present is up mid-single digit, and we find that encouraging.

On a positive note, as you can glean from our Q1 retrans guidance, our grocery retrans revenue for the year is estimated to range between 340 and 350 million. We will continue to share reverse comp with the networks at approximately 50-50, so we would be expecting that retrans of 170 to 175, which as Kevin mentioned is in excess of a 20% increase.

Our range is a little wider than usual in this quarter because of the two pending negotiations and by the time we get to the second quarter call, we'll certainly be happy to tighten up that range. Our Q1 political estimate of 5 million to 5.5 million is consistent with Q1, 2014 on a combined historical basis, and we are looking forward to a strong political revenue year especially in the fourth quarter of 2018, where we anticipate half of the total year spend will hit.

With respect to our Q1 expense guidance, keep in mind that our grocery trans revenue is ranging in a $10 million range and we are sharing reverse comp 50-50, so that naturally would put a $5 million range in our reverse comp number for the quarter and you should take that into account when you look at the overall range for the quarter.

On a combined historical basis, we are very pleased that our payroll will actually be down in the 2% range quarter-over-quarter, so any increase generally in operating expenses and broadcast expenses for Q1 combined historical basis is essentially being driven by the reverse comp increase reflecting the very strong growth in the gross number.

Finally, while we can't guarantee the future, we are currently optimistic that when we get to the end of the year and discuss full-year results, we are going to be talking about a company that had in excess of $1 billion in revenue in 2018.

I'll turn the call back to Hilton.

Hilton Howell: Thank you, Jim. In closing, I want to recognize the absolutely outstanding work of our Washington DC news bureau, which we launched approximately three years ago. Last year, the bureau moved into a new facility and expanded its' staff to include additional seasoned political reporters. The new newsroom, studio, technology, and especially news professionals reflect our continued commitment to localism because our DC Bureau only covers local angles of stories breaking in DC rather than duplicating the coverage provided already by the networks.

For example, at the Leases State of the Union, our DC Bureau produced more than 200 pieces of content exclusively for Gray's local television stations, including interviews with more than 80 members of the Congress and additional members of the administration. Every shareowner of Gray, should be very proud of the work of our talent and professionals, not only in Washington but across the country in each of our 57 markets. This commitment to putting our best local news products at the end of the day is the key to Gray's success, past, present, and future.

Operator, at this time we ask you to open the line for any questions anyone may have.

Operator: Thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, it is star one. We'll pause for a moment to allow everyone an opportunity to signal for a question. And we'll take our first question from Kyle Evans with Stephens. Please go ahead.

Kyle Evans: Hi, thanks. A little bit of detail please on the McDonald's shift. It's unclear to me what kind of economic sensitivity on their part is driving that shift. I just don't understand that.

Jim Ryan: Well, that happens from time to time with large accounts like that, whether it's a McDonald's or you can name them. I can't you exactly what their marketing thoughts were, but what we gleaned from the agency was that they -- McDonald's decided they were going to shift money to the network level or at least that's what we were told late in December and first quarter.

So where exactly they spent that on the networks I wouldn't know. Things like that will happen from time to time. It's painful when it happens on the local station level, but it something you deal with in the business. And as I said, they pulled out in Q1, but they're asking for avail requests in Q2. We were also told that McDonald's pulled money across the board in local, not just Gray. Now, again, I can only tell you what the agency told us.

Kyle Evans: Got you. You're still in negotiations with two large MVPDs. In the past, some of your peers have seen ad spend fall off when they blacked out. How are those? Are those tracking fairly friendly and is there any overlap in the spend decline in communications?

Jim Ryan: Not really. There was probably a little bit of add in December, which would've been normal, but nothing dramatic. The large communications company that I mentioned that drop-down actually isn't in the – wasn't on the list of negotiations this year. And again we – our sense is that over the past year or two they had been targeting mid to smaller market and have now shifted their focus a little bit back to larger market. And again it's unfortunate for us, but it's an ebb and flow type of thing where some of that will come around at some point in the future.

If you recall in the third quarter call, I mentioned that there were a couple of communications companies that were spending significantly more and that was actually helping to drive our national up during 2017. The good news that there is at least in Q1 those companies are still spending at basically the same levels they were doing in 2017. So while they didn't up going into 2018, at least for Q1 we're seeing the same heavy spending level that they were putting out in 2017. So we're -- again we're encouraged by that.

Jim Ryan: What is supply side of M&A pipeline looks like right now?

Kevin Latek: Hi, Kyle, it's Kevin. There's really been no transactions in the last year or so. It's pretty much the same supply at the same stations on that target list that were on the target list a year ago and two years ago. We're not going to comment any specific conversations except to say, we're talking with lots of people and we're not prepared to over pay. And we are only looking at stations that meet our criteria. So it's kind of -- we're having the same level of conversations as before and when we have something to announce obviously, you all will be the first to know.

Jim Ryan: Are those groups smaller onsie-twosies or a mix of both?

Kevin Latek: We're talking to people in all size types of stations and transactions.

Kyle Evans: Okay. Great. Thank you, guys.

Operator: And we'll take our next question from Aaron Watts with Deutsche Bank.

Aaron Watts: Thanks. Jim just wanted to be clear. So could you again go over what auto was up or down in the fourth quarter? And then what you're seeing in the first quarter?

Jim Ryan: Auto was down mid-single digit in fourth quarter and that appears to be continuing in first quarter and that quite at the same level, but in the mid-single digit range. And again in both quarters, there's no one big driver. You've got some accounts that are increasing, some accounts that are decreasing. And as you go through literally the thousands of accounts that we have in a quarter in the auto category, what it is ultimately is that there's -- as I said, there's on hold more people taking a little bit off the table than people putting a little bit on the table.

And as we commented the last couple of calls, we think in part that may be, especially on the local dealer side, some people readjusting their business models maybe, adjusting to expected sell rates et cetera. So we'll keep our eye on it.

Personally, I'd love to be able to say, it was XYZ that pulled out $4 million, because it went to -- and I'm making the number up -- but because it went to network, right. That makes an easy explanation. Here it's more broad-based, but nothing that I would describe as alarming.

Aaron Watts: Okay. Are you tempering your expectations for the full year just based on expectations for auto sales slowing down from what we've seen in the last couple years?

Jim Ryan: Right now, I don't think totally tamping down our expectations for auto. Clearly, first quarter has started out slow for us. We still think it probably will pick up a little bit. And we did start to see auto slow up, I'm trying to think, maybe starting the second half of last year call it Q3. So I think some of this may start to cycle against each other as we keep moving through 2018.

Aaron Watts: Okay. Got it. And then, maybe just one other question from me, I obviously observed some pretty market declines in primetime entertainment ratings. Can you just talk about what you're seeing in your local news ratings maybe in the fourth quarter and here to start off 2018?

Kevin Latek: Again remember, we're in diary market, so we only get reports four times a year under the Nielsen system. And so we measure in December and we're measuring now in February. We'll see February results in a couple weeks. The overall trend, Aaron, is that our local news across the whole company, local news gets better ratings than primetime programming does. There are challenges with primetime programming across the board, but there's also challenges with the measuring and we're not entirely sure how and when measurement becomes more accurate and more reliable. But what we're seeing is -- what we saw in November was we're certainly doing -- we're not only sort of maintaining our ratings positions, but we're improving our rating positions over our prior periods. Prime is not doing -- prime is certainly challenging, but the local news is holding up and our shares are holding up or doing better.

Aaron Watts: Okay. And Kevin, some of the investments that Nielsen is making in their local market measurement, will that touch into your markets or it's still not quite getting there?

Kevin Latek: Nielsen has been saying for couple years they're going to replace diaries with a number new methodologies and technologies and that will be supposedly rolled out this year across all markets.

Aaron Watts: Okay. All right. Thanks.

Operator: And we'll take our next question from Leo Kulp with RBC Capital Markets.

Leo Kulp: Hi, good morning. Just two quick ones. For the MVPD contracts that you're still renewing, what percent of your subscriber base do they represent? And what's currently bake in to your retrans guidance for the subscribers? Are you basing like you've got some other deals or you're taking more conservative approach?

Kevin Latek: The two negotiations that remain outstanding are larger MVPDs and we have an expectation as to where they will land. Retrans and programming contract in general follow the rule that the biggest guy pays the least and small guy pays the most and there's a sort of very direct correlation between size and fee.

So when we -- our internal guidance on what those two will finish at, what's included in our guidance is reflective of sort of their size in our overall universe of MVPDs. I can't give you a percentage I can give out sub numbers. So if I tell you what the combined is for two of them and the other guys if you're listening this call argument, quickly do the math and find out what their competitor has. So we can do that.

Jim Ryan: But we did before that when we're done with this round of negotiation including these last two we will have reset pricing at about 58% of our entire sub-base. Next year we have about 2% to do and then our next big year is in maybe gets to even -- one two years out which will be about nearly 40%.

Leo Kulp: Got it. Thank you for that color. And then just quick question on political, I think you said your 1Q 2018 guidance in line with your 1Q 2014 combined historical pro forma number. Should we think -- how are you thinking about the 2018 political? Should we think about kind of being flattish with 2014 when you exclude the Alaska race?

Jim Ryan: We're going to politely decline to put a number out for 2018 political having learned a painful lesson in 2016. That being said, 2014 combined historical total was 142 and change, almost 143. We said there was 20 million to 25 million in Alaska that isn't – we know isn't returning this year.

So you could take it out and then do the math and that give you a lower number. I don't -- I'm not commenting on that. I can understand the math. What we do firmly believe is that 2018 political will be very strong especially where the races are evenly matched just as we saw in 2016 Senate races or in House races or in Governors' races and in an special election races sense then if the candidates are well matched we are firmly convinced the money is going to flow and so as Kevin said we've got a lot of senate up, a lot of governors, probably a couple of good House races, it will remain to be seen exactly who gets matched up well and where the money flows, but overall at the end of 2018 we're pretty confident that we're going to have a good political year. It's kind of a how big is big type question.

Leo Kulp: Got it. Thanks for the color, Jim.

Operator: Once again, if you would like to ask a question, it is star one. We'll take our next question from Barry Lucas with Gabelli & Company.

Barry Lucas: Thanks and good morning. Jim, I want to come back to the auto question here yet and maybe extend it to broader categories, but maybe you could talk a little bit about any feedback you've gotten from clients with regard to the impact of tax cuts. I know it's really early and most people have not seen any or just about to see some changes in their take-home pay. But how much of the uncertainty with regard to that improvement do you think is playing into auto or any other significant category?

Jim Ryan: Yes. I mean, I think that's right, Barry that John Doe and Mary Smith on Main Street in Mid-America haven't really seen that in their pockets yet. And so I think when they see that tax cut money that certainly is going to be a benefit. But you're right in that it's very early and it's just starting to trickle down in just that immediate tax benefit. I think the larger corporate tax benefits are going to take longer to trickle through as well, which would be in my mind perfectly natural, right.

So I think it's going a take a while but I think it does speak to later this year or going into next year that the tone in Mid-America probably picks up a bit.

Barry Lucas: Okay. Thanks, Jim.

Operator: And we'll take our next question from Dan Kurnos with Benchmark Company.

Dan Kurnos: Great. Thanks. Good morning. Jim, just quick housekeeping just so we're on the same page here just on the pacing and the outlook here, are you giving that off of combined historical or as reported?

Jim Ryan: No, the pacing commentary I made is basically combined historical. The outlook in the guidance with local being up slightly and national flattish to slightly down to flat, to up slightly is against as reported.

Dan Kurnos: Great. Thanks. And then just I know you talked about some specific players, but just maybe ex-McDonald's could you give us some category color outside of auto, just how it performed in Q4 and into Q1?

Jim Ryan: Yes. As I said auto was down. Communications, which we talked about is down. Entertainment was up a little, financial sector was up nicely, there were several insurance companies, several healthcare insurance companies that jumped in, and they were probably kind of year-end renewal type activity, more seasonal activity. Home-improvement has been strong for more quarters now than I can think of, legal was up significantly. We had a few local law firms that have been pretty active.

Unfortunately, the rest of the usual suspects were down a little. Department furniture appliance down, which has been happening now for several quarters and reflects the retail industry woes. Medical was also down a little bit too. In first quarter, I think it's a little bit better so far in overall tone. Again auto is still down. Communications like we talked about is down. Again, home improvement legal are nicely positive and medical is again back into positive territory. Restaurants would be down again, reflecting McDonald's and furniture appliances and supermarkets down too, supermarkets mostly driven by the (Heidi) account on our part cutting back a few hundred thousand dollars.

Dan Kurnos: Got it. That's really helpful. Thanks. And then just one last one from me, Kevin, I don't know if you'll answer, but just kind of high level on the M&A environment, just your thoughts around how it's being impacted by a gas versus expectations anyway the delay in the close of the

Sinclair Tribune deal, understanding that you might be players on that. And also given that you guys have you have top-tier station or top-rated stations harder for you to participate in the swaps market but just how your thinking about sort of M&A versus swaps the way that the landscape is shaping up for 2018?

Kevin Latek: All I can say Sinclair Tribune, I can't remember broadcast transaction, they got as much general presses, Sinclair Tribune. I don't have the impression that a lot of people are waiting around for that deal to close, but I guess it's possible some people want to wait to see the deal closes and how it closes. We're not looking really doing any swaps, as you said it's difficult for us to justify selling a station, its generally number one station in order to pick up a number four station somewhere else. And under the new rules it's not clear that number one TV stations can necessarily buy second stations in the market.

So we think that the FCC ownership will provide common sense, but at least they no, go anywhere near as far as I think they should, but it's a welcome first step. I think it does certainly open up a few doors for us, but we are mostly focused on growing the company, going into other markets than we are about getting rid of stations that we own so we could have a stronger presence somewhere else.

Dan Kurnos: Got it. Great. Thanks guys.

Operator: And as a final reminder, if you would like to ask a question, it is star one. We'll take our next question from Marci Ryvicker with Wells Fargo.

Marci Ryvicker: Thank you. I have two. Jim you mentioned Q2. I think you said up mid-singles and I just wanted to know what kind of visibility do you have, meaning how much is booked? And then just a second question quickly is on retrans rates. There has been some talk among investors that perhaps year-end 2017 rates that were negotiated may not have met company expectations. So just if you could comment on that that would be awesome. Thank you.

Jim Ryan: I'll take your first question and I'll let Kevin have the second question At this point in February, Marci, we've probably get less than -- definitely less than a third business already booked for Q2, which that level is perfectly normal. It would be less than $50 million right now. And that's what we're looking at and seeing in plus mid-single. Now, admittedly it's early and there's a long way to go in the quarter, but we are cautiously encouraged by that. It certainly beats seeing red this early going into Q2.

Kevin Latek: Just generally a retrans came out better than we had expected going into the season. We still have a long way to go to get parity, but we're in a much better position this year than we were a year ago.

Marci Ryvicker: Great. Thank you.

Operator: And we'll take our last question from Jim Goss with Barrington Research. Please go ahead.

Jim Goss: Thanks for squeezing me in. A couple of quick questions. One, I was wondering if the Olympic time zone difference mattered a lot in terms of Olympic dollars in your opinion given that the next two will face the same issue. And then the second question -- okay go ahead.

Kevin Latek: I think that the -- this is Kevin. I think the time zone did play into it as well as the fact that unlike any prior Winter Olympics, you could really see everything online, get the results hours before we get broadcast. We didn't -- this month we also had it seemed like a dominating story at the beginning of the Olympics with Trump and a lot of conversations about what's happening in Washington, around the President, around DACA. And then we had that horrible Florida shooting, which has dominated the conversation for the second half of the Olympics. And also, a really big blockbuster movie that at least the movie theater around my house has been filling up all four parking lots when for the last nine months I've never seen them at least more in their first parking lot.

So folks are going out of their house to watch a movie, some folks many times, and dialogue just did not seem to be -- didn't really seem to be as focused on the Olympics as prior Olympics have been. So I don't know how much that has to do with time zone versus sort of other competing -- other things competing for people's time over the last two weeks. But we certainly saw the ratings that were reported publicly were not as impressive as we had seen in Sochi.

So all in all, as Jim said, the Olympics came in good for us. They probably could have been a bit better though.

Jim Goss: Okay. And I guess this is also for you, Kevin. You indicated you'd look at all size groups in terms of M&A. I'm wondering how large a size deal would be of interest to you and looking at scale ambitions versus dominance in local markets where you have 40% market share, how do you balance those items?

Hilton Howell: John, this is Hilton, let me answer that. The answer to it is that we are interested in really any number of scale acquisitions, whether they are large and transformative with the live partner or with smaller groups, whether they be singles or triples. We hope to grow but we do wish to stay with the quality of portfolio that we have. That's not to say that everything has got to be absolutely the number one in their market, but the vast majority of things certainly would be helpful. We think it really has proven our business model to be a very successful one. So Gray is quite open to discussions in a number of different capacities.

Jim Goss: All right. Thank you.

Operator: And it appears there are no further questions at this time. I would like to turn the conference call back over to Hilton for any additional or closing comments.

Hilton Howell: Thank you very much Ashley. I just want to thank everyone for joining us today, your interest in our company, your interest in our business, the broadcast business, and I look forward to talking to you soon for our first quarter results. Thank you.

Operator: And once again that concludes today's conference call. We thank you all for your participation and you may now disconnect.