

## FORM 8-K

### CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): March 5, 2018 (March 5, 2018)

# Gray Television, Inc.

(Exact name of registrant as specified in its charter)

Georgia

(State or other jurisdiction  
of incorporation)

001-13796

(Commission File Number)

58-0285030

(IRS employer  
Identification No.)

4370 Peachtree Road, Atlanta GA

(Address of principal executive offices)

30319

(Zip Code)

404-504-9828

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions ( see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

---

**Item 7.01 – Regulation FD Disclosure**

Beginning on March 5, 2018, Gray Television, Inc. (the “Company”) intends to meet from time to time and make presentations to prospective investors. Exhibit 99.1 provides a copy of the slides that may be used in connection with and/or referenced in such meetings. Exhibit 99.1 is incorporated herein by reference.

The information set forth under this Item 7.01 is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as may be expressly set forth by specific reference in such filing.

**Item 9.01 – Financial Statements and Exhibits**

<u>Number</u>	<u>Name</u>
99.1	<a href="#">Prospective investor meeting slides</a>

---

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**GRAY TELEVISION, INC.**

Date: March 5, 2018

By: /s/ James C. Ryan

Name: James C. Ryan  
Title: Executive Vice President and  
Chief Financial Officer



**gray**

Television • Digital • Mobile

# **Gray Television, Inc. Investor Presentation NYSE:GTN**

**March 1, 2018 Edition**

**Updated for December 31, 2017 Financial Information**

If Appendix is not included, see full presentation located at [www.gray.tv](http://www.gray.tv) for Non-GAAP Reconciliations.

4370 Peachtree Road, NE, Atlanta, GA 30319 | P 404.504.9828 | F 404.261.9607 | [www.gray.tv](http://www.gray.tv)

---

## Table of Contents

<b>Company Overview</b>	<b>3</b>
<b>Investment Highlights</b>	<b>7</b>
<b>Financial Overview</b>	<b>15</b>
<b>Glossary</b>	<b>21</b>

**ALL COMBINED HISTORICAL BASIS DATA PRESENTED FOR GRAY IS ADJUSTED FOR ALL COMPLETED TRANSACTIONS UNLESS OTHERWISE NOTED.**

This presentation contains certain forward looking statements that are based largely on Gray's current expectations and reflect various estimates and assumptions by Gray. These statements may be identified by words such as "estimates", "expect," "anticipate," "will," "implied," "assume" and similar expressions. Forward looking statements are subject to certain risks, trends and uncertainties that could cause actual results and achievements to differ materially from those expressed in such forward looking statements. Such risks, trends and uncertainties, which in some instances are beyond Gray's control, include the impact of recently completed and announced transactions, estimates of future retransmission revenue, future expenses and other future events. Gray is subject to additional risks and uncertainties described in Gray's quarterly and annual reports filed with the Securities and Exchange Commission from time to time, including in the "Risk Factors," financial statements, and management's discussion and analysis of financial condition and results of operations sections contained therein, which reports are made publicly available via its website, [www.gray.tv](http://www.gray.tv). Any forward-looking statements in this presentation should be evaluated in light of these important risk factors. This presentation reflects management's views as of the date hereof. Except to the extent required by applicable law, Gray undertakes no obligation to update or revise any information contained in this presentation beyond the published date, whether as a result of new information, future events or otherwise.

\*See the glossary to this presentation for the definition of certain capitalized terms used herein. Reconciliations of the Company's non-GAAP measures of broadcast cash flow, broadcast cash flow less cash corporate expenses, operating cash flow as defined in Gray's senior credit agreement, free cash flow and the total leverage ratio, net of all cash are contained in the Appendix.

\*This full presentation, including the Appendix, can be found at [www.gray.tv](http://www.gray.tv) under Investor Relations --Presentations.

# An Industry Leading Power

# High Quality, Diverse Station Group

**57**

57 markets with owned and/or operated stations

**200+**

Over 200 total program streams across 103 stations

**100+**

Over 100 "Big 4" network program streams

**24**

24 markets with two or more "Big 4" network affiliations

 **CBS**  
40 channels



**NBC**  
29 channels



**abc**  
20 channels



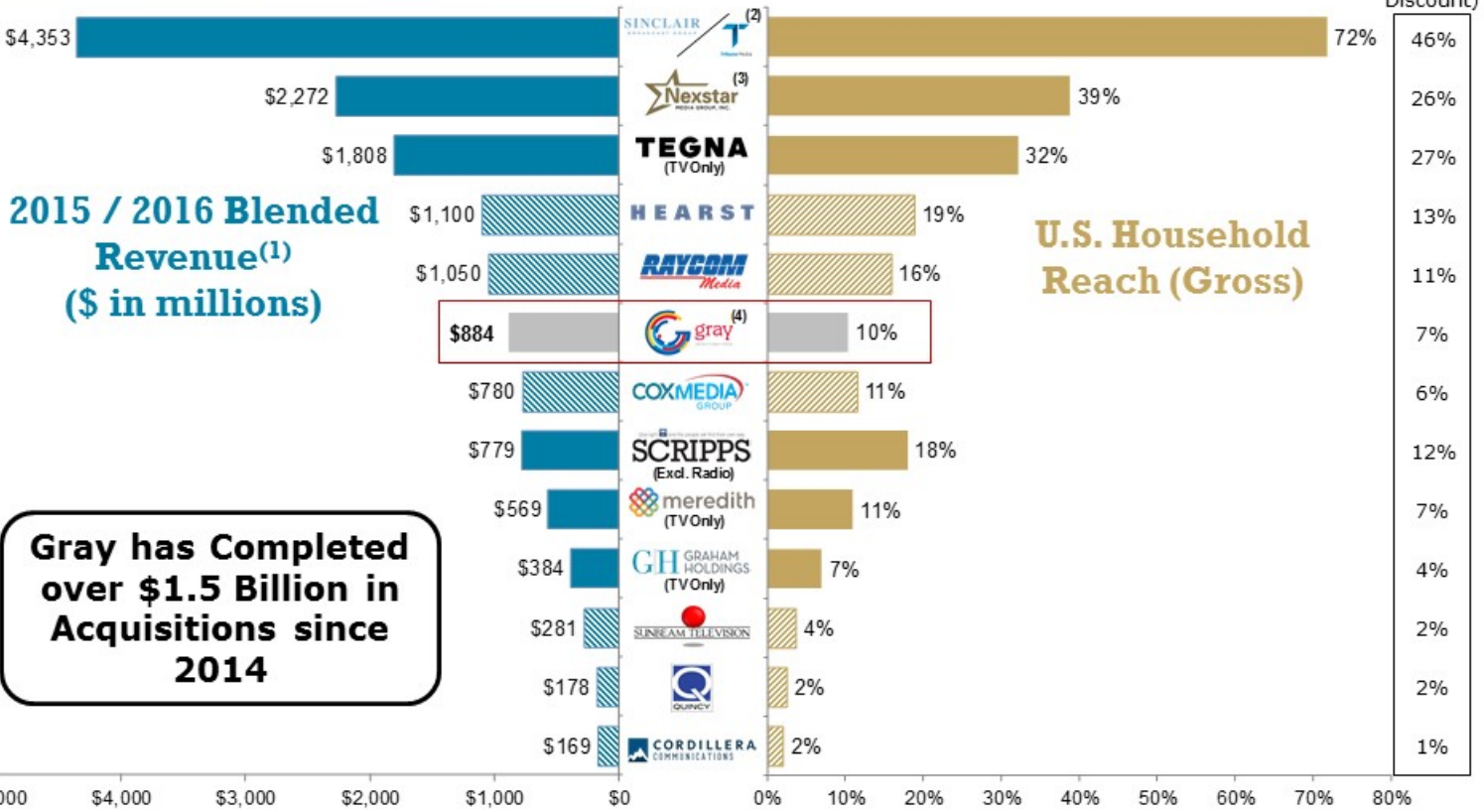
**FOX**  
14 channels



# Gray Continues to Prudently Grow its Scale...

**2015 / 2016 Blended Revenue<sup>(1)</sup>**  
**(\$ in millions)**

**U.S. Household Reach (Gross)**



**Gray has Completed over \$1.5 Billion in Acquisitions since 2014**

Source: company filings and Nielsen data; As-reported revenue numbers unless noted; Household reach pro forma for all announced and closed transactions

(1) Private companies (Hearst, Raycom, Cox, Sunbeam, Quincy and Cordillera) based on BIA '15/'16 blended revenue (including retransmission estimates) from O&O stations and digital subchannels

(2) Sinclair pro forma for acquisition of Tribune; based on combined '15/'16 revenue and does not assume any divestitures

(3) Nexstar pro forma for Media General; based on combined '15/'16 revenue of \$2,406 million less \$134 million BIA ad and retrans revenue estimate for required regulatory divestitures of 13 stations

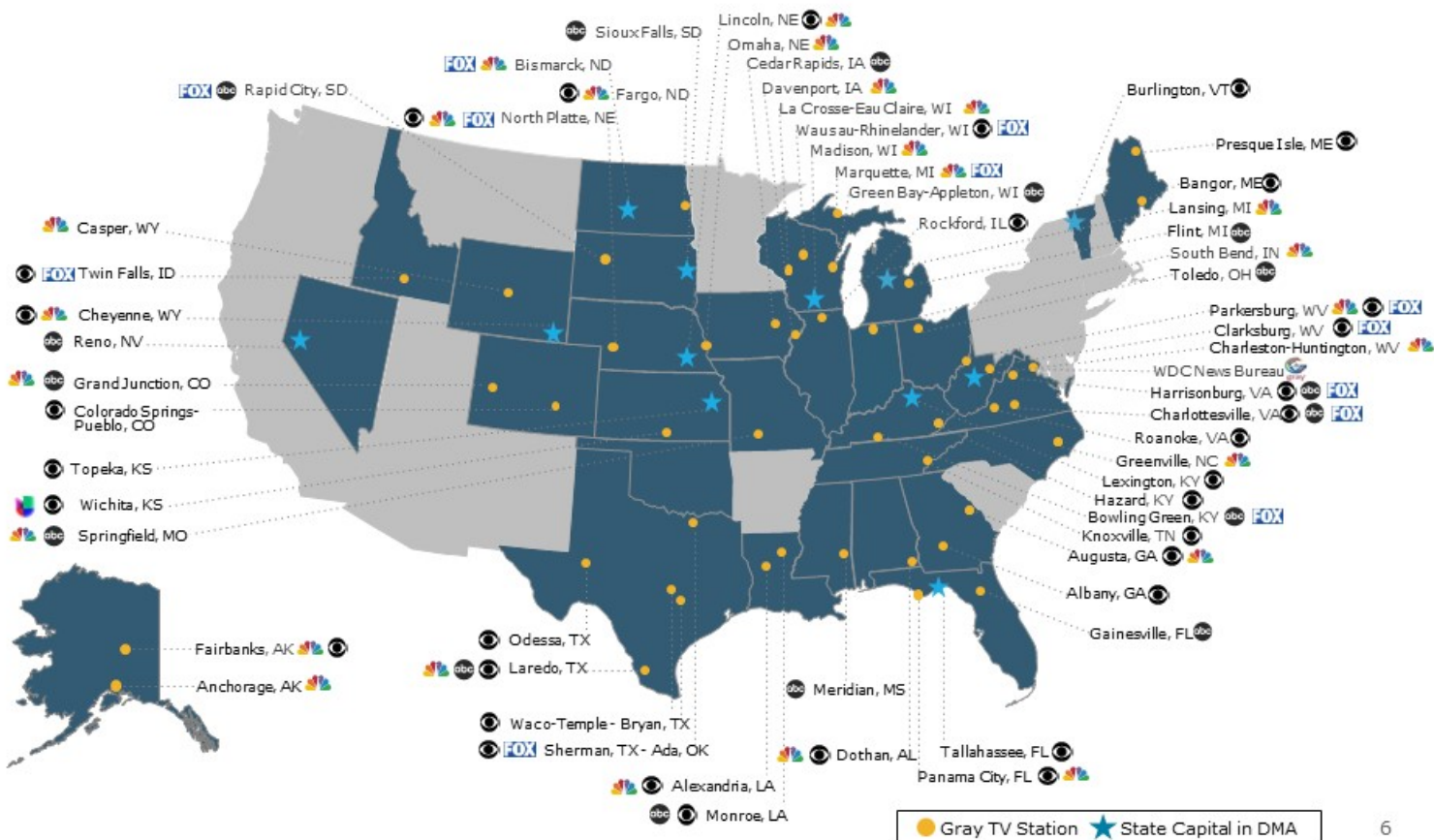
(4) Gray 2015/2016 blended revenue presented on a Combined Historical Basis



# Gray National Footprint



Ranked #1 or #2 in all of our 57 Markets | Reaching approximately 10.4% of US TV households



COMPANY OVERVIEW

INVESTMENT HIGHLIGHTS

FINANCIAL OVERVIEW

GLOSSARY



# Investment Highlights

# The Importance of #1



**Price Leadership**



**Share of Market Ad \$**



**Network and News Ratings**



**Reinvest in Business**

## Highly Ranked News Franchises Drive Traffic

- Dominate local and political revenue with highly-rated news platforms
- #1 Stations can secure more than half of a market's political ad buys
- Greater purchasing power and leverage with MVPDs, programmers, and other vendors
- Deliver higher margins
- Maximize free cash flow
- Exploit best practices
- Attract and retain high quality talent
- Leverage Washington DC News Bureau

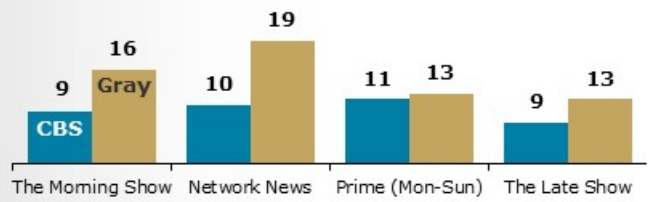
<b>#1</b>	Gray's primary stations had the <b>HIGHEST</b> average all-day DMA Household Rating (M-S 6a-2a) across ALL network and affiliate group owners
<b>#1</b>	Gray's national Household Share average exceeds all major affiliate news programs
<b>#1 or #2</b>	In ALL 57 markets in <b>OVERALL AUDIENCE RANKING</b> - #1 in 40 Markets
<b>#1 or #2</b>	In ALL 57 markets in <b>NEWS RANKING</b> - #1 in 40 Markets
<b>+96%</b>	Amount by which Gray's 6PM newscasts outperform the national average
<b>+64%</b>	Amount by which Gray's late local newscasts outperform the national average
<b>7,200</b>	Hours of original <b>LOCAL CONTENT</b> produced in November 2017

# Network Programs Over-Index on Gray's Stations

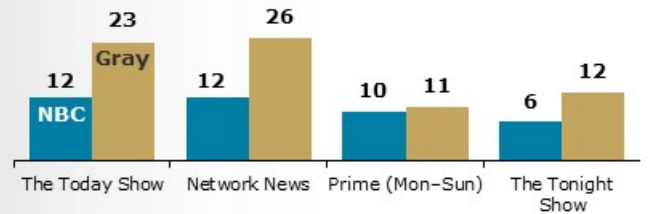
ABC, CBS, and NBC perform far better on Gray's stations than national averages across all key day-parts +



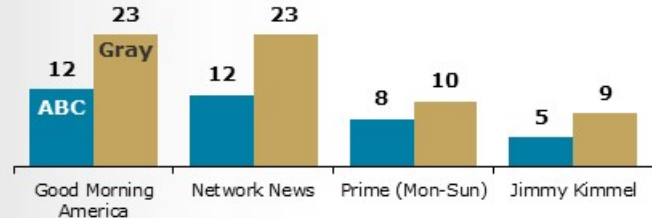
CBS vs. Gray | November '17 Household Share



NBC vs. Gray | November '17 Household Share



ABC vs. Gray | November '17 Household Share



Network Gray



# Revenue Diversified Across Networks and Markets

## Increasing Diversification of Revenue Sources

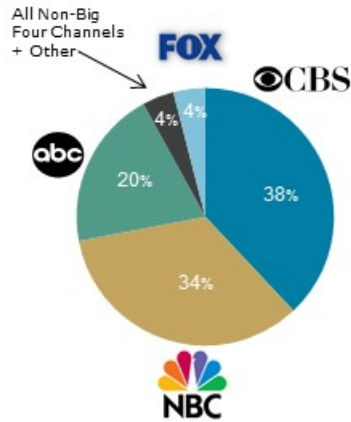
### 2008: As Reported

- 96% of revenue derived from advertising sales

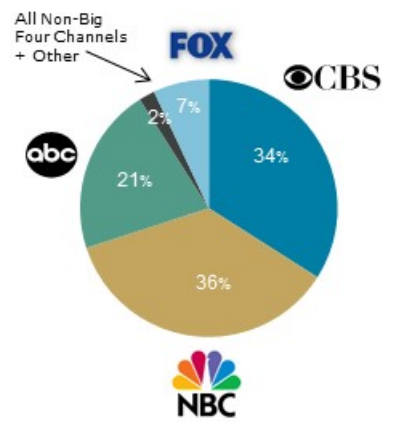
### 2017: CHB

- 67% of revenue derived from advertising sales
- 31% of revenue derived from retransmission (subscription) fee income

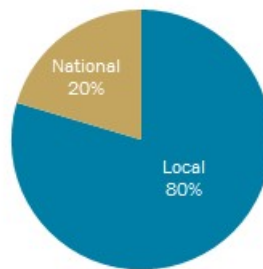
**2017 CHB Revenue by Affiliate: \$895mm**



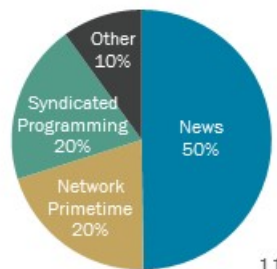
**2017 CHB BCF by Affiliate: \$332mm**



**2017 CHB Core Revenue Breakout: \$582mm**



**Approximate Revenue by Day Part<sup>(1)</sup>**



(1) Approximate percentages based on WideOrbit platform 2016 estimated Gray revenues excluding retrans/other



# A Leading Beneficiary of Political Revenue

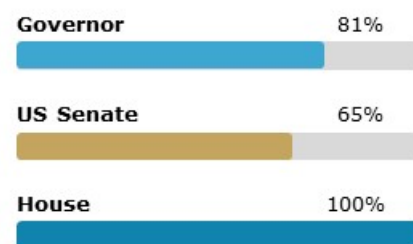
## Gray Political Revenue

(\$ in millions)



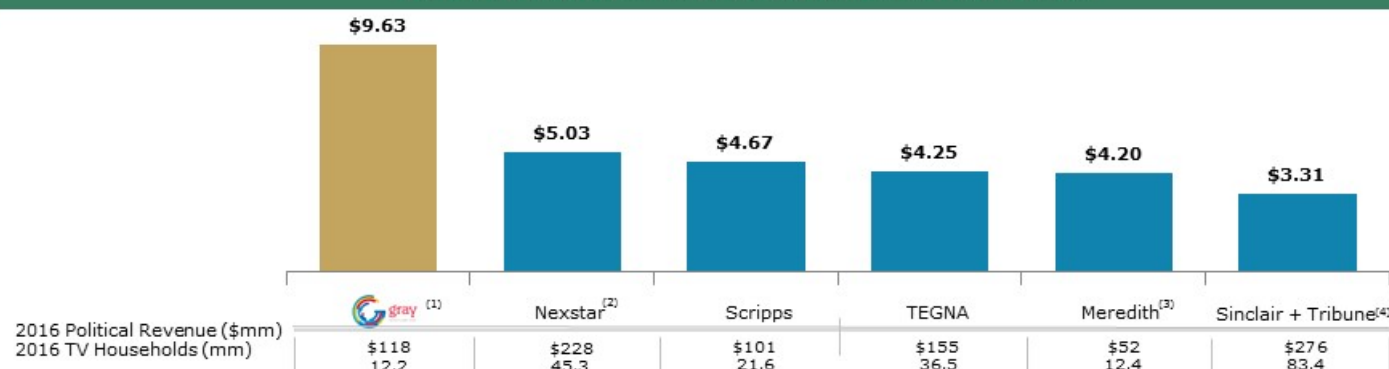
## Gray Markets with at Least One 2018 Election

2018 is a Non-Presidential Political Year and Presents an Attractive Upside Opportunity



Source: Company management, Company filings, The Cook Political Report  
 Note: Percentages calculated based on 45/57 markets with Gubernatorial races, 37/57 markets with Senate races, and 57/57 markets with House races

## 2016 Political Revenue Per TV Household



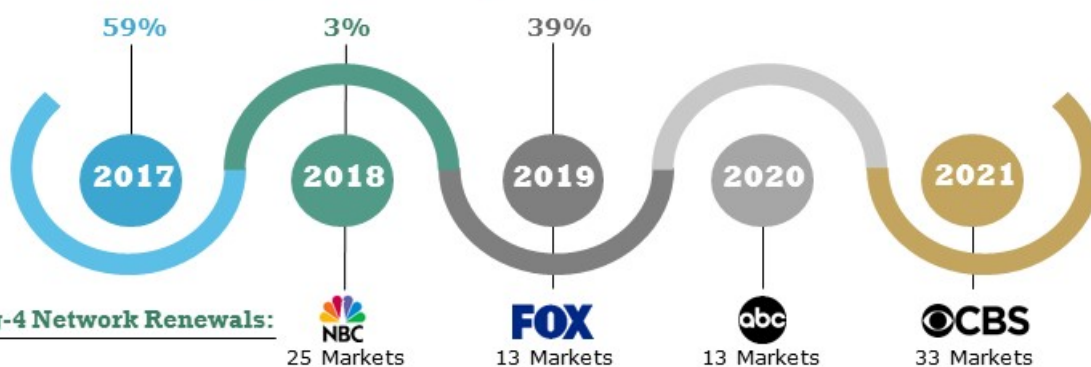
Source: company management, company filings, investor presentations, BIA Investing in Television Report 2017 2nd Edition  
 Note: Pro forma for all closed transactions; Sinclair + Tribune shown on a combined basis prior to potential regulatory divestitures  
 (1) Gray based on Combined Historical Basis revenue and TV households  
 (2) Pro forma for Media General Acquisition  
 (3) Based on calendar year ended 12/31/16; Fiscal year ends 6/30  
 (4) Sinclair pro forma for acquisition of Tribune; based on combined '15/'16 revenue and does not assume any divestitures

# Gray Excels at Retransmission Revenue

## Retransmission Revenue (\$ in millions)



## Retrans Renewals for In-Market Big-4 Subs (12/31 Expiration):



### Significant Big-4 Network Renewals:



# Successful Digital Media Initiatives

## Gray Digital Media

- 3.4 billion total page views in 2017 (up **23%** over 2016)
- Mobile makes up **82%** of all digital traffic
- **300%** growth in revenue 2017 over 2016
- 60 Gray stations actively selling LocalX
- 721 avg. monthly clients
- 18 different product offerings

## LOCALX MARKETING

A Division of Gray Television, Inc

## MomsEveryday



- MomsEveryday page views have doubled since the New Site Launch
- Award winning weekly show
- Daily news content
- Unique sales and revenue opportunities



7.5 million Facebook followers, up **17%** from Q1 2017



2.3 million Twitter followers, up **18%** from Q1 2017, Likes=57k, Tweets=3.4 million



1.77 million iOS downloads, up **44%** from end of year, 2016



2 million Android downloads, up **17%** from end of year, 2016



667k Roku downloads, up **52%** from end of year, 2016



All Data is on as "as reported" basis and does not include station data prior to Gray's acquisition of a station(s)

# Financial Overview

# 2015/2016/2017 Snapshot

	Combined Historical Basis Year Ended December 31				
	2017	2016	% Change 2017 to 2016	2015	% Change 2017 to 2015
Revenue:					
Total	\$895,081	\$946,001	(5)%	\$821,599	9%
Political	\$16,539	\$117,538	(86)%	\$21,934	(25)%
Operating expenses (1):					
Broadcast	\$570,131	\$553,118	3%	\$524,285	9%
Corporate and Administrative	\$31,541	\$40,347	(22)%	\$34,343	(8)%
Non-GAAP Cash Flow (2):					
Broadcast Cash Flow	\$331,874	\$400,877	(17)%	\$325,963	2%
Broadcast Cash Flow Less Cash Corporate Expenses	\$304,740	\$364,408	(16)%	\$294,740	3%
Operating Cash Flow as defined in the Senior Credit Facility	\$302,257	\$369,967	(18)%	\$300,014	1%
Free Cash Flow	\$173,772	\$213,526	(19)%	\$173,748	0%
<i>(dollars in thousands)</i>					

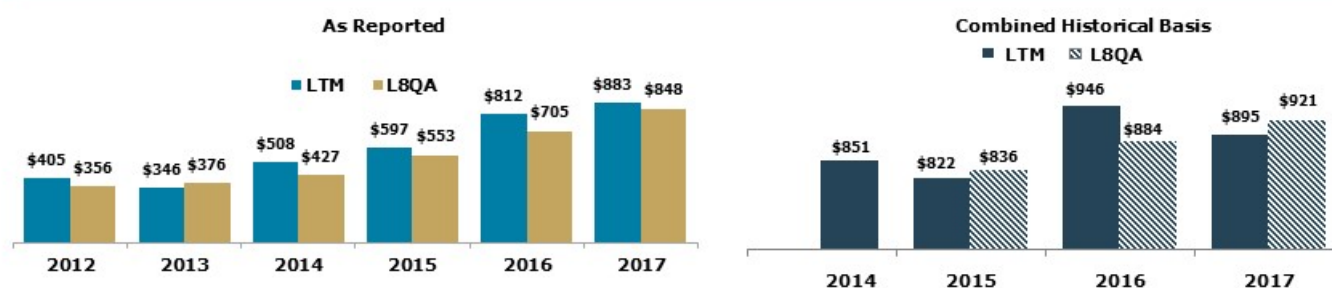
(1) Excludes depreciation, amortization, and loss on disposal of assets

(2) See definition of non-GAAP terms in the Glossary and reconciliation of the non-GAAP amounts to net income in the Appendix

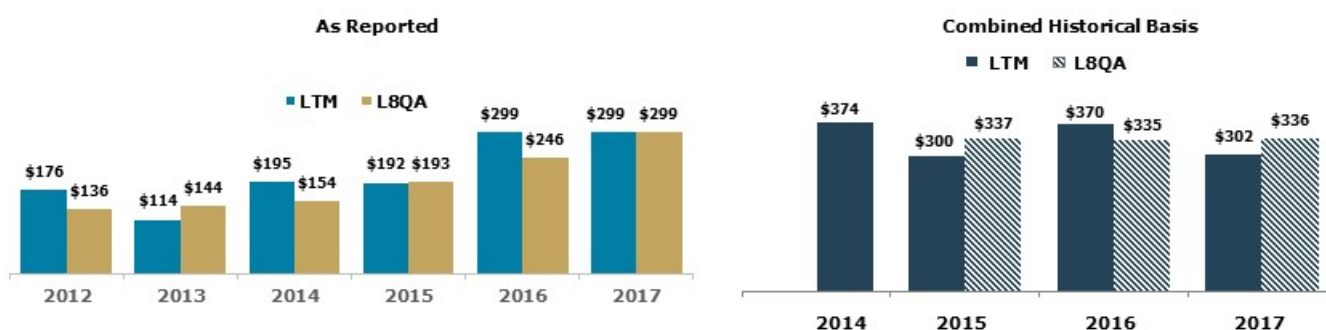


# Financial Scale Continues to Increase

## Revenue (\$ in millions)



## Operating Cash Flow (\$ in millions)



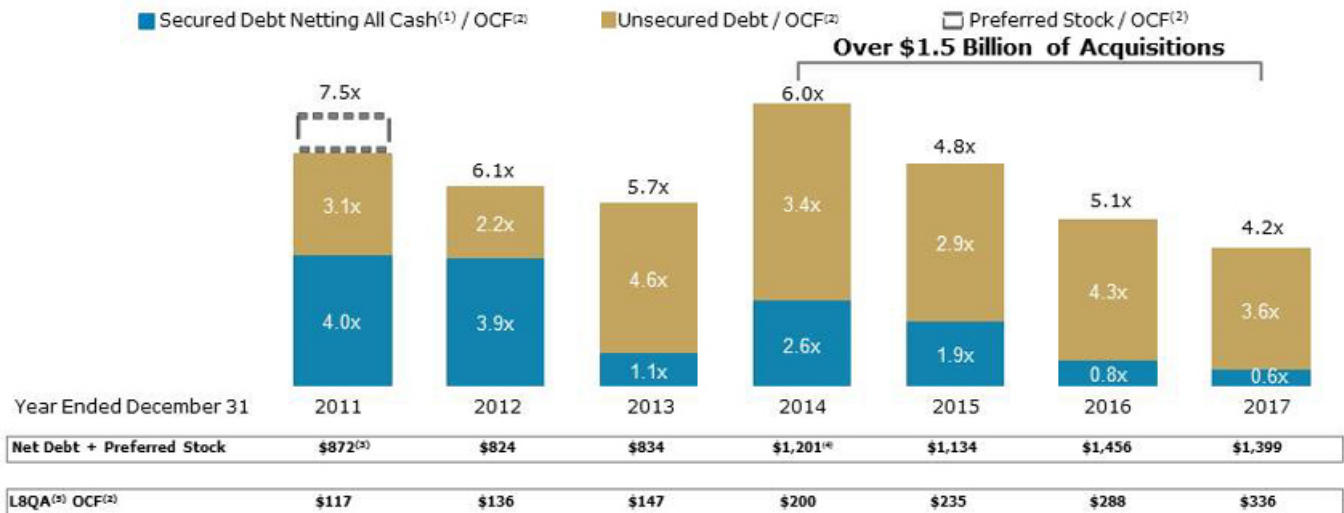


# Prudent Balance Sheet Management Leads to Deleveraging



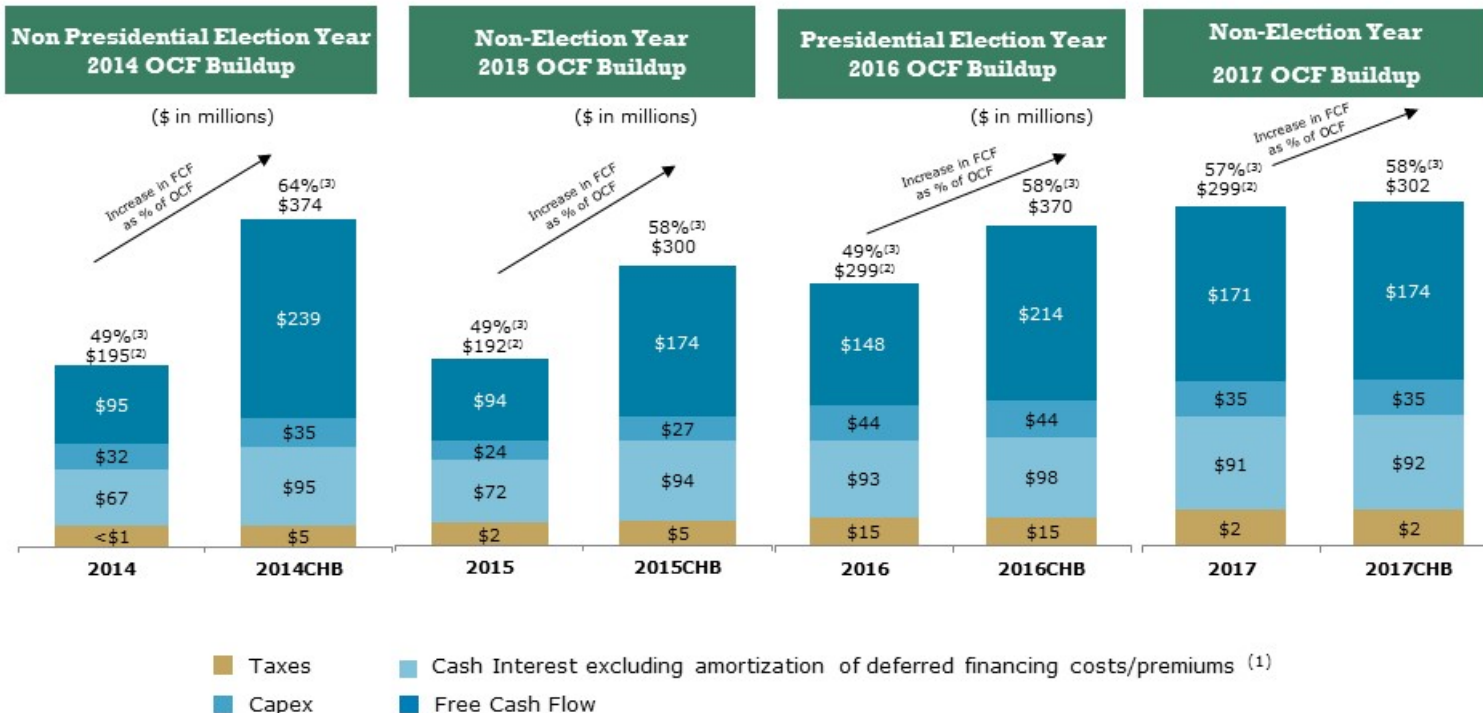
- Gray has significantly reduced secured and total leverage from historical levels
- Gray has diversified its revenue base, allowing for significant free cash flow in both political and non-political years

## Financial Leverage Netting All Cash (\$ in millions)



- (1) Secured debt netting all cash on hand as of the respective balance sheet date
- (2) Operating Cash Flow ("OCF") as defined in our senior credit facility and as used in our quarterly compliance certificates. This OCF amount includes adjustments for all transactions completed as of the respective balance sheet date
- (3) For 2011, Net Debt + Preferred Stock includes preferred stock and related accrued dividends at liquidation value
- (4) For 2014, Net Debt + Preferred Stock includes an undrawn \$10M Letter of Credit
- (5) Last eight quarter average OCF as calculated in the applicable quarterly compliance certificate

# Robust Free Cash Flow Generation and Conversion



(1) Interest expense estimated with incremental indebtedness and estimated cash interest relating to acquisition debt financing as if the acquisition debt financing had occurred on the first day of the period reported  
 (2) As reported OCF is equal to Broadcast Cash Flow less Cash Corporate Expenses plus Pension Expense less Pension Contributions  
 (3) FCF as a percentage of OCF

# Capitalization



## Combined Historical Basis<sup>(1)</sup>

(\$ in millions)

	As of December 31, 2017	Estimated Annual Cash Interest Expense	"L8QA" or "Last Eight Quarter Average" for the period ended December 31, 2017	
			Leverage	OCF
<b>Cash</b>	\$ 462			
Debt:				
Revolving Credit Facility – Availability is \$100 Million	\$ -			
Term Loan B due 2024 – Interest rate is LIBOR + 2.25%	\$ 635	\$24.1		
<b>Total Secured Debt</b>	\$ 635		1.9	
Senior Notes due 2024 <sup>(2)</sup> – interest rate is 5.125%	\$ 525	\$26.9		
Senior Notes due 2026 <sup>(2)</sup> – interest rate is 5.875%	\$ 700	\$41.1		
<b>Total Debt</b>	\$ 1,860	\$92.1	5.5	
Less: Cash	\$ (462)			
<b>Total Debt net of cash</b>	\$ 1,398		4.2	
Blended Average Interest Rate		5.0%		
Operating Cash Flow as defined in our Senior Credit Facility ("OCF")				\$336

(1) Combined Historical Basis includes transactions closed as of December 31, 2017.

(2) Debt related to senior notes is presented at face value.

# Glossary

<b>"Combined Historical Basis" or "CHB"</b>	<p>Combined Historical Basis reflects financial results that have been compiled by adding Gray's historical revenue and broadcast expenses to the historical revenue and broadcast expenses of the stations acquired in the Completed Transactions and subtracting the historical revenues and broadcast expenses of stations divested in the Completed Transactions as if they had been acquired or divested, respectively, on January 1, 2014 (the beginning of the earliest period presented).</p> <p>Combined Historical Basis financial information does not include any adjustments for other events attributable to the Completed Transactions except "Broadcast Cash Flow," "Broadcast Cash Flow Less Cash Corporate Expenses," "Operating Cash Flow," "Operating Cash Flow as Defined in the Senior Credit Agreement" and "Total Leverage Ratio, Net of All Cash" each give effect to expected synergies, and "Free Cash Flow" on a Combined Historical Basis gives effect to the financings and certain expected operating synergies related to the Completed Transactions. "Operating Cash Flow," "Operating Cash Flow as Defined in the Senior Credit Agreement" and "Total Leverage Ratio, Net of All Cash" on a Combined Historical Basis also reflect the add-back of legal and other professional fees incurred in completing acquisitions. Certain of the Combined Historical Basis financial information has been derived from, and adjusted based on, unaudited, unreviewed financial information prepared by other entities, which Gray cannot independently verify. We cannot assure you that such financial information would not be materially different if such information were audited or reviewed and no assurances can be provided as to the accuracy of such information, or that our actual results would not differ materially from the Combined Historical Basis financial information if the Completed Transactions had been completed at the stated date. In addition, the presentation of Combined Historical Basis, "Broadcast Cash Flow," "Broadcast Cash Flow Less Cash Corporate Expenses," "Operating Cash Flow," "Operating Cash Flow as Defined in the Senior Credit Agreement," "Total Leverage Ratio, Net of All Cash," "Free Cash Flow," and the adjustments to such information, including expected synergies resulting from such transactions, may not comply with GAAP or the requirements for pro forma financial information under Regulation S-X under the Securities Act.</p>
<b>"Completed Transactions"</b>	<p>All acquisitions or dispositions completed as of December 31, 2017.</p>
<b>"Gray" (Gray Television, Inc.)</b>	<p>A television broadcast company headquartered in Atlanta, Georgia, that owns and operates television stations and digital properties in markets throughout the United States</p>
<b>"Revenue"</b>	<p>Revenue is presented net of agency commissions.</p>



# Non-GAAP Terms

From time to time, Gray supplements its financial results prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") by disclosing the non-GAAP financial measures Broadcast Cash Flow, Broadcast Cash Flow Less Cash Corporate Expenses, Operating Cash Flow as defined in Gray's Senior Credit Agreement, Free Cash Flow and Total Leverage Ratio, Net of All Cash. These non-GAAP amounts are used by us to approximate the amount used to calculate key financial performance covenants contained in our debt agreements and are used with our GAAP data to evaluate our results and liquidity. These non-GAAP amounts may be provided on an As-Reported Basis as well as a Combined Historical Basis.

<b>"Broadcast Cash Flow" or "BCF"</b>	Net income plus loss from early extinguishment of debt, corporate and administrative expenses, broadcast non-cash stock based compensation, depreciation and amortization (including amortization of intangible assets and program broadcast rights), any loss on disposal of assets, any miscellaneous expense, interest expense, any income tax expense, non-cash 401(k) expense, less any gain on disposal of assets, any miscellaneous income, any income tax benefits, payments for program broadcast obligations and network compensation revenue
<b>"Broadcast Cash Flow Less Cash Corporate Expenses"</b>	Net income plus loss from early extinguishment of debt, non-cash stock based compensation, depreciation and amortization (including amortization of intangible assets and program broadcast rights), any loss on disposal of assets, any miscellaneous expense, interest expense, any income tax expense, non-cash 401(k) expense less any gain on disposal of assets, any miscellaneous income, any income tax benefits, payments for program broadcast obligations and network compensation revenue
<b>"Free Cash Flow" or "FCF"</b>	Net income plus loss from early extinguishment of debt, non-cash stock based compensation, depreciation and amortization (including amortization of intangible assets and program broadcast rights), any loss on disposal of assets, any miscellaneous expense, amortization of deferred financing costs, any income tax expense, non-cash 401(k) expense, pension expense less any gain on disposal of assets, any miscellaneous income, any income tax benefits, payments for program broadcast obligations, network compensation revenue, contributions to pension plans, amortization of original issue discount on our debt, capital expenditures (net of any insurance proceeds) and the payment of income taxes (net of any refunds received)
<b>"Operating Cash Flow" or "OCF"</b>	Defined in Gray's Senior Credit Agreement as net income plus loss from early extinguishment of debt, non-cash stock based compensation, depreciation and amortization (including amortization of intangible assets and program broadcast rights), any loss on disposal of assets, any miscellaneous expense, interest expense, any income tax expense, non-cash 401(k) expense and pension expense less any gain on disposal of assets, any miscellaneous income, any income tax benefits, payments for program broadcast obligations, network compensation revenue, and cash contributions to pension plans
<b>"Total Leverage Ratio, Net of All Cash"</b>	Total outstanding principal of our long-term debt and certain other obligations as defined in the Senior Credit Agreement less all cash divided by our average Operating Cash Flow as defined in the Senior Credit Agreement for the preceding eight quarters. This average is calculated by dividing the sum of our Operating Cash Flow as defined in the Senior Credit Agreement for the preceding eight quarters by two

*These non-GAAP terms are not defined in GAAP and our definitions may differ from, and therefore not be comparable to, similarly titled measures used by other companies, thereby limiting their usefulness. Such terms are used by management in addition to and in conjunction with results presented in accordance with GAAP and should be considered as supplements to, and not as substitutes for, net income and cash flows reported in accordance with GAAP.*



## Appendix: Non-GAAP Reconciliations

# Annual Year-Over-Year Results



## As Reported Basis

	As Reported Results Year Ended December 31				
	2017	2016	% Change 2017 to 2016	2015	% Change 2017 to 2015
	(dollars in thousands)				
Revenue:					
Total	\$ 882,728	\$ 812,465	9 %	\$ 597,356	48 %
Political	\$ 16,498	\$ 90,095	(82)%	\$ 17,163	(4)%
Operating expenses (1):					
Broadcast	\$ 557,116	\$ 475,131	17 %	\$ 374,182	49 %
Corporate and administrative	\$ 31,541	\$ 40,347	(22)%	\$ 34,343	(8)%
Net income	\$ 261,952	\$ 62,273	321 %	\$ 39,301	567 %
Non-GAAP Cash Flow (2):					
Broadcast Cash Flow	\$ 329,503	\$ 338,801	(3)%	\$ 224,484	47 %
Broadcast Cash Flow Less Cash Corporate Expenses	\$ 302,369	\$ 302,332	0 %	\$ 193,261	56 %
Free Cash Flow	\$ 171,005	\$ 148,126	15 %	\$ 93,984	82 %

(1) Excludes depreciation, amortization, and loss on disposal of assets

(2) See definition of non-GAAP terms in the Glossary and reconciliation of the non-GAAP amounts to net income included in this Appendix.

## Combined Historical Basis

	Combined Historical Basis Year Ended December 31				
	2017	2016	% Change 2017 to 2016	2015	% Change 2017 to 2015
	(dollars in thousands)				
Revenue:					
Total	\$ 895,081	\$ 946,001	(5)%	\$ 821,599	9 %
Political	\$ 16,539	\$ 117,538	(86)%	\$ 21,934	(25)%
Operating expenses (1):					
Broadcast	\$ 570,131	\$ 553,118	3 %	\$ 524,285	9 %
Corporate and administrative	\$ 31,541	\$ 40,347	(22)%	\$ 34,343	(8)%
Non-GAAP Cash Flow (2):					
Broadcast Cash Flow	\$ 331,874	\$ 400,877	(17)%	\$ 325,963	2 %
Broadcast Cash Flow Less Cash Corporate Expenses	\$ 304,740	\$ 364,408	(16)%	\$ 294,740	3 %
Operating Cash Flow as defined in the Senior Credit Facility	\$ 302,257	\$ 369,967	(18)%	\$ 300,014	1 %
Free Cash Flow	\$ 173,772	\$ 213,526	(19)%	\$ 173,748	0 %

(1) Excludes depreciation, amortization, and loss on disposal of assets

(2) See definition of non-GAAP terms in the Glossary and reconciliation of the non-GAAP amounts to net income included in this Appendix.

# Non-GAAP Reconciliation



## As Reported Basis

	As Reported Basis Year Ended December 31			
	2017	2016	2015	2014
	(dollars in thousands)			
Net income	\$ 261,952	\$ 62,273	\$ 39,301	\$ 48,061
Depreciation	51,973	45,923	36,712	30,248
Amortization of intangible assets	25,072	16,596	11,982	8,297
Non-cash stock-based compensation	8,304	5,101	4,020	5,012
Loss on disposal of assets, net	(74,200)	329	80	623
Miscellaneous (income) expense, net	(162)	(775)	(103)	(23)
Interest expense	95,259	97,236	74,411	68,913
Loss from early extinguishment of debt	2,851	31,987	-	5,086
Income tax (benefit), expense	(68,674)	43,418	26,448	31,736
Amortization of program broadcast rights	21,033	19,001	14,960	12,871
Common stock contributed to 401(k) plan excluding corporate 401(k) plan contributions	16	29	26	25
Network compensation revenue recognized	-	-	-	(456)
Payments for program broadcast rights	(21,055)	(18,786)	(14,576)	(15,087)
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	27,134	36,469	31,223	25,671
<b>Broadcast Cash Flow</b>	<b>329,503</b>	<b>338,801</b>	<b>224,484</b>	<b>220,977</b>
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(27,134)	(36,469)	(31,223)	(25,671)
<b>Broadcast Cash Flow Less Cash Corporate Expenses</b>	<b>302,369</b>	<b>302,332</b>	<b>193,261</b>	<b>195,306</b>
Pension expense	(495)	165	4,207	6,126
Contributions to pension plans	(3,124)	(3,048)	(5,421)	(6,770)
Interest expense	(95,259)	(97,236)	(74,411)	(68,913)
Amortization of deferred financing costs	4,624	4,884	3,194	2,970
Amortization of net original issue (premium) discount on senior notes	(610)	(779)	(863)	(863)
Purchase of property and equipment	(34,516)	(43,604)	(24,222)	(32,215)
Income taxes paid, net of refunds	(1,984)	(14,588)	(1,761)	(401)
<b>Free Cash Flow</b>	<b>\$171,005</b>	<b>\$148,126</b>	<b>\$93,984</b>	<b>\$95,240</b>

See definition of non-GAAP terms included in the Glossary

# Non-GAAP Reconciliation



## Combined Historical Basis

	Combined Historical Basis Year Ended December 31			
	2017	2016	2015	2014
	(dollars in thousands)			
Net income	\$ 260,133	\$ 105,523	\$ 65,202	\$ 130,807
Depreciation	52,710	51,829	52,056	49,781
Amortization of intangible assets	25,098	17,904	19,261	16,705
Non-cash stock-based compensation	8,304	5,101	4,020	5,012
(Gain) loss on disposal of assets, net	(74,250)	595	1,736	1,055
Miscellaneous (income) expense, net	(171)	119	5,729	8,603
Interest expense	95,999	102,354	96,597	97,289
Loss from early extinguishment of debt	2,851	31,987	-	5,086
Income tax expense	(68,960)	42,225	22,391	29,344
Amortization of program broadcast rights	21,296	21,349	21,799	21,918
Common stock contributed to 401(k) plan excluding corporate 401(k) plan contributions	16	29	26	25
Network compensation revenue recognized	-	-	-	(456)
Payments for program broadcast rights	(21,318)	(21,134)	(21,415)	(24,134)
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	27,134	36,469	31,223	25,671
Other	<u>3,032</u>	<u>6,527</u>	<u>27,338</u>	<u>27,392</u>
<b>Broadcast Cash Flow</b>	<b>331,847</b>	<b>400,877</b>	<b>325,963</b>	<b>394,098</b>
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(27,134)	(36,469)	(31,223)	(25,671)
<b>Broadcast Cash Flow Less Cash Corporate Expenses</b>	<b>304,740</b>	<b>364,408</b>	<b>294,740</b>	<b>368,427</b>
Pension expense	(495)	165	4,207	6,126
Contributions to pension plans	(3,124)	(3,048)	(5,421)	(6,770)
Other	<u>1,136</u>	<u>8,442</u>	<u>6,488</u>	<u>6,176</u>
<b>Operating Cash Flow as defined in the Senior Credit Agreement</b>	<b>302,257</b>	<b>369,967</b>	<b>300,014</b>	<b>373,959</b>
Interest expense	(95,999)	(102,354)	(96,597)	(97,289)
Amortization of deferred financing costs	4,624	4,884	3,194	3,546
Amortization of net original issue (premium) discount senior notes	(610)	(779)	(863)	(863)
Purchase of property and equipment	(34,516)	(43,604)	(27,000)	(35,000)
Income taxes paid, net of refunds	<u>(1,984)</u>	<u>(14,588)</u>	<u>(5,000)</u>	<u>(5,000)</u>
<b>Free Cash Flow</b>	<b>\$ 173,772</b>	<b>\$ 213,526</b>	<b>\$ 173,748</b>	<b>\$ 239,353</b>

See definition of non-GAAP terms included in the Glossary



# Non-GAAP Reconciliation



## Combined Historical Basis

	<u>Combined Historical Basis</u> <u>Eight Quarters Ended December 31, 2017</u> (dollars in thousands)
<b>Operating Cash Flow as defined in the Senior Credit Agreement:</b>	
Net income	\$ 365,656
Depreciation	104,539
Amortization of intangible assets	43,002
Non-cash stock-based compensation	13,405
(Gain) loss on disposal of assets, net	(73,655)
Miscellaneous income, net	(52)
Interest expense	198,353
Loss from early extinguishment of debt	34,838
Income tax benefit	(26,735)
Amortization of program broadcast rights	42,645
Common stock contributed to 401(k) plan excluding corporate 401(k) plan contributions	45
Payments for program broadcast rights	(42,452)
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	63,603
Other	<u>9,559</u>
<b>Broadcast Cash Flow</b>	<b>732,751</b>
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	<u>(63,603)</u>
<b>Broadcast Cash Flow Less Cash Corporate Expenses</b>	<b>669,148</b>
Pension expense	(330)
Contributions to pension plans	(6,172)
Other	<u>9,578</u>
<b>Operating Cash Flow as defined in the Senior Credit Agreement</b>	<b><u>672,224</u></b>
<b>Operating Cash Flow as defined in the Senior Credit Agreement, divided by two</b>	<b><u>336,112</u></b>
<b>Adjusted Total Indebtedness:</b>	<b><u>December 31, 2017</u></b>
Long term debt	\$ 1,837,427
Capital leases and other debt	739
Total deferred financing costs, net	27,993
Premium on debt, net	(5,187)
Cash	<u>(462,399)</u>
<b>Adjusted Total Indebtedness, Net of All Cash</b>	<b><u>\$ 1,398,573</u></b>
<b>Total Leverage Ratio, Net of All Cash</b>	<b>4.16</b>

See definition of non-GAAP terms included in the Glossary

