UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **January 11, 2016 (January 8, 2016)**

GRAY TELEVISION, INC.
(Exact name of registrant as specified in its charter)

Georgia	**1-13796**	**58-0285030**
(State of incorporation or organization)	(Commission File Number)	(IRS Employer Identification No.)

4370 Peachtree Road, NE, Atlanta, GA	**30319**
(Address of Principal Executive Offices)	(Zip Code)

Registrant’s telephone number, including area code: **(404) 504-9828**

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:

☐ 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))

Item 7.01. Regulation FD Disclosure

Beginning on January 12, 2016, Gray Television, Inc. ("Gray" or the "Company") intends to meet with and make presentations to prospective lenders in connection with a proposed senior credit facility refinancing, the proceeds of which are expected to be used to refinance the Company's outstanding indebtedness under its existing senior credit facility and to complete certain of the Company's pending acquisitions, including the previously disclosed and pending acquisition of all of the television and radio broadcast stations owned by Schurz Communications, Inc. (including its consolidated entities, "Schurz"). These presentations are expected to include certain strategic business and financial information relating to the Company's historical and expected results of operations and financial condition (after giving effect to various completed and pending acquisitions).

A copy of the slides to be used in connection with such meetings and presentations is furnished as Exhibit 99.1 hereto and incorporated herein by this reference.

The Company is also furnishing herewith the following historical combined financial statements of the broadcast operations of Schurz (which combined financial statements include financial information and results of operations of the Schurz television and radio stations that Gray has agreed to sell or divest and that will not be retained by Gray):

- Condensed combined balance sheets (unaudited) as of September 30, 2015 and December 31, 2014, condensed combined statements of income (loss) (unaudited) for the nine months ended September 30, 2015 and 2014, and condensed combined statements of cash flows (unaudited) for the nine months ended September 30, 2015 and 2014, and the Schurz Communications, Inc. independent auditors' review report;

- Audited combined financial statements as of and for the year ended December 31, 2014 and independent auditors' report.

The foregoing combined financial statements of the broadcast operations of Schurz are attached hereto as Exhibits 99.2 and 99.3, respectively, and are incorporated herein by this 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 shall be expressly set forth by specific reference in such filing.

Item 8.01 – Other Events

On January 8, 2016, Gray filed its application to participate in the FCC Broadcast Incentive Auction. Gray intends to bid to surrender in the auction the license of WAGT(TV) in Augusta, Georgia, that it has proposed to acquire from Schurz. Other than WAGT(TV), Gray does not anticipate significant involvement in the auction at this time. Nevertheless, Gray will closely monitor the auction once it commences in late March 2016 and adjust its strategy as circumstances warrant.

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits*

Number	Exhibit
99.1	Prospective lender meeting slides
99.2	The broadcast operations of Schurz Communications, Inc. condensed combined balance sheets (unaudited) as of September 30, 2015 and December 31, 2014, condensed combined statements of income (loss) (unaudited) for the nine months ended September 30, 2015 and 2014, and condensed combined statements of cash flows (unaudited) for the nine months ended September 30, 2015 and 2014, and the Schurz Communications, Inc. independent auditors' review report
99.3	The broadcast operations of Schurz Communications, Inc. audited combined financial statements as of and for the year ended December 31, 2014 and independent auditors' report

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: January 11, 2016

By: /s/ James C. Ryan
Name: James C. Ryan
Title: Chief Financial Officer and Senior Vice President

exhibit list

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Exhibit 99.1

gray

Television • Digital • Mobile

Gray Television, Inc. Lender Presentation

NYSE:GTN

Schurz Financing Transaction – January 2016

Disclaimer

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 "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 Gray's ability to maintain relationships with cable operators, satellite providers and other key commercial partners of any acquired business, the ability to retain key employees of any acquired business, the ability to successfully integrate the acquired business into its operations, and the ability to realize the expected benefits and synergies from the acquisition, including the expected accretion in earnings. 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. 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, or for changes made to this presentation by wire services, Internet service providers or other media, whether as a result of new information, future events or otherwise.

See the appendix 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, and free cash flow are contained in the appendix.

Company Overview
An Industry Leading Power

Transaction Overview

- On September 14, 2015, Gray TV ("Gray" or the "Company") announced that it had reached an agreement to acquire all of the television and radio assets of Schurz Communications, Inc. ("Schurz") for $442.5 million, inclusive of working capital
  - The purchase price represents a multiple of ~7.1x blended '15E/'16E pro forma BCF
  - The transaction is expected to be immediately accretive to free cash flow

- Gray plans to finance the transaction with cash on hand and a $400 million Incremental Term Loan B
  - Net leverage at closing expected to be approximately 5.5x L8QA OCF, and the Company expects considerable de-levering in 2016 through strong free cash flow generation

- Gray expects the transaction to close on February 1, 2016; on December 22, 2015, Gray announced it had received DOJ approval. The Company is now awaiting FCC approval

Acquisition Rationale

Reinforces Gray's Market Leadership

- Demonstrates Gray's commitment to acquire high-quality stations in attractive markets
- Gray will own the #1 ranked station in 40/50 markets, and the #1 or #2 ranked stations in 49/50 markets
- Provides Gray with the top-rated and highest grossing television stations in six additional markets

Aligns with Gray's Market and Station Focus

- Increases Gray's scale, quality portfolio diversification, and exposure to key political markets
- Schurz's market DMAs range from 65 to 172, which align with Gray's market DMAs ranging from 62 to 209

Enhances Scale & Diversification

- Expands Gray's operations to 50 television markets, 28 states and 9.4% U.S. TVHH reach
- Provides Gray with the top-rated and highest grossing television stations in six additional markets, pro forma for the announced station swaps
- Eight additional Big-Four affiliates

Highly Accretive Acquisition

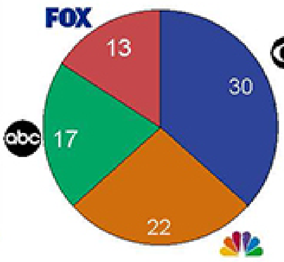
- Gray expects the transaction to be immediately accretive to free cash flow
- Including expected synergies, the transaction purchase price represents a multiple of ~7.1x blended 2015E / 2016E pro forma broadcast cash flow

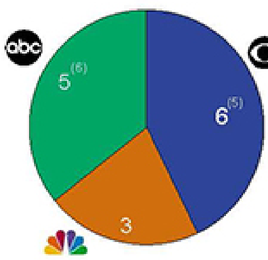
Note: To facilitate regulatory approval, Gray has either announced agreements for or completed a number of transactions detailed in the appendix

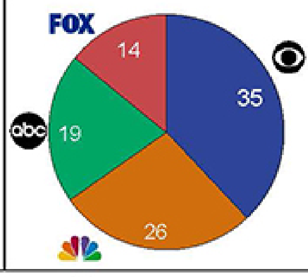
Acquisition Snapshot

($ in Millions)	Gray TV	Schurz	Pro Forma – All announced transactions
Financial Profile			
2014 Net Revenue	$621	$154 [2]	$746
2014 Broadcast Cash Flow	$277	$64 [2,3]	$337
2014 Operating Cash Flow [1]	$257	$64 [2,3]	$317
Scale			
Stations	77	11	88
Markets	46	7	50
TV Household Reach	9.6 million (8.5%)	2.1 million (1.9%)	10.7 million (9.4%)
Asset Quality			
#1 / #2 Markets	43	6	49
2012 Net Political Revenue	$120	$22	$143
2014 Net Political Revenue	$94	$26	$118
2014 Gross Retransmission Revenue	$91	$18 [4]	$106

Big 4 Network Affiliated Channels



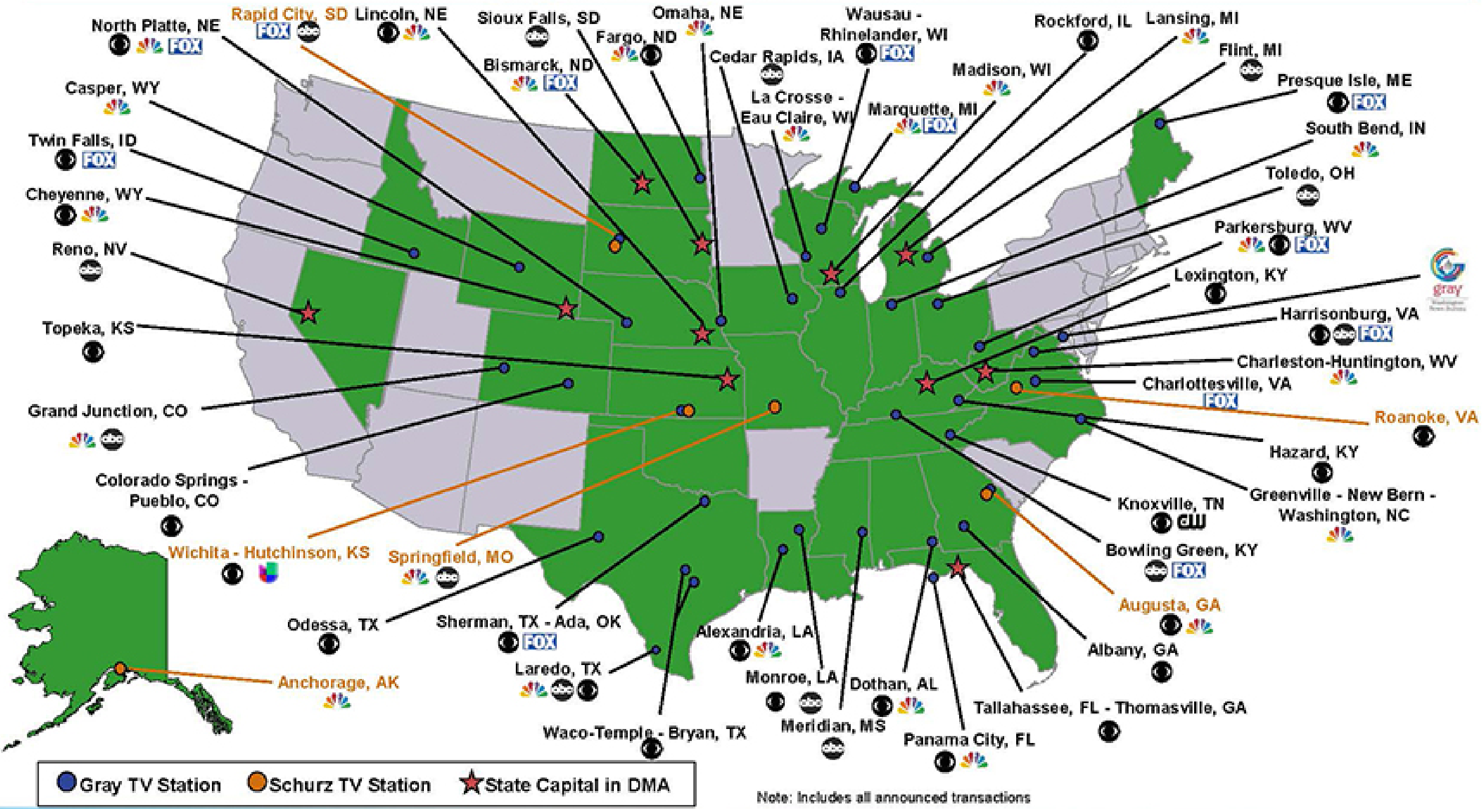




Source: Company management and filings and BIA Investing in Television Market Report
Note: Standalone metrics fully pro forma for all acquisitions previously announced and closed
(1) OCF as defined in the existing Senior Secured Facilities Credit Agreement
(2) Including the KOTA stub period before Schurz acquired KOTA and Schurz Radio Group
(3) Including operating synergies and excluding Schurz corporate expense
(4) Based on status quo Schurz retransmission rates
(5) Includes WSBT-TV and three KWCH-TV satellite stations
(6) Includes three KOTA-TV satellite stations

Gray Pro Forma National Footprint

Ranked #1 or #2 in 49 of 50 Markets
Reaching approximately 9.4% of US TV households



Note: Includes all announced transactions

Overview of #1 Television Stations to be Acquired

DMA Rank	Market	Station	Affiliate Primary	Affiliate Secondary	2014 BIA Revenue Rank	2014 BIA Revenue Share
65	Wichita - Hutchinson, KS	KWCH		Weather+	1	33%
		KSCW	CW	DECADES	5	4%
		KDCU[1]	univision	-	7	2%
67	Roanoke-Lynchburg, VA	WDBJ		myTV DECADES	1	34%
75	Springfield, MO	KY3	NBC	Weather+ COZI	1	44%
		KSPR[2]	abc		3	11%
		KCZ	CW	-	6	5%
147	Anchorage, AK	KTUU	NBC	JUSTICE	1	41%
		KYES[3]	myTV	-		4%
172	Rapid City, SD	KOTA	abc	-	1	39%
180	Marquette, MI-pending purchase from Sinclair In exchange for Schurz's WSBT, South Bend, IN	WLUC[4]	NBC	FOX	1	51%

Source: Company management and BIA Investing in Television Market Report 3rd Edition

(1) Owned by Entravision, sold by KWCH pursuant to a joint sales agreement

(2) Owned by Perkin Media and operated via shared services agreement

(3) To be acquired from a third party in a transaction separate from the Schurz acquisition

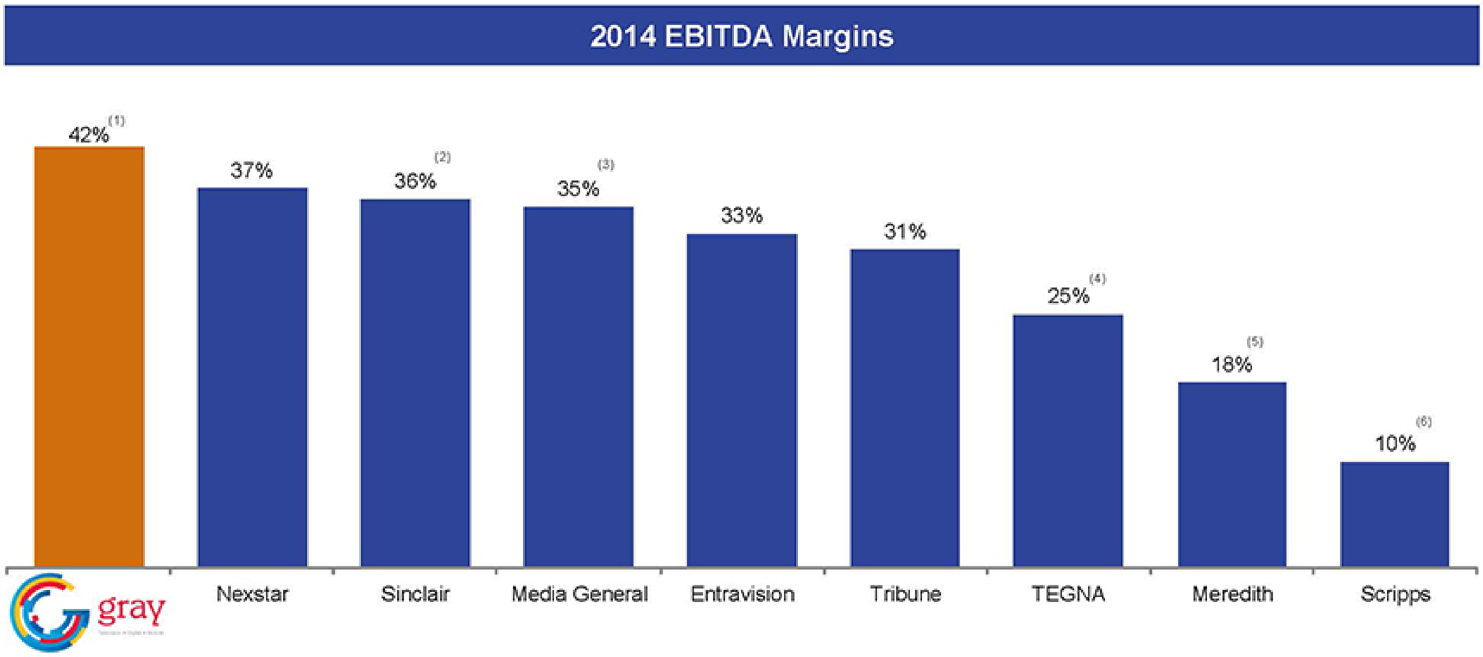
(4) Sale/Purchase transaction closing to be concurrent with Schurz acquisition closing

Overview of Other Television Stations to be acquired:

DMA Rank	Market	Station	Affiliate Primary	Affiliate Secondary	2014 BIA Revenue Rank	2014 BIA Revenue Share
62	Knoxville, TN Purchasing from Lockwood in exchange for KAKE in Wichita, KS. Gray also owns WVLT, the CBS affiliate in Knoxville. These transactions are expected to close on or before the Schurz closing in Q1 2016.	WBXX	CW		5	6%
112	Augusta, GA Gray also owns WRDW the CBS affiliate in Augusta	WAGT	NBC	CW	4	7%

Source: Company management and BIA Investing in Television Market Report 3rd Edition

Gray Leads Industry In Operating Margins



Source: Company filings, Investor presentations
Note: Based on "as-reported" financials for all companies except Gray and Media General, which are reported on a "combined historical" basis
(1) Based on 2014 Pro Forma for all completed and pending transactions Operating Cash Flow
(2) Based on Non-GAAP reconciliation available on Sinclair Broadcasting's website
(3) Media General pro forma for LIN, including $16 million in Young synergies and $35 million in LIN run rate synergies; Reported in Media General's Investor Presentation dated 3/12/2015
(4) Based on consolidated revenue and EBITDA
(5) Based on consolidated revenue and EBITDA and calendar year ended 12/31/14; Fiscal year ends 6/30
(6) Based on consolidated revenue and EBITDA; Calculated as segment profits less corporate and pension plan expense; Reported in Scripps' 2014 10-K

Significant Scale Poised for Long-Term Success

	Net Revenue	BCF	OCF	FCF
2014 PF (in millions)	$746	$337	$317	$189

181 program streams

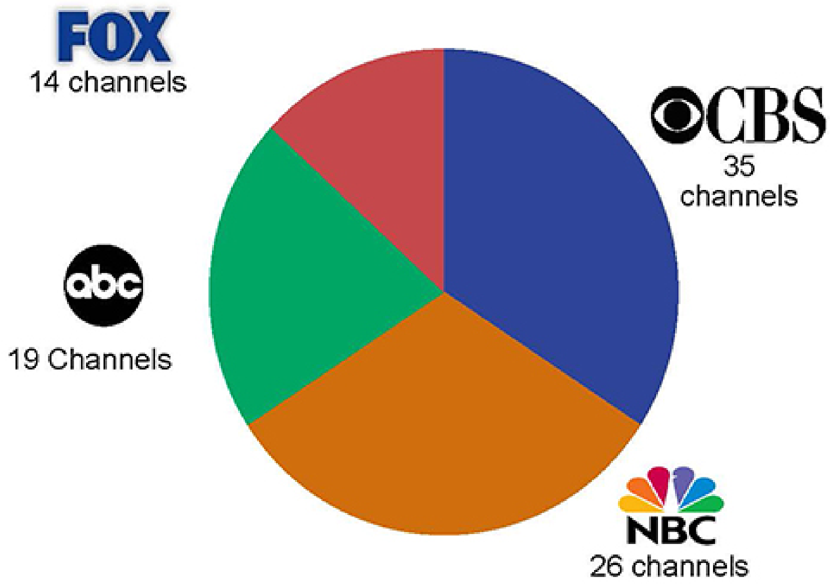
94 "Big 4" network affiliations

93 stations

50 markets

18 markets with two "Big 4" network affiliations

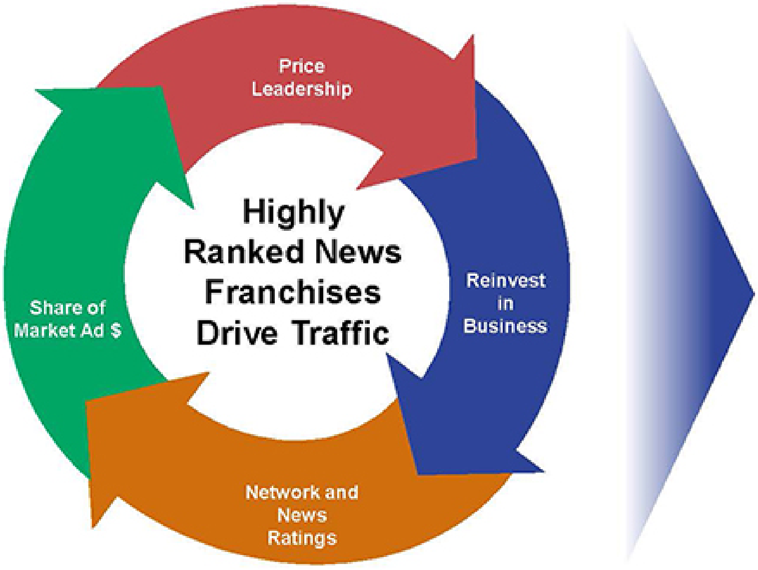
5 markets with three "Big 4" network affiliations



Note: Pro Forma – All completed and pending transactions

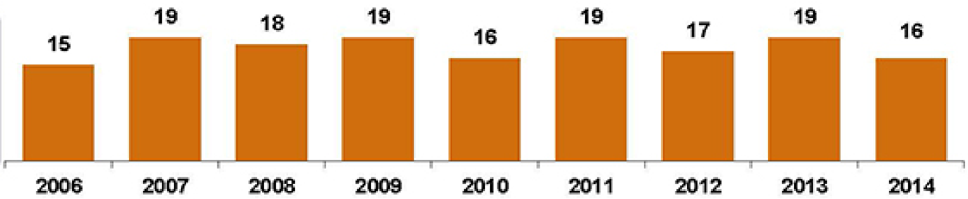
Gray Leads the Industry with the Highest Quality Portfolio of Local Television Stations

The Importance of Being #1

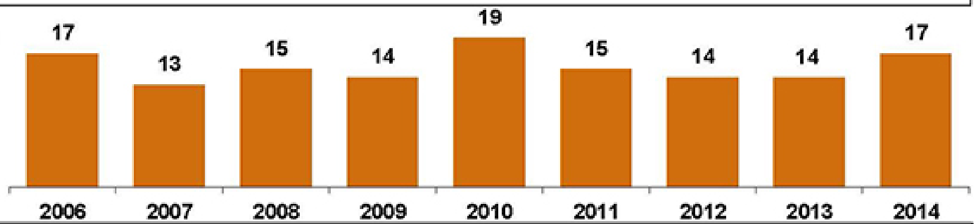


- Dominate local and political revenue with highly-rated news platforms
- #1 Stations can secure more than half of a market's political ad buys
- Greater purchasing power and leverage with MVPDs, programmers, and other vendors
- Deliver higher margins
- Maximize free cash flow
- Exploit best practices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

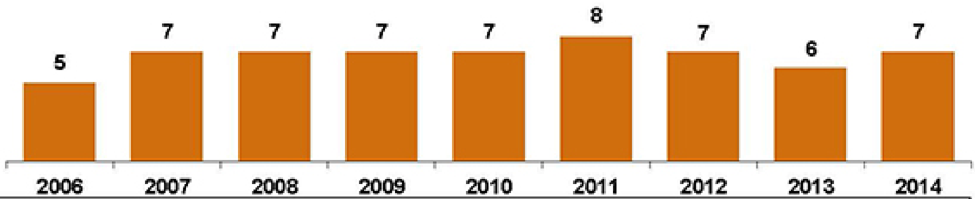
Long History of Being #1 in the Market[1]



CBS National Ranking	1	1	2	1	1	1	1	1	1



NBC National Ranking	3	3	4	4	4	4	4	3	3



ABC National Ranking	2	2	2	3	2	2	2	2	2

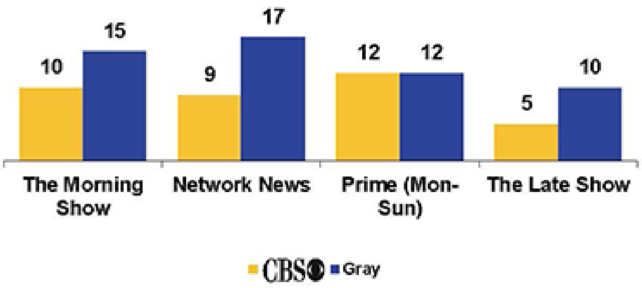
Source: Nielsen Media Research

(1) Pro Forma – All completed and pending transactions

Gray's Stations Over-Index Every Major Network[1]

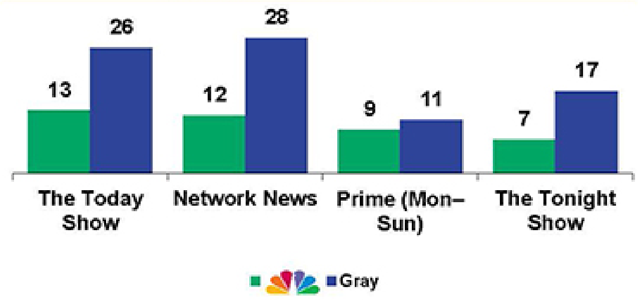
gray

CBS vs. Gray
November '14 Household Share

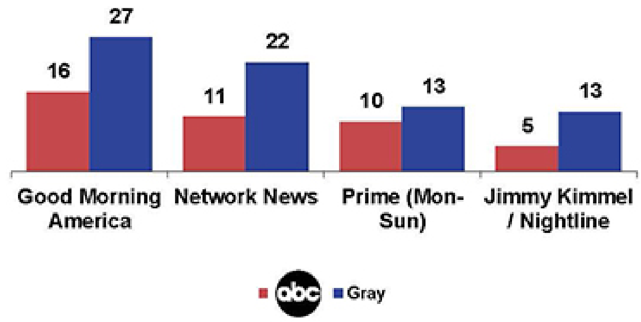


CBS, NBC, and ABC perform *far better* on Gray's stations than national averages across all key day-parts

NBC vs. Gray
November '14 Household Share



ABC vs. Gray
November '14 Household Share



Source: Nielsen Media Research, November 2014

(1) Pro Forma – All completed and pending transactions

Gray Dominates Local News and Information(1)

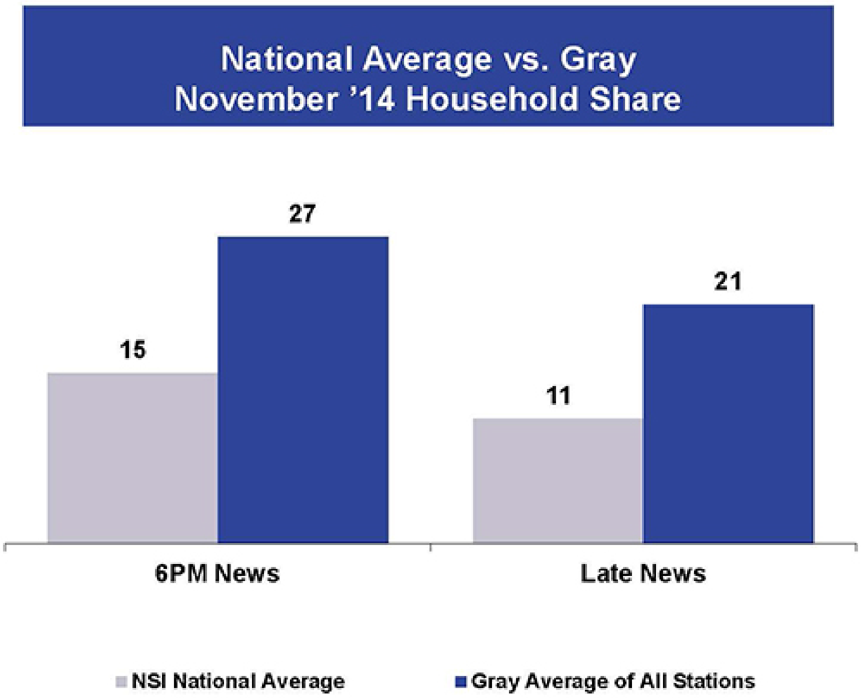
+91%

Amount by which Gray's late local newscasts **outperform** the national average…

+80%

Amount by which Gray's 6PM newscasts **outperform** the national average…

Gray's national Household Share average exceeds all major affiliate news programs

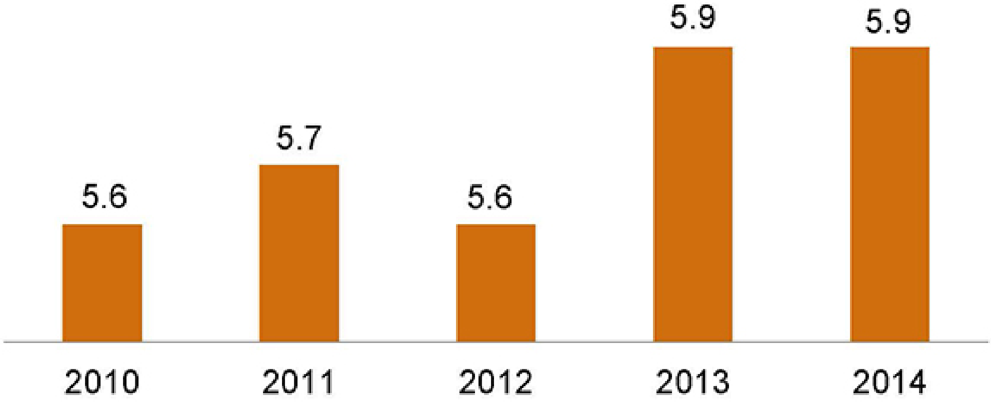


Source: Nielsen Media Research, November 2014
Note: Pro Forma – All completed and pending transactions

Gray Has Long-Term Ratings GROWTH

November DMA Rating – All Viewing(1)

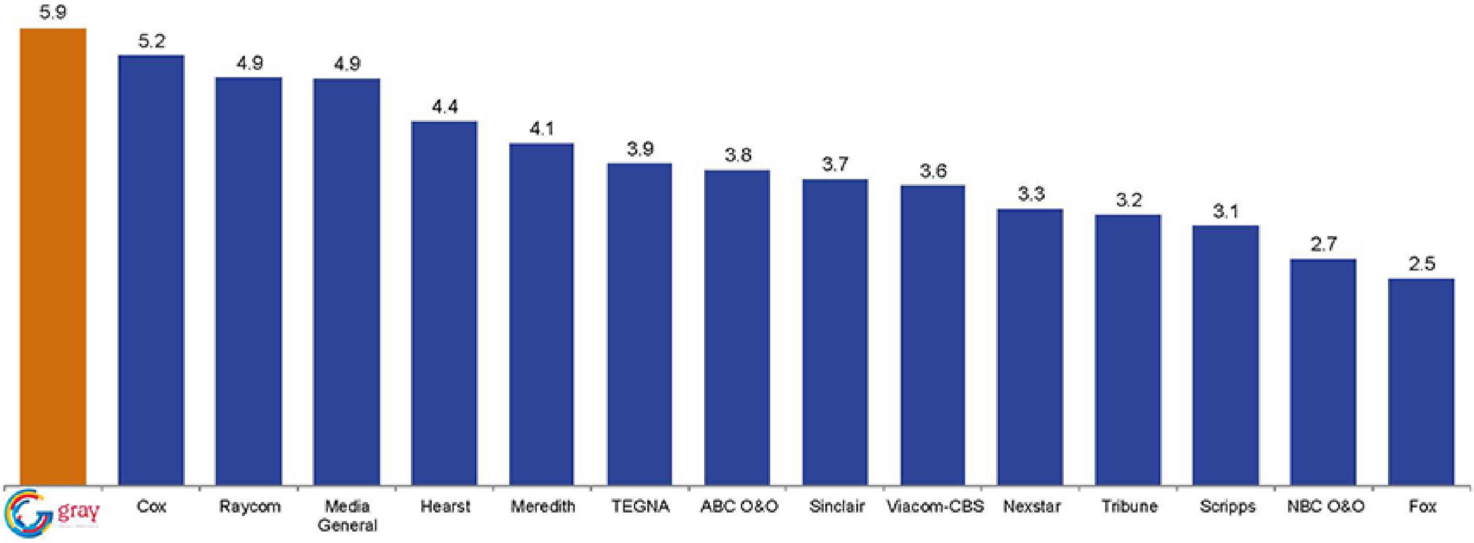
5% Ratings Growth Since 2010



(1) Nielsen November DMA Average Rating in DMA TV HH Monday-Sunday 6:00am to 2:00am
Note: Pro forma for all completed and pending transactions

Gray Leads the Industry in Household Ratings

Household Rating Analysis – November 2014(1)



(1) Nielsen November DMA Average Rating in DMA TV HH Monday-Sunday 6:00am to 2:00am
Note: Pro forma for all completed and pending transactions

Gray Big-4 Affiliation Renewals

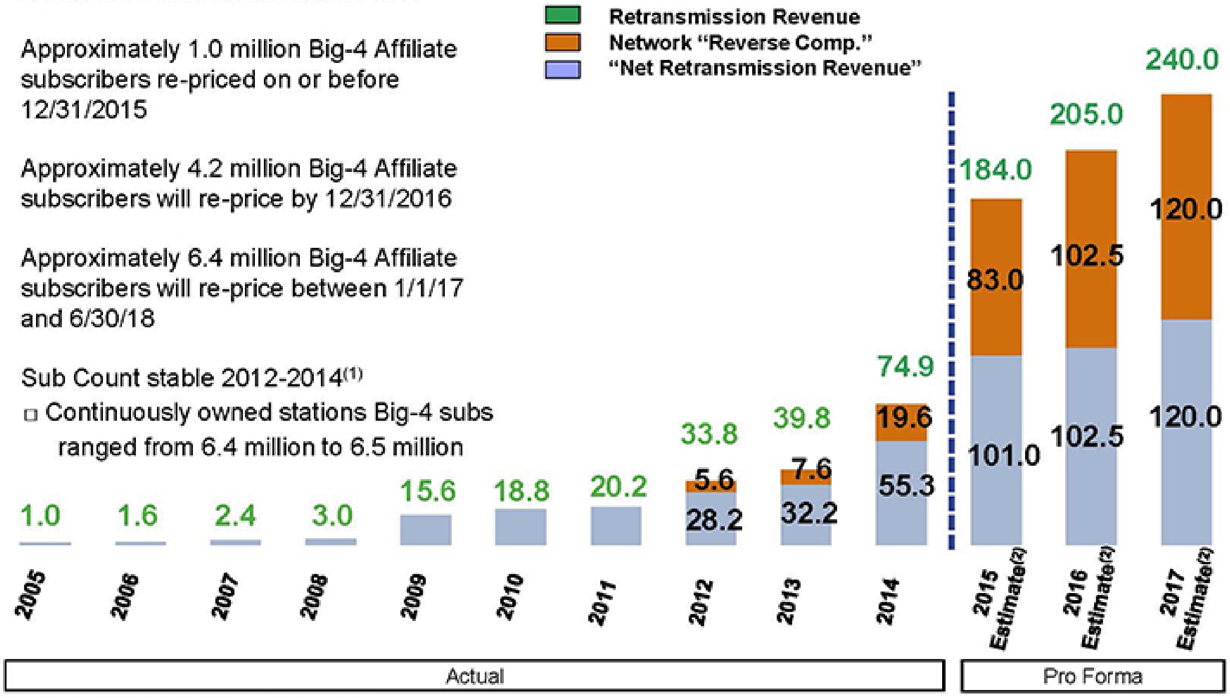
TOTAL YEAR	ABC 19	CBS 35	FOX 14	NBC 26
2016	1 @ 1/15/16[1]			
2017	3 @ 12/31/17	5 @ 9/30/17		
2018	14 @12/31/18			26 @ 12/31/18
2019	1 @ 12/31/19	30 @ 8/31/19	14 @ 6/30/19	

(1) Renewal negotiations in process
Note: Pro forma for all completed and pending transactions

Gray Excels at Retrans

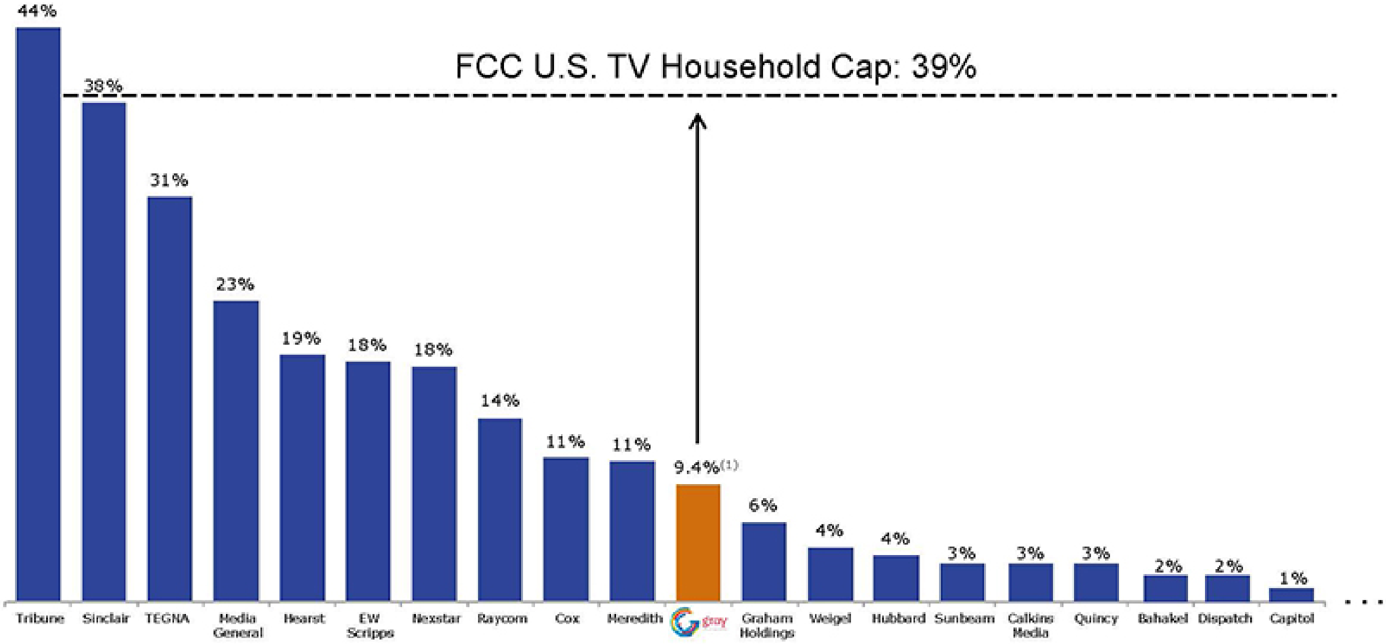
Gray Retransmission Revenue in Millions

- Approximately 11.6 million Big-4 Affiliate subscribers total across all markets
- Approximately 1.0 million Big-4 Affiliate subscribers re-priced on or before 12/31/2015
- Approximately 4.2 million Big-4 Affiliate subscribers will re-price by 12/31/2016
- Approximately 6.4 million Big-4 Affiliate subscribers will re-price between 1/1/17 and 6/30/18
- Sub Count stable 2012-2014(1)
  - Continuously owned stations Big-4 subs ranged from 6.4 million to 6.5 million



(1) Gray data for stations continuously owned 2012-2014
(2) Per current Company estimate PF. 2016 & 2017 assume Network Affiliation fees (a.k.a. "Network Reverse Compensation") equal to 50% of retransmission revenue. Actual results may vary from current estimates.

Significant Opportunity for Continued M&A



(1) Reflects all completed transactions as well as all announced and pending transactions.
Source: Company filings, BIA, company websites
Note: Excludes Big Four networks and Univision

Credit Highlights

Key Credit Highlights

A Leading Television Broadcaster in Diverse Mid-Markets with Dominant Market Positions

Stable Advertising Market and Diversification of Revenue Mix

Large Political Upside in Election Years with Presence in Key States. Larger Political Upside in Presidential Election Years

Strong Growth in Net Retransmission Revenue and Increasing Leverage With MVPDS and Networks

Successful New Media Initiatives and Spectrum Upside

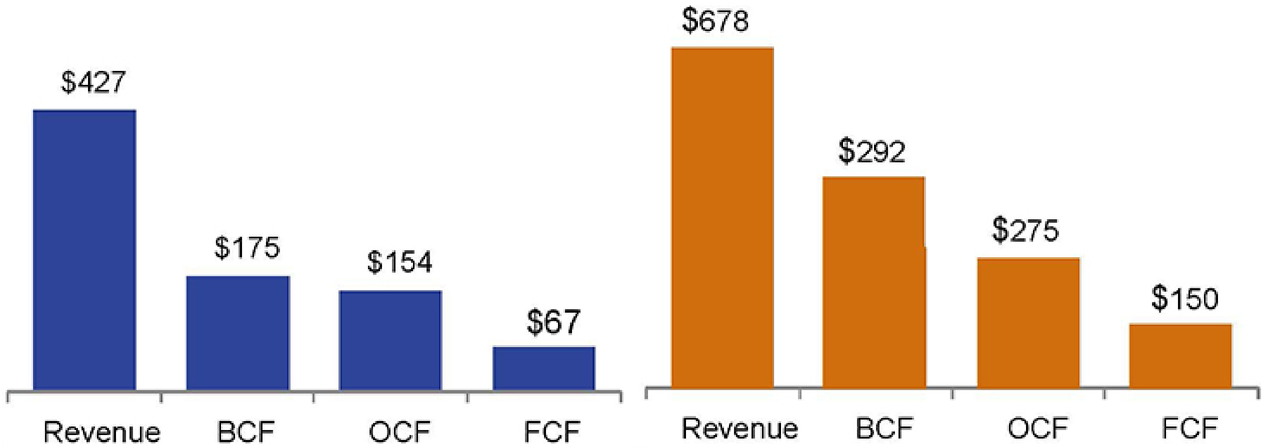
Robust Free Cash Flow Generation Over a Two Year Cycle

Experienced Management with a Track Record of Accretive Transactions and Successful Integrations

Acquisitions Announced and Closed in 2013, 2014 and 2015 Significantly Increased Scale and Margins

Summary Financial Metrics
'13A/'14A Blended 2-Year Averages
In Millions

As Reported	Pro Forma



% Margin	41%	36%	44%(1)	% Margin	43%	41%	55%(1)

(1) % of OCF

Diversification Across Networks and Markets

Station Mix

181 Total Program Streams:

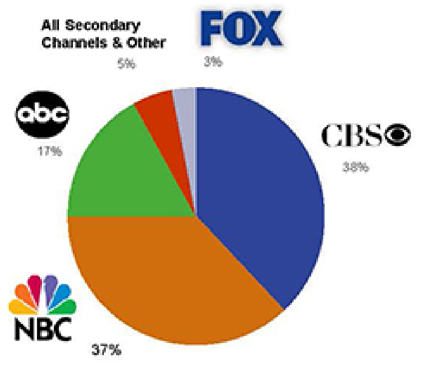
94 Big 4 Affiliates:

- 35 CBS
- 26 NBC
- 19 ABC
- 14 FOX

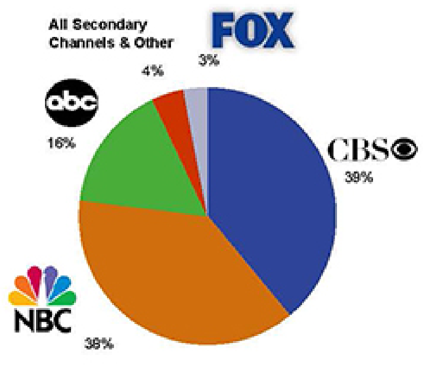
98 Additional Program Streams:(2)

- 21 CW
- 2 Telemundo
- 22 MyNetwork TV
- 20 MeTV Network
- 9 Antenna TV
- 2 This TV Network
- 2 MOVIES! Network
- 2 Decades
- 12 Local News/Weather
- 6 Other

2014PF Revenue by Affiliate: $746mm (1)



2014PF BCF by Affiliate: $337mm (1), (3)



No single market represents >10% of total revenue or BCF

(1) Pro Forma
(2) Certain program channels are affiliated with more than one additional network simultaneously
(3) Excludes corporate expenses

Stable Markets – Concentration on DMAs 62-209 with Focus on State Capitals / Collegiate Presence

- Gray stations cover 11 state capitals and 27 university towns
- Enrollment of approximately 634,000 students
- Better demographics, more stable economies

Market	College(s)	Approximate Enrollment
Waco, TX		75
Topeka, KS		53
Lansing, MI		50
Cedar Rapids, IA		45
Tallahassee, FL		43
Madison, WI		43
Lexington, KY		30
Knoxville, TN		27
Lincoln, NE		25
Greenville, NC		22
Toledo, OH		21
Charlottesville, VA		21
Bowling Green, KY		21

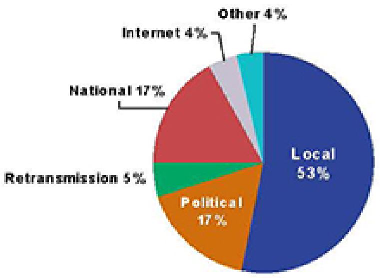
Market	College(s)	Approximate Enrollment
Reno, NV		20
Harrisonburg, VA		20
Anchorage, AK		17
Wichita, KS		15
Sioux Falls, SD		13
Cheyenne, WY		11
Charleston-Huntington, WV		10
Monroe, LA		9
Flint, MI		9
Colorado Springs, CO		9
South Bend, IN		8
Twin Falls, ID		8
Odessa, TX		5
Bismarck, ND		4

Source: College/University website
Note: Shading indicates DMA includes state capital. Enrollment in thousands.
Note: Pro forma for all completed and pending transactions

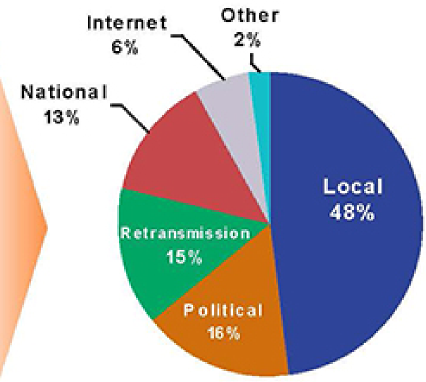
Revenue Mix Continues to Diversify

- Growth in net revenue, driven by increases in core revenue, political, retransmission and internet revenues
- Revenue mix continues to diversify from traditional ad-based sources to new media – internet and subscriber driven – and retransmission revenue
- Diversification lowers overall revenue volatility

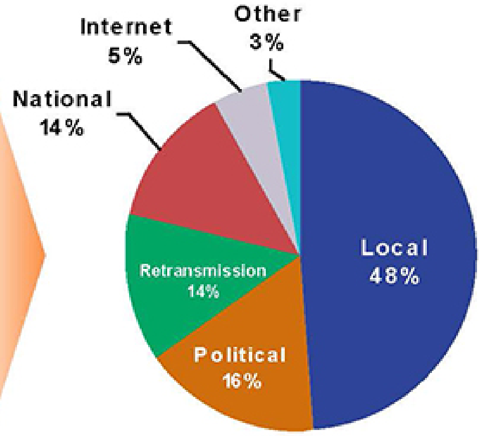
2010A Net Revenue Mix: $346mm (1)



2014A Net Revenue Mix: $508mm (1)

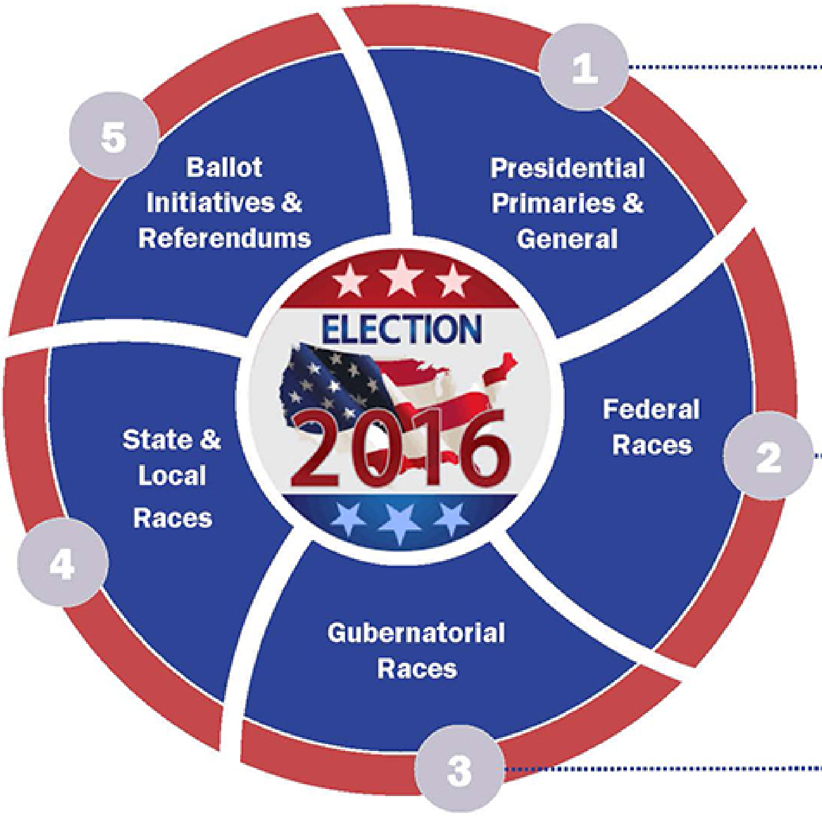


2014PF Net Revenue Mix: $746mm (2)



(1) 2010A and 2014A reflect Gray actual data per Company
(2) 2014 Pro Forma – All completed and pending transactions

November 8, 2016 Elections



Open Presidential Contest
Gray Markets in 6 out of 7 Predicted 2016 Swing States

34 Senate Races
9 Competitive Races in Gray Markets (CO, FL, GA, IL, IN, NV, NC, OH, WI)

535 House Races
7 Competitive Races in Gray Markets (FL, IN, MI, MN, NE, NV)

10 Gubernatorial Races

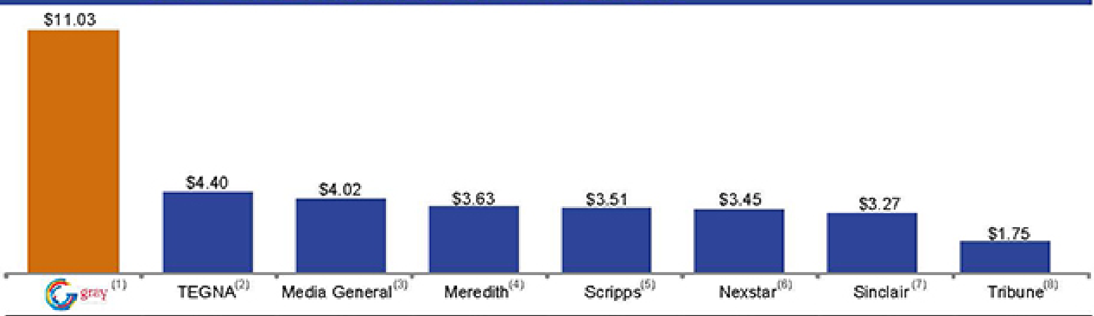
3 Competitive Races in Gray Markets (IN, NC, WV)

Source: Politico.com, CenterForPolitics.org

Gray is a Leading Beneficiary of Political Revenue with Large Upside in Presidential Years

Gray Political Revenue in Millions

2014 Political Revenue Per TV Household



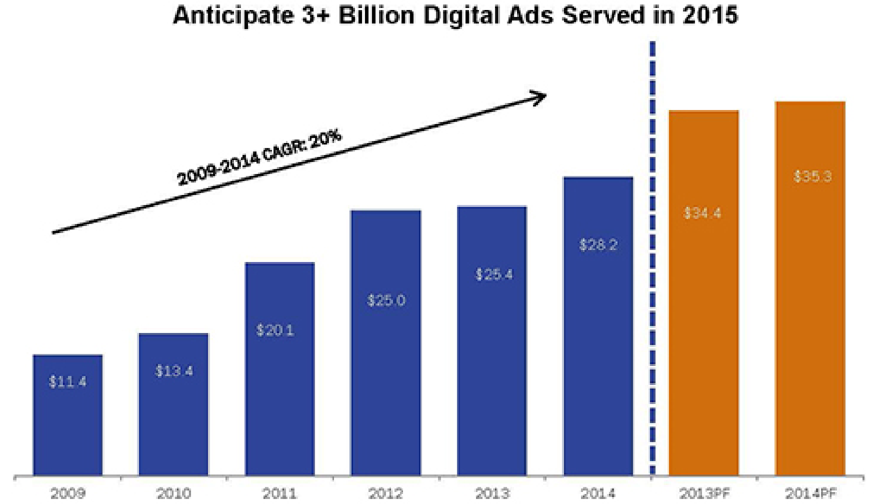
	Gray[1]	TEGNA[2]	Media General[3]	Meredith[4]	Scripps[5]	Nexstar[6]	Sinclair[7]	Tribune[8]
2014 Political Revenue ($mm)	$118	$160	$111	$46	$76	$56	$147	$90
2014 TV Households (mm)	10.7	36.4	27.6	12.7	21.6	16.2	45.0	51.7

Source: Company filings, Investor presentations, BIA data
(1) Pro Forma - All completed and pending transactions
(2) Pro Forma for Belo and London transactions
(3) Media General pro forma for LIN; Reported in Media General's Investor Presentation dated 3/12/2015
(4) Based on Calendar year ending 12/31/14; Fiscal year ends 6/30
(5) Scripps pro forma for Journal; Reported in Scripps' and Journal's 2014 10-Ks
(6) Political revenue on gross "as reported basis" net of implied % agency commission; TV Households incorporate closed acquisitions only; Reported in Nexstar's 2014 10-K
(7) On a Pro Forma basis; Reported in Sinclair's March 2015 Investor Presentation
(8) As reported in Tribune Media Company's 2014 Earnings Presentation and Earnings Call

Successful Digital Media Initiatives

- Operates web and mobile applications in all markets
  - Approximately 80% of all traffic is mobile
- Focused on local content: news, weather, sports
  - Estimating 2 Billion page views in 2015
  - Estimating 3.5 million live video streams in 2015
- All sites use responsive design
- Social Media
  - 100 TV Station Social Media Accounts – approximately 4.3 million followers
  - Over 1,000 Social Media Accounts including TV Station news/weather/ sports staff
- "Moms Everyday" digital vertical; deployed in each Gray market and continues to expand to other markets
- Full service digital solutions

Gray Digital Media Revenue in Millions



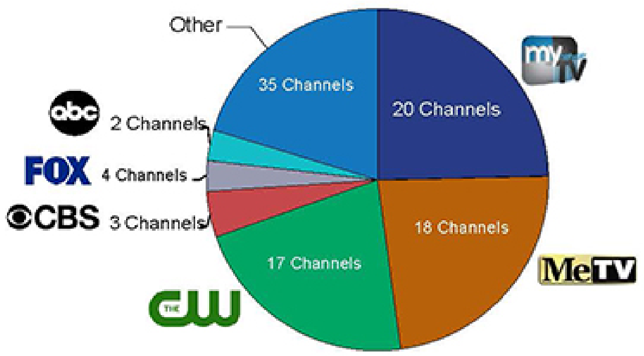
% of Total Revenue	4.2%	3.9%	6.5%	6.2%	7.3%	5.6%	5.7%	4.8%

50% plus margin on digital revenue

Significant Potential Upside from Spectrum Monetization Opportunities

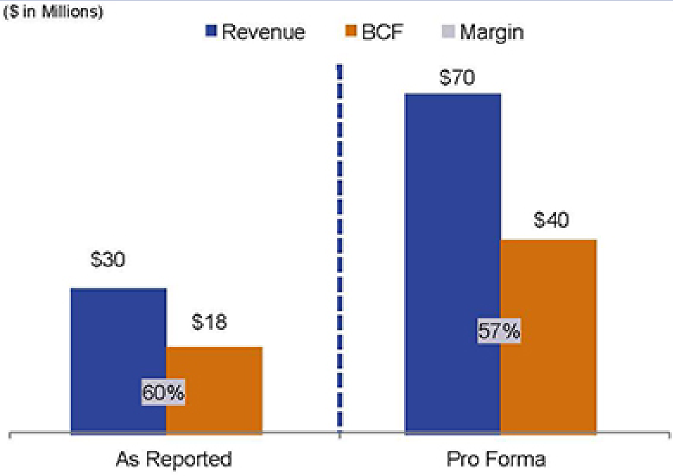
- One of first broadcasters to monetize digital spectrum
- 99 secondary channels of programming today
- Opportunities to benefit from the 2016 FCC Broadcast Incentive Auction
- Potential opportunities from future changes to new broadcast technical standard

Growing Secondary (D2) Channels (1)



Secondary Channel 2014 Financials

($ in Millions)

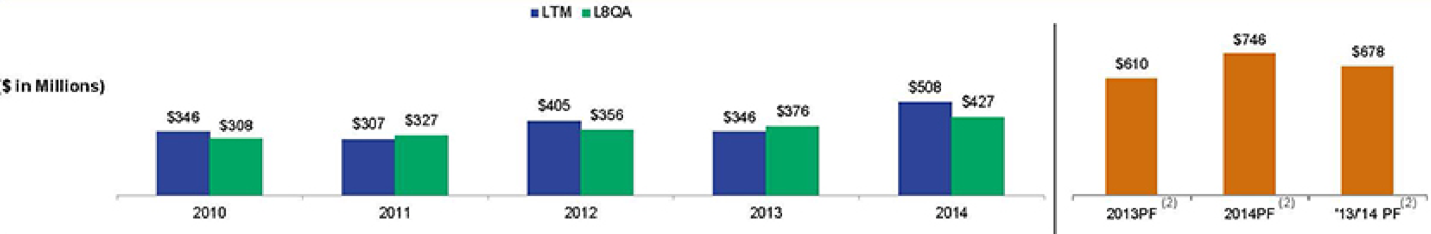


(1) Certain program channels are affiliated with more than one additional network simultaneously

Financial Overview

Gray's Financial Scale Continues to Increase

Net Revenue (1)



	2010	2011	2012	2013	2014	2013PF	2014PF	'13/'14 PF
L8QA Growth	3%	6%	9%	5%	14%	--	--	--
LTM 2-Yr. Growth	6%	14%	17%	13%	25%	--	--	--

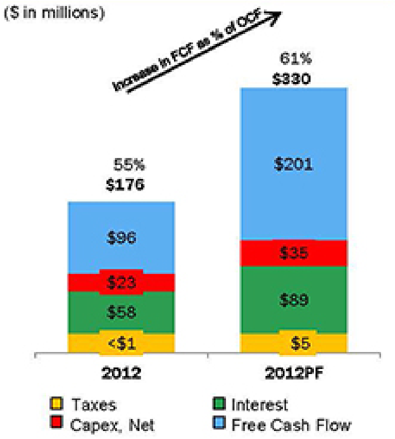
Operating Cash Flow (1)

	2010	2011	2012	2013	2014	2013PF	2014PF	'13/'14 PF
L8QA Margin	34%	36%	38%	38%	36%	--	--	--
LTM Margin	39%	32%	43%	33%	38%	38%	42%	41%

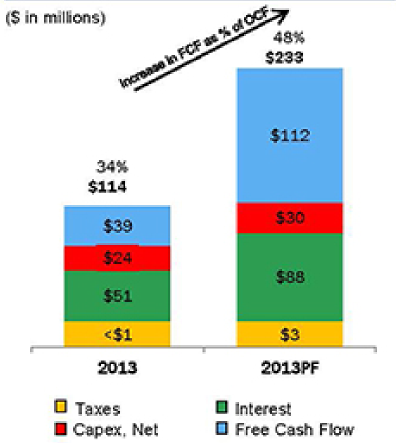
(1) Gray actual data per Company
(2) Includes all announced transactions and expected synergies

Robust Free Cash Flow Generation

Presidential Election Year 2012 OCF Buildup (1), (2)



Non Election Year 2013 OCF Buildup (1), (2)



Non Presidential Election Year 2014 OCF Buildup (1), (2)

2015 and 2016 FCF Drivers

- Local
- Presidential Political
- Net Retransmission
- NOLs
- Accretive M&A
- Cost Efficiencies

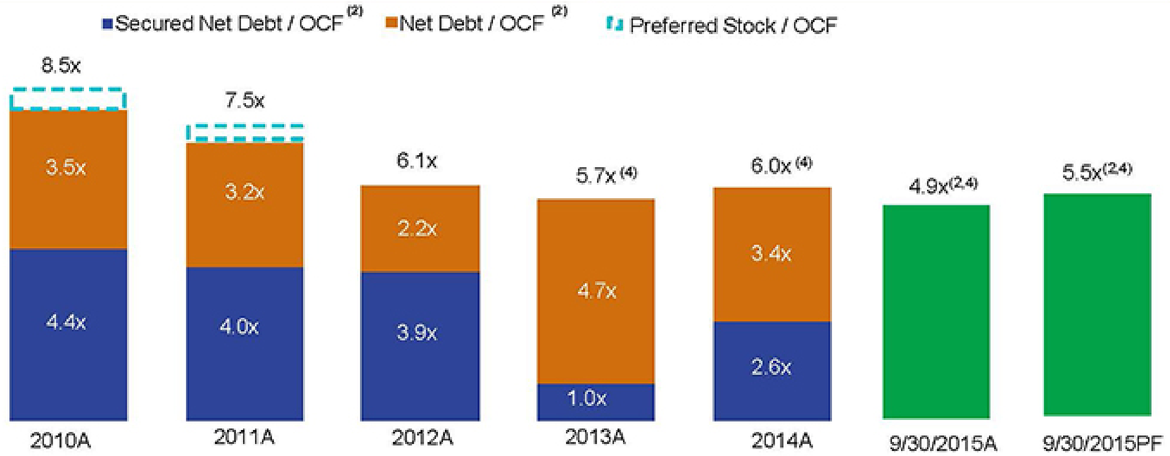
(1) Pro Forma interest expense estimated with Pro Forma incremental indebtedness and estimated cash interest
(2) Gray actual data per Company; 2012PF, 2013PF and 2014PF

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

Net Financial Leverage (1)

($ in millions)



	2010A	2011A	2012A	2013A	2014A	9/30/2015A	9/30/2015PF
Net Debt[2] + Preferred Stock[3]	$881	$872	$824	$824	$1,200	$1,150[4]	$1,573
L8QA OCF	$104	$117	$136	$147	$200	$233	$287

(1) Gray actual data per company filings
(2) Total debt less all cash on hand
(3) Liquidation value plus accrued dividends
(4) Pro forma for all transactions completed as of the respective date as required by our senior credit facility

Record Pro Forma Results YTD, 2015

Selected Operating Data on Combined Historical Basis
Nine Months Ended September 30,

	2015	2014	% Change 2015 to 2014	2013	% Change 2015 to 2013
	(in thousands, except per share data)				
Revenue (less agency commissions):					
Total	$ 532,273	$ 515,525	3 %	$ 445,724	19 %
Political	$ 8,903	$ 53,572	(83) %	$ 6,452	38 %
Operating expenses (1):					
Broadcast	$ 344,690	$ 313,284	10%	$ 288,423	20 %
Corporate and administrative	$ 23,313	$ 21,618	8 %	$ 13,587	72 %
Net income	$ 35,305	$ 51,025	(31) %	$ 30,772	15 %
Non-GAAP Cash Flow (2):					
Broadcast Cash Flow	$ 205,322	$ 216,076	(5) %	$ 173,522	18 %
Broadcast Cash Flow Less Cash Corporate Expenses	$ 184,339	$ 197,264	(7) %	$ 161,654	14 %
Operating Cash Flow as defined in the Senior Credit Facility	$ 189,080	$ 202,862	(7) %	$ 164,432	15 %
Free Cash Flow	$ 93,633	$ 107,412	(13) %	$ 73,860	27 %
Free Cash Flow Per Share:					
Basic	$ 1.39	$ 1.86		$ 1.28	
Diluted	$ 1.38	$ 1.84		$ 1.28	

Note: Pro Forma – All completed and pending transactions
(1) Excludes depreciation, amortization, and loss on disposal of assets.
(2) See definition of non-GAAP terms and reconciliation of the non-GAAP amounts to net income included elsewhere herein.

Pro Forma Annual Results 2012-2014

Selected Operating Data on Combined Historical Basis
Year Ended December 31

	2014	2013	% Change 2014 to 2013	2012	% Change 2013 to 2012
	(in thousands except per share data)				
Revenue (less agency commissions):					
Total	$ 745,765	$ 609,917	22 %	$ 684,884	9 %
Political	$ 118,469	$ 10,806	996 %	$ 143,067	(17) %
Retransmission	$ 109,078	$ 74,952	45 %	$ 57,957	29 %
Operating expenses (1):					
Broadcast	$ 425,894	$ 387,745	10 %	$ 367,676	16 %
Corporate and administrative	$ 29,203	$ 19,810	47 %	$ 15,927	83 %
Net income	$ 100,845	$ 50,911	98 %	$ 96,027	5 %
Non-GAAP Cash Flow (2):					
Broadcast Cash Flow	$ 336,961	$ 247,159	36 %	$ 346,239	(3) %
Broadcast Cash Flow Less Cash Corporate Expenses	$ 311,290	$ 229,323	36 %	$ 331,190	(6) %
Operating Cash Flow as defined in the Senior Credit Facility	$ 316,822	$ 233,201	36 %	$ 329,662	(4) %
Free Cash Flow	$ 188,704	$ 111,756	69 %	$ 201,150	(6) %

Note: Pro Forma – All completed and pending transactions
(1) Excludes depreciation, amortization and loss on disposal of assets
(2) See definition of non-GAAP terms and a reconciliation of the non-GAAP amounts to net income included elsewhere herein

Pro Forma 9/30/15 L8QA Reconciliation

($ in millions)	2013PF[1]	2014PF	YTD Q3'13PF	YTD Q3'14PF	YTD Q3'15PF	LTM 9/30/14 PF	LTM 9/30/15 PF	L8QA 9/30/15 PF
Net Revenues								
Local	297.2	300.3	214.9	220.1	232.4	302.4	312.6	307.5
National	91.4	87.5	66.6	63.4	66.1	88.2	90.2	89.2
Political	6.8	93.5	4.1	40.5	8.5	43.3	61.5	52.4
Internet	29.2	30.2	21.2	22.5	21.3	30.5	29.0	29.8
Retransmission	59.7	90.9	43.0	68.0	116.9	84.7	139.8	112.2
Other	18.8	18.0	16.0	14.1	8.8	17.0	12.7	14.8
Network Compensation	0.6	0.5	0.5	0.4	0.0	0.6	0.1	0.3
Management Fee - Gray	7.1	0.0	7.1	0.0	0.0	0.0	0.0	0.0
Gray Standalone Net Revenue	**511.0**	**621.0**	**373.4**	**429.0**	**454.0**	**566.6**	**646.0**	**606.3**
Local	59.7	64.1	43.8	47.3	48.5	63.2	65.3	64.2
National	19.4	19.8	14.1	14.1	14.9	19.4	20.6	20.0
Political	3.8	26.0	2.4	13.1	0.5	14.5	13.5	14.0
Internet	6.8	6.9	5.1	5.0	6.3	6.7	8.2	7.5
Retransmission	15.2	18.2	11.5	13.6	18.2	17.4	22.9	20.1
Other	2.8	2.7	2.1	2.2	2.4	3.0	2.8	2.9
KOTA Acquisition	5.6	1.8	4.0	1.8	0.0	3.3	(0.0)	1.7
Schurz Standalone Net Revenue	**113.3**	**139.4**	**82.9**	**97.0**	**90.8**	**127.4**	**133.2**	**130.3**
Net Effect of Swaps on Standalone Net Revenue	(14.4)	(14.6)	(10.6)	(10.5)	(12.4)	(14.3)	(16.6)	(15.4)
Total Net Revenue	**609.9**	**745.8**	**445.7**	**515.5**	**532.3**	**679.7**	**762.6**	**721.2**
Broadcast Expenses								
Gray Standalone	319.3	350.1	237.6	258.5	289.4	340.2	381.0	360.6
Schurz Standalone	80.0	89.3	59.0	63.3	67.2	84.4	93.1	88.8
Swaps Standalone	(11.9)	(13.8)	(8.2)	(8.5)	(11.9)	(12.2)	(17.2)	(14.7)
Total Broadcast Expense	**387.4**	**425.6**	**288.4**	**313.3**	**344.7**	**412.3**	**456.9**	**434.6**
Synergies	24.4	20.3	16.2	13.9	17.6	22.1	24.0	23.1
Other	0.3	(3.6)				0.3	(3.6)	(1.6)
Total Broadcast Cash flow	**247.2**	**337.0**	**173.5**	**216.1**	**205.3**	**289.8**	**326.2**	**308.0**
Corporate Expenses	19.8	29.2	13.6	21.6	23.3	27.8	30.9	29.4
Broadcast EBITDA	**227.4**	**307.8**	**159.9**	**194.4**	**182.0**	**261.9**	**295.3**	**278.6**
Adjustments	5.7	9.0	4.4	8.5	7.1	9.8	7.7	8.7
Operating Cash Flow	**$233.2**	**$316.8**	**$164.4**	**$202.9**	**$189.1**	**$271.7**	**$303.0**	**$287.3**
Operating Cash Flow (L8QA)		**$275.0**						

Note: 2013PF, 2014PF and 2015E Gray standalone metrics are Pro Forma for all announced and closed acquisitions and divestitures Pending Schurz and Related Transactions

[1] 2013PF excludes WLUC

Combined Historical Results[1] – Pro Forma

Pro Forma Non-GAAP Reconciliation

	Year Ended December 31,			Nine Months Ended September 30,			
	2012	2013	2014	2013	2014	2015	L8QA 2015
			(in thousands)				
Net income	$ 96,027	$ 50,911	$ 100,845	$ 30,772	$ 51,025	$ 35,305	$ 78,144
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:							
Depreciation	40,643	42,910	42,907	31,971	33,357	34,289	44,068
Amortization of intangible assets	2,773	1,940	15,207	1,684	10,409	13,803	14,633
Non-cash stock-based compensation	878	1,974	5,012	1,719	4,032	3,011	4,139
Loss (gain) on disposal of assets, net	91	1,072	876	101	751	1,180	1,513
Miscellaneous expense (income), net	1,360	449	(226)	4,454	3,212	48	(2,092)
Interest expense	92,362	90,339	90,225	67,263	66,961	67,196	90,249
Loss from early extinguishment of debt	46,683	-	5,086	-	4,897	-	2,543
Income tax expense	23,754	13,313	33,913	7,432	9,910	12,535	26,165
Amortization of program broadcast rights	13,053	13,179	13,004	8,558	9,335	10,837	14,231
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	26	28	25	21	18	19	26
Network compensation revenue recognized	(687)	(615)	(456)	(470)	(343)	-	(301)
Payments for program broadcast rights	(13,818)	(13,252)	(15,153)	(8,618)	(11,239)	(10,558)	(15,173)
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	15,049	17,836	25,671	11,868	18,812	20,983	26,311
Other	28,044	27,075	20,025	16,766	14,940	16,675	23,504
Broadcast Cash Flow	**346,239**	**247,159**	**336,961**	**173,522**	**216,076**	**205,322**	**307,960**
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(15,049)	(17,836)	(25,671)	(11,868)	(18,812)	(20,983)	(26,311)
Broadcast Cash Flow Less Cash Corporate Expenses	**331,190**	**229,323**	**311,290**	**161,654**	**197,264**	**184,339**	**281,649**
Pension expense	7,874	8,626	6,126	6,464	4,611	4,190	6,239
Contributions to pension plans	(9,402)	(4,748)	(6,770)	(3,686)	(4,713)	(3,916)	(5,874)
Other	-	-	6,176	-	5,700	4,467	5,322
Operating Cash Flow as defined in Senior Credit Agreement	**329,662**	**233,201**	**316,822**	**164,432**	**202,862**	**189,080**	**287,335**
Interest expense	(92,362)	(90,339)	(90,225)	(67,263)	(66,961)	(67,196)	(90,249)
Amortization of deferred financing costs	2,723	1,903	2,970	1,235	2,158	2,396	3,017
Amortization of net original issue discount (premium) on 7 ½% senior notes due 2020	1,127	(9)	(863)	206	(647)	(647)	(863)
Purchase of property and equipment	(35,000)	(30,000)	(35,000)	(22,500)	(26,250)	(26,250)	(34,375)
Income taxes paid, net of refunds	(5,000)	(3,000)	(5,000)	(2,250)	(3,750)	(3,750)	(4,750)
Free Cash Flow	**201,150**	**111,756**	**188,704**	**73,860**	**107,412**	**93,633**	**160,116**

(1) See Definition of "Pro Forma" herein

Non-GAAP Reconciliation

Gray Television, Inc.
Year Ended December 31, 2012

	As Reported Basis	Other Acquisitions	Adjustments	Combined Historical Basis	Schurz and Related Transactions	Adjustments	Pro-Forma
Net income	$ 28,129	$ 48,253	$ (5,840)	$ 70,542	$ 29,409	$ (3,924)	$ 96,027
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:							
Depreciation	23,133	10,783		33,916	6,727		40,643
Amortization of intangible assets	75	1,187		1,262	1,511		2,773
Non-cash stock-based compensation	878	-		878	-		878
Loss (gain) on disposal of assets, net	(31)	(38)		(69)	160		91
Miscellaneous expense (income), net	(2)	1,401		1,399	(39)		1,360
Interest expense	59,443	8,346	9,573	77,362	321	14,679	92,362
Loss from early extinguishment of debt	46,683	-		46,683	-		46,683
Income tax expense	19,188	14,160	(3,733)	29,615	(136)	(5,725)	23,754
Amortization of program broadcast rights	11,081	1,888		12,969	84		13,053
Common stock contributed to 401(k) plan		-					
excluding corporate 401(k) contributions	26	-		26	-		26
Network compensation revenue recognized	(687)	-		(687)	-		(687)
Payments for program broadcast rights	(11,839)	(1,888)		(13,727)	(91)		(13,818)
Corporate and administrative expenses excluding	-	-			-		
depreciation, amortization of intangible assets and	-	-			-		
non-cash stock-based compensation	15,049	2,582	(2,582)	15,049	5,030	(5,030)	15,049
Other	-	16,953		16,953	11,091		28,044
Broadcast Cash Flow	191,126	103,627	(2,582)	292,171	54,068	-	346,239
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(15,049)	(2,582)	2,582	(15,049)	(5,030)	5,030	(15,049)
Broadcast Cash Flow Less Cash Corporate Expenses	176,077	101,045	-	277,122	49,039	5,030	331,190
Pension expense	-	7,874		7,874	-		7,874
Contributions to pension plans	-	(9,402)		(9,402)	-		(9,402)
Other	-	-		-	-		-
Operating Cash Flow as defined in Senior Credit Agreement	176,077	99,517	-	275,594	49,039	5,030	329,662
Interest expense	(59,443)	(8,346)	(9,573)	(77,362)	(321)	(14,679)	(92,362)
Amortization of deferred financing costs	2,723	-		2,723	-		2,723
Amortization of net original issue discount (premium)					-		
on 7 1/2% senior notes due 2020	1,127	-		1,127	-		1,127
Purchase of property and equipment	(23,714)	(5,168)		(28,882)	-	(6,118)	(35,000)
Income taxes paid, net of refunds	(836)	-		(836)	-	(4,164)	(5,000)
Free Cash Flow	$ 95,934	$ 86,003	$ (9,573)	$ 172,364	$ 48,717	$ (19,931)	$ 201,150

Non-GAAP Reconciliation, continued

Gray Television, Inc.
Year Ended December 31, 2013

	As Reported Basis	Other Acquisitions	Adjustments	Combined Historical Basis	Schurz and Related Transactions	Adjustments	Pro-Forma
Net income	$ 18,288	$ 31,477	$ (10,575)	$ 39,190	$ 16,157	$ (4,435)	$ 50,911
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:							
Depreciation	24,096	10,652		34,748	8,162		42,910
Amortization of intangible assets	336	1,000		1,336	604		1,940
Non-cash stock-based compensation	1,974	-		1,974	-		1,974
Loss (gain) on disposal of assets, net	765	85		850	222		1,072
Miscellaneous expense (income), net	-	360		360	89		449
Interest expense	52,445	5,558	17,336	75,339	413	14,587	90,339
Loss from early extinguishment of debt	-	-		-	-		-
Income tax expense	13,147	12,227	(6,761)	18,613	389	(5,689)	13,313
Amortization of program broadcast rights	11,367	1,723		13,090	89		13,179
Common stock contributed to 401(k) plan					-		
excluding corporate 401(k) contributions	28	-		28	-		28
Network compensation revenue recognized	(615)	-		(615)	-		(615)
Payments for program broadcast rights	(11,433)	(1,723)		(13,156)	(96)		(13,252)
Corporate and administrative expenses excluding					-		
depreciation, amortization of intangible assets and					-		
non-cash stock-based compensation	17,836	3,237	(3,237)	17,836	4,463	(4,463)	17,836
Other	-	15,872		15,872	11,203		27,075
Broadcast Cash Flow	128,234	80,468	(3,237)	205,465	41,694	-	247,159
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(17,836)	(3,237)	3,237	(17,836)	(4,463)	4,463	(17,836)
Broadcast Cash Flow Less Cash Corporate Expenses	110,398	77,231	-	187,629	37,231	4,463	229,323
Pension expense	8,626	-		8,626	-		8,626
Contributions to pension plans	(4,748)	-		(4,748)	-		(4,748)
Other	-	-		-	-		-
Operating Cash Flow as defined in Senior Credit Agreement	114,276	77,231	-	191,507	37,231	4,463	233,201
Interest expense	(52,445)	(5,558)	(17,336)	(75,339)	(413)	(14,587)	(90,339)
Amortization of deferred financing costs	1,903	-		1,903	-		1,903
Amortization of net original issue discount (premium)					-		
on 7 1/2% senior notes due 2020	(9)	-		(9)	-		(9)
Purchase of property and equipment	(24,053)	(3,321)		(27,374)	-	(2,626)	(30,000)
Income taxes paid, net of refunds	(519)	-		(519)	-	(2,481)	(3,000)
Free Cash Flow	$ 39,153	$ 68,352	$ (17,336)	$ 90,169	$ 36,818	$ (15,231)	$ 111,756

Non-GAAP Reconciliation, continued

Gray Television, Inc.
Year Ended December 31, 2014

	As Reported Basis	Other Transactions	Adjustments	Combined Historical Basis	Schurz and Related Transactions	Adjustments	Pro-Forma
Net income	$ 48,061	$ 29,799	$ (2,008)	$ 75,852	$ 29,303	$ (4,311)	$ 100,845
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:							
Depreciation	30,248	5,750		35,998	6,909		42,907
Amortization of intangible assets	8,297	485		8,782	6,425		15,207
Non-cash stock-based compensation	5,012	-		5,012	-		5,012
Loss (gain) on disposal of assets, net	623	(452)		171	705		876
Miscellaneous expense (income), net	(23)	(46)		(69)	(157)		(226)
Interest expense	68,913	3,021	3,291	75,225	(137)	15,137	90,225
Loss from early extinguishment of debt	5,086	-		5,086	-		5,086
Income tax expense	31,736	8,908	(1,283)	39,361	456	(5,903)	33,913
Amortization of program broadcast rights	12,871	-		12,871	133		13,004
Common stock contributed to 401(k) plan					-		
excluding corporate 401(k) contributions	25	-		25	-		25
Network compensation revenue recognized	(456)	-		(456)	-		(456)
Payments for program broadcast rights	(15,087)	-		(15,087)	(66)		(15,153)
Corporate and administrative expenses excluding					-		
depreciation, amortization of intangible assets and					-		
non-cash stock-based compensation	25,671	1,464	(1,464)	25,671	4,923	(4,923)	25,671
Other	-	8,806		8,806	11,219		20,025
Broadcast Cash Flow	**220,977**	**57,735**	**(1,464)**	**277,248**	**59,713**	**-**	**336,961**
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(25,671)	(1,464)	1,464	(25,671)	(4,923)	4,923	(25,671)
Broadcast Cash Flow Less Cash Corporate Expenses	**195,306**	**56,271**	**-**	**251,577**	**54,790**	**4,923**	**311,290**
Pension expense	6,126	-		6,126	-		6,126
Contributions to pension plans	(6,770)	-		(6,770)	-		(6,770)
Other	-	6,176		6,176	-		6,176
Operating Cash Flow as defined in Senior Credit Agreement	**194,662**	**62,447**	**-**	**257,109**	**54,790**	**4,923**	**316,822**
Interest expense	(68,913)	(3,021)	(3,291)	(75,225)	137	(15,137)	(90,225)
Amortization of deferred financing costs	2,970	-		2,970	-		2,970
Amortization of net original issue discount (premium)					-		
on 7 1/2% senior notes due 2020	(863)	-		(863)	-		(863)
Purchase of property and equipment	(32,215)	-		(32,215)	-	(2,785)	(35,000)
Income taxes paid, net of refunds	(401)	-		(401)	-	(4,599)	(5,000)
Free Cash Flow	**$ 95,240**	**$ 59,426**	**$ (3,291)**	**$ 151,375**	**$ 54,927**	**$ (17,598)**	**$ 188,704**

Non-GAAP Reconciliation, continued

Gray Television, Inc.
Nine Months Ended September 30, 2013

	As Reported Basis	Other Acquisitions	Adjustments	Combined Historical Basis	Schurz and Related Transactions	Adjustments	Pro-Forma
Net income	$ 13,087	$ 18,609	$ (8,634)	$ 23,062	$ 11,179	$ (3,468)	$ 30,772
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:							
Depreciation	17,762	8,344		26,106	5,865		31,971
Amortization of intangible assets	40	1,257		1,297	387		1,684
Non-cash stock-based compensation	1,719	-		1,719	-		1,719
Loss (gain) on disposal of assets, net	(56)	-		(56)	157		101
Miscellaneous expense (income), net	-	4,378		4,378	76		4,454
Interest expense	37,790	4,069	14,154	56,013	315	10,935	67,263
Loss from early extinguishment of debt	-	-		-	-		-
Income tax expense	9,715	7,195	(5,520)	11,390	307	(4,265)	7,432
Amortization of program broadcast rights	8,492	-		8,492	66		8,558
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	21	-		21	-		21
Network compensation revenue recognized	(470)	-		(470)	-		(470)
Payments for program broadcast rights	(8,549)	-		(8,549)	(69)		(8,618)
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	11,868	-		11,868	3,202	(3,202)	11,868
Other	-	8,330		8,330	8,436		16,766
Broadcast Cash Flow	**91,419**	**52,182**	**-**	**143,601**	**29,921**	**-**	**173,522**
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(11,868)	-		(11,868)	(3,202)	3,202	(11,868)
Broadcast Cash Flow Less Cash Corporate Expenses	**79,551**	**52,182**	**-**	**131,733**	**26,719**	**3,202**	**161,654**
Pension expense	6,464	-		6,464	-		6,464
Contributions to pension plans	(3,686)	-		(3,686)	-		(3,686)
Other	-	-		-	-		-
Operating Cash Flow as defined in Senior Credit Agreement	**82,329**	**52,182**	**-**	**134,511**	**26,719**	**3,202**	**164,432**
Interest expense	(37,790)	(4,069)	(14,154)	(56,013)	(315)	(10,935)	(67,263)
Amortization of deferred financing costs	1,235	-		1,235	-		1,235
Amortization of net original issue discount (premium) on 7 1/2% senior notes due 2020	206	-		206	-		206
Purchase of property and equipment	(18,441)	(2,250)		(20,691)	-	(1,809)	(22,500)
Income taxes paid, net of refunds	(518)	-		(518)	-	(1,732)	(2,250)
Free Cash Flow	**$ 27,021**	**$ 45,863**	**$ (14,154)**	**$ 58,730**	**$ 26,404**	**$ (11,274)**	**$ 73,860**

Non-GAAP Reconciliation, continued

Gray Television, Inc.
Nine Months Ended September 30, 2014

	As Reported Basis	Other Acquisitions	Adjustments	Combined Historical Basis	Schurz and Related Transactions	Adjustments	Pro-Forma
Net income	$ 16,808	$ 22,780	$ (1,826)	$ 37,762	$ 16,272	$ (3,010)	$ 51,025
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:							
Depreciation	21,598	5,987		27,585	5,772		33,357
Amortization of intangible assets	5,291	709		6,000	4,409		10,409
Non-cash stock-based compensation	4,032	-		4,032	-		4,032
Loss (gain) on disposal of assets, net	385	(6)		379	372		751
Miscellaneous expense (income), net	(14)	3,136		3,122	90		3,212
Interest expense	49,718	2,999	2,994	55,711	299	10,952	66,961
Loss from early extinguishment of debt	4,897	-		4,897	-		4,897
Income tax expense	10,343	4,397	(1,168)	13,572	609	(4,271)	9,910
Amortization of program broadcast rights	9,227	-		9,227	108		9,335
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	18	-		18	-		18
Network compensation revenue recognized	(343)	-		(343)	-		(343)
Payments for program broadcast rights	(11,194)	-		(11,194)	(45)		(11,239)
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	18,812	-		18,812	3,671	(3,671)	18,812
Other		6,525		6,525	8,415		14,940
Broadcast Cash Flow	129,578	46,527	-	176,105	39,971	-	216,076
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(18,812)	-		(18,812)	(3,671)	3,671	(18,812)
Broadcast Cash Flow Less Cash Corporate Expenses	110,766	46,527	-	157,293	36,300	3,671	197,264
Pension expense	4,611	-		4,611	-		4,611
Contributions to pension plans	(4,713)	-		(4,713)	-		(4,713)
Other	-	5,700		5,700	-		5,700
Operating Cash Flow as defined in Senior Credit Agreement	110,664	52,227	-	162,891	36,300	3,671	202,862
Interest expense	(49,718)	(2,999)	(2,994)	(55,711)	(299)	(10,952)	(66,961)
Amortization of deferred financing costs	2,158	-		2,158	-		2,158
Amortization of net original issue discount (premium) on 7 1/2% senior notes due 2020	(647)	-		(647)	-		(647)
Purchase of property and equipment	(20,452)	-		(20,452)	-	(5,798)	(26,250)
Income taxes paid, net of refunds	(361)	-		(361)	-	(3,389)	(3,750)
Free Cash Flow	$ 41,644	$ 49,228	$ (2,994)	$ 87,878	$ 36,001	$ (16,468)	$ 107,412

Non-GAAP Reconciliation, continued

Gray Television, Inc.
Nine Months Ended September 30, 2015

	As Reported Basis	Other Transactions	Adjustments	Combined Historical Basis	Schurz and Related Transactions	Adjustments	Pro-Forma
Net income	$ 24,314	$ 6,880	$ -	$ 31,194	$ 6,730	$ (2,619)	$ 35,305
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:							
Depreciation	26,906	1,440		28,346	5,943		34,289
Amortization of intangible assets	8,715	89		8,804	4,999		13,803
Non-cash stock-based compensation	3,011	-		3,011	-		3,011
Loss (gain) on disposal of assets, net	562	58		620	560		1,180
Miscellaneous expense (income), net	(102)	65		(37)	85		48
Interest expense	55,762	184	-	55,946	276	10,974	67,196
Loss from early extinguishment of debt	-	-		-	-		-
Income tax expense	16,186	243	-	16,429	386	(4,280)	12,535
Amortization of program broadcast rights	10,837	-		10,837	-		10,837
Common stock contributed to 401(k) plan					-		
excluding corporate 401(k) contributions	19	-		19	-		19
Network compensation revenue recognized	-	-		-	-		-
Payments for program broadcast rights	(10,558)	-		(10,558)	-		(10,558)
Corporate and administrative expenses excluding					-		
depreciation, amortization of intangible assets and					-		
non-cash stock-based compensation	20,983	-		20,983	4,075	(4,075)	20,983
Other	-	5,100		5,100	11,575		16,675
Broadcast Cash Flow	156,635	14,059	-	170,694	34,628	-	205,322
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(20,983)	-		(20,983)	(4,075)	4,075	(20,983)
Broadcast Cash Flow Less Cash Corporate Expenses	135,652	14,059	-	149,711	30,554	4,075	184,339
Pension expense	4,190	-		4,190	-		4,190
Contributions to pension plans	(3,916)	-		(3,916)	-		(3,916)
Other	-	4,467		4,467	-		4,467
Operating Cash Flow as defined in Senior Credit Agreement	135,926	18,526	-	154,452	30,554	4,075	189,080
Interest expense	(55,762)	(184)	-	(55,946)	(276)	(10,974)	(67,196)
Amortization of deferred financing costs	2,396	-		2,396	-		2,396
Amortization of net original issue discount (premium)					-		
on 7 1/2% senior notes due 2020	(647)	-		(647)	-		(647)
Purchase of property and equipment	(15,250)	-		(15,250)	-	(11,000)	(26,250)
Income taxes paid, net of refunds	(1,675)	-		(1,675)	-	(2,075)	(3,750)
Free Cash Flow	$ 64,988	$ 18,342	$ -	$ 83,330	$ 30,277	$ (19,974)	$ 93,633

Non-GAAP Reconciliation, continued

Gray Television, Inc.
Last Eight Quarters Ended September 30, 2015

	As Reported Basis	Other Transactions	Adjustments	Combined Historical Basis	Schurz and Related Transactions	Adjustments	Pro-Forma	LSQAOCF
Net income	$ 77,576	$ 49,547	$ (3,949)	$ 123,174	$ 41,010	$ (7,897)	$ 156,288	$ 78,144
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:								
Depreciation	63,488	9,498	-	72,986	15,150	-	88,136	44,068
Amortization of intangible assets	17,308	317	-	17,625	11,640	-	29,265	14,633
Non-cash stock-based compensation	8,278	-	-	8,278	-	-	8,278	4,139
Loss (gain) on disposal of assets, net	2,006	(309)	-	1,697	1,329	-	3,026	1,513
Miscellaneous expense (income), net	(125)	(3,999)	-	(4,124)	(59)	-	(4,183)	(2,092)
Interest expense	139,330	4,694	6,473	150,497	238	29,762	180,497	90,249
Loss from early extinguishment of debt	5,086	-	-	5,086	-	-	5,086	2,543
Income tax expense	51,354	14,183	(2,524)	63,013	924	(11,607)	52,329	26,165
Amortization of program broadcast rights	26,583	1,723	-	28,306	156	-	28,462	14,231
Common stock contributed to 401(k) plan	-	-	-	-	-	-	-	-
excluding corporate 401(k) contributions	51	-	-	51	-	-	51	26
Network compensation revenue recognized	(601)	-	-	(601)	-	-	(601)	(301)
Payments for program broadcast rights	(28,529)	(1,723)	-	(30,252)	(93)	-	(30,345)	(15,173)
Corporate and administrative expenses excluding	-	-	-	-	-	-	-	-
depreciation, amortization of intangible assets and	-	-	-	-	-	-	-	-
non-cash stock-based compensation	52,622	4,701	(4,701)	52,622	10,258	(10,258)	52,622	26,311
Other	-	21,448	-	21,448	25,561	-	47,009	23,504
Broadcast Cash Flow	**414,427**	**100,080**	**(4,701)**	**509,806**	**106,114**	**-**	**615,920**	**307,960**
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock-based compensation	(52,622)	(4,701)	4,701	(52,622)	(10,258)	10,258	(52,622)	(26,311)
Broadcast Cash Flow Less Cash Corporate Expenses	**361,805**	**95,379**	**-**	**457,184**	**95,856**	**10,258**	**563,298**	**281,649**
Pension expense	12,478	-	-	12,478	-	-	12,478	6,239
Contributions to pension plans	(11,748)	-	-	(11,748)	-	-	(11,748)	(5,874)
Other	-	10,643	-	10,643	-	-	10,643	5,322
Operating Cash Flow as defined in Senior Credit Agreement	**362,535**	**106,022**	**-**	**468,557**	**95,856**	**10,258**	**574,671**	**287,335**
Interest expense	(139,330)	(4,694)	(6,473)	(150,497)	(238)	(29,762)	(180,497)	(90,249)
Amortization of deferred financing costs	6,034	-	-	6,034	-	-	6,034	3,017
Amortization of net original issue discount (premium)	-	-	-	-	-	-	-	-
on 7 1/2% senior notes due 2020	(1,725)	-	-	(1,725)	-	-	(1,725)	(863)
Purchase of property and equipment	(53,077)	(1,071)	-	(54,148)	-	(14,602)	(68,750)	(34,375)
Income taxes paid, net of refunds	(2,077)	-	-	(2,077)	-	(7,423)	(9,500)	(4,750)
Free Cash Flow	**$ 172,360**	**$ 100,257**	**$ (6,473)**	**$ 266,144**	**$ 95,618**	**$ (41,529)**	**$ 320,233**	**$ 160,116**

Schurz Audit Reconciliation

Gray Television, Inc.
Reconciliation of Schurz Financial Information
Amounts in Thousands

	For The Year Ended 12/31/2014		For The Nine Months Ended 9/30/2015		For The Nine Months Ended 9/30/2014	
	Revenue	Broadcast Operating Cost and Expenses	Revenue	Broadcast Operating Cost and Expenses	Revenue	Broadcast Operating Cost and Expenses
Per Audited Annual or Reviewed Interim Financial Statements of the Broadcast Operations of Schurz Communications, Inc.	152,279	108,081	100,528	81,092	105,842	77,920
Adjustments to reconcile to amount included in the pro forma financial statements of Gray Television, Inc.:						
Add:						
KOTA for period prior to being acquired by Schurz	1,779	704	-		1,779	704
Less:						
Schurz radio operations	(14,038)	(11,723)	(9,465)	(8,158)	(10,405)	(8,837)
Schurz administrative expenses		(5,949)		(6,189)		(5,667)
Loss on disposal		(705)		(611)		(663)
Other items, net	(592)	(1,156)	(257)	1,053	(198)	587
Amount included in the pro forma financial informaton of Gray Television, Inc.	139,428	89,252	90,806	67,187	97,018	64,044

Additional Transactions to Primarily Facilitate Regulatory Approval

- To facilitate regulatory approval, Gray has either announced agreements for, or completed the following transactions:
  - Gray will divest KAKE (ABC) – Gray's station in Wichita, KS (DMA 65) in exchange for WBXX (CW) – Lockwood's station in Knoxville, TN (DMA 62) and $11.2 million in cash; these transactions are expected to close at or before the Schurz closing in Q1 2016. Gray also owns the CBS affiliate, WVLT, in the Knoxville market
  - Gray will divest WSBT (CBS) – Schurz's station in South Bend, IN (DMA 96) in exchange for WLUC (NBC / FOX) – Sinclair's station in Marquette, MI (DMA 180)
  - Gray will divest the Schurz radio stations for an aggregate consideration of $16 million in cash

- In a separate transaction, Gray will acquire KYES, (MyNetwork TV), Anchorage, AK for $500k (will not close concurrently with the Schurz transaction)

Glossary

"Combined Historical Basis":	Combined Historical Basis reflects financial results, position or statistics that have been prepared by adding Gray's historical financial results, position or statistics with the historical financial results, position or statistics of the Completed Acquisitions and Completed Dispositions. It does not include any adjustments for other events attributable to the Completed Acquisitions and Completed Dispositions except "Broadcast Cash Flow," "Broadcast Cash Flow Less Cash Corporate Expenses" and "Operating Cash Flow" gives effect to expected synergies and "Combined Historical Free Cash Flow" gives effect to the financings related to the Completed Acquisitions and Completed Dispositions
"Completed Acquisitions":	All previously disclosed acquisitions completed since November 2013 through December 31, 2015, unless otherwise specified
"Completed Dispositions":	The disposition on November 1, 2015 of NBC stations in Montana: KGBF-LP, Great Falls and KMTF, Helena for an aggregate price of $3.0 million
"Gray" (Gray Television, Inc.):	A television broadcast company headquartered in Atlanta, Georgia, that owns and operates television stations and digital properties in markets throughout the United States
"Operating Cash Flow" or "OCF":	Operating cash flow as defined in Gray's existing senior credit facility; includes Pro Forma adjustments and synergies for Completed Acquisitions and Completed Dispositions. See appendix herein for definition and reconciliations of non-GAAP terms
"Pending Schurz and Related Transactions":	On September 14, 2015, we announced that we have agreed to acquire all of the television and radio stations of Schurz Communications, Inc. ("Schurz") for approximately $442.5 million (the "Schurz Acquisition"). On October 1, 2015, we announced agreements to sell Gray's KAKE-TV in Wichita, Kansas and Schurz's WSBT-TV in South Bend, Indiana, as well as certain assets of Schurz's KOTA-TV in Rapid City, South Dakota to facilitate regulatory approvals for the Schurz Acquisition, and we simultaneously announced the acquisition of WBXX-TV in Knoxville, Tennessee, WLUC-TV in Marquette, Michigan, and KYES-TV in Anchorage, Alaska. On November 2, 2015, we announced that we reached agreements to divest the Schurz radio stations to other radio broadcasters upon the closing of the Schurz Acquisition for an aggregate sales price of $16 million. The net purchase price for the foregoing transactions is $415.8 million. Currently, we anticipate closing these pending transactions in the first quarter of 2016
"Pro Forma" or "PF":	Reflects Combined Historical Basis Results, position, or statistics of Gray, the Completed Acquisitions, the Completed Dispositions, and the pending Schurz and Related Transactions unless explicitly stated otherwise. Pro Forma financial results give effect to the specified acquisitions and/or dispositions as if they had occurred at the beginning of the relevant period

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, Free Cash Flow and operating cash flow as defined in Gray's 2014 senior credit facility ("Operating Cash Flow"). These non-GAAP amounts are used by us to approximate the amount used to calculate a key financial performance covenant contained in our debt agreements. These non-GAAP amounts may also be provided on an As-Reported Basis as well as a Combined Historical Basis.

"Broadcast Cash Flow":	Net income plus loss on 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
"Broadcast Cash Flow Less Cash Corporate Expenses":	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
"Free Cash Flow":	Net income plus loss on 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)
"Operating Cash Flow":	Defined in Gray's 2014 senior credit facility 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 less any gain on disposal of assets, any miscellaneous income, any income tax benefits, payments for program broadcast obligations, network compensation revenue, plus pension expense but less cash contributions to pension plans

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.

Lender Presentation

Exhibit 99.2

Broadcast Operations of Schurz Communications, Inc.

Condensed Combined Financial Statements as of September 30, 2015 and December 31, 2014 and for the nine months ended September 30, 2015 and 2014 (Unaudited), and Independent Auditors' Review Report

BROADCAST OPERATIONS OF SCHURZ COMMUNICATIONS, INC.
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INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors and Stockholders of
Schurz Communications, Inc.:

We have reviewed the accompanying condensed combined financial statements of the Broadcast Operations of Schurz Communications, Inc. (the "Company", "Companies" or "Broadcast"), a group of wholly-owned businesses of Schurz Communications, Inc. (the "Parent" or "Schurz"), which comprise the balance sheet as of September 30, 2015, and the related condensed combined statements of income (loss) and cash flows for the nine-month periods ended September 30, 2015 and 2014 (the "interim financial information"). These Companies are under common ownership.

Management's Responsibility for the Interim Financial Information

The Company's management is responsible for the preparation and fair presentation of the interim financial information in accordance with accounting principles generally accepted in the United States of America; this responsibility includes the design, implementation, and maintenance of internal control sufficient to provide a reasonable basis for the preparation and fair presentation of interim financial information in accordance with accounting principles generally accepted in the United States of America.

Auditors' Responsibility

Our responsibility is to conduct our reviews in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial information. Accordingly, we do not express such an opinion.

Opinion

Based on our reviews, we are not aware of any material modifications that should be made to the interim financial information referred to above for it to be in accordance with accounting principles generally accepted in the United States of America.

Report on Condensed Consolidated Balance Sheet as of December 31, 2014

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the combined balance sheet of the Company as of December 31, 2014, and the related combined statements of income, parent's equity in Broadcast, and cash flows for the year then ended (not presented herein); and we expressed an unmodified audit opinion, which included an emphasis of matter paragraph related to the nature of the allocations of income and expenses made from Parent to the Companies, on those audited combined financial statements in our report dated December 21, 2015. In our opinion, the accompanying condensed combined balance sheet of the Company as of December 31, 2014, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 2 to the condensed combined financial information, the accompanying interim financial statements have been prepared from the separate records maintained by the Parent and may not be indicative of the conditions that would have existed or the results of operations if the Company had been operated as an unaffiliated company. Portions of certain income and expenses represent allocations made from Schurz Communications, Inc. for items applicable to the Company as a whole. Our opinion is not modified with respect to this matter.

/s/ Deloitte and Touche LLP
Indianapolis, IN
December 23, 2015

BROADCAST OPERATIONS OF SCHURZ COMMUNICATIONS, INC.

CONDENSED COMBINED BALANCE SHEETS (UNAUDITED)
(Amounts in thousands)

	September 30, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 1,247	$ 1,251
Accounts receivable, less allowance for doubtful accounts of $503 and $635	21,063	20,981
Prepaid expenses and other current assets	3,701	2,498
Current portion of television program rights	3,769	3,278
Total current assets	29,780	28,008
PROPERTY AND EQUIPMENT—Net	105,125	107,129
INTANGIBLE ASSETS—Net	70,027	70,936
GOODWILL	48,635	48,635
DUE FROM PARENT	22,116	10,738
TELEVISION PROGRAM RIGHTS—Less current portion, and other assets	2,627	2,565
TOTAL	$ 278,310	$ 268,011
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 2,845	$ 2,555
Accrued expenses	9,620	10,601
Unexpired subscriptions and deposits	320	367
Current portion of liabilities under television program rights	3,606	3,183
Current portion of long-term debt	752	750
Total current liabilities	17,143	17,456
LONG-TERM DEBT—Due to Parent	289,932	289,932
LONG-TERM DEBT—Less current portion	5,846	6,409
OTHER LIABILITIES	978	1,001
SUPPLEMENTAL DEFERRED COMPENSATION PLAN	10,701	10,905
OTHER NONQUALIFIED BENEFIT PLANS	3,662	3,533
Total liabilities	328,262	329,236
COMMITMENTS AND CONTINGENCIES (Note 8)		
PARENT'S EQUITY IN BROADCAST	(49,952)	(61,225)
TOTAL	$ 278,310	$ 268,011

See notes to condensed combined financial statements.

BROADCAST OPERATIONS OF SCHURZ COMMUNICATIONS, INC.

CONDENSED COMBINED STATEMENTS OF INCOME (LOSS) (UNAUDITED)
(Amounts in thousands)

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
NET REVENUES	$ 100,528	$ 105,842
OPERATING COSTS AND EXPENSES	81,092	77,920
DEPRECIATION	8,798	8,415
AMORTIZATION OF INTANGIBLES	909	673
Total operating expenses	90,799	87,008
OPERATING INCOME	9,729	18,834
OTHER EXPENSE:		
Interest expense—on debt due to Parent	10,872	9,528
Interest expense	130	141
Other expense (income)	21	(18)
Total other expense	11,023	9,651
NET INCOME (LOSS)	$ (1,294)	$ 9,183

See notes to condensed combined financial statements.

BROADCAST OPERATIONS OF SCHURZ COMMUNICATIONS, INC.

CONDENSED COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Amounts in thousands)

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss)/income	$ (1,294)	$ 9,183
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:	8,122	18,015
Net cash provided by operating activities	6,828	27,198
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(7,414)	(21,481)
Proceeds from sales of property and equipment	-	938
Payments to Parent—net	(11,378)	(14,117)
Acquisition of business—net of cash acquired	-	(9,880)
Other	(46)	836
Net cash used in investing activities	(18,838)	(43,704)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on long-term debt due to Parent	-	9,883
Payments on long-term debt	(561)	(559)
Capital investments from Parent—net of distributions	12,567	7,424
Net cash provided by financing activities	12,006	16,748
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(4)	242
CASH AND CASH EQUIVALENTS:		
Beginning of year	1,251	1,095
End of year	$ 1,247	$ 1,337
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest—on debt due to Parent, net of amounts capitalized	$ 10,872	$ 9,528
Interest	$ 130	$ 141
Cash income tax refund received	$ -	$ (24)
Noncash activities for:		
Recognition of program rights and related obligations	$ 4,113	$ 5,881
Liabilities assumed in purchases of property and equipment	$ 242	$ 338

See notes to condensed combined financial statements.

1. DESCRIPTION OF BUSINESS

The Broadcast Operations of Schurz Communications, Inc. ("Broadcast," the "Company," "we," "us," and "our") is a privately owned, multi-state, broadcast communications division of Schurz Communications, Inc. ("Schurz" or the "Parent"), headquartered in Mishawaka, Indiana. Schurz owns and operates television stations in the Wichita, Kansas, Roanoke-Lynchburg, Virginia, Springfield, Missouri, Mishawaka, Indiana, Augusta, Georgia, Anchorage, Alaska and Rapid City, South Dakota markets, along with its radio station operations in the Mishawaka and Lafayette, Indiana markets and Rapid City, South Dakota market in its broadcast communications division.

Schurz also owns and operates other businesses in Publishing and Cable ("Schurz' Other Businesses"), whose activities are not included in these condensed combined financial statements.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—In the opinion of management, the accompanying unaudited Condensed Combined Financial Statements and notes have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim financial information and contain all normal recurring adjustments necessary to present fairly our financial position and the results of our operations and our cash flows for the periods presented. Certain information and disclosures normally included in the notes to combined financial statements have been condensed or omitted according to the rules and regulations of the SEC, although we believe that the disclosures are adequate to make the information presented not misleading. The accompanying condensed combined interim financial statements are unaudited and should be read in conjunction with the combined annual financial statements, and the notes thereto, for the year ended December 31, 2014. Because of the seasonal nature of the various business segments, the results of operations for the period ended September 30, 2015 and 2014 are not necessarily indicative of the results of operations to be expected for the full fiscal year.

The Broadcast condensed combined financial statements have been prepared on a stand-alone basis and were derived from Schurz' consolidated financial statements and accounting records. The condensed combined financial statements include the accounts of Broadcast, and its majority owned, and certain affiliated investee entities combined under Financial Accounting Standards Board (FASB) guidance and regulation S-X of the Securities and Exchange Commission (SEC). The Broadcast financial statements do not include any components of other comprehensive income for the periods ended September 30, 2015 and 2014, and thus condensed combined statements of comprehensive income are not required to be presented. The activities of majority owned and affiliated investee entities are combined as a result of certain loan guaranties (see Note 5) and local marketing and services agreements. Noncontrolling interest is not significant to Broadcast's condensed combined financial statements. All intercompany accounts and transactions between and among Broadcast entities have been eliminated. Material transactions between Broadcast and the Parent and between Broadcast and Schurz' Other Businesses (the "Related Party" or "Related Parties") are reported as Parent and Related Party transactions, respectively. The financial information included herein may not necessarily reflect Broadcast's financial position, results of operations and cash flows in the future or what Broadcast's financial position, results of operations and cash flows would have been had Broadcast been operating as a separate stand-alone entity during the period presented.

Schurz on behalf of Broadcast performs certain cash management, treasury and other administrative functions. Such functions include, but are not limited to, accounting, legal, treasury, tax, risk management, digital sales support, IT, human resources, and certain employee benefit related functions. Applicable common expenses incurred by Schurz have been allocated to Broadcast and included in the accompanying financial statements (see Note 3). Management believes the assumptions and methodologies underlying the allocation of these expenses are reasonable. However, they may not be indicative of the actual expense that would have been incurred had Broadcast been operating as a separate stand-alone entity or of the actual expense expected to be incurred in the future.

Use of Estimates in the Preparation of Financial Statements—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Sale of Broadcast Operations—On September 14, 2015, Schurz and Gray Television Group, Inc., a wholly-owned subsidiary of Gray Television Inc. ("Gray") entered into an asset purchase agreement (the "Agreement"), whereby Schurz together with Broadcast has agreed to sell all of the television and radio stations owned by Schurz for $442.5 million inclusive of working capital (the "Broadcast Sale"). The Agreement contains representations and warranties customary for transactions of this type. Schurz and Broadcast have also agreed to various covenants contained in the Agreement, including, among other things, to continue to operate its business in the ordinary course consistent with past practice, not to take certain actions prior to the closing of the Broadcast Sale without the consent of Gray, and certain non-solicit and non-negotiation covenants. Consummation of the Broadcast Sale is subject to various customary closing conditions, including the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvement Act of 1976 (the "HSR Act") and regulatory approval from the Federal Communications Commission ("FCC"). On December 22, 2015, Gray and Schurz reached agreement and entered into a consent decree with the U.S. Department of Justice ("DOJ") that satisfies the HSR Act. Regulatory approval from the FCC is pending. Closing is currently expected to occur in the first quarter of 2016.

Revenue Recognition—Net Revenues consist of Broadcast advertising and retransmission consent revenues. Broadcast advertising revenue is generated primarily from the sale of radio and television advertising time to local, national and political advertisers. Advertising revenue is recognized upon airing. Accounts receivable are primarily from the sales of advertising in connection with radio and television broadcasting operations. Broadcast does not require collateral for these receivables and records any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction between Broadcast and its customers on a net basis. Retransmission consent revenue consists of payments to us from cable, satellite and other multiple video program distribution systems for their retransmission of our broadcast signals. Retransmission consent revenue is recognized as earned over the life of the retransmission consent contract.

Recently Issued Accounting Standards—

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*.The standard provides guidance that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. In August 2015, the FASB subsequently issued guidance which approved a one year deferral of the guidance for annual reporting periods (including interim reporting periods for the subsequent annual period), beginning after December 15, 2018. Early adoption is permitted as of the original effective date for annual reporting periods (including interim reporting periods for the subsequent annual period) beginning after December 15, 2016. Broadcast is currently evaluating the impact of the adoption of this guidance on the condensed combined financial statements.

In August 2014, the FASB issued ASU2014-15, *Presentation of Financial Statements—Going Concern (Subtopic 205-40), Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern*. The standard provides guidance that addresses management's responsibility should it become necessary to evaluate whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. The guidance further provides that should it become necessary the evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. The guidance is effective for fiscal years ending after December 15, 2016 and for interim periods within those fiscal years, with early adoption permitted. Broadcast does not believe this accounting standard will have an impact on the condensed combined financial statements.

3. AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

Shared Services and Corporate Costs—Broadcast benefits from certain governance and corporate functions provided by Parent. Such functions include, but are not limited to, accounting, legal, treasury, tax, risk management, digital sales support, IT, human resources, and certain employee benefit related functions. Broadcast's combined statement of income includes cost allocations for such services of $6,189 and $5,667 for the nine-months ended September 30, 2015 and 2014, respectively, reported as a component of operating costs and expenses in the combined statements of income (loss).

Cash Management, Financing and Financial Instruments—Parent uses a centralized approach to cash management and financing of operations. Broadcast cash is available for use and "swept" daily by Parent and has been reflected as Due from Parent at September 30, 2015 and December 31, 2014, respectively. Parent also funds Broadcast operating and investing activities as needed. Transfers of cash both to and from Parent reflecting certain intercompany transactions that are of a long-term investment nature and corporate allocation adjustments are recorded as a component of Parent's equity in Broadcast on the condensed combined balance sheets at September 30, 2015 and December 31, 2014.

Notes Payable to Parent—The Broadcast entities entered into "evergreen" agreements with Parent for financing consisting of secured notes at a floating interest rate with annual payments of interest. Note principal is advanced or paid annually based upon Broadcast's projected net cash position at December 31. The floating rate is changed annually based upon the twelve-month LIBOR plus 150 to 300 basis points and was 5.0% at September 30, 2015 and December 31, 2014. Debt due to Parent at September 30, 2015 and December 31, 2014 was $289,932.

Contractual Agreements of the Parent—Broadcast benefits from certain contractual agreements of Parent to utilize certain services and assets for Broadcast operations. These services and transactions include:

- shared service agreements covering accounting, accounts payable processing, payroll processing, human resources, and employee benefits administration, and other administrative services;

- software licensing, cloud computing, computer and networking maintenance, end user support, and other information technology services;
- cash concentration and management, financing, merchant services, credit card, and other treasury services;
- retransmission consent negotiation, network affiliation and programming, and other operational services

The contract pricing associated with these services and assets may not be transferable to another party. The revenues and costs associated with these contractual agreements have been included within the condensed combined financial statements.

Agreements and Transactions with Schurz' Other Businesses—Certain Broadcast entities have agreements and transactions with Schurz' Other Businesses in the normal course of business. These transactions do not necessarily represent arm's length transactions and may not represent all costs if conducted with independent customers or vendors. The total revenues and costs related to these transactions are not significant to Broadcast's condensed combined financial statements.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

A summary of the changes in goodwill and other intangible assets, on a net basis, for the nine-month period ended September 30, 2015 is as follows:

	Net Balance at December 31, 2014	Acquisitions and Adjustments	Disposals	Amortization	Net Balance at September 30, 2015
Goodwill	$ 48,635	$ -	$ -	$ -	$ 48,635
Intangible assets:					
FCC licenses	$ 57,753	$ -	$ -	$ -	$ 57,753
Other indefinite lived intangibles assets	144	-	-	-	144
Network affiliations agreements	9,712	-	-	(356)	9,356
Other definite lived intangible assets	3,327	-	-	(553)	2,774
Total intangible assets	$ 70,936	$ -	$ -	$ (909)	$ 70,027

A summary of the changes in goodwill and other intangible assets, on a net basis, for the year ended December 31, 2014 is as follows:

	Net Balance at December 31, 2013	Acquisitions and Adjustments	Disposals	Amortization	Net Balance at December 31, 2014
Goodwill	$ 47,760	$ 1,261	$ (386)	$ -	$ 48,635
Intangible assets:					
FCC licenses	$ 57,537	$ 473	$ (257)	$ -	$ 57,753
Other indefinite lived intangibles assets	142	2	-	-	144
Network affiliations agreements	8,909	1,416	-	(613)	9,712
Other definite lived intangible assets	1,599	2,117	(25)	(364)	3,327
Total intangible assets	$ 68,187	$ 4,008	$ (282)	$ (977)	$ 70,936

The gross carrying amount and accumulated amortization of Broadcast's intangible assets as of September 30, 2015 and December 31, 2014 were as follows:

	As of September 30, 2015			As of December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:						
Network affiliation agreements	$ 13,309	$ (3,953)	$ 9,356	$ 13,309	$ (3,597)	$ 9,712
Other acquired contracts	8,328	(6,054)	2,274	8,328	(5,519)	2,809
Advertising and subscriber base and lists	996	(496)	500	996	(478)	518
Total amortized intangible assets	$ 22,633	$ (10,503)	$ 12,130	$ 22,633	$ (9,594)	$ 13,039
Indefinite-lived intangible assets:						
FCC Licenses			$ 57,753			$ 57,753
Other intangible assets			144			144
Total indefinite-lived intangible assets			$ 57,897			$ 57,897
Total intangible assets—net of accumulated amortization			$ 70,027			$ 70,936

Amortization expense for the nine-month periods ended September 30, 2015 and 2014 was $909 and $673, respectively. Estimated amortization expense for the next five years ending December 31 will be as follows:

Years Ending December 31	
2016	$ 1,177
2017	959
2018	804
2019	765
2020	729

5. DEBT

Debt at September 30, 2015 and December 31, 2014, consisted of the following:

	September 30, 2015	December 31, 2014
Perkin note (variable rate)	$ 4,673	$ 5,172
Summit note (3.75% fixed rate)	1,925	1,987
Long-term debt	6,598	7,159
Less current portion of long-term debt	(752)	(750)
Long-term debt—less current portion	$ 5,846	$ 6,409

On August 1, 2012, Perkin Media, LLC (“Perkin”) entered into an agreement for a $6,783 unsecured note at a floating interest rate with monthly installment payments of interest and principal due beginning on September 1, 2012, and the remaining principal balance due August 1, 2017. The floating rate is based upon the one-month LIBOR plus 175 basis points and was 2.068% and 1.938% at September 30, 2015 and December 31, 2014, respectively. Schurz on behalf of Broadcast signed a guaranty agreement with the bank for Perkin’s debt and has recorded the note in Broadcast’s condensed combined financial statements.

On March 29, 2012, Summit Radio II, LLC (“Summit”), entered into an agreement for a $2,200 unsecured note at a fixed interest rate of 3.75%, with monthly installment payments of interest and principal due beginning on April 29, 2012, and the remaining principal balance due March 29, 2017. Schurz on behalf of Broadcast signed a guaranty agreement with the bank for Summit’s debt and has recorded the note in Broadcast’s condensed combined financial statements.

Contractual maturities of debt for each of the next five years are as follows:

Years Ending December 31	
2016	$ 753
2017	5,656
Total	$ 6,409

6. BENEFIT PLANS

Broadcast employees participate in funded and unfunded defined benefit pension plans and other postretirement benefit plan sponsored by the Parent, which include participants from Schurz' Other Businesses. Broadcast's obligations for participation in these plans are excluded from the Broadcast Sale and will be retained by Parent. The income (expense) recorded by Broadcast for each multiemployer benefit plan was as follows:

	Nine Months Ended September 30,	
	2015	2014
Retirement benefit plan income	$ 7	$ 235
Nonqualified supplemental retirement benefit plan expense	(277)	(243)
Postretirement healthcare benefits income	181	188
Total income (expense) of benefit plans	$ (89)	$ 180

Defined Contribution Plan—Broadcast participates in a defined contribution plan sponsored by the Parent, which includes participants from Schurz' Other Businesses. Total expense for Broadcast contributions under the 401(k) retirement plan was $980 and $879 for the nine-month periods ended September 30, 2015 and 2014, respectively.

Nonqualified Supplemental Deferred Compensation Plan—Broadcast participates in a nonqualified defined contribution plan sponsored by the Parent, which includes participants from Schurz' Other Businesses. There are no employer matching contributions for the Supplemental Deferred Compensation Plan during the nine-month periods ended September 30, 2015 and 2014. The total liability for Broadcast was $10,701 and $10,905 at September 30, 2015 and December 31, 2014, respectively. The related plan (income) expense reported as a component of operating costs and expenses in the condensed combined statements of income was $(498) and $237 for the periods ended September 30, 2015 and 2014, respectively.

7. OTHER BENEFIT PLANS

Nonqualified Benefit Plan—Broadcast participates in a nonqualified stock unit benefit plan sponsored by the Parent, which includes participants from Schurz' Other Businesses. The Key Employee Stock Unit Plan (the "KEYSUP") is a liability plan, which grants "stock units" to certain key employees.

The total liability for Broadcast was $3,662 and $3,553 at September 30, 2015 and December 31, 2014, respectively. Broadcast recognized expense relative to Broadcast's actual employee participants or Parent's allocated employee participants under the KEYSUP for the nine-month periods ended September 30, 2015 and 2014 of $129 and $148, respectively.

Key Employee Cash Bonus Plan—Broadcast participates in a nonqualified cash bonus benefit plan sponsored by the Parent, which includes participants from Schurz' Other Businesses. Broadcast recognized compensation expense relative to Broadcast's actual employee participants and a calculation of Parent's allocated employee participants under the Cash Bonus Plan of $168 and $154 for the nine-month periods ended September 30, 2015 and 2014, respectively.

8. COMMITMENTS AND CONTINGENCIES

Litigation—Broadcast is involved with various legal actions arising in the ordinary course of its activities. Where applicable, a loss has been accrued for those cases where the potential liability is estimable and probable. It is the opinion of management that the ultimate liability, if any, with respect to these matters will not materially affect the financial position of Broadcast.

Divestiture Commitments—On September 14, 2015, we announced the Broadcast Sale that we anticipate completing in the first quarter of 2016. In the event we do not consummate the Broadcast Sale as a result of certain breaches by us of the terms of the Agreement, we may be required to pay Gray a termination fee as defined in the Agreement.

Contractual Commitments for Television Program Rights—Broadcast enters into commitments for television program rights which are not currently available for broadcast and, therefore, are excluded from the condensed combined financial statements. These commitments aggregated $7,993 and $7,074 at September 30, 2015 and December 31, 2014, respectively. Payments generally commence when the programs become available for broadcast.

Leases—Broadcast leases certain equipment and real estate under operating leases with various terms. Total rental expense was $746 and $1,189 for cancelable and noncancelable operating leases for the nine month periods ended September 30, 2015 and 2014, respectively.

As of September 30, 2015, future minimum annual lease payments under noncancelable operating leases are payable for each of the next five years ending December 31:

2016	$	750
2017		685
2018		512
2019		488
2020		466
Thereafter		1,732
Total	$	4,633

9. ACQUISITIONS

KOTA Television Station Group—On April 28, 2014, Rushmore Media Company, Inc. ("RMC") on behalf of Schurz purchased substantially all the assets of a television station group and related activities located in Rapid City, South Dakota, to expand and grow Broadcast. Broadcast acquired all the television assets and operations of KOTA-TV and its three satellite television stations (KDUH-TV, Scottsbluff, NE; KHSD-TV, Lead-Deadwood, SD; and KSGW-TV, Sheridan, WY). The acquired assets are accounted for under the purchase method pursuant to FASB guidance and the results of operations of the acquired business are included in Broadcast's condensed combined financial statements from the date of acquisition. The total purchase price of $9,880 has been allocated to the acquired company's tangible and intangible assets and liabilities based upon the fair values as of the date of acquisition. The purchase price was allocated as follows:

Cash and cash equivalents	$	-
Current assets		52
Property, plant, and equipment		4,791
Network affiliation agreement and other amortizing intangibles		3,473
FCC license and other indefinite lived intangibles		475
Goodwill		1,261
Current liabilities		(172)
Total purchase price	$	9,880

Before acquiring the KOTA television station group, RMC owned seven FCC licenses and operated six radio stations as a station group in the Rapid City market. Due to FCC regulations limiting radio and television cross ownership, FCC approval of the television station acquisition required subsequent divestiture of two of RMC's radio FCC licenses.

On June 30, 2014, RMC divested of two radio FCC licenses (KBHB(AM), Sturgis, SD; and KKLS(AM), Rapid City, SD) and related assets. The assets were sold for $650 and had a net carrying value of $938. Net loss recognized on this sale of $288 was reported as a component of operating costs and expenses in the condensed combined statements of income (loss).

10. SUBSEQUENT EVENTS

Management has evaluated the impact of subsequent events through December 23, 2015, the date the interim financial information was issued, and concluded that no material subsequent events, other than the expected sale of Broadcast operations discussed in Note 2, or those listed below, affecting Broadcast's condensed combined balance sheet and the related condensed combined statements of income (loss) and cash flows and the related notes to the condensed combined financial statements have occurred.

WDBJ Incident—On August 26, 2015, two Broadcast employees of WDBJ Television, Inc. ("WDBJ") were fatally shot while conducting a live remote news interview. In addition, the person being interviewed was substantially injured. The alleged gunman was identified as a former WDBJ employee and pursued by the authorities. He died from a self-inflicted gunshot wound later that day.

Neither Schurz nor Broadcast Operations have received any claim notices with respect to this incident. While management cannot predict the potential for future litigation or other outcomes related to this incident, no material adverse effect on the financial condition of Broadcast Operations is expected as a result of this incident.

WAGT—Schurz and WAGT Television, Inc. (“WAGT”) received a letter from Media General Operations, Inc. (“MGO”) alleging that SCI and WAGT breached a certain Joint Sales Agreement and Shared Services Agreement (together the “WAGT Agreements”) by failing to give MGO proper notice of the potential sale of WAGT’s assets to Gray and by attempting to assign the WAGT Agreements to Gray. SCI and WAGT dispute the allegations. Schurz and WAGT understand that MGO and Gray are discussing MGO’s claim. Management cannot predict the potential outcome of this matter, including whether any lawsuit may be filed.

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Exhibit 99.3

Broadcast Operations Of Schurz Communications, Inc.

Combined Financial Statements as of and for the Year Ended December 31, 2014, and Independent Auditors' Report

BROADCAST OPERATIONS OF SCHURZ COMMUNICATIONS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of Schurz Communications, Inc.:

We have audited the accompanying combined financial statements of the Broadcast Operations of Schurz Communications, Inc. (the "Company", "Companies" or "Broadcast"), a group of wholly-owned businesses of Schurz Communications, Inc. (the "Parent" or "Schurz"), which comprise the combined balance sheet as of December 31, 2014, and the related combined statements of income, Parent's equity, and cash flows for the year then ended, and the related notes to the combined financial statements. These Companies are under common ownership.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Broadcast Operations of Schurz Communications, Inc. as of December 31, 2014, and the results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the combined financial statements, the accompanying financial statements have been prepared from the separate records maintained by the Parent and may not be indicative of the conditions that would have existed or the results of operations if the Company had been operated as an unaffiliated company. Portions of certain income and expenses represent allocations made from Schurz Communications, Inc. for items applicable to the Company as a whole. Our opinion is not modified with respect to this matter.

/s/ Deloitte and Touche LLP
Indianapolis, Indiana
December 21, 2015

BROADCAST OPERATIONS
OF SCHURZ COMMUNICATIONS, INC.

COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2014
(Amounts in thousands)

		2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$	1,251
Accounts receivable, less allowance for doubtful accounts of $635		20,981
Prepaid expenses and other current assets		2,498
Current portion of television program rights		3,278
Total current assets		28,008
PROPERTY AND EQUIPMENT—Net		107,129
INTANGIBLE ASSETS—Net		70,936
GOODWILL		48,635
DUE FROM PARENT		10,738
TELEVISION PROGRAM RIGHTS—LESS CURRENT PORTION, AND OTHER ASSETS		2,565
TOTAL	$	268,011
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$	2,555
Accrued expenses		10,601
Unexpired subscriptions and deposits		367
Current portion of liabilities under television program rights		3,183
Current portion of long-term debt		750
Total current liabilities		17,456
LONG-TERM DEBT—Due to Parent		289,932
LONG-TERM DEBT—Less current portion		6,409
OTHER LIABILITIES		1,001
SUPPLEMENTAL DEFERRED COMPENSATION PLAN		10,905
OTHER NONQUALIFIED BENEFIT PLANS		3,533
Total liabilities		329,236
COMMITMENTS AND CONTINGENCIES (Note 11)		
PARENT'S EQUITY IN BROADCAST		(61,225)
TOTAL	$	268,011

See notes to combined financial statements.

BROADCAST OPERATIONS
OF SCHURZ COMMUNICATIONS, INC.

COMBINED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
(Amounts in thousands)

		2014
NET REVENUES	$	152,279
OPERATING COSTS AND EXPENSES		108,081
DEPRECIATION		10,388
AMORTIZATION OF INTANGIBLES		977
Total operating expenses		119,446
OPERATING INCOME		32,833
OTHER EXPENSE:		
Interest expense—On debt due to Parent		12,879
Interest expense		186
Other expense		5
Total other expense		13,070
NET INCOME	$	19,763

See notes to combined financial statements.

BROADCAST OPERATIONS
OF SCHURZ COMMUNICATIONS, INC.

COMBINED STATEMENT OF PARENT'S EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014
(Amounts in thousands)

	Parent's Equity in Broadcast
Balance at January 1, 2014	$ (28,828)
Net income	19,763
Net distributions to Parent	(52,160)
Balance at December 31, 2014	$ (61,225)

See notes to combined financial statements.

BROADCAST OPERATIONS
OF SCHURZ COMMUNICATIONS, INC.

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Amounts in thousands)

	2014
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 19,763
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	11,365
Amortization of television program rights	4,753
Payments of television program rights	(4,773)
Net loss on disposal of assets	1,006
Changes in certain assets and liabilities—net of acquisitions:	
Accounts receivable	(1,174)
Prepaid expenses and other assets	171
Accounts payable	908
Accrued expenses and other liabilities	2,094
Benefit plans	1,175
Net cash provided by operating activities	35,288
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	(23,749)
Proceeds from sales of property and equipment	938
Repayments from Parent—net	27,873
Acquisition of business—net of cash acquired	(9,880)
Other	754
Net cash used in investing activities	(4,064)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings on long-term debt due to Parent	21,839
Payments on long-term debt	(747)
Distributions and other payments to Parent	(52,160)
Net cash used in financing activities	(31,068)
NET INCREASE IN CASH AND CASH EQUIVALENTS	156
CASH AND CASH EQUIVALENTS:	
Beginning of year	1,095
End of year	$ 1,251

BROADCAST OPERATIONS
OF SCHURZ COMMUNICATIONS, INC.

COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Amounts in thousands)

		2014
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest—On debt due to Parent, net of amounts capitalized	$	12,879
Interest	$	186
Cash income tax refund received	$	(24)
Noncash activities for:		
Recognition of program rights and related obligations	$	5,756
Liabilities assumed in purchases of property and equipment	$	172

See notes to combined financial statements.

1. DESCRIPTION OF BUSINESS

The Broadcast Operations of Schurz Communications, Inc. ("Broadcast," the "Company," "we," "us," and "our") is a privately owned, multi-state, broadcast communications division of Schurz Communications, Inc. ("Schurz" or the "Parent"), headquartered in Mishawaka, Indiana. Schurz owns and operates the following television and radio stations in Broadcast:

Call Letters	Network Affiliation	Community Served	Operating Entity
KTUU	NBC	Anchorage, AK	Northern Lights Media, Inc.
KYTV	NBC	Springfield, MO	KY3, Inc.
KYTV-D2	Weather	Springfield, MO	KY3, Inc.
KYTV-D3	CoziTV	Springfield, MO	KY3, Inc.
K15CZ-D	CW	Springfield, MO	KY3, Inc.
KSPR	ABC	Springfield, MO	Perkin Media Agreement
KSPR-D3	AntennaTV	Springfield, MO	Perkin Media Agreement
K17DL-D	Independent	Branson, MO	BVTV Agreement
KWCH	CBS	Wichita, KS	Sunflower Broadcasting, Inc.
KSCW	CW	Wichita, KS	Sunflower Broadcasting, Inc.
KWCH-D2	Weather	Wichita, KS	Sunflower Broadcasting, Inc.
WDBJ	CBS	Roanoke, VA	WDBJ Television, Inc.
WDBJ-D2	MyNetworkTV	Roanoke, VA	WDBJ Television, Inc.
WSBT	CBS	South Bend, IN	WSBT, Inc.
WSBT-D2	Independent	South Bend, IN	WSBT, Inc.
WSBT-D3	Weather	South Bend, IN	WSBT, Inc.
WAGT	NBC	Augusta, GA	WAGT Television, Inc.
WAGT-D2	CW	Augusta, GA	WAGT Television, Inc.
KOTA	ABC	Rapid City, SD	Rushmore Media Company, Inc.
KOTA-D2	MeTV	Rapid City, SD	Rushmore Media Company, Inc.
KOTA-D3	ThisTV	Rapid City, SD	Rushmore Media Company, Inc.
KFXS FM	Radio	Rapid City, SD	Rushmore Media Company, Inc.
KRCS FM	Radio	Rapid City, SD	Rushmore Media Company, Inc.
KOUT FM	Radio	Rapid City, SD	Rushmore Media Company, Inc.
KKMK FM	Radio	Rapid City, SD	Rushmore Media Company, Inc.
WNSN FM	Radio	South Bend, IN	Douglas Road Radio, Inc. Agreement
WSBT AM/FM	Radio	South Bend, IN	Douglas Road Radio, Inc. Agreement
WHFB FM	Radio	South Bend, IN	Douglas Road Radio, Inc. Agreement
WZOC FM	Radio	South Bend, IN	Douglas Road Radio, Inc. Agreement
WASK FM	Radio	Lafayette, IN	WASK, Inc.
WKHY FM	Radio	Lafayette, IN	WASK, Inc.
WKOA FM	Radio	Lafayette, IN	WASK, Inc.
WXXB FM	Radio	Lafayette, IN	WASK, Inc.
WASK AM	Radio	Lafayette, IN	WASK, Inc.

Schurz also owns and operates other businesses in Publishing and Cable ("Schurz' Other Businesses"), whose activities are not included in these combined financial statements.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The combined financial statements have been prepared on a stand-alone basis and were derived from Schurz' consolidated financial statements and accounting records. The combined financial statements include the accounts of Broadcast, and its majority-owned, and certain affiliated investee entities combined under Financial Accounting Standards Board (FASB) guidance and regulation S-X of the Securities and Exchange Commission (SEC). The combined financial statements of Broadcast do not include any components of other comprehensive income for the year ended December 31, 2014, and thus a combined statement of comprehensive income is not required to be presented. The activities of majority-owned and affiliated investee entities are combined as a result of certain loan guaranties (see Note 7) and local marketing and services agreements (see Note 10). Noncontrolling interest is not significant to Broadcast's combined financial statements. All intercompany accounts and transactions between and among Broadcast entities have been eliminated. Material transactions between Broadcast and the Parent and between Broadcast and Schurz' Other Businesses (the "Related Party" or "Related Parties") are reported as Parent and Related Party transactions, respectively. The financial information included herein may not necessarily reflect Broadcast's financial position, results of operations and cash flows in the future or what Broadcast's financial position, results of operations and cash flows would have been had Broadcast been operating as a separate stand-alone entity during the period presented.

Schurz on behalf of Broadcast performs certain cash management, treasury and other administrative functions. Such functions include, but are not limited to, accounting, legal, treasury, tax, risk management, digital sales support, IT, human resources, and certain employee benefit related functions. Applicable common expenses incurred by Schurz have been allocated to Broadcast and included in the accompanying financial statements (see Note 3). Management believes the assumptions and methodologies underlying the allocation of these expenses are reasonable. However, they may not be indicative of the actual expense that would have been incurred had Broadcast been operating as a separate stand-alone entity or of the actual expense expected to be incurred in the future.

Use of Estimates in the Preparation of Financial Statements—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Sale of Broadcast Operations—On September 14, 2015, Schurz and Gray Television Group, Inc., a wholly-owned subsidiary of Gray Television Inc. ("Gray") entered into an asset purchase agreement (the "Agreement"), whereby Schurz together with Broadcast has agreed to sell all of the television and radio stations owned by Schurz for $442.5 million inclusive of working capital (the "Broadcast Sale"). The Agreement contains representations and warranties customary for transactions of this type. Schurz and Broadcast have also agreed to various covenants contained in the Agreement, including, among other things, to continue to operate its business in the ordinary course consistent with past practice, not to take certain actions prior to the closing of the Broadcast Sale without the consent of Gray, and certain non-solicit and non-negotiation covenants. Consummation of the Broadcast Sale is subject to various customary closing conditions, including the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvement Act of 1976 and regulatory approval from the Federal Communications Commission ("FCC"). Closing is currently expected to occur in the first quarter of 2016.

Cash and Cash Equivalents—Cash and cash equivalents represent operating cash on hand, in Broadcast's local depositories. Broadcast participates in Parent's centralized cash concentration and management system. Broadcast transfers available funds in the local depositories to the Parent daily. Broadcast's net cash on account with Parent is recorded as due from Parent.

Revenue Recognition—Net Revenues consist of Broadcast advertising and retransmission consent revenues. Broadcast advertising revenue is generated primarily from the sale of radio and television advertising time to local, national and political advertisers. Advertising revenue is recognized upon airing. Accounts receivable are primarily from the sales of advertising in connection with radio and television broadcasting operations. Broadcast does not require collateral for these receivables and records any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction between Broadcast and its customers on a net basis. Retransmission consent revenue consists of payments to us from cable, satellite and other multiple video program distribution systems for their retransmission of our broadcast signals. Retransmission consent revenue is recognized as earned over the life of the retransmission consent contract.

Property and Equipment—Property and equipment are stated at original cost less accumulated depreciation. Related maintenance and repairs are expensed when incurred. The components of property and equipment at December 31, 2014, were as follows:

		2014
Land	$	12,563
Buildings and improvements		73,858
Machinery and equipment		96,297
Furniture and fixtures		4,067
Automobiles and trucks		5,972
Other		3,045
Property and equipment		195,802
Accumulated depreciation		(88,673)
Property and equipment—net	$	107,129

Depreciation is computed using the straight-line method over the estimated useful life for the following asset classifications:

Buildings and improvements	20–40 years
Machinery and equipment	5–10 years
Furniture and fixtures	10 years
Automobiles and trucks	7 years

Impairment of Long-Lived Assets—The property, equipment and finite lived intangibles are reviewed for possible impairment if there is an indicator of impairment. The primary financial indicator used by Broadcast to assess the recoverability of its long-lived assets held and used is undiscounted future cash flows from operations. The amount of impairment, if any, is measured based on estimated fair value or discounted future cash flows. Management concluded that there were no indicators of impairment during the year ended December 31, 2014.

Goodwill and Other Intangible Assets—Intangible assets include customer lists, licenses, trademarks, agreements, contracts and other intangible assets related to certain acquisitions.

Intangible assets with finite lives are amortized over their estimated useful lives using primarily straight-line basis. Other intangible assets consisting primarily of Federal Communications Commission (the "FCC") licenses are not amortized as they are considered to have indefinite useful lives. These indefinite-lived intangible assets are reviewed for impairment annually by management based on their respective fair values. Impairment losses, if any, are recognized in the statement of income as impairment of intangibles to the extent that carrying values exceed fair values. No impairment losses related to indefinite-lived intangible assets were measured and recorded in 2014.

Goodwill represents the allocated purchase price in excess of the fair value of identified tangible and intangible assets related to certain acquisitions. Goodwill is not amortized and is tested for impairment annually. Impairment losses, if any, are recorded in the statement of income as impairment of intangibles. No impairment losses related to goodwill were measured and recorded in 2014.

Television Program Rights—A television program right represents Broadcast's right to air a specific program a certain number of times over a contractual period. The total cost of television program rights is recorded as an asset and liability when the program is available for broadcast. The total license fee payable under a television program right is reduced as payments are made over the agreement. The asset recorded represents the Company's right to air a specific program a certain amount of times over the life of the contract. These assets are amortized during the license period as programs are televised. The current portion of television program rights represents those rights which will be amortized in the succeeding year. These program rights are stated at the lower of amortized cost or estimated net realizable value. No impairment charges were measured and recorded in 2014. The liability for program rights represents the monetary portion of the contract that is not yet paid, and is not discounted for imputed interest.

Income Taxes—All of the Broadcast entities have elected S-Corporation status and are disregarded entities for federal income tax purposes. Certain other affiliated Broadcast entities have elected C-Corporation status and pay federal and state income taxes directly. C-Corporation income taxes are not significant to Broadcast's combined financial statements.

Distributions—Distributions represent payments to Parent.

Fair Value of Financial Instruments—The carrying value of cash equivalents, accounts receivable, and accounts payable approximates fair value at December 31, 2014, because of the relatively short maturities.

The carrying value of long-term debt approximates fair value at December 31, 2014, because the interest rates of these instruments reset based on current market rates.

Key Employee Stock Unit Plan—The Parent accounts for its Key Employee Stock Unit Plan (KEYSUP) as a liability award plan. Compensation costs related to share-based payment transactions are allocated to Broadcast in proportion to plan participation and is recognized in operating costs and expenses in the combined statement of income. The Parent has elected to measure its share-based liability based on intrinsic value (see Note 9).

Recently Issued Accounting Standards—

In April 2014, the FASB issued *ASU 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360)*. The standard provides guidance that includes amendments that change the requirements for reporting discontinued operations and require additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations that have, or will have, a major effect on the organization's operations and financial results should be presented as discontinued operations. Additionally, this guidance requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The guidance will be applied prospectively to annual periods beginning on or after December 15, 2014, and interim periods within those years, with early adoption permitted. This accounting standard will not have a significant impact on the combined financial statements.

In May 2014, the FASB issued *ASU 2014-09, Revenue from Contracts with Customers (Topic 606)*.The standard provides guidance that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. In August 2015, the FASB subsequently issued guidance which approved a one year deferral of the guidance for annual reporting periods (including interim reporting periods for the subsequent annual period), beginning after December 15, 2018. Early adoption is permitted as of the original effective date for annual reporting periods (including interim reporting periods for the subsequent annual period) beginning after December 15, 2016. Broadcast is currently evaluating the impact of the adoption of this guidance on the combined financial statements.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40), Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern*. The standard provides guidance that addresses management's responsibility should it become necessary to evaluate whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. The guidance further provides that should it become necessary the evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. The guidance is effective for fiscal years ending after December 15, 2016 and for interim periods within those fiscal years, with early adoption permitted. Broadcast does not believe this accounting standard will have an impact on the combined financial statements.

3. AGREEMENTS AND TRANSACTIONS WITH RELATED PARTIES

Shared Services and Corporate Costs—Broadcast benefits from certain governance and corporate functions provided by Parent. Such functions include, but are not limited to, accounting, legal, treasury, tax, risk management, digital sales support, IT, human resources, and certain employee benefit related functions. Broadcast's combined statement of income includes cost allocations for such services of $7,556 in 2014, reported as a component of operating costs and expenses in the combined statement of income.

Cash Management, Financing and Financial Instruments—Parent uses a centralized approach to cash management and financing of operations. Broadcast cash is available for use and "swept" daily by Parent and has been reflected as Due from Parent at December 31, 2014. Parent also funds Broadcast operating and investing activities as needed. Transfers of cash both to and from Parent reflecting certain intercompany transactions that are of a long-term investment nature and corporate allocation adjustments are recorded as a component of Parent's equity in Broadcast on the combined balance sheet at December 31, 2014.

Notes Payable to Parent—The Broadcast entities entered into "evergreen" agreements with Parent for financing consisting of secured notes at a floating interest rate with annual payments of interest. Note principal is advanced or paid annually based upon Broadcast's projected net cash position at December 31. The floating rate is changed annually based upon the twelve-month LIBOR plus 150 to 300 basis points and was 5.0% at December 31, 2014. Debt due to Parent at December 31, 2014, was $289,932.

Contractual Agreements of the Parent—Broadcast benefits from certain contractual agreements of Parent to utilize certain services and assets for Broadcast operations. These services and transactions include:

- shared service agreements covering accounting, accounts payable processing, payroll processing, human resources, and employee benefits administration, and other administrative services;
- software licensing, cloud computing, computer and networking maintenance, end user support, and other information technology services;
- cash concentration and management, financing, merchant services, credit card, and other treasury services;
- retransmission consent negotiation, network affiliation and programming, and other operational services

The contract pricing associated with these services and assets may not be transferable to another party. The revenues and costs associated with these contractual agreements have been included within the combined financial statements.

Agreements and Transactions with Schurz' Other Businesses—Certain Broadcast entities have agreements and transactions with Schurz' Other Businesses in the normal course of business. These transactions do not necessarily represent arm's length transactions and may not represent all costs if conducted with independent customers or vendors. The total revenues and costs related to these transactions are not significant to Broadcast's combined financial statements.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill—The carrying value of goodwill is reviewed for impairment annually and more frequently if an event occurs or conditions change that would more likely than not reduce the fair value of a reporting unit below its carrying value. Such indicators of impairment include, but are not limited to, changes in business climate and operating or cash flow losses. Testing for impairment is a two-step process. The first step is the estimation of the fair value of the reporting unit, which is then compared to the carrying value. If the fair value is less than the carrying value of the reporting unit, an impairment of goodwill possibly exists, and then step two is performed to measure the amount of impairment.

Under the two-step process, management made a determination of the fair value of Broadcast. Fair values were determined using an income approach, which estimated fair value based upon a ten-year projection of future revenues, expenses and cash flows, including a terminal (perpetuity) amount, discounted to present value. The present value was calculated using a discount rate equal to 9.5%, and was selected by management through a market analysis of comparable companies.

Based upon the step-one analysis performed at September 30, 2014, management concluded that there were no impairments to goodwill. Management determined that there were no indicators of impairment at December 31, 2014.

During 2014, the Parent completed the purchase of KOTA-TV (see Note 12). The Parent also disposed of goodwill in 2014 related to the sale of certain radio broadcast stations.

The changes in goodwill carrying amount for the year ended December 31, 2014, were as follows:

Balance—January 1, and December 31, 2013	$	47,760
Goodwill acquired during the year		1,261
Goodwill disposed of during the year		(386)
Balance—December 31, 2014	$	48,635

Intangible Assets—For the reporting period, management evaluates the remaining useful life of its intangible assets that are not being amortized to determine whether events and circumstances continue to support an indefinite useful life. In 2014, management concluded that an indefinite useful life was appropriate for the intangible assets not being amortized.

For the purpose of our impairment tests, similar indefinite-lived intangible assets in a geographic market are considered a single unit of account.

Management evaluates the unit of account to ensure our impairment tests are performed at an appropriate level. For the purpose of our impairment tests, we have grouped the recorded values of our similar and various indefinite-lived intangible assets in a manner that is reflective of how we manage and operate the assets and, therefore, the appropriate unit of account. The unit of account for FCC licenses is the geographic market station group. The carrying values of indefinite-lived intangible assets are reviewed for impairment annually or more frequently if an event occurs or conditions change that would indicate that the asset might be impaired. The impairment test consists of a comparison of the fair value of an intangible asset with its carrying amount. If the carrying amount of an intangible asset exceeds its fair value, an impairment loss is recognized in an amount equal to that excess.

Management made a determination of the fair value of indefinite-lived intangible assets consisting of FCC licenses. Fair values were determined using a "greenfield" method income approach for FCC licenses, which estimates fair value based upon a ten-year projection of future revenues, expenses and cash flows, including a terminal (perpetuity) amount, discounted to their present value. The present value was calculated using a discount rate equal to 9.5% and was selected by management through a market analysis of comparable companies.

Based upon review and testing performed at September 30, 2014, management concluded that there was no impairment at September 30, 2014. Management determined that there were no indicators of impairment at December 31, 2014.

The valuation methodologies and underlying financial information that are used to determine fair value require significant judgments to be made by management. These judgments include, but are not limited to, certain startup, market, market share and other assumptions related to "greenfield" method income approach, long-term projections of future financial performance, and discount rates used to determine the present value of future cash flows. Changes in such estimates or the application of alternative assumptions, such as selecting different market share factors, profitability assumptions, or discount rates, could produce significantly different results that include the possibility of impairments.

The gross carrying amount and accumulated amortization of Broadcast's intangible assets as of December 31, 2014, were as follows:

	Weighted Average Life (years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Amortized intangible assets:				
Network affiliation agreements	22.7	$ 13,309	$ (3,597)	$ 9,712
Other acquired contracts	4.1	8,328	(5,519)	2,809
Advertising and subscriber base and lists	9.5	996	(478)	518
Total amortized intangible assets		$ 22,633	$ (9,594)	$ 13,039
Indefinite-lived intangible assets:				
FCC Licenses				$ 57,753
Other intangible assets				144
Total indefinite-lived intangible assets				$ 57,897
Total intangible assets—net of accumulated amortization				$ 70,936
Goodwill				$ 48,635
Total intangible assets—net of accumulated amortization and impairment and goodwill				$ 119,571

Estimated amortization expense for the next five years ending December 31, is as follows:

Years Ending December 31	
2015	$ 1,215
2016	1,177
2017	959
2018	804
2019	765

5. OTHER ASSETS

Other assets as of December 31, 2014, consisted of the following:

	2014
Television program rights—less current portion	$ 776
Equity method investments	1,321
Cost method and other investments	444
Other	24
Total	$ 2,565

Television program rights assets are classified as current or long-term in accordance with the projected period to be benefited. The current portion of television program rights assets was $3,278 at December 31, 2014. Long-term portion of television program rights assets is recorded as a sub-component of other assets and was $776 at December 31, 2014.

In March 2002, Broadcast entered into an agreement to form a limited liability company, Augusta Tower LLC, with another television station to build, maintain, and operate a digital television tower for the two stations. Broadcast owns 50% of Augusta Tower LLC and accounts for the investment under the equity method. Broadcast records its share of earnings or losses as gain or loss in joint venture, which is reported as investment income in the combined statement of income. Losses recognized for the year ended December 31, 2014, were $30. The investment balance was $1,321 at December 31, 2014.

Broadcast has certain investments accounted for under the cost method totaling $444 at December 31, 2014.

6. OTHER LIABILITIES

Liabilities under television program rights are classified as current or long-term in accordance with the contract payment terms. The current portion of liabilities under television program rights was $3,183 at December 31, 2014. Long-term portion of liabilities under television program rights is recorded as a component of other liabilities and was $759 at December 31, 2014. Broadcast has other liabilities of $242 at December 31, 2014.

7. DEBT

Debt at December 31, 2014, consisted of the following:

		2014
Perkin note (variable rate)	$	5,172
Summit note (3.75% fixed rate)		1,987
Long-term debt		7,159
Less current portion of long-term debt		(750)
Long-term debt—less current portion	$	6,409

On August 1, 2012, Perkin Media, LLC (“Perkin”) entered into an agreement for a $6,783 unsecured note at a floating interest rate with monthly installment payments of interest and principal due beginning on September 1, 2012, and the remaining principal balance due August 1, 2017. The floating rate is based upon the one month LIBOR plus 175 basis points and was 1.938% at December 31, 2014. Schurz on behalf of Broadcast signed a guaranty agreement with the bank for Perkin’s debt and has recorded the note in Broadcast’s combined financial statements (see Note 10).

On March 29, 2012, Summit Radio II, LLC (“Summit”), entered into an agreement for a $2,200 unsecured note at a fixed interest rate of 3.75%, with monthly installment payments of interest and principal due beginning on April 29, 2012, and the remaining principal balance due March 29, 2017. Schurz on behalf of Broadcast signed a guaranty agreement with the bank for Summit’s debt and has recorded the note in Broadcast’s combined financial statements (see Note 10).

Contractual maturities of debt for each of the next five years are as follows:

Years Ending December 31		
2015	$	750
2016		753
2017		5,656
Total	$	7,159

8. BENEFIT PLANS

The Parent sponsors tax-qualified pension and savings plans which cover most employees. In addition, the Parent sponsors nonqualified benefit plans for certain individuals to restore the pension benefits that individuals would lose as a result of Internal Revenue Code limitations upon payment of benefits from a tax qualified pension plan. There are no employee contributions required in order to participate in the defined benefit plans. The Parent also sponsors postretirement medical benefits which cover most employees hired before 2008.

Broadcast employees participate in these funded and unfunded defined benefit pension plans and other postretirement benefit plan sponsored by the Parent, which include participants from Schurz' Other Businesses. Broadcast's obligations for participation in these plans are excluded from the Broadcast Sale and will be retained by Parent. In connection with these combined financial statements, such plans are accounted for as though they are multi-employer benefit plans. The difference in a multi-employer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate accounts are not maintained for Broadcast as participating employers. As a result, an asset or liability is not recorded in the combined balance sheet to recognize the funded status of these plans. Income of $240 was recorded for the year ended December 31, 2014 for the Parent's total allocation of pension and other postretirement benefit net gains related to Broadcast employees. Income recognized in the combined financial statements is a result of the amortization of actuarial gains. The income (expense) recorded by Broadcast for each multi-employer benefit plan was as follows:

		2014
Retirement benefit plan income	$	313
Nonqualified supplemental retirement benefit plan expense		(324)
Postretirement healthcare benefits income		251
Total income of benefit plans	$	240

Defined Contribution Plan—Broadcast participates in a defined contribution plan sponsored by the Parent, which includes participants from Schurz' Other Businesses. Under the 401(k) retirement plan, Broadcast employee participants may contribute up to 50% of their annual compensation (subject to Internal Revenue Service limitations) and the employer may make a matching contribution on the employee's contributions. In addition, the employer may also make additional discretionary contributions. The matching contributions are 100% of the first 1% of employee deferrals, and 50% of the next 5% of employee deferrals. Total expense for Broadcast contributions under the 401(k) retirement plan was $1,155 for the year ended December 31, 2014.

Nonqualified Supplemental Deferred Compensation Plan—Broadcast participates in a nonqualified defined contribution plan sponsored by the Parent, which includes participants from Schurz' Other Businesses. Under the Supplemental Deferred Compensation Plan, eligible employees may elect to defer up to 100% of their annual bonus and up to 50% of their other annual compensation. There are no employer matching contributions for the Supplemental Deferred Compensation Plan. The Supplemental Deferred Compensation Plan liability is allocated to Broadcast based upon Broadcast's employee participants and a calculation of Parent's allocated employee participants, and was $10,905 at December 31, 2014. The related plan expense reported as a component of operating costs and expenses in the combined statement of income is allocated in proportion to the allocated plan liability and was $316 for the year ended December 31, 2014.

9. OTHER BENEFIT PLANS

Nonqualified Benefit Plan—Broadcast participates in a nonqualified stock unit benefit plan sponsored by the Parent, which includes participants from Schurz' Other Businesses. The Key Employee Stock Unit Plan (the "KEYSUP") is a liability plan which grants "stock units" to certain key employees. Stock units are a contingent right to receive compensation based on the appreciation in the Parent's "adjusted book value" of an equivalent number of shares of common stock between the date of stock unit grant and the date of the employees' termination. The stock unit value of each common share represents 40% of the Parent's adjusted book value per share at the end of the fiscal year immediately preceding the date of valuation. The KEYSUP provides for vesting in any compensation from appreciation after the employee completes five years of service, and for payment of the amounts in a lump sum at separation of employment. Compensation expense has been calculated as the sum of the appreciation (change in value) of all vested awards and the cost associated with the straight-line vesting of granted awards. The KEYSUP outstanding stock units, related liability, and related expense are allocated to Broadcast based upon Broadcast's actual key employee participants and a calculation of Parent's allocated key employee participants. The following table includes the portion of the stock units that have been allocated to Broadcast.

	Stock Units	Base Value Per Unit	Intrinsic Value
KEYSUP outstanding stock units:			
Beginning of the year	755,387	$ 8.71	
Grants	181,548	13.02	
Redemptions	(29,638)	8.56	
End of the year	907,297	9.60	$ 4,037
Exercisable at end of year	708,217	8.84	3,690

	2014
KEYSUP and other employee plans:	
Accrued liability—end of year	$ 3,533
Compensation	294
Cash paid for redemptions	63

	2015	2014
KEYSUP appreciated value per share for grants and redemptions of stock units during the period	$ 14.05	$ 14.04

Broadcast expects to recognize $347 in total compensation expense over the next five years related to unvested stock units based on values at December 31, 2014.

Key Employee Cash Bonus Plan—Broadcast participates in a nonqualified cash bonus benefit plan sponsored by the Parent, which includes participants from Schurz' Other Businesses. The Key Employee Cash Bonus Plan (the "Cash Bonus Plan") grants "bonus units" to certain key employees. Bonus units are a contingent right to receive cash bonuses as declared from time to time. Broadcast recognized compensation expense relative to Broadcast's actual employee participants and a calculation of Parent's allocated employee participants under the Cash Bonus Plan of $307 for the year ended December 31, 2014.

10. LOCAL MARKETING, OPERATING, AND SERVICES AGREEMENTS

Perkin Media, LLC—On October 1, 2006, Parent, on behalf of Broadcast, entered into an Advertising Representation Agreement (the "ARA") and a Services Agreement with Perkin Media, LLC ("Perkin"). The ARA with Perkin has an initial term of 15 years, with a 15 year automatic renewal, and provides Broadcast the exclusive right to the sale of advertising air time for Perkin and KSPR, a television station located in Springfield, Missouri, in exchange for payment to Perkin and reimbursement of certain operating costs to Perkin. The Services Agreement obligates Broadcast to perform accounting and certain other services in support of the operation of Perkin, LLC in exchange for a fee and has an initial term of 15 years, with a 15-year automatic renewal. Schurz on behalf of Broadcast also entered into a guaranty agreement with the bank as guarantor of Perkin's debt. Net revenues and operating costs recognized under these agreements in Broadcast's combined financial statements were $7,750 and $5,292, respectively, for the year ended December 31, 2014.

Branson Visitor TV, LLC—In January 2009, Broadcast executed an Operating Agreement (the "OA") to establish its majority interest in Branson Visitor TV, LLC (BVTV), a joint venture to broadcast a visitor channel in Branson, Missouri. Under the OA, Broadcast contributed cash and capital assets consisting of real estate, tower, FCC license and other broadcasting equipment totaling $301 for a 50.10% share, and is accounted for under the equity method. The OA does not expire. In May, 2009, Broadcast entered into a Services Agreement (the "SA") with BVTV that obligates Broadcast to perform accounting and certain other services in support of the operation of BVTV in exchange for a fee and has an initial term of three years, with a three year automatic renewal. The SA expired on April 30, 2015 and automatically renewed through April 30, 2018. Net revenues and operating costs recognized under these agreements in Broadcast's combined financial statements were $813 and $443, respectively, for the year ended December 31, 2014.

WAGT Television, Inc.—In October 2009, Broadcast executed an Operating Agreement for a third party to manage the operations of WAGT Television, Inc., effective January 1, 2010, with an initial term of 10 years. The agreement is automatically renewable for two successive terms of five years each and may be terminated at any time by mutual written agreement of the parties. Under the agreement, Broadcast retained all capital assets and remains the FCC licensee. The agreement also provides for a management fee and revenue share with the counter-party as compensation under the operating agreement. Net revenues and operating costs recognized under this agreement in Broadcast's combined financial statements were $8,310 and $7,647, respectively, for the year ended December 31, 2014.

Douglas Road Radio, Inc.—In April 2012, Parent, on behalf of Broadcast, signed a guaranty agreement with the bank for Summit's debt (see Note 7). Summit used the proceeds from the note to invest in Douglas Road Radio, Inc. (DRR) as majority investor. Broadcast contributed $1.1 million in return for a one-third minority interest in DRR. As a result of the guaranty of Summit's note and investment in DRR, the financial position and results of operations for both Summit and DRR are included in Broadcast's combined financial statements. Also, in April 2012, Broadcast executed a Local Marketing Agreement (LMA) to manage the operations of WSBT(AM), WNSN(FM), and W241AD radio stations (collectively, the "Stations"). The agreement expires March 30, 2022, unless extended by mutual agreement of the parties. Under the LMA, Broadcast retained all capital assets and remains the FCC licensee of the Stations. The LMA also provides for a management fee and revenue share to the Stations from DRR as compensation under agreement. Management assessed its minority investment in DRR and its LMA and determined DRR to be an affiliated investee entity to be included in Broadcast's combined financial statements. Net revenues and operating costs recognized under this agreement in Broadcast's combined financial statements were $5,695 and $5,358, respectively, for the year ended December 31, 2014.

11. COMMITMENTS AND CONTINGENCIES

Litigation—Broadcast is involved with various legal actions arising in the ordinary course of its activities. Where applicable, a loss has been accrued for those cases where the potential liability is estimable and probable. It is the opinion of management that the ultimate liability, if any, with respect to these matters will not materially affect the financial position of Broadcast.

Divestiture Commitments—On September 14, 2015, we announced the Broadcast Sale that we anticipate completing in the first quarter of 2016. In the event we do not consummate the Broadcast Sale as a result of certain breaches by us of the terms of the Agreement, we may be required to pay Gray a termination fee as defined in the Agreement.

Contractual Commitments for Television Program Rights—Broadcast enters into commitments for television program rights which are not currently available for broadcast and, therefore, are excluded from the combined financial statements. These commitments aggregated to $7,074 at December 31, 2014. Payments generally commence when the programs become available for broadcast.

Leases—Broadcast leases certain equipment and real estate under operating leases with various terms. Total rental expense was $1,490 for cancelable and noncancelable operating leases for the year ended December 31, 2014.

As of December 31, 2014, future minimum annual lease payments under noncancelable operating leases are payable for each of the next five years ending December 31:

2015	$	767
2016		681
2017		618
2018		445
2019		405
Thereafter		2,098
Total	$	5,014

12. ACQUISITIONS

KOTA Television Station Group—On April 28, 2014, Rushmore Media Company, Inc. ("RMC") on behalf of Schurz purchased substantially all the assets of a television station group and related activities located in Rapid City, South Dakota, to expand and grow Broadcast. Broadcast acquired all the television assets and operations of KOTA-TV and its three satellite television stations (KDUH-TV, Scottsbluff, NE; KHSD-TV, Lead-Deadwood, SD; and KSGW-TV, Sheridan, WY). The acquired assets are accounted for under the purchase method pursuant to FASB guidance and the results of operations of the acquired business are included in Broadcast's combined financial statements from the date of acquisition. The total purchase price of $9,880 has been allocated to the acquired company's tangible and intangible assets and liabilities based upon the fair values as of the date of acquisition. The purchase price was allocated as follows:

Cash and cash equivalents	$	-
Current assets		52
Property, plant, and equipment		4,791
Network affiliation agreement and other amortizing intangibles		3,473
FCC license and other indefinite lived intangibles		475
Goodwill		1,261
Current liabilities		(172)
Total purchase price	$	9,880

Before acquiring the KOTA television station group, RMC owned seven FCC licenses and operated six radio stations as a station group in the Rapid City market. Due to FCC regulations limiting radio and television cross ownership, FCC approval of the television station acquisition required subsequent divestiture of two of RMC's radio FCC licenses.

On June 30, 2014, RMC divested of two radio FCC licenses (KBHB(AM), Sturgis, SD; and KKLS(AM), Rapid City, SD) and related assets. The assets were sold for $650 and had a net carrying value of $938. Net loss recognized on this sale of $288 was reported as a component of operating costs and expenses in the combined statement of income.

13. SUBSEQUENT EVENTS

Management has evaluated the impact of subsequent events through December 21, 2015, and concluded that no material subsequent events, other than the expected sale of Broadcast operations discussed in Note 2, or those listed below, affecting Broadcast's combined balance sheet and the related combined statements of income and cash flows and the related notes to the combined financial statements have occurred.

WDBJ Incident—On August 26, 2015, two Broadcast employees of WDBJ Television, Inc. ("WDBJ") were fatally shot while conducting a live remote news interview. In addition, the person being interviewed was substantially injured. The alleged gunman was identified as a former WDBJ employee and pursued by the authorities. He died from a self-inflicted gunshot wound later that day.

Neither Schurz nor Broadcast Operations have received any claim notices with respect to this incident. While management cannot predict the potential for future litigation or other outcomes related to this incident, no material adverse effect on the financial condition of Broadcast Operations is expected as a result of this incident.

WAGT—Schurz and WAGT Television, Inc. ("WAGT") received a letter from Media General Operations, Inc. ("MGO") alleging that SCI and WAGT breached a certain Joint Sales Agreement and Shared Services Agreement (together the "WAGT Agreements") by failing to give MGO proper notice of the potential sale of WAGT's assets to Gray and by attempting to assign the WAGT Agreements to Gray. SCI and WAGT dispute the allegations. Schurz and WAGT understand that MGO and Gray are discussing MGO's claim. Management cannot predict the potential outcome of this matter, including whether any lawsuit may be filed.

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