UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

☒ **Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2013 or**
☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from __________ to __________.**

Commission File Number 1-13796

GRAY TELEVISION, INC.

(Exact Name of Registrant as Specified in its Charter)

Georgia	**58-0285030**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. 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**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock (no par value)	**New York Stock Exchange**
Common Stock (no par value)	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: **NONE**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one).

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐ (do not check if a smaller reporting company)	Smaller Reporting Company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting stock (based upon the closing sales prices quoted on the New York Stock Exchange) held by non-affiliates of the registrant (solely for purposes of this calculation, all directors, executive officers and 10% or greater stockholders of the registrant are considered to be "affiliates") as of June 28, 2013: **Class A Common Stock and Common Stock; no par value –$362,715,733.**

The number of shares outstanding of the registrant's classes of common stock as of February 25, 2014: **Class A Common Stock; no par value –**5,947,433 **shares; Common Stock, no par value –**52,532,690 **shares.**

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement for the annual meeting of stockholders, to be filed within 120 days of the registrant's fiscal year end, pursuant to Regulation 14A are incorporated by reference into Part III hereof.

Gray Television Inc.

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PART 1

Item 1. Business.

In this annual report on Form 10-K (the "Annual Report"), unless otherwise indicated or the context otherwise requires, the words "Gray," the "Company," "we," "us," and "our" refer to Gray Television, Inc. and its consolidated subsidiaries, as well as Excalibur Broadcasting, LLC (and its consolidated subsidiaries, "Excalibur"), a variable interest entity (that Gray is required to consolidate under generally accepted accounting principles). For more information on this variable interest entity, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." The discussion herein of the television (or "TV") stations that we own and operate does not include our interest in the television and radio stations owned by Sarkes Tarzian, Inc.

Our common stock and our Class A common stock have been listed and traded on The New York Stock Exchange (the "NYSE") under the symbols "GTN" and "GTN.A" since 1996 and 1995, respectively.

Unless otherwise indicated, all station rank, in-market share and television household data herein are derived from reports prepared by Nielsen Media Research Company ("Nielsen"), a national audience measuring service. While we believe this data to be accurate and reliable, we have not independently verified such data.

General

We are a television broadcast company headquartered in Atlanta, Georgia, that owns and operates television stations and digital properties in markets throughout the United States. As of February 1, 2014, we owned and/or operated television stations in 34 television markets broadcasting a total of 110 programming streams, including 24 affiliates of the CBS Network ("CBS"), 14 affiliates of the NBC Network ("NBC"), nine affiliates of the ABC Network ("ABC") and five affiliates of the FOX Network ("FOX"). We have pending acquisitions of television stations broadcasting a total of 26 programming streams in six additional markets and three of our existing markets in the United States.

Within a market, we broadcast secondary digital channels that are in addition to our primary broadcast channels. Our secondary broadcast channels are generally affiliated with networks different from those affiliated with our primary broadcast channels, and are operated by us to make better use of our broadcast spectrum by providing supplemental and/or alternative programming to our primary channels. Certain of our secondary channels are affiliated with more than one network simultaneously. In addition to affiliations with ABC, CBS and FOX, our secondary channels are affiliated with the following networks: the CW Network or the CW Plus Network (collectively, "CW"), MyNetworkTV ("MyNet."), the MeTV Network ("MeTV"), This TV Network ("This TV"), Antenna TV ("Ant."), Live Well Network ("LW") and Telemundo ("Tel."). We also broadcast nine local news/weather channels in certain of our existing markets. Our combined TV station group reaches approximately 6.4% of total United States households. Following completion of our announced and pending transactions (described below), we expect to reach approximately 7.3% of total United States households.

Refer to our Markets and Stations table later in this Item 1 and to Note 2 "Acquisitions" of our audited consolidated financial statements as of and for the year ended December 31, 2013 for more information.

Our operating revenues are derived primarily from broadcast and internet advertising, retransmission consent fees and, to a lesser extent, from other sources such as production of commercials, tower rentals, and management fees. For the years ended December 31, 2013 and 2012, we generated revenue of $346.3 million and $404.8 million, respectively.

Television Industry Background

The Federal Communications Commission (the “FCC”) grants broadcast licenses to television stations. There have been and are only a limited number of channels available for broadcasting in any one geographic area.

Television station revenue is derived primarily from local, regional and national advertising. Television station revenue is derived to a much lesser extent from retransmission consent fees; studio and tower space rental fees; and commercial production activities. “Advertising” refers primarily to advertisements broadcast by television stations, but it also includes advertisements placed on a television station’s website and sponsorships of television programming and off-line content (such as email messages, mobile applications, and other electronic content distributed by stations). Advertising rates are based upon: (i) the size of a station’s market, (ii) a station’s overall ratings, (iii) a program’s popularity among targeted viewers, (iv) the number of advertisers competing for available time, (v) the demographic makeup of the station’s market, (vi) the availability of alternative advertising media in the market, (vii) the presence of effective sales forces and (viii) the development of projects, features and programs that tie advertiser messages to programming and/or digital content on a station’s website or mobile applications. Advertising rates can also be determined in part by a station’s overall ratings and in-market share, as well as the station’s ratings and market share among particular demographic groups that an advertiser may be targeting. Because broadcast stations rely on advertising revenues, they are sensitive to cyclical changes in the economy. The sizes of advertisers’ budgets, which can be affected by broad economic trends, can affect the broadcast industry in general and the revenues of individual broadcast television stations.

Each commercial television station in the United States is assigned by Nielsen to one of 210 geographic television markets or designated market areas (“DMAs”). These markets are ranked in size according to their number of television households, with the market having the largest number of television households (New York City) ranked first. Each DMA is an exclusive geographic area consisting of all counties (and in some cases, portions of counties) in which the home-market commercial television stations receive the greatest percentage of total viewing hours. Nielsen periodically publishes data on estimated audiences for the television stations in each DMA.

Strategy

Our success is based on the following strategies for growing our revenues and operating cash flows:

Focus on Strategic Growth and Acquisitions

The television broadcasting industry has been characterized recently by a high level of acquisition activity. We believe that there are a number of television stations, and a few station groups, that have similar operating profiles and characteristics, and that share the same commitment to local news coverage, to the communities in which they operate and to creating high quality, locally-driven content, as we do. We intend to selectively pursue opportunities for the acquisition of television stations or station groups, primarily in markets below the Top 50 generally recognized television markets, that fit our strategic and operational objectives, and where we believe that we can improve revenue, efficiencies and cash flow through active management and cost controls. As we consider potential acquisitions, we primarily evaluate potential station audience and revenue shares and the extent to which the target would positively impact our existing station operations.

In furtherance of this, during 2013 we entered into a number of strategic transactions, including:

- the October 2013 transactions with News-Press Gazette Company and Excalibur, pursuant to which we acquired the non-license assets for $9.0 million, and Excalibur acquired the license assets for $3.0 million, of KJCT(TV) and associated low power stations (collectively, "KJCT-TV") in the Grand Junction, Colorado, market. In connection therewith, we entered into a shared services agreement, pursuant to which we provide certain services, including back-office, engineering and sales support, and a lease agreement, pursuant to which we provide studio and office space, to Excalibur. We have also entered into a put and call option agreement with Excalibur, pursuant to which we have the right to purchase, and Excalibur has the right to require us to purchase, the license assets of KJCT-TV upon receipt of FCC approval. In connection with the consummation of Excalibur's acquisition of KJCT-TV's license assets, Excalibur incurred approximately $3.0 million of debt, which we have guaranteed;

- the October 2013 acquisition of 99% of the outstanding equity interests of Yellowstone Television, LLC ("Yellowstone"), the owner of four television stations in the Laredo, Texas, Cheyenne, Wyoming – Scottsbluff, Nebraska and Casper, Wyoming markets, for $23.0 million;

- the series of transactions announced in November 2013 pursuant to which we will acquire ownership or operating rights to 12 network-affiliated television stations, excluding satellite stations, in six markets (after giving effect to stations required to be divested) from Hoak Media LLC ("Hoak"). In connection therewith, Excalibur has agreed to acquire three stations in three markets (after giving effect to stations required to be divested) currently owned and/or operated by Hoak. The aggregate purchase price to complete these acquisitions is $335.0 million, subject to a working capital adjustment of up to $10.0 million. In order to comply with regulatory requirements, Gray and Excalibur have entered into agreements to sell certain of the to be acquired television stations, in the Panama City and Grand Junction markets, to third parties for an aggregate purchase price of $37.5 million plus a working capital adjustment;

- the entry into an agreement to acquire WQCW(TV), Portsmouth, Ohio and WOCW-LP, Charleston, West Virginia (collectively, "WQCW-TV") for $5.0 million. In February 2014, we began a local marketing agreement with respect to WQCW-TV; and

- an agreement entered into in December 2013 to acquire KEVN-TV, a television station serving Rapid City, South Dakota (and its satellite station, KIVV-TV), for $7.8 million.

Upon receipt of FCC approval in December 2013, we converted our 99% non-voting interest in Yellowstone into a 99% voting interest. The other announced acquisitions remain pending subject to FCC or other regulatory approval. We currently anticipate that the remaining pending acquisitions identified above will be completed in the first half of 2014, although no assurances of the receipt of FCC approvals or the timing thereof, can be provided.

Refer to our Markets and Stations table later in this Item 1 and Note 2 "Acquisitions" of our audited consolidated financial statements as of and for the year ended December 31, 2013 for more information.

Maintain and Grow our Market Leadership Position

As of February 1, 2014, we have the #1 ranking in overall audience in 23 of the 34 markets in which we own stations and we have the #1 ranking in local news audience in 22 of our markets. In addition, we have the #1 and #2 ranking in both overall audience and news audience in 31 of those 34 markets. Upon completion of all pending transactions, we anticipate that we will have the #1 ranking in overall audience in 27 of the 40 markets in which we will own and/or operate stations, and the #1 or #2 ranking in overall audience in 37 of those 40 markets.

We believe there are significant advantages in operating the #1 or #2 television broadcasting stations in a local market. Strong audience and market share allows us to enhance our advertising revenue through price discipline and leadership. We believe a top-rated news platform is critical to capturing incremental sponsorship and political advertising revenue. Our high-quality station group allows us to generate high operating margins, which allows us additional opportunities to reinvest in our business to further strengthen our network and news ratings. Furthermore, we believe operating the top ranked stations in our various markets allows us to attract and retain top talent.

We also believe that our leadership position in the markets in which we operate gives us additional leverage to negotiate retransmission contracts with cable system operators, telephone video distributors, direct broadcast satellite (“DBS”) operators, and other multichannel video programming distributors (collectively, “MVPDs”). We also believe our local leadership positions help us in negotiating our network affiliation agreements.

We intend to maintain our market leadership position through continued prudent investment in our news and syndicated programs, as well as continued technological advances and program improvements. We continue to convert our local studios in select markets to be able to provide high definition digital broadcasting (“HD”) to further enhance the visual quality of our local programs, which we believe will drive incremental viewership, and we expect to continue to invest in technological upgrades over the next few years.

Pursue New Media Opportunities

We currently operate web, mobile and desktop applications in all of our markets. We have focused on expanding relevant local content, such as news, weather and sports, on our websites to drive increased traffic to our sites. We have experienced strong growth in internet traffic in the past; for example, page views have grown at approximately a 40.7% compound annual growth rate from 2003 to 2013. We anticipate continued growth in the future, which we believe will result in increased internet revenue.

Our aggregate internet revenue is derived from two sources. The first is advertising or sponsorship opportunities directly on our websites or mobile applications, referred to as “direct internet revenue.” The other source is television advertising time purchased by our clients to directly promote their involvement in our websites or mobile applications, referred to as “internet-related commercial time sales.”

Monetize Digital Spectrum

We currently broadcast 58 secondary channels. We created our secondary channels to better utilize our excess broadcast spectrum. Our secondary channels are affiliated with networks different from those affiliated with our primary channels and are operated by us to make better use of our broadcast spectrum by providing supplemental and/or alternative programming to our primary channels. Certain of our secondary channels are affiliated with more than one network simultaneously.

Our strategy includes expanding upon our digital offerings, and we evaluate potential opportunities from time to time either on our own and/or in partnership with other companies, as such opportunities present themselves. We also evaluate opportunities to use spectrum for future delivery of television broadcasts to handheld and other mobile devices.

Prudent Cost Management

Historically, we have closely managed our costs to maintain and improve our margins. We believe that our market leadership position also gives us additional negotiating leverage to enable us to lower our syndicated programming costs. We have increased the efficiency of our stations by automating video production and back office processes. We believe that we will be able to further benefit from our cost and operational efficiencies as we continue to grow our company.

Cyclicality, Seasonality and Revenue Concentrations

Because broadcast stations like ours rely on advertising revenue, they are sensitive to cyclical changes in the economy. As a result, our non-political advertising revenue was significantly negatively affected during the economic recession in 2007 to 2009, but it has improved along with the general economic environment since 2010. Our political advertising revenue was not as significantly affected by the recession as our non-political advertising revenue.

Broadcast advertising revenue is generally highest in the second and fourth quarters each year. This seasonality results partly from increases in consumer advertising in the spring and retail advertising in the period leading up to and including the Christmas holiday season. Broadcast advertising revenue is also typically higher in even-numbered years due to spending by political candidates, political parties and special interest groups during the “on year” of the two-year political advertising cycle. This political advertising spending typically is heaviest during the fourth quarter.

We consider broadcast advertising revenue to be revenue earned from the sale of advertisements broadcast by our stations. Although no single customer represented more than 5% of our broadcast advertising revenue for the years ended December 31, 2013, 2012 and 2011, we derived a material portion of our non-political broadcast advertising revenue from advertisers in a limited number of industries, particularly the automotive industry. For the years ended December 31, 2013, 2012 and 2011, we derived approximately 25%, 18% and 21%, respectively, of our total broadcast advertising revenue from our customers in the automotive industry. Revenue from this industry represented a higher percentage of total revenue in odd-numbered years due to, among other things, the increased availability of advertising time, as a result of such years being the “off year” of the two year political advertising cycle. Our results of operations and financial condition could be materially adversely affected if broadcast advertising revenue from the automotive, or certain other industries, such as the medical, restaurant, communications, furniture and appliance industries declines.

Markets and Stations

Gray operates in DMAs ranked between 61 and 208 and seeks to focus its operations on university towns and state capitals. Our markets include 18 university towns, representing enrollment of approximately 500,000 students, and nine state capitals. We believe university towns and state capitals provide significant advantages as they generally offer more favorable advertising demographics, more stable economics and a stronger affinity between local stations and university sports teams.

We have strong, market leading positions in our markets. We believe a key driver for our strong market position is the strength of our local news and information programs. We believe that our market position and our strong local revenue streams have enabled us to maintain more stable revenues in recent challenging economic conditions compared to many of our peers.

We are diversified across our markets and network affiliations. Our largest market by company revenue is Charleston/Huntington, WV, which contributed approximately 7% of our revenue for each of the years ended December 31, 2013 and 2012. Our top 10 markets by Company revenue contributed 50% of our revenue for each of the years ended December 31, 2013 and 2012. For the years ended December 31, 2013 and 2012, our CBS-affiliated channels accounted for 45% and 42%, respectively, of our revenue, our NBC-affiliated channels accounted for 35% and 39%, respectively, of our revenue, our ABC-affiliated channels accounted for 14% and 15%, respectively, of our revenue and our FOX-affiliated channels accounted for approximately 2% of our revenue.

The majority of our stations broadcast primary channels that are affiliated with major networks. In addition to the primary channels, the majority of our stations also broadcast secondary digital channels that are affiliated with various networks. The terms of our affiliations with these networks are governed by network affiliation agreements. Each network affiliation agreement provides the affiliated station with the right to broadcast all programs transmitted by the affiliated network. Our network affiliation agreements expire at various dates through December 31, 2018.

The following table provides information about our owned and operated television stations, as well as our pending station acquisitions, as of February 1, 2014.

Stations owned and operated by Gray Television, Inc.:

DMA Rank (a)	Designated Market Area ("DMA")	Station Call Letters	Network Affiliations and Program Service Arrangements (b)				Primary Broadcast License Expiration Date (c)	Primary Channel Station Rank in DMA (d)	Primary Channel News Rank in DMA (e)
61	Knoxville, TN	WVLT	CBS	MyNet.			8/1/2021	2	2
63	Lexington, KY	WKYT	CBS	CW	News		8/1/2013 (g)	1	2
(k)	Hazard, KY	WYMT	CBS				8/1/2013 (g)	1	1
65	Charleston/Huntington, WV	WSAZ	NBC	MyNet.	This TV		10/1/2012 (g)	1	1
67	Wichita/Hutchinson, KS	KAKE	ABC	MeTV			6/1/2014	3	3
67	(Colby, KS)	KLBY (f)	ABC				6/1/2014		
67	(Garden City, KS)	KUPK (f)	ABC				6/1/2014		
74	Omaha, NE	WOWT	NBC	News			6/1/2014	2	2
83	Madison, WI	WMTV	NBC	News	Ant.		12/1/2021	2	2
88	Waco/Temple/Bryan, TX	KWTX	CBS	CW			8/1/2014	1	1
88	(Bryan, TX)	KBTX (f)	CBS	CW			8/1/2014		
89	Colorado Springs/Pueblo, CO	KKTV	CBS	MyNet.			4/1/2014	1	2
96	South Bend/Elkhart, IN	WNDU	NBC	Ant.			8/1/2013 (g)	2	2
99	Greenville/New Bern/Washington, NC	WITN	NBC	MyNet.	MeTV		12/1/2020	1	1
105	Lincoln/Hastings/Kearney, NE	KOLN	CBS				6/1/2014	1	1
105	(Grand Island, NE)	KGIN (f)	CBS				6/1/2014		
105	Lincoln/Hastings/Kearney, NE	KSNB	Me	MyNet.			6/1/2014	6	6
106	Tallahassee, FL/Thomasville, GA	WCTV	CBS	MyNet.	This TV		4/1/2013 (g)	1	1
107	Reno, NV	KOLO	ABC	LW			10/1/2014	2	2
112	Augusta, GA/Aiken, SC	WRDW	CBS	MyNet.	Ant.		4/1/2021	1	1
115	Lansing, MI	WILX	NBC	News			10/1/2021	2	1
128	La Crosse/Eau Claire, WI	WEAU	NBC	News	Ant.		12/1/2021	2	1
134	Topeka, KS	WIBW	CBS	MeTV	MyNet.		6/1/2014	1	1
135	Wausau/Rhinelander, WI	WSAW	CBS	MyNet.	News		12/1/2021	1	2
136	Rockford, IL	WIFR	CBS	Ant.			12/1/2021	1	1
151	Albany, GA	WSWG	CBS	MeTV	MyNet.	CW	4/1/2021	3	4
154	Panama City, FL	WJHG	NBC	CW	News		2/1/2021	1	1
154	Panama City, FL	WECP	CBS	MyNet.			2/1/2021	3	(h)
161	Sherman, TX/Ada, OK	KXII	CBS	MyNet.	FOX		8/1/2014	1	1
161	(Paris, TX)	KXIP (f)	CBS				8/1/2014		
172	Dothan, AL	WTVY	CBS	MeTV	MyNet.	CW	4/1/2013 (g)	1	1
172	Dothan, AL	WRGX	NBC				4/1/2021	4	3
178	Harrisonburg, VA	WHSV	ABC	MeTV	MyNet.		10/1/2012 (g)	1	1
178	Harrisonburg, VA	WSVF	FOX	CBS			10/1/2020	3	2
182	Bowling Green, KY	WBKO	ABC	FOX	CW		8/1/2021	1	1
183	Charlottesville, VA	WCAV	CBS	News			10/1/2012 (g)	2	2
183	Charlottesville, VA	WVAW	ABC				10/1/2012 (g)	3	3
183	Charlottesville, VA	WAHU	FOX	MyNet.	This TV		10/1/2012 (g)	4	4
184	Laredo, TX	KGNS	NBC	CW	Tel.		8/1/2014	1	1
185	Grand Junction/Montrose, CO	KKCO	NBC	MeTV			4/1/2014	1	2
186	Meridian, MS	WTOK	ABC	MyNet.	CW		6/1/2013 (g)	1	1

Stations owned and operated by Gray Television, Inc. (continued):

DMA Rank (a)	Designated Market Area ("DMA")	Station Call Letters		Network Affiliations and Program Service Arrangements (b)		Primary Broadcast License Expiration Date (c)		Primary Channel Station Rank in DMA (d)	Primary Channel News Rank in DMA (e)
194	Parkersburg, WV	WTAP		NBC	News	10/1/2012	(g)	1	1
194	Parkersburg, WV	WIYE		FOX		10/1/2020		2	(h)
194	Parkersburg, WV	WOVA		CBS	MyNet.	10/1/2020		3	2
196	Cheyenne, WY/Scottsbluff, NE	KGWN		CBS	CW	10/1/2014		1	1
196	(Gering, NE)	KSTF	(f)	CBS		6/1/2014			
196	Cheyenne, WY/Scottsbluff, NE	KCHY		NBC		10/1/2014		5	3
197	Casper/Riverton, WY	KCWY		NBC		10/1/2014		1	1
208	North Platte, NE	KNPL		CBS	MeTV	6/1/2014		6	3

Stations operated pursuant to a shared services agreement with Excalibur Broadcasting, LLC:

DMA Rank (a)	Designated Market Area ("DMA")	Station Call Letters	Network Affiliations and Program Service Arrangements (b)		Primary Broadcast License Expiration Date (c)	Primary Channel Station Rank in DMA (d)	Primary Channel News Rank in DMA (e)
185	Grand Junction/Montrose, CO	KJCT	ABC	CW	4/1/2014	3	1
185	(Montrose, CO)	KKHD	Tel.		4/1/2014		

Stations pending completion of acquisition by Gray Television, Inc. (i):

DMA Rank (a)	Designated Market Area ("DMA")	Station Call Letters	Network Affiliations and Program Service Arrangements (b)		Primary Broadcast License Expiration Date (c)	Primary Channel Station Rank in DMA (d)	News Rank in DMA (e)
65	Charleston/Huntington, WV	WQCW (j)	CW		10/1/2021	6	(h)
111	Sioux Falls, SD	KSFY	ABC	CW	4/1/2014	2	2
111	(Aberdeen, SD)	KABY (f)	ABC		4/1/2014		
111	(Pierre, SD)	KPRY (f)	ABC		4/1/2014		
116	Fargo/Valley City, ND	KVLY	NBC	ME	4/1/2014	2	2
137	Monroe/El Dorado, LA	KNOE	CBS	CW	6/1/2013 (g)	1	1
145	Minot/Bismarck/Dickinson, ND	KFYR	NBC	ME	4/1/2014	1	1
145	(Minot, ND)	KMOT (f)	NBC		4/1/2014		
145	(Williston, ND)	KUMV (f)	NBC		4/1/2014		
145	(Dickinson, ND)	KQCD (f)	NBC		4/1/2014		
173	Rapid City, SD	KEVN	FOX		4/1/2014	4	2
173	(Lead, SD)	KIVV (f)	FOX		4/1/2014		
179	Alexandria, LA	KALB	NBC	CBS	6/1/2013 (g)	1	1
208	North Platte, NE	KNOP	NBC		6/1/2006 (g)	1	1
208	North Platte, NE	KIIT	FOX		6/1/2014	4	(h)

Stations anticipated to be operated pursuant to a shared services agreement pending completion of acquisition by Excalibur Broadcasting, LLC (i):

DMA Rank (a)	Designated Market Area ("DMA")	Station Call Letters	Network Affiliations and Program Service Arrangements (b)		Primary Broadcast License Expiration Date (c)	Primary Channel Station Rank in DMA (d)	Primary Channel News Rank in DMA (e)
105	Lincoln/Hastings/Kearney, NE	KHAS	NBC	Cozi.	6/1/2006 (g)	4	4
116	Fargo/Valley City, ND	KXJB	CBS		4/1/2014	3	3
137	Monroe/El Dorado, LA	KAQY	ABC		6/1/2013 (g)	4	(h)
145	Minot/Bismarck/Dickinson, ND	KNDX	FOX		4/1/2006 (g)	4	(h)
145	(Minot, ND)	KXND (f)	FOX		4/1/2006 (g)		

(a) DMA rank for the 2013-2014 television season based on information published by Nielsen.

(b) Indicates network affiliations. All primary channels and a significant majority of our secondary channels broadcast by the stations are affiliated with a network. We also have independent secondary channels broadcasting local news and/or weather. Such channels are identified as “News.”

(c) Indicates expiration dates of broadcast licenses.

(d) Based on Nielsen data for the February, May, July and November 2013 rating periods.

(e) Based on Nielsen data for the February, May, July and November 2013 rating periods for various news programs.

(f) This station is a satellite station under FCC rules and simulcasts the programming of our primary channel in its market. This station may offer some locally originated programming, such as local news.

(g) This station timely filed a license renewal application with the FCC, which remains pending. We anticipate that all pending renewal applications will be granted in due course.

(h) This station does not currently broadcast local news that is specific to its market.

(i) Pending acquisitions are subject to regulatory approval.

(j) As of February 1, 2014, this station is operated by Gray pursuant to a local marketing agreement pending completion of its acquisition by Gray.

(k) The rankings shown for WYMT are based on data for the trading area (an area not defined as a distinct DMA) for the four most recent reporting periods.

Station Network Affiliations

The “Big Four” major broadcast networks, ABC, NBC, CBS and FOX, dominate broadcast television in terms of the amount of viewership that their original programming attracts. The “Big Three” major broadcast networks of ABC, NBC, and CBS provide their respective network affiliates with a majority of the programming broadcast each day. FOX, CW and MyNetworkTV provide their affiliates with a smaller portion of each day’s programming compared to the Big Three networks. The CW Plus network generally provides programming for the entire broadcast day.

We believe most successful commercial television stations obtain their brand identity from locally produced news programs. Notwithstanding this, however, the affiliation of a station’s channels with one of the Big Four major networks can have a significant impact on the station’s programming, revenues, expenses and operations. A typical network provides an affiliate with network programming in exchange for a substantial majority of the advertising time available for sale during the airing of the network programs. The network then sells this advertising time and retains the revenue. The affiliate sells the remaining advertising time available within the network programming and non-network programming, and the affiliate retains most or all of such revenue from these sales. In seeking to acquire programming to supplement network-supplied programming, which we believe is critical to maximizing affiliate revenue, affiliates compete primarily with other affiliates and independent stations in their markets as well as, in certain cases, various national non-broadcast networks (“cable networks”) that present competitive programming. The Big Four networks charge affiliates cash fees as additional compensation for receiving network programming.

A television station may also acquire programming through barter arrangements. Under a programming barter arrangement, a national program distributor retains a fixed amount of advertising time within the program in exchange for the programming it supplies. The television station may pay a fixed fee for such programming.

We record revenue and expense for trade barter transactions involving the exchange of tangible goods or services with our customers. The revenue is recorded at the time the advertisement is broadcast and the expense is recorded at the time the goods or services are used. The revenue and expense associated with these transactions are based on the fair value of the assets or services received.

We do not account for barter revenue and related barter expense generated from network or syndicated programming as such amounts are not material. Furthermore, any such barter revenue recognized would then require the recognition of an equal amount of barter expense. The recognition of these amounts would not have a material effect upon net income (loss).

Affiliates of FOX, CW and MyNetworkTV must purchase or produce a greater amount of programming for their non-network time periods, generally resulting in higher programming costs. On the other hand, affiliates of FOX, CW and MyNetworkTV retain a larger portion of their advertising time inventory and the related revenues compared to Big Three affiliates.

Competition

Television stations compete for audiences, certain programming (including news) and advertisers. Cable network programming is a significant competitor of broadcast television programming. However, no single cable network regularly attains audience levels of those of any major broadcast network. Cable networks' advertising share has increased due to the growth in the number of homes that subscribe to a pay-TV service from MVPDs. Despite increases in cable network viewership, over-the-air broadcasting remains the dominant distribution system for mass-market television advertising. Signal coverage and carriage on MVPD systems also materially affect a television station's competitive position.

Audience

Stations compete for audience based on broadcast program popularity, which has a direct effect on advertising rates. Networks supply a substantial portion of our affiliated stations' daily programming. Affiliated stations depend on the performance of the network programs to attract viewers. There can be no assurance that any such current or future programming created by our affiliated networks will achieve or maintain satisfactory viewership levels. Stations program non-network time periods with a combination of locally produced news, public affairs and entertainment programming, including national news or syndicated programs purchased for cash, cash and barter, or barter only.

MVPD systems have significantly altered the competitive landscape for audience in the television industry. Specifically, MVPD systems can increase a broadcasting station's competition for viewers by bringing into the market both cable networks and distant television station signals not otherwise available to the station's audience.

Other sources of competition for audiences, programming, and advertisers include internet websites, mobile applications and wireless carriers, direct-to-consumer video distribution systems, and home entertainment systems.

Recent developments by many companies, including internet service providers and internet website operators, are expanding the variety and quality of broadcast and non-broadcast video programming available to consumers via the internet. Internet companies have developed business relationships with companies that have traditionally provided syndicated programming, network television and other content. As a result, additional programming is becoming available through non-traditional methods, which can directly impact the number of TV viewers, and thus indirectly impact station rankings, popularity and revenue possibilities of our stations.

Programming

Competition for non-network programming involves negotiating with national program distributors, or syndicators, that sell first-run and rerun programming packages. Each station competes against the other broadcast stations in its market for exclusive access to off-network reruns (such as The Andy Griffith Show) and first-run programming (such as Jeopardy). Broadcast stations compete also for exclusive news stories and features. While cable networks generally do not compete with local stations for programming, some national cable networks from time to time have acquired programs that would have been offered to, or otherwise might have been broadcast by, local television stations.

Advertising

Advertising revenues comprise the primary source of revenues for our stations. Our stations compete with other television stations for advertising revenues in their respective markets. Our stations also compete for advertising revenue with other media, such as newspapers, radio stations, magazines, outdoor advertising, transit advertising, yellow page directories, direct mail, internet websites, and local cable and other MVPD systems. In the broadcast industry, advertising revenue competition occurs primarily within individual markets.

Federal Regulation of the Television Broadcast Industry

General

Under the Communications Act of 1934 (the “Communications Act”), television broadcast operations such as ours are subject to the jurisdiction of the FCC. Among other things, the Communications Act empowers the FCC to: (i) issue, revoke and modify broadcasting licenses; (ii) regulate stations’ operations and equipment; and (iii) impose penalties for violations of the Communications Act or FCC regulations. The Communications Act prohibits the assignment of a license or the transfer of control of a licensee without prior FCC approval.

License Grant and Renewal

The FCC grants broadcast licenses to television stations for terms of up to eight years. Broadcast licenses are of paramount importance to the operations of our television stations. The Communications Act requires the FCC to renew a licensee’s broadcast license if the FCC finds that: (i) the station has served the public interest, convenience and necessity; (ii) there have been no serious violations of either the Communications Act or the FCC’s rules and regulations; and (iii) there have been no other violations which, taken together, would constitute a pattern of abuse. Historically the FCC has renewed broadcast licenses in substantially all cases. While we are not currently aware of any facts or circumstances that might prevent the renewal of our stations’ licenses at the end of their respective license terms, we cannot provide any assurances that any license will be renewed. Our failure to renew any licenses upon the expiration of any license term could have a material adverse effect on our business. Under the Communications Act, the term of a broadcast license is automatically extended pending the FCC’s processing of a renewal application. For further information regarding the expiration dates of our stations’ current licenses and renewal application status, see the table under the heading “Markets and Stations.”

Media Ownership Restrictions and FCC Proceedings

The FCC’s broadcast ownership rules affect the number, type and location of broadcast and newspaper properties that we may hold or acquire. The rules now in effect limit the common ownership, operation or control of, and “attributable” interests or voting power in: (i) television stations serving the same area; (ii) television stations and daily newspapers serving the same area; and (iii) television stations and radio stations serving the same area. The rules also limit the aggregate national audience reach of television stations that may be under common ownership, operation and control, or in which a single person or entity may hold an official position or have more than a specified interest or percentage of voting power. The FCC’s rules also define the types of positions and interests that are considered attributable for purposes of the ownership limits, and thus also apply to our principals and certain investors.

The FCC is required by statute to review all of its broadcast ownership rules every four years to determine if such rules remain necessary in the public interest. In 2007, the FCC adopted a Report and Order fulfilling the FCC's obligation to review its media ownership rules every four years. That Order left most of the FCC's existing ownership restrictions in place, but made modifications to the newspaper/broadcast cross-ownership restriction. A number of parties appealed the FCC's order; those appeals were consolidated in the United States Court of Appeals for the Third Circuit ("Third Circuit"). In May 2010, while these appeals were still pending, the FCC began a new comprehensive review of its broadcast ownership rules to determine whether the rules remain necessary in the public interest by releasing a Notice of Inquiry ("NOI"). In July 2011, the Third Circuit vacated and remanded the FCC's 2007 changes to the newspaper/broadcast cross-ownership rule, but upheld the FCC's retention of the remainder of its media ownership rules. In December 2011, the FCC issued a Notice of Proposed Rulemaking (the "2011 NPRM") that addresses issues remanded by the Third Circuit. In addition, the 2011 NPRM requests comments on the FCC's proposals to leave the local TV ownership rule and local radio ownership rule largely intact; eliminate the radio/television cross-ownership rule; and presumptively permit waivers of the newspaper/broadcast cross-ownership ban in the 20 largest television markets. Finally, the 2011 NPRM requests comments on whether local news service agreements and/or shared services agreements should be considered attributable for purposes of applying the media ownership restrictions. The FCC, in an open ownership proceeding from 2004, previously sought comment on its proposal to make joint sales agreements attributable to the station acting as the broker.

Local TV Ownership Rules

The FCC's 2007 actions generally reinstated the FCC's pre-2003 local television ownership rules. Under those rules, one entity may own two commercial television stations in a DMA as long as the Grade B contours of the stations do not overlap or, if they do, no more than one of those stations is ranked among the top four stations in the DMA and eight independently owned, full-power stations will remain in the DMA. Waivers of this rule may be available if at least one of the stations in a proposed combination qualifies, pursuant to specific criteria set forth in the FCC's rules, as failed, failing, or unbuilt. The 2011 NPRM proposes only minor modifications to the existing rule by eliminating the Grade B contour overlap portion of the existing rule. Additionally, the 2011 NPRM requests comments on whether (i) to adopt a waiver standard that would allow certain television combinations in small markets, even between top-four stations, (ii) to consider multicasting in determining local television ownership limits, and (iii) to limit the ability of station owners to form dual network affiliations through multicasting multiple channels of programming within a single digital channel.

Cross-Media Limits

The newspaper/broadcast cross-ownership rule generally prohibits one entity from owning both a commercial broadcast station and a daily newspaper in the same community. The radio/television cross-ownership rule allows a party to own one or two TV stations and a varying number of radio stations within a single market. The FCC's 2007 decision left the existing newspaper/broadcast and radio/television cross-ownership restrictions in place, but provided that the FCC would evaluate newly-proposed newspaper/broadcast combinations under a non-exhaustive list of public interest factors and apply positive or negative presumptions in specific circumstances. As noted above, the Third Circuit reversed and remanded the FCC's 2007 changes to the newspaper/broadcast cross-ownership rule, leaving the original prohibition in place. The 2011 NPRM proposes a rule based largely on the FCC's 2007 decision and seeks comment on its proposal to adopt a newspaper/broadcast cross-ownership rule that would presumptively permit waivers of the newspaper/broadcast cross-ownership restrictions in the top 20 DMAs when the television station is not ranked among the top four television stations in the DMA and at least eight independently owned and operated major media voices remain in the DMA.

National Television Station Ownership Rule

The maximum percentage of U.S. households that a single owner can reach through commonly owned television stations is 39 percent. This limit was specified by Congress in 2004 and is not affected by the December 2007 FCC decision or subsequent appellate action. The FCC applies a 50 percent “discount” for ultra-high frequency (“UHF”) stations. In September 2013, the FCC released a Notice of Proposed Rulemaking (the “2013 NPRM”) seeking comment on its tentative conclusion to eliminate the UHF discount.

Conclusion

The FCC’s media ownership proceedings are on-going and, in many cases, are or will be subject to further judicial and potentially Congressional review. We cannot predict the outcome of any of these current or potential proceedings.

Attribution Rules

Under the FCC’s ownership rules, a direct or indirect purchaser of certain types of our securities could violate FCC regulations if that purchaser owned or acquired an “attributable” interest in other media properties in the same areas as one or more of our stations. Pursuant to FCC rules, the following relationships and interests are generally considered attributable for purposes of broadcast ownership restrictions: (i) all officers and directors of a corporate licensee and its direct or indirect parent(s); (ii) voting stock interests of at least five percent; (iii) voting stock interests of at least 20 percent, if the holder is a passive institutional investor (such as an investment company, as defined in 15 U.S.C. 80a-3, bank, or insurance company); (iv) any equity interest in a limited partnership or limited liability company, unless properly “insulated” from management activities; (v) equity and/or debt interests that in the aggregate exceed 33 percent of a licensee’s total assets, if the interest holder supplies more than 15 percent of the station’s total weekly programming or is a same-market broadcast company or daily newspaper publisher; (vi) time brokerage of a broadcast station by a same-market broadcast company; and (vii) same-market radio joint sales agreements.

Management services agreements and other types of shared services arrangements between same-market stations that do not include attributable time brokerage or joint sales components generally are not deemed attributable under the FCC’s current rules and policies. As noted above, however, the FCC previously requested comment on whether joint sales agreements, local news service agreements and/or shared services agreements should be considered attributable for purposes of applying the media ownership rules. In a December 2013 Memorandum Opinion and Order granting a transfer of control application that included shared services arrangements, the Media Bureau cautioned broadcasters that it must consider the economic effects of, and incentives created by, each transaction on a case-by-case basis to determine whether the transaction serves the public interest, as well as complying with the FCC’s rules and prior decisions. The Department of Justice has taken steps under the antitrust laws to block certain transactions involving joint sales or other services agreements. Further, in ex parte comments filed in February 2014, the Department of Justice recommended that the FCC adopt rules that make joint sales agreements attributable under the FCC’s ownership rules.

To our knowledge, no officer, director or five percent shareholder currently holds an attributable interest in another television station, radio station or daily newspaper that is inconsistent with the FCC's ownership rules and policies or with our ownership of our stations.

Alien Ownership Restrictions

The Communications Act restricts the ability of foreign entities or individuals to own or hold interests in broadcast licenses. The Communications Act bars the following from holding broadcast licenses: foreign governments, representatives of foreign governments, non-citizens, representatives of non-citizens, and corporations or partnerships organized under the laws of a foreign nation. Foreign individuals or entities, collectively, may directly or indirectly own or vote no more than 20 percent of the capital stock of a licensee or 25 percent of the capital stock of a corporation that directly or indirectly controls a licensee. The 20 percent limit on foreign ownership of a licensee may not be waived. In November 2013, the FCC issued a Declaratory Ruling clarifying that it would now consider, on a case-by-case basis, proposals for foreign investment in the parent company of a broadcast licensee in excess of 25 percent. Prior to this ruling, the FCC applied a *de facto* 25 percent cap on such investments.

We serve as a holding company for our subsidiaries, including subsidiaries which hold station licenses. Therefore we may be restricted from having more than one-fourth of our stock owned or voted directly or indirectly by non-citizens, foreign governments, representatives of non-citizens or foreign governments, or foreign corporations.

Programming and Operations

Rules and policies of the FCC and other federal agencies regulate certain programming practices and other areas affecting the business or operations of broadcast stations.

The Children's Television Act of 1990 limits commercial matter in children's television programs and requires stations to present educational and informational children's programming. Broadcasters are effectively required through license renewal processing guidelines to provide at least three hours of children's educational programming per week on their primary channels and on each secondary channel. In October 2009, the FCC issued a NOI seeking comment on a broad range of issues related to children's usage of electronic media and the current regulatory landscape that governs the availability of electronic media to children. The NOI remains pending, and we cannot predict what recommendations or further action, if any, will result from it.

Over the past several years, the FCC has increased its enforcement efforts regarding broadcast indecency and profanity and the statutory maximum fine for broadcasting indecent material is currently $325,000 per incident. In June 2012, the Supreme Court decided a challenge to the FCC's indecency enforcement without resolving the scope of the FCC's ability to regulate broadcast content. In August 2013, the FCC issued a Public Notice seeking comment on whether it should modify its indecency policies. The FCC has not yet issued a decision, and the courts remain free to review the FCC's current policy or any modifications thereto. The outcomes of these proceedings could affect future FCC policies in this area, and we are unable to predict the outcome of any such judicial proceeding, which could have a material adverse effect on our business.

EEO Rules

The FCC’s Equal Employment Opportunity (“EEO”) rules impose job information dissemination, recruitment, documentation and reporting requirements on broadcast station licensees. Broadcasters are subject to random audits to ensure compliance with the EEO rules and may be sanctioned for noncompliance.

MVPD Retransmission of Local Television Signals

Under the Communications Act and FCC regulations, each television station generally has a so-called “must-carry” right to carriage of its primary channels on all MVPD systems serving their market. Each commercial television station may elect between invoking its “must carry” right or invoking a right to prevent an MVPD system from retransmitting the station’s primary channel without its consent (“retransmission consent”). Stations must make this election by October 1 every three years, and stations most recently made such elections by October 1, 2011. Such elections are binding throughout the three-year cycle that commences on the subsequent January 1. The current carriage cycle commenced on January 1, 2012, and ends on December 31, 2014. Our stations have elected retransmission consent and have entered into retransmission consent contracts with virtually all MVPD systems serving their markets.

In March 2011, the FCC issued a Notice of Proposed Rulemaking (the “March 2011NPRM”) to consider changes to its rules governing the negotiation of retransmission consent agreements. The FCC concluded that it lacked statutory authority to impose mandatory arbitration or interim carriage obligations in the event of a dispute between broadcasters and pay television operators. The FCC, however, sought comment on whether it should (1) strengthen the existing regulatory provision requiring broadcasters and MVPDs to negotiate retransmission consent agreements in “good faith,” (2) enhance notice obligations to consumers of potential disruptions in service, and/or (3) extend the prohibition on ceasing carriage of a broadcast station’s signal during an audience measurement period to DBS systems. The March 2011NPRM also questioned whether the FCC should eliminate the network non-duplication and syndicated exclusivity rules. The FCC has not yet issued a decision in this proceeding, and we cannot predict the outcome of any FCC regulatory action in this regard.

In addition, certain online video distributors and other over-the-top video distributors (“OVDs”) have begun to stream broadcast programming over the Internet without the consent of the broadcast station. Broadcasters have aggressively pursued injunctions against the companies offering these services in multiple jurisdictions. Currently, the court decisions on point are divided. In January 2014, the U.S. Supreme Court agreed to consider the appeal filed by the four major networks seeking review of whether the service of one such OVD, Aereo, constitutes an unlicensed public performance under copyright law. The broadcasters filed the petition with the Supreme Court after losing their request for an injunction against Aereo in the United States Court of Appeals for the Second Circuit. In 2010, the FCC’s Media Bureau, in a program access proceeding, tentatively concluded that one OVD had not shown that it was an MVPD for purposes of demonstrating eligibility for the program access rules, and in March 2012, the FCC, recognizing that the classification could also have implications under the retransmission consent requirements, issued a public notice seeking comment on, among other things, the proper interpretation of the term “MVPD” under FCC rules. We cannot predict the outcome of the pending litigation or of the FCC’s interpretive proceedings. However, if the courts determine that consent of the broadcast station or copyright owners is not required and if the FCC determines that an OVD is not an MVPD, our business and results of operations could be materially adversely affected**.**

Broadcast Spectrum

On March 16, 2010, the FCC delivered a “National Broadband Plan” to Congress. The National Broadband Plan, inter alia, makes recommendations regarding the use of spectrum currently allocated to television broadcasters, including seeking the voluntary surrender of certain portions of the television broadcast spectrum and repacking the currently allocated spectrum to make portions of that spectrum available for other wireless communications services. If some or all of our television stations are required to change frequencies or reduce the amount of spectrum they use, our stations could incur substantial conversion costs, reduction or loss of over-the-air signal coverage or an inability to provide high definition programming and additional program streams, including mobile video services. Prior to implementation of the proposals contained in the National Broadband Plan, further action by the FCC or Congress or both is necessary.

In February 2012, Congress passed and the President signed legislation that, among other things, grants the FCC authority to conduct auctions of certain spectrum currently used by television broadcasters. These auctions would have two parts. First, the FCC would conduct a reverse auction by which a television broadcaster may volunteer, in return for payment, to relinquish its station’s spectrum by surrendering its license; relinquish part of its spectrum and thereafter share spectrum with another station; or modify a UHF channel license to a VHF channel license. Second, the FCC would conduct a forward auction of the relinquished auction to new users. The FCC must complete the reverse auction and the forward auction by September 30, 2022. To accommodate the spectrum reallocation to new users, the FCC may require that television stations that do not participate in the auction modify their transmission facilities. The legislation authorizes the FCC to reimburse stations for reasonable relocation costs up to a total across all stations of $1.75 billion. In addition, the legislation directs the FCC to use “reasonable efforts” to preserve a station’s coverage area and population served, and it prevents the FCC from requiring that a station involuntarily move from the UHF band to the VHF band or from the high VHF band to the low VHF band.

On April 27, 2012, the FCC issued a Report and Order modifying the FCC’s rules to establish a licensing framework to allow two or more broadcast stations to share a 6Mhz channel. On September 28, 2012, the FCC adopted a Notice of Proposed Rulemaking to implement an incentive auction of broadcast television spectrum. Comments on the rulemaking proposals were due on January 25, 2013**,** and reply comments were due on March 12, 2013. We cannot predict the likelihood, timing or outcome of any Congressional or FCC regulatory action with respect to the implementation of the National Broadband Plan, incentive auctions, or repacking of broadcast television spectrum, nor the impact of any such changes upon our business.

The foregoing does not purport to be a complete summary of the Communications Act, other applicable statutes, or the FCC’s rules, regulations or policies. Proposals for additional or revised regulations and requirements are pending before, are being considered by, and may in the future be considered by, Congress and federal regulatory agencies from time to time. We cannot predict the effect of any existing or proposed federal legislation, regulations or policies on our business. Also, several of the foregoing matters are now, or may become, the subject of litigation, and we cannot predict the outcome of any such litigation or the effect on our business.

Employees

As of December 31, 2013, we had 2,093 full-time employees and 155 part-time employees, of which 44 full-time and 2 part-time employees at one station were represented by a union. We consider our relations with our employees to be good.

Corporate Information

Gray Television, Inc. is a Georgia corporation, incorporated in 1897, initially to publish the Albany Herald in Albany, Georgia. We entered the broadcast industry in 1953. Our executive offices are located at 4370 Peachtree Road, NE, Atlanta, Georgia 30319, and our telephone number at that location is (404) 504-9828. Our website address is http://www.gray.tv. We make the following reports filed or furnished, as applicable, with the Securities and Exchange Commission (the “SEC”) available, free of charge, on our website under the heading “SEC Filings” as soon as practicable after they are filed with, or furnished to, the SEC: our annual reports on Form 10-K, our quarterly reports on Form 10-Q, our current reports on Form 8-K, and amendments to any of the foregoing. The information on our website is not incorporated by reference or part of this or any other report we file with or furnish to the SEC.

We have adopted a Code of Ethics (the “Code”) that applies to all of our directors, executive officers and employees. The Code is available on our website under the heading “Corporate Governance.” If any waivers of the Code are granted, the waivers will be disclosed in an SEC filing on Form 8-K.

Item 1A. Risk Factors.

In addition to the other information contained and referred to in this report, you should consider carefully the following factors when evaluating our business. Any of these risks, or the occurrence of any of the events described in these risk factors, could materially adversely affect our business, financial condition or results of operations. In addition, other risks or uncertainties not presently known to us or that we currently do not deem material could arise, any of which could also materially adversely affect us. This report also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in forward-looking statements as a result of certain factors, including the occurrence of one or more of the following risk factors.

We have substantial debt and have the ability to incur significant additional debt. The principal and interest payment obligations on such debt may restrict our future operations and impair our ability to meet our long-term debt obligations.

At December 31, 2013, we had approximately $842.9 million in aggregate principal amount of outstanding indebtedness (excluding intercompany indebtedness). We have the ability to incur significant additional debt, including secured debt, under our senior credit facility (the “2012 Senior Credit Facility”). In addition, the terms of the indenture governing our outstanding 7½% Senior Notes due 2020 (the “2020 Notes”) (as supplemented, the “indenture”) also permit us to incur additional indebtedness, subject to our ability to meet certain borrowing conditions.

Our substantial debt may have important consequences. For instance, it could:

- require us to dedicate a substantial portion of any cash flow from operations to the payment of interest and principal due under our debt, which would reduce funds available for other business purposes, including capital expenditures and acquisitions;

- place us at a competitive disadvantage compared to some of our competitors that may have less debt and better access to capital resources;

- limit our ability to obtain additional financing required to fund acquisitions, working capital and capital expenditures and for other general corporate purposes; and

- make it more difficult for us to satisfy our financial obligations.

Our ability to service our significant financial obligations depends on our ability to generate significant cash flow. This is partially subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, that future borrowings will be available to us under the 2012 Senior Credit Facility or any other credit facilities, or that we will be able to complete any necessary financings, in amounts sufficient to enable us to fund our operations or pay our debts and other obligations, or to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. Additional debt or equity financing may not be available in sufficient amounts, at times or on terms acceptable to us, or at all. Specifically, volatility in the capital markets may also impact our ability to obtain additional financing, or to refinance our existing debt, on terms or at times favorable to us. If we are unable to implement one or more of these alternatives, we may not be able to service our debt or other obligations, which could result in us being in default thereon, in which circumstances our lenders could cease making loans to us, and lenders or other holders of our debt could accelerate and declare due all outstanding obligations due under the respective agreements, which could have a material adverse effect on us.

The agreements governing our various debt obligations impose restrictions on our operations and limit our ability to undertake certain corporate actions.

The agreements governing our various debt obligations, including the indenture and the agreements governing the 2012 Senior Credit Facility, include covenants imposing significant restrictions on our operations. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. These covenants place restrictions on our ability to, among other things:

- incur additional debt, subject to certain limitations;
- declare or pay dividends, redeem stock or make other distributions to stockholders;
- make investments or acquisitions;
- create liens or use assets as security in other transactions;
- issue guarantees;
- merge or consolidate, or sell, transfer, lease or dispose of substantially all of our assets;
- amend our articles of incorporation or bylaws;
- engage in transactions with affiliates; and
- purchase, sell or transfer certain assets.

Any of these restrictions and limitations could make it more difficult for us to execute our business strategy.

The indenture and the 2012 Senior Credit Facility also require us to comply with a number of financial ratios and covenants; our failure to do so would result in a default thereunder, which would have a material adverse effect on us.

We are also required to comply with a number of financial covenants under the indenture and the 2012 Senior Credit Facility. Our ability to comply with these requirements may be affected by events affecting our business, but beyond our control, including prevailing general economic, financial and industry conditions. These covenants could have an adverse effect on us by limiting our ability to take advantage of financing, merger and acquisition or other corporate opportunities. The breach of any of these covenants or restrictions could result in a default under the indenture or the 2012 Senior Credit Facility.

Upon a default under any of our debt agreements, the lenders or debt holders thereunder could have the right to declare all amounts outstanding, together with accrued and unpaid interest, to be immediately due and payable, which could, in turn, trigger defaults under other debt obligations and could result in the termination of commitments of the lenders to make further extensions of credit under the 2012 Senior Credit Facility. If we were unable to repay our secured debt to our lenders, or were otherwise in default under any provision governing our outstanding secured debt obligations, our secured lenders could proceed against us and the subsidiary guarantors and against the collateral securing that debt. Any default resulting in an acceleration of outstanding indebtedness, a termination of commitments under our financing arrangements or lenders proceeding against the collateral securing such indebtedness would likely result in a material adverse effect on our business, financial condition and results of operations.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our annual debt service obligations to increase significantly.

Borrowings under the 2012 Senior Credit Facility are at variable rates of interest and expose us to interest rate risk. If the London Interbank Offered Rate (“*LIBOR*”) were to exceed certain levels, our debt service obligations on our variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash available to service our obligations would decrease.

The success of our business is dependent upon advertising revenues, which are seasonal and cyclical, and will also fluctuate as a result of a number of factors, some of which are beyond our control.

Our main source of revenue is the sale of advertising time and space. Our ability to sell advertising time and space depends on, among other things:

- economic conditions in the areas where our stations are located and in the nation as a whole;
- the popularity of the programming offered by our television stations;
- changes in the population demographics in the areas where our stations are located;
- local and national advertising price fluctuations, which can be affected by the availability of programming, the popularity of programming, and the relative supply of and demand for commercial advertising;
- our competitors’ activities, including increased competition from other advertising-based mediums, particularly cable networks, MVPDs and the internet;

- the duration and extent of any network preemption of regularly scheduled programming for any reason;
- decisions by advertisers to withdraw or delay planned advertising expenditures for any reason;
- labor disputes or other disruptions at major national advertisers, programming providers or networks; and
- other factors beyond our control.

Our results are also subject to seasonal and cyclical fluctuations that we expect to continue. Seasonal fluctuations typically result in higher revenue and broadcast operating income in the second and fourth quarters than in the first and third quarters of each year. This seasonality is primarily attributable to (i) advertisers' increased expenditures in the spring and in anticipation of holiday season spending and (ii) an increase in television viewership during this period. In addition, we typically experience fluctuations in our revenue and broadcast operating income between even and odd numbered years. In years in which there are impending elections for various state and national offices, which primarily occur in even numbered years, political advertising revenue tends to increase, often significantly, and particularly during presidential election years. Also, our NBC network affiliated stations typically experience increased viewership and revenue during coverage of Olympic Games, which also occur in even numbered years. As a result of the seasonality and cyclicality of our revenue and broadcast operating income, and the historically significant increase in our revenue and broadcast operating income during even-numbered years, potential investors are cautioned that it has been, and is expected to remain, difficult to engage in period-over-period comparisons of our revenue and results of operations.

Continued uncertain financial and economic conditions may have an adverse impact on our business, results of operations or financial condition.

Financial and economic conditions continue to be uncertain over the longer term and the continuation or worsening of such conditions could reduce consumer confidence and have an adverse effect on our business, results of operations and/or financial condition. If consumer confidence were to decline, this decline could negatively affect our advertising customers' businesses and their advertising budgets. In addition, continued volatile economic conditions could have a negative impact on our industry or the industries of our customers who advertise on our stations, resulting in reduced advertising sales. Furthermore, it may be possible that actions taken by any governmental or regulatory body for the purpose of stabilizing the economy or financial markets will not achieve their intended effect. In addition to any negative direct consequences to our business or results of operations arising from these financial and economic developments, some of these actions may adversely affect financial institutions, capital providers, advertisers or other consumers on whom we rely, including for access to future capital or financing arrangements necessary to support our business. Our inability to obtain financing in amounts and at times necessary could make it more difficult or impossible to meet our obligations or otherwise take actions in our best interests.

Our dependence upon a limited number of advertising categories could adversely affect our business.

We consider broadcast advertising revenue to be revenue earned from the sale of advertisements broadcast by our stations. Although no single customer represented more than 5% of our broadcast advertising revenue for the years ended December 31, 2013 or 2012, we derived a material portion of our non-political broadcast advertising revenue from advertisers in a limited number of industries, particularly the automotive industry. For the years ended December 31, 2013 and 2012, we derived approximately 25% and 18%, respectively, of our total broadcast advertising revenue from our advertisers in the automotive industry. Our results of operations and financial condition could be materially adversely affected if broadcast advertising revenue from the automotive, or certain other industries, such as the medical, restaurant, communications, or furniture and appliances, industries, declined.

We consider political broadcast advertising revenue to be revenue earned from the sale to political candidates, political parties and special interest groups of advertisements broadcast by our stations. In even numbered years, we derive a material portion of our broadcast advertising revenue from political broadcast advertisers. For the years ended December 31, 2013 and 2012, we derived approximately 1% and 21%, respectively, of our total revenue from political broadcast advertisers. If political broadcast advertising revenue declined, especially in an even numbered year, our results of operations and financial condition could also be materially adversely affected.

If we are unable to complete the Hoak Acquisition, we could be liable to Hoak for breach of contract, and our stock price could suffer.

On November 20, 2013, the Company entered into a series of transactions pursuant to which Gray and Excalibur will acquire ownership or operating rights to 15 network-affiliated television stations, including satellite stations, in seven markets (after giving effect to stations required to be divested due to regulatory requirements) from Hoak Media LLC and Parker Broadcasting, Inc. (the “Hoak Acquisition”). Consummation of the Hoak Acquisition is subject to various customary closing conditions, including regulatory approval from the FCC. The Hoak Acquisition is expected to close in the first half of 2014, although no assurances can be provided that we will be able to consummate the Hoak Acquisition on the expected timeline, or at all. If the Hoak Acquisition is not completed, we could be liable to Hoak for breach of contract, and the market price of our stock may decline to the extent that the current market price reflects a market assumption that the Hoak Acquisition will be completed. In addition, we have incurred and will incur substantial transaction costs and expenses in connection with the Hoak Acquisition. These costs are primarily associated with the fees of attorneys, accountants and our financial advisors. Further, we have diverted significant management resources in an effort to complete the Hoak Acquisition. If the Hoak Acquisition is not completed, we will have incurred significant costs, including the diversion of management resources, for which we will have received little or no benefit. Additionally, if the Hoak Acquisition is not completed, we may experience negative reactions from the financial markets and our advertisers, stockholders and employees. Each of these factors may also adversely affect the trading price of our stock and our financial results and operations.

If we are unable to finance the Hoak Acquisition, we may not be able to complete the acquisition.

We expect to fund the purchase price to complete the Hoak Acquisition through a combination of cash on hand and funds from one or more external financing sources, which could include senior credit facility financing or proceeds from the issuance of other debt or equity securities. We currently have no commitments from any financing source relating to the financing of the Hoak Acquisition. In the event we are unable to obtain financing on acceptable terms, in a timely manner, or at all, we may not be able to complete the Hoak Acquisition. In such event, Hoak could pursue an action against us to compel us to complete the acquisition or for damages, either of which could materially adversely affect our business, financial condition and results of operations.

In addition, if we fund the Hoak Acquisition through the issuance of new equity securities, these newly issued shares could substantially dilute the ownership interests of outstanding stockholders.

We could incur substantial additional long-term indebtedness in connection with the Hoak Acquisition, which would increase the risks we now face with our current indebtedness.

We may finance the Hoak Acquisition with senior credit facility borrowing or the issuance of other debt. As a result, we may have long-term indebtedness that will be substantially greater than our long-term indebtedness prior to the Hoak Acquisition. This additional indebtedness would increase the related risks we now face with our current indebtedness described above.

We may not realize the expected benefits of the Hoak Acquisition because of integration difficulties and other challenges.

The success of the Hoak Acquisition will depend, in part, on our ability to realize the anticipated synergies and cost savings from integrating Hoak's business with our existing business. The integration process may be complex, costly and time-consuming. The difficulties of integrating the operation of Hoak's business could include, among others:

- failure to implement our business plan for the combined business;
- unanticipated issues in integrating information, communications and other systems;
- unanticipated changes in applicable laws and regulations, including FCC rules;
- the impact on our internal controls and compliance with the regulatory requirements under the Sarbanes-Oxley Act of 2002; and
- other unanticipated issues, expenses and liabilities.

We may not accomplish the integration of Hoak's business smoothly, successfully or within the anticipated costs or time frame. The diversion of the attention of management from our current operations to the integration effort and any difficulties encountered in combining operations could prevent us from realizing the full benefits anticipated to result from the Hoak Acquisition and could adversely affect our business.

We seek to selectively evaluate growth opportunities through strategic acquisitions, and there are significant risks associated with an acquisition strategy.

We intend to continue to evaluate opportunities for growth through selective acquisitions of television stations or station groups. There can be no assurances that we will be able to identify any suitable acquisition candidates, and we cannot predict whether we will be successful in pursuing or completing any acquisitions, or what the consequences of not completing any acquisitions would be. Consummation of any proposed acquisition at any time may also be subject to various conditions such as compliance with FCC rules and policies. Consummation of acquisitions may also be subject to antitrust regulatory requirements.

An acquisition strategy involves numerous other risks, which may include risks associated with:

- identifying suitable acquisition candidates and negotiating definitive purchase agreements on satisfactory terms;
- integrating operations and systems and managing a large and geographically diverse group of stations;

- obtaining financing to complete acquisitions, which financing may not be available to us at times, in amounts, or at rates acceptable to us, if at all, and potentially the related risks associated with increased debt;

- diverting our management's attention from other business concerns;

- potentially losing key employees at acquired stations; and

- potential changes in the regulatory approval process that may make it materially more expensive, or materially delay our ability, to consummate any proposed acquisitions.

Our failure to identify acquisition candidates, or to complete or integrate any acquired business, or to obtain the expected benefits therefrom, could materially adversely affect our business, financial condition and results of operations.

We are a holding company with no independent assets or operations and we depend on our subsidiaries for cash.

We are a holding company with no independent assets or operations, other than our investments in our subsidiaries. Because we are a holding company, we are dependent upon the payment of dividends, distributions, loans or advances to us by our subsidiaries to fund our obligations. These payments could be or become subject to dividend or other restrictions under applicable laws in the jurisdictions in which our subsidiaries operate. Payments by our subsidiaries are also contingent upon the subsidiaries' earnings. If we are unable to obtain sufficient funds from our subsidiaries to fund our obligations, our financial condition and ability to meet our obligations may be adversely affected.

We must purchase television programming in advance of knowing whether a particular show will be popular enough for us to recoup our costs.

One of our most significant costs is for the purchase of television programming. If a particular program is not sufficiently popular among audiences in relation to the cost we pay for such program, we may not be able to sell enough related advertising time for us to recoup the costs we pay to broadcast the program. We also must usually purchase programming several years in advance, and we may have to commit to purchase more than one year's worth of programming, resulting in the incurrence of significant costs in advance of our receipt of any related revenue. We may also replace programs that are performing poorly before we have recaptured any significant portion of the costs we incurred in obtaining such programming or fully expensed the costs for financial reporting purposes. Any of these factors could reduce our revenues, result in the incurrence of impairment charges or otherwise cause our costs to escalate relative to revenues.

We are highly dependent upon our network affiliations, and we may lose a large amount of television programming if a network (i) terminates its affiliation with us, (ii) significantly changes the economic terms and conditions of any future affiliation agreements with us or (iii) significantly changes the type, quality or quantity of programming provided to us under an affiliation agreement.

Our business depends in large part on the success of our network affiliations. Each of our stations is affiliated with at least one major network pursuant to affiliation agreements. Each affiliation agreement provides the affiliated station with the right to broadcast all programs transmitted by the affiliated network during the term of the related agreement. Our affiliation agreements generally expire at various dates through December 31, 2018.

If we cannot enter into affiliation agreements to replace any expiring agreements, we would no longer be able to carry the affiliated network's programming. This loss of programming would require us to seek to obtain replacement programming. Such replacement programming may involve higher costs and may not be as attractive to our target audiences, thereby reducing our ability to generate advertising revenue. Furthermore, our concentration of CBS and/or NBC affiliates makes us particularly sensitive to adverse changes in our business relationship with, and the general success of, CBS and/or NBC.

We can give no assurance that any future affiliation agreements will have economic terms or conditions equivalent to or more advantageous to us than our current agreements. If in the future a network or networks imposed more adverse economic terms upon us, such event or events could have a material adverse effect on our business and results of operations.

In addition, if we are unable to renew or replace any existing affiliation agreements, we may be unable to satisfy certain obligations under our existing or any future retransmission consent agreements with MVPDs and/or secure payment of retransmission consent fees under such agreements. Furthermore, if in the future a network limited or removed our ability to retransmit network programming to MVPDs, we may be unable to satisfy certain obligations or criteria for fees under any existing or any future retransmission consent agreements. In either case, such an event could have a material adverse effect on our business and results of operations.

We are also dependent upon our retransmission consent agreements with MVPDs, and we cannot predict the outcome of potential regulatory changes to the retransmission consent regime.

We are also dependent, in significant part, on our retransmission consent agreements. Our current retransmission consent agreements are set to expire at various times through December 2017. No assurances can be provided that we will be able to renegotiate all of such agreements on favorable terms, on a timely basis, or at all. The failure to renegotiate such agreements could have a material adverse effect on our business and results of operations.

Our ability to successfully negotiate future retransmission consent agreements may be hindered by potential legislative or regulatory charges to the framework under which these agreements are negotiated. For example, in March 2011, the FCC issued a Notice of Proposed Rulemaking (the "2011 NPRM") to consider changes to its rules governing the negotiation of retransmission consent agreements. The FCC concluded that it lacked statutory authority to impose mandatory arbitration or interim carriage obligations in the event of a dispute between broadcasters and pay television operators. The FCC, however, sought comment on whether it should (1) strengthen the existing regulatory provision requiring broadcasters and MVPDs to negotiate retransmission consent in "good faith," (2) enhance notice obligations to consumers of potential disruptions in service, and/or (3) extend the prohibition on ceasing carriage of a broadcast station's signal during an audience measurement period to DBS systems. The 2011 NPRM also questioned whether the FCC should eliminate the network non-duplication and syndicated exclusivity rules. The FCC has not yet issued a decision in this proceeding, and we cannot predict the outcome of any FCC regulatory action in this regard.

In addition, certain online video distributors and other OVDs have begun to stream broadcast programming over the Internet without the consent of the broadcast station. In one case relating to that issue, a federal district court issued a preliminary injunction enjoining an OVD from streaming broadcast programming because the court concluded that the OVD was unlikely to demonstrate that it was eligible for the statutory copyright license that provides cable operators with the requisite copyrights to retransmit broadcast programming, and in August 2012, the Second Circuit affirmed the district court's decision. In another case, a preliminary injunction against an entity providing access to broadcast programming over the Internet was denied. In that case, the federal district court for the Southern District of New York concluded that the operator was likely to prevail in demonstrating that the leasing of antennas and other equipment that enables a consumer to access broadcast programming over the Internet is not a copyright violation. That ruling has been sustained by the Second Circuit and the case has been returned to the district court for trial. In a case against another entity presenting similar facts, the federal district court for the Central District of California, rejecting the rationale of the New York district court, enjoined operations, finding that the transmissions were copyright infringements. That decision has been appealed to the Ninth Circuit. In September 2013, a district court in Washington D.C. reached a similar decision as the California district court in a separate lawsuit against the same OVD, finding that broadcast networks have a protectable copyright that appears to be violated by the internet distribution. That court imposed a nationwide injunction (exempting the Second Circuit) against that OVD. In October 2013, broadcasters in Salt Lake City, Utah, filed suit against the same OVD challenging the legality of the OVD's service. Also in October 2013, the district court in Massachusetts denied another broadcaster's request for an injunction against the OVD. On October 11, 2013, the four major networks filed a petition with the U.S. Supreme Court seeking review of the Second Circuit's decision upholding the denial of their request for an injunction against that OVD. In January 2014, the U.S. Supreme Court agreed to consider this appeal. In 2010, the FCC's Media

Bureau, in a program access proceeding, tentatively concluded that one OVD had not shown that it was an MVPD for purposes of demonstrating eligibility for the program access rules, and in March 2012, the FCC, recognizing that the classification could also have implications under the retransmission consent requirements, issued a public notice seeking comment on, among other things, the proper interpretation of the term “MVPD” under FCC rules. We cannot predict the outcome of the pending litigation or of the FCC’s interpretive proceedings. However, if the courts determine that consent of the broadcast station or copyright owners is not required and if the FCC determines that an OVD is not an MVPD, our business and results of operations could be materially and adversely affected.

We operate in a highly competitive environment. Competition occurs on multiple levels (for audiences, programming and advertisers) and is based on a variety of factors. If we are not able to successfully compete in all relevant aspects, our revenues will be materially adversely affected.

Television stations compete for audiences, certain programming (including news) and advertisers. Signal coverage and carriage on MVPD systems also materially affect a television station’s competitive position. With respect to audiences, stations compete primarily based on broadcast program popularity. We cannot provide any assurances as to the acceptability by audiences of any of the programs we broadcast. Further, because we compete with other broadcast stations for certain programming, we cannot provide any assurances that we will be able to obtain any desired programming at costs that we believe are reasonable. Cable-network programming combined with increased access to cable and satellite TV, has become a significant competitor for broadcast television programming viewers. Cable networks’ viewership and advertising share have increased due to the growth in MVPD penetration (the percentage of television households that are connected to a MVPD system) and increased investments in programming by cable networks. Further increases in the advertising share of cable networks could materially adversely affect the advertising revenue of our television stations.

In addition, technological innovation and the resulting proliferation of programming alternatives, such as internet websites, mobile apps and wireless carriers, direct-to-consumer video distribution systems, and home entertainment systems have further fractionalized television viewing audiences and resulted in additional challenges to revenue generation.

Our inability or failure to broadcast popular programs, or otherwise maintain viewership for any reason, including as a result of increases in programming alternatives, could result in a lack of advertisers, or a reduction in the amount advertisers are willing to pay us to advertise, which could have a material adverse effect on our business, financial condition and results of operations.

Our pension plan obligations are currently underfunded, and, if certain factors worsen, we may have to make significant cash payments to some or all of these plans, which could reduce the cash available for our business.

We have underfunded obligations under our defined benefit pension plans. The funded status of our pension plans is dependent upon many factors, including returns on invested assets, the level of certain market interest rates and the discount rate used to determine pension obligations. Unfavorable returns on the plan assets or unfavorable changes in applicable laws or regulations may materially change the timing and amount of required plan funding, which could reduce the cash available for our business. In addition, a decrease in the already historically low discount rate used to determine pension obligations could result in an increase in the valuation of pension obligations, which could affect the reported funding status of our pension plans and future contributions, as well as the periodic pension cost in subsequent fiscal years.

We do not currently pay cash dividends on either class of our common stock. To the extent a potential investor ascribes value to a dividend paying stock, the value of our stock may be correspondingly reduced.

Our Board of Directors has not declared a cash or stock dividend on our common stock or Class A common stock since 2008. The timing and amount of any future dividend is at the discretion of our board of directors, and they may be subject to limitations or restrictions in the 2012 Senior Credit Facility and other financing agreements we may be, or become, party to. We can provide no assurance when or if any future dividends will be declared on either class of common stock.

As a result, if and to the extent an investor ascribes value to a dividend-paying stock, the value of our common stock and Class A common stock may be correspondingly reduced.

We may be unable to maintain or increase our internet advertising revenue, which could have a material adverse effect on our business and operating results.

We generate a portion of our advertising revenue from the sale of advertisements on our internet sites. Our ability to maintain or increase this advertising revenue is largely dependent upon the number of users actively visiting our internet sites. We believe we must increase user engagement with our internet sites in order to increase our advertising revenue. Because internet advertising techniques are evolving, if our technology and advertisement serving techniques do not evolve to meet the changing needs of advertisers, our advertising revenue could also decline. Changes in our business model, advertising inventory or initiatives could also cause a decrease in our internet advertising revenue.

We do not have long-term agreements with most of our internet advertisers. Any termination, change or decrease in our relationships with our largest advertising clients could have a material adverse effect on our revenue and profitability. If we do not maintain or increase our advertising revenue, our business, results of operations and financial condition could be materially adversely affected.

If we are unable to protect our domain names, our reputation and brands could be adversely affected.

We currently hold various domain name registrations relating to our brands. The registration and maintenance of domain names generally are regulated by governmental agencies and their designees. Governing bodies may establish additional top-level domains, appoint additional domain name registrars or modify the requirements for holding domain names. As a result, we may be unable to register or maintain relevant domain names. In addition, we may be unable, without significant cost or at all, to prevent third parties from registering domain names that are similar to, infringe upon or otherwise decrease the value of, our trademarks and other proprietary rights. Failure to protect our domain names could adversely affect our reputation and brands, and make it more difficult for users to find our websites and our services.

Any potential hostilities or terrorist attacks, or similar events leading to broadcast interruptions, may affect our revenues and results of operations.

If the United States engages in additional foreign hostilities or existing hostilities escalate, or if the United States experiences a terrorist attack or experiences any similar event resulting in interruptions to regularly scheduled broadcasting, we may lose advertising revenue and/or incur increased expenses. Lost revenue and increased expenses may be due to pre-emption, delay or cancellation of advertising campaigns, and increased costs of covering such events. We cannot predict the (i) extent or duration of any future disruption to our programming schedule, (ii) amount of advertising revenue that would be lost or delayed or (iii) amount by which our broadcasting expenses would increase as a result. Any such loss of revenue and increased expenses could negatively affect our future results of operations.

We have, in the past, incurred impairment charges on our goodwill and/or broadcast licenses, and any such future charges may have a material effect on the value of our total assets.

As of December 31, 2013, the book value of our broadcast licenses was $839.0 million and the book value of our goodwill was $184.4 million, in comparison to total assets of $1.3 billion. Not less than annually, and more frequently if necessary, we are required to evaluate our goodwill and broadcast licenses to determine if the estimated fair value of these intangible assets is less than book value. If the estimated fair value of these intangible assets is less than book value, we will be required to record a non-cash expense to write-down the book value of the intangible asset to the estimated fair value. We cannot make any assurances that any required impairment charges will not have a material adverse effect on our total assets.

Federal broadcasting industry regulations limit our operating flexibility.

The FCC regulates all television broadcasters, including us. We must obtain FCC approval whenever we (i) apply for a new license, (ii) seek to renew, modify or assign a license, (iii) purchase a broadcast station and/or (iv) transfer the control of one of our subsidiaries that holds a license. Our FCC licenses are critical to our operations, and we cannot operate without them. We cannot be certain that the FCC will renew these licenses in the future or approve new acquisitions, mergers, divestitures or other business activities. Our failure to renew any licenses upon the expiration of any license term could have a material adverse effect on our business.

Federal legislation and FCC rules have changed significantly in recent years and may continue to change. These changes may limit our ability to conduct our business in ways that we believe would be advantageous and may affect our operating results.

The FCC can sanction us for programming broadcast on our stations that it finds to be indecent.

Over the past several years, the FCC has increased its enforcement efforts regarding broadcast indecency and profanity and the statutory maximum fine for broadcasting indecent material is currently $325,000 per incident. In June 2012, the Supreme Court decided a challenge to the FCC’s indecency enforcement without resolving the scope of the FCC’s ability to regulate broadcast content. The FCC has not yet issued any further decisions concerning its indecency enforcement authority, and the courts remain free to review the FCC’s current policy or any modifications thereto. The outcomes of these proceedings could affect future FCC policies in this area, and we are unable to predict the outcome of any such judicial proceeding, which could have a material adverse effect on our business.

The FCC's duopoly restrictions limit our ability to own and operate multiple television stations in the same market.

The FCC's ownership rules generally prohibit us from owning or having "attributable interests" in television stations located in the same markets in which our stations are licensed. Accordingly, those rules constrain our ability to expand in our present markets through additional station acquisitions.

The FCC's National Television Station Ownership Rule limits the maximum number of households we can reach.

Under the FCC's National Television Station Ownership Rule, a single television station owner may not reach more than 39 percent of U.S. households through commonly owned television stations. This rule may constrain our ability to expand through additional station acquisitions.

The FCC's National Broadband Plan could result in the reallocation of broadcast spectrum for wireless broadband or other non-broadcast use, which could materially impair our ability to provide competitive services.

In 2010, the FCC delivered to Congress a "National Broadband Plan." The National Broadband Plan, among other things, makes recommendations regarding the use of spectrum currently allocated to television broadcasters, including seeking the voluntary surrender of certain portions of the television broadcast spectrum and repacking the currently allocated spectrum to make portions of that spectrum available for other wireless communications services. If some or all of our television stations are required to change frequencies or reduce the amount of spectrum they use, our stations could incur substantial conversion costs, reduction or loss of over-the-air signal coverage or an inability to provide high definition programming and additional program streams, including mobile video services.

In late February 2012, Congress passed and the President signed legislation that, among other things, grants the FCC authority to conduct auctions of certain spectrum currently used by television broadcasters. These auctions would have two parts. First, the FCC would conduct a reverse auction by which a television broadcaster may volunteer, in return for payment, to relinquish its station's spectrum by surrendering its license; relinquish part of its spectrum and thereafter share spectrum with another station; or modify a UHF channel license to a VHF channel license. Second, the FCC would conduct a forward auction of the relinquished auction to new users. The FCC must complete the reverse auction and the forward auction by September 30, 2022. To accommodate the spectrum reallocation to new users, the FCC may require that television stations that do not participate in the auction modify their transmission facilities. The legislation authorizes the FCC to reimburse stations for reasonable relocation costs up to a total across all stations of $1.75 billion. In addition, the legislation directs the FCC to use "reasonable efforts" to preserve a station's coverage area and population served, and it prevents the FCC from requiring that a station involuntarily move from the UHF band to the VHF band or from the high VHF band to the low VHF band.

On April 27, 2012, the FCC issued a Report and Order modifying the FCC's rules to establish a licensing framework to allow two or more broadcast stations to share a 6Mhz channel. On September 28, 2012, the FCC adopted a Notice of Proposed Rulemaking to implement an incentive auction of broadcast television spectrum. We cannot predict the likelihood, timing or outcome of any Congressional or FCC regulatory action with respect to the implementation of the National Broadband Plan, incentive auctions, or repacking of broadcast television spectrum, nor the impact of any such changes upon our business.

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our principal executive offices are located at 4370 Peachtree Road, NE, Atlanta, Georgia, 30319. Our administrative offices are located at 126 North Washington St., Third Floor, Albany, Georgia, 31701. Our shared services offices are located at 1801 Halstead Blvd., Tallahassee, Florida, 32309. See “Business – Markets and Stations” elsewhere in this Annual Report for a complete listing of our television stations and their locations.

The types of properties required to support television stations include offices, studios, transmitter sites and antenna sites. A station’s studios are generally housed within its offices in each respective market. The transmitter sites and antenna sites are generally located in elevated areas to provide optimal signal strength and coverage. We own or lease land, offices, studios, transmitters and antennas in each of our markets necessary to support our operations in that market area. In some market areas, we also own or lease multiple properties, such as towers and/or signal repeaters (translators), to optimize our broadcast capabilities. To the extent that our properties are leased and those leases contain expiration dates, we believe that those leases can be renewed, or that alternative facilities can be leased or acquired, on terms that are comparable, in all material respects, to our existing properties.

We generally believe all of our owned and leased properties are in good condition, and suitable for the conduct of our present business.

Item 3. Legal Proceedings.

We are, from time to time, subject to legal proceedings and claims in the normal course of our business. Based on our current knowledge, we do not believe that any known legal proceedings or claims are likely to have a material adverse effect on our financial position, results of operations or cash flows.

Item 4. Mine Safety Disclosures.

Not applicable.

Executive Officers of the Registrant.

Set forth below is certain information with respect to our executive officers as of February 25, 2014:

Hilton H. Howell, Jr., age 51, has been our Chief Executive Officer since August 2008 and has also served as our President since June 2013 and Vice-Chairman since September 2002. Before that, he had been our Executive Vice President since September 2000. He has served as one of our directors since 1993. He is a member of the Executive Committee of our Board. He has served as President and Chief Executive Officer of Atlantic American Corporation, an insurance holding company, since 1995, and as Chairman of that company since February 24, 2009. He has been Executive Vice President and General Counsel of Delta Life Insurance Company and Delta Fire and Casualty Insurance Company since 1991. He has served as Vice Chairman of Bankers Fidelity Life Insurance Company since 1992 and Vice Chairman of Georgia Casualty & Surety Company from 1992 through 2008. He served as Chairman of the Board of Southern Community Newspapers, Inc. (then known as Triple Crown Media) (“SCN”), from December 2005 until December 2009. Mr. Howell also serves as a director of Atlantic American Corporation and its subsidiaries American Southern Insurance Company, American Safety Insurance Company and Bankers Fidelity Life Insurance Company, as well as Delta Life Insurance Company and Delta Fire and Casualty Insurance Company. He is the son-in-law of Mrs. Harriett J. Robinson and the husband of Mrs. Robin R. Howell, both members of our Board of Directors.

James C. Ryan, age 53, has served as our Chief Financial Officer since October 1998 and Senior Vice President since September 2002. Before that, he had been our Vice President since October 1998.

Kevin P. Latek, age 43, has served as our Senior Vice President, Business Affairs, since July 2013. Before that, he had been our Vice President for Law and Development and Secretary since March 2012. In the preceding nearly 15 years, Mr. Latek represented television and radio broadcasters as well as financial institutions in FCC regulatory and transactional matters with the law firm of Dow Lohnes, PLLC, in Washington, DC. Mr. Latek received a B.S.B.A. from Georgetown University School of Business Administration (summa cum laude) in 1992 and a Juris Doctor from the University of Virginia School of Law in 1996. He is a member of the CBS Affiliates Board, the American Bar Association and the Federal Communications Bar Association.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock, no par value, and our Class A common stock, no par value, have been listed and traded on the NYSE since September 24, 1996 and June 30, 1995, respectively.

The following table sets forth the high and low sale prices of the common stock and the Class A common stock for the periods indicated, as reported by the NYSE.

	Common Stock		Class A Common Stock	
	High	**Low**	**High**	**Low**
2013:				
First Quarter	$ 4.98	$ 2.25	$ 4.52	$ 1.82
Second Quarter	7.49	4.37	7.45	4.06
Third Quarter	9.46	6.01	9.06	6.04
Fourth Quarter	15.17	6.88	13.09	6.14
2012:				
First Quarter	$ 2.39	$ 1.54	$ 2.03	$ 1.33
Second Quarter	1.99	1.34	1.99	1.14
Third Quarter	2.34	1.45	2.00	1.29
Fourth Quarter	2.50	1.70	2.35	1.54

As of February 12, 2014, we had 52,532,690 outstanding shares of common stock held by approximately 5,369 stockholders and 5,947,433 outstanding shares of Class A common stock held by approximately 395 stockholders. The number of stockholders consists of stockholders of record and individual participants in security position listings as furnished to us pursuant to Rule 17Ad-8 under the Securities Exchange Act of 1934 (the "Exchange Act").

Our articles of incorporation provide that each share of common stock is entitled to one vote, and each share of Class A common stock is entitled to 10 votes, on each matter submitted to a vote of stockholders. Our articles of incorporation require that our common stock and our Class A common stock receive dividends on a *pari passu* basis.

We have not paid dividends on either class of our common stock since October 15, 2008. The 2012 Senior Credit Facility contains covenants that restrict our ability to pay cash dividends on our capital stock.

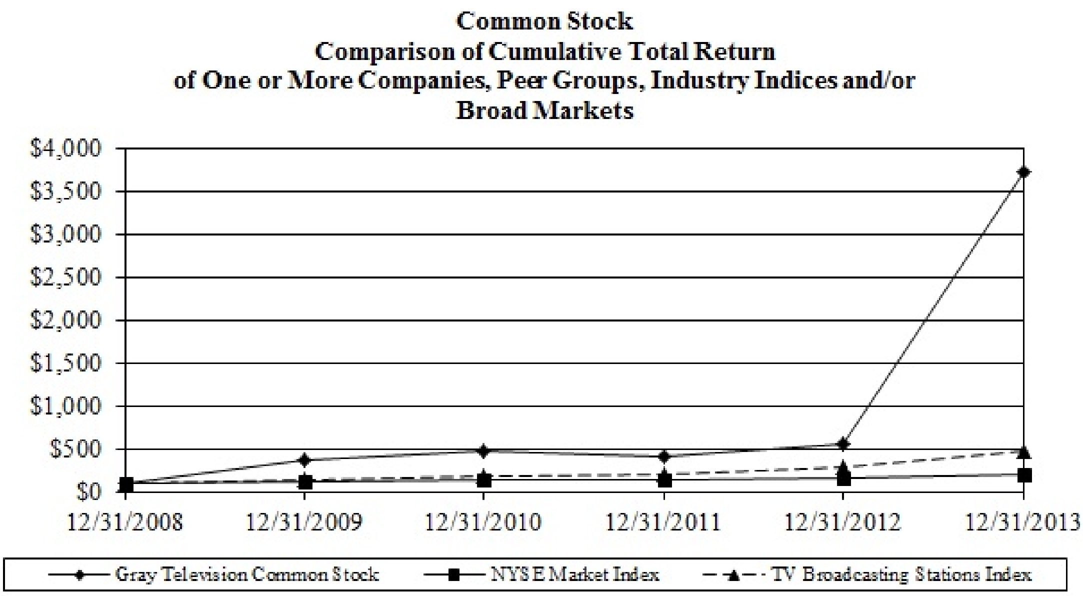
In addition, the declaration and payment of any dividends on our common stock or Class A common stock are subject to the discretion of our Board of Directors. Any future payments of dividends will depend on our earnings and financial position and such other factors as our Board of Directors deems relevant. See Note 2 "Long-term Debt" of our audited consolidated financial statements included elsewhere herein for a further discussion of restrictions on our ability to pay dividends.

Stock Performance Graph

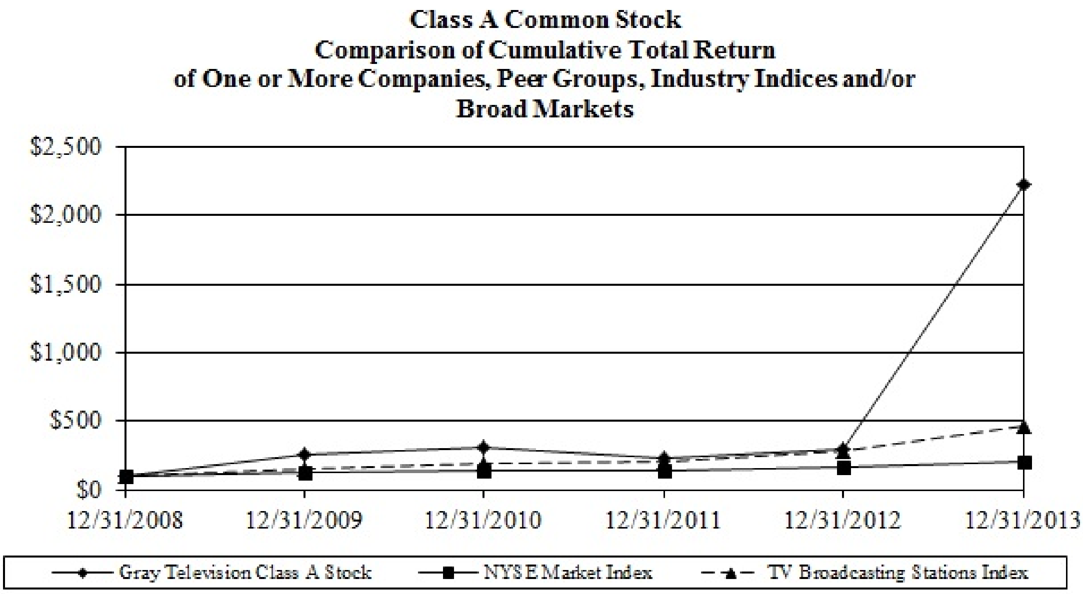
The following stock performance graphs and related disclosures do not constitute soliciting material and should not be deemed filed or incorporated by reference into any other filing by us under the Securities Act of 1933 or the Exchange Act, except to the extent we specifically incorporate them by reference therein.

The following graphs compare the cumulative total return of the common stock and the Class A common stock from December 31, 2008 to December 31, 2013, as compared to the stock market total return indexes for (i) The New York Stock Exchange Market Index and (ii) The New York Stock Exchange Industry Index based upon the Television Broadcasting Stations Index.

The graphs assume the investment of $100 in each of our common stock and the Class A common stock, respectively, the New York Stock Exchange Market Index and the NYSE Television Broadcasting Stations Index on December 31, 2008. Any dividends are assumed to have been reinvested as paid.



	As of					
Company/Index/Market	**12/31/2008**	**12/31/2009**	**12/31/2010**	**12/31/2011**	**12/31/2012**	**12/31/2013**
Gray Television Common Stock	$ 100	$ 375	$ 468	$ 405	$ 550	$ 3,720
NYSE Market Index	$ 100	$ 128	$ 146	$ 140	$ 162	$ 205
TV Broadcasting Stations Index	$ 100	$ 151	$ 188	$ 204	$ 281	$ 467



	As of					
Company/Index/Market	**12/31/2008**	**12/31/2009**	**12/31/2010**	**12/31/2011**	**12/31/2012**	**12/31/2013**
Gray Television Class A Stock	$ 100	$ 259	$ 305	$ 233	$ 300	$ 2,226
NYSE Market Index	$ 100	$ 128	$ 146	$ 140	$ 162	$ 205
TV Broadcasting Stations Index	$ 100	$ 151	$ 188	$ 204	$ 281	$ 467

Item 6. Selected Financial Data.

Certain selected historical consolidated financial data is set forth below. This information with respect to the years ended December 31, 2013, 2012 and 2011, and as of December 31, 2013 and 2012 should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and related notes thereto included elsewhere herein.

	Year Ended December 31,				
	2013	2012	2011	2010	2009
	(in thousands, except net income (loss) per share data)				
Statements of Operations Data (1):					
Revenue (less agency commissions)	$ 346,298	$ 404,831	$ 307,131	$ 346,058	$ 270,374
Operating income	83,880	153,441	75,348	106,960	43,079
Loss from early extinguishment of debt (2)	-	(46,683)	-	(349)	(8,352)
Net income (loss)	18,288	28,129	9,035	23,163	(23,047)
Net income (loss) attributable to common stockholders	18,288	24,034	1,795	8,581	(40,166)
Net income (loss) attributable to common stockholders per common share:					
Basic	0.32	0.42	0.03	0.16	(0.83)
Diluted	0.32	0.42	0.03	0.16	(0.83)
Cash dividends declared per common share	-	-	-	-	-
Balance Sheet Data (at end of period):					
Total assets	$ 1,334,424	$ 1,249,788	$ 1,233,980	$ 1,242,293	$ 1,245,739
Long-term debt (including current portion)	842,874	832,867	832,233	826,704	791,809
Long-term accrued facility fee (3)	-	-	-	-	18,307
Redeemable preferred stock (4)	-	-	24,841	37,181	93,386
Total stockholders' equity	174,010	143,935	122,953	129,407	93,620

(1) Our operating results fluctuate significantly between years, in accordance with, among other things, increased political advertising expenditures in even-numbered years.

(2) In 2012, we recorded a loss on early extinguishment of debt related to: (i) the amendment and restatement of our senior credit facility; and (ii) the redemption of our outstanding 10½% senior secured second lien notes due 2015. In 2010 and 2009, we recorded a loss on early extinguishment of debt related to amendments to our then-outstanding senior credit facility (the "2007 Senior Credit Facility").

(3) On March 31, 2009, in connection with an amendment to the 2007 Senior Credit Facility, we began to incur an annual facility fee thereunder equal to 3% of the outstanding balance under that credit facility. Effective on April 29, 2010, the accrued facility fee was reduced to 0.75%. Effective April 21, 2011, the facility fee was reduced to 0%. In 2009, we deferred payment of the facility fee as permitted under the 2007 Senior Credit Facility. In 2010, we paid the accumulated deferred facility fee in full and from that time and until April 21, 2011, we paid the facility fee as incurred.

(4) In 2010, we repurchased approximately $60.7 million in face amount of Series D Perpetual Preferred Stock, and paid $14.9 million in accrued dividends thereon, in exchange for $50.0 million in cash and 8.5 million shares of common stock. In 2011, we repurchased approximately $13.4 million in face amount of Series D Perpetual Preferred Stock, and paid $6.6 million in accrued dividends thereto. In 2012, we repurchased the remaining approximately $25.9 million in face amount of Series D Perpetual Preferred Stock, and paid $16.7 million in accrued dividends related thereto. Prior to the redemption of all the shares of Series D Perpetual Preferred Stock, $8.4 million of original issue discount, transaction fees and expenses were being accreted over a seven-year period ending June 30, 2015.

Amounts exclude unamortized original issuance costs, including original issue discount and accrued and unpaid dividends. Such costs and dividends aggregated $14.8 million, $16.2 million and $25.5 million as of December 31, 2011, 2010 and 2009, respectively.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Executive Overview

Introduction

The following discussion and analysis of the financial condition and results of operations of Gray Television, Inc. and its consoldiated subsidiaries (except as the context othewise provides, "Gray," the "Company," "we," "us" or "our") should be read in conjunction with our audited consolidated financial statements and notes thereto included elsewhere herein. Gray's consolidated financial condition and results of operations includes the accounts of Excalibur Broadcasting, LLC (collectively with its subsidiaries, "Excalibur"), a variable interest entity that Gray is required to consolidate under generally accepted accounting principles. Included in Gray's results of operations for the year ended December 31, 2013 is net revenue of $0.4 million of Excalibur. For additional information about Excalibur, including the assets and liabilities thereof included in Gray's consolidated balance sheet as of December 31, 2013, see Note 1 "Description of Business and Summary of Significant Accounting Policies" in the accompanying notes to our audited consolidated financial statements.

Overview

We are a television broadcast company headquartered in Atlanta, Georgia, that owns and operates television stations and digital properties in markets throughout the United States. As of February 1, 2014, we owned and/or operated television stations in 34 television markets broadcasting a total of 110 programming streams, including 24 affiliates of the CBS Network ("CBS"), 14 affiliates of the NBC Network ("NBC"), nine affiliates of the ABC Network ("ABC") and five affiliates of the FOX Network ("FOX"). We have pending acquisitions of television stations broadcasting a total of 26 programming streams in six additional markets and three of our existing markets in the United States.

Within a market, we broadcast secondary digital channels that are in addition to our primary broadcast channels. Our secondary broadcast channels are generally affiliated with networks different from those affiliated with our primary broadcast channels, and are operated by us to make better use of our broadcast spectrum by providing supplemental and/or alternative programming to our primary channels. Certain of our secondary channels are affiliated with more than one network simultaneously. In addition to affiliations with ABC, CBS and FOX, our secondary channels are affiliated with the following networks: the CW Network or the CW Plus Network (collectively, "CW"), MyNetworkTV ("MyNet."), the MeTV Network ("MeTV"), This TV Network ("This TV"), Antenna TV ("Ant."), Live Well Network ("LW") and Telemudo ("Tel."). We also broadcast nine local news/weather channels in certain of our existing markets. Our combined TV station group reaches approximately 6.4% of total United States households. Following completion of our announced and pending transactions (described below), we expect to reach approximately 7.3% of total United States households.

Refer to our Markets and Stations table in Item 1 and to Note 2 "Acquisitions" of our audited consolidated financial statements as of and for the year ended December 31, 2013 for more information.

As of February 1, 2014, we have the #1 ranking in overall audience in 23 of the 34 markets in which we own stations and we have the #1 ranking in local news audience in 22 of our markets. In addition, we have the #1 and #2 ranking in both overall audience and news audience in 31 of those 34 markets. Upon completion of all pending transactions, we anticipate that we will have the #1 ranking in overall audience in 27 of the 40 markets in which we will own and/or operate stations, and the #1 or #2 ranking in overall audience in 37 of those 40 markets.

Our operating revenues are derived primarily from broadcast and internet advertising and retransmission consent fees and, to a lesser extent, from other sources such as production of commercials, tower rentals and management fees.

Broadcast advertising is sold for placement either preceding or following a television station's network programming and within local and syndicated programming. Broadcast advertising is sold in time increments and is priced primarily on the basis of a program's popularity among the specific audience an advertiser desires to reach, as measured by Nielsen. In addition, broadcast advertising rates are affected by the number of advertisers competing for the available time, the size and demographic makeup of the market served by the station and the availability of alternative advertising media in the market area. Broadcast advertising rates are generally the highest during the most desirable viewing hours, with corresponding reductions during other hours. The ratings of a local station affiliated with a major network can be affected by ratings of network programming.

We also sell internet advertising on our stations' websites. These advertisements may be sold as banner advertisements, pre-roll advertisements or video and other types of advertisements or sponsorships.

Most advertising contracts are short-term, and generally run only for a few weeks. Approximately 60% of the net revenues of our television stations for the year ended December 31, 2013 were generated from local advertising (including political advertising revenues), which is sold primarily by a station's sales staff directly to local accounts, and the remainder was represented primarily by national advertising, which is sold by a station's national advertising sales representative. The stations generally pay commissions to advertising agencies on local, regional and national advertising and the stations also pay commissions to the national sales representative on national advertising, including certain political advertising.

Broadcast advertising revenue is generally highest in the second and fourth quarters each year. This seasonality results partly from increases in advertising in the spring and in the period leading up to and including the holiday season. Broadcast advertising revenue is also generally higher in even-numbered years, due to spending by political candidates, political parties and special interest groups during the "on year" of the two-year political advertising cycle. This political spending typically is heaviest during the fourth quarter of such years.

Our primary broadcasting operating expenses are employee compensation, related benefits and programming costs. In addition, the broadcasting operations incur overhead expenses, such as maintenance, supplies, insurance, rent and utilities. A large portion of the operating expenses of our broadcasting operations is fixed.

Although our total revenue for 2013 decreased from 2012, this decrease was expected due primarily to a substantial decrease in the number of national, state and local elections in the "off year" of the two-year political advertising cycle and therefore political advertising revenue. Our retransmission consent revenue increased in 2013 compared to 2012 due to improved terms of our retransmission consent contracts. Our 2013 local and internet advertising revenue increased over 2012 amounts due primarily to an improvement in the economy in 2013 as compared to 2012. Our local and national advertising revenue also benefited from an improving economy, as well as increased advertising revenue earned during the Super Bowl. However, local and national advertising revenue did not have the benefit of any Olympic Games in 2013, as compared to 2012. In addition, in 2013 we recorded certain incentive consulting revenue under a consulting agreement that expired on December 31, 2012 as a result of our receipt in 2013 of the final incentive compensation under that agreement.

Automotive advertisers have traditionally accounted for a significant portion of our revenue. For the years ended December 31, 2013 and 2012, we derived approximately 25% and 18%, respectively, of our total broadcast advertising revenue from customers in the automotive industry. Such amounts represented a higher percentage of total revenue in odd-numbered years due to, among other things, the increased availability of advertising time and lower overall revenue, as a result of such years being the “off year” of the two year political advertising cycle.

In addition to general economic challenges in recent years, our revenue has come under pressure from the internet as a competitor for advertising spending. We continue to enhance and market our internet websites in an effort to generate additional revenue. Our aggregate internet revenue is derived from two sources. The first is advertising or sponsorship opportunities directly on our websites, referred to as “direct internet revenue.” The other source is television advertising time purchased by our clients to directly promote their involvement in our websites, referred to as “internet-related commercial time sales.” We believe increased page views will result in increased internet revenue.

We continue to monitor our operating expenses and reduce them where possible. Our total operating expenses for the years ended December 31, 2013 increased over 2012 amounts primarily due to increases in salaries, transaction expenses, non-cash compensation, severance, healthcare expense, pension expense and payroll taxes offset, in part, by a decrease in third party sales representation expenses resulting from decreased political advertising revenue.

During the year ended December 31, 2013, we completed the offer and sale of an additional $375.0 million aggregate principal amount of our 7 ½% Senior Notes due 2020, and used those proceeds to repay a portion of the principal outstanding under the 2012 Senior Credit Facility.

Please see our “Results of Operations” and “Liquidity and Capital Resources” sections below for further discussion of our operating results and refinancing activities.

Revenue Highlights

Set forth below are the principal types of revenue, less agency commissions, earned by us for the periods indicated and the percentage contribution of each to our total revenue (dollars in thousands):

	Year Ended December 31,					
	2013		2012		2011	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Revenue:						
Local	$ 203,061	58.6%	$ 191,330	47.3%	$ 187,029	60.9%
National	58,298	16.8%	56,779	14.0%	56,335	18.3%
Internet	25,427	7.3%	25,000	6.2%	20,081	6.5%
Political	4,598	1.3%	85,973	21.2%	13,491	4.4%
Retransmission consent	39,750	11.5%	33,774	8.3%	20,227	6.6%
Other	8,021	2.3%	9,530	2.4%	7,768	2.5%
Consulting	7,143	2.2%	2,445	0.6%	2,200	0.8%
Total	$ 346,298	100.0%	$ 404,831	100.0%	$ 307,131	100.0%

Risk Factors

The broadcast television industry is reliant primarily on advertising revenue and faces significant competition. For a discussion of certain other presently known, significant factors that may affect our business, see “Item 1A. Risk Factors” included elsewhere in this Annual Report.

Results of Operations

Year Ended December 31, 2013 (“2013”) Compared to Year Ended December 31, 2012 (“2012”)

Revenue

Total revenue decreased $58.5 million, or 14%, to $346.3 million for 2013 compared to 2012. Local advertising revenue increased approximately $11.7 million, or 6%, to $203.1 million. National advertising revenue increased approximately $1.5 million, or 3%, to $58.3 million. Local and national advertising revenue for 2013 was positively influenced by the broadcast of the 2013 Super Bowl on our 20 CBS channels, earning us approximately $1.1 million, an increase of approximately $0.3 million compared to the broadcast of the 2012 Super Bowl on our 10 NBC channels that earned us approximately $0.8 million. Local and national advertising revenue in 2012 included benefits from advertising during the Olympic Games that did not occur in 2013. Our local and national advertising revenue benefited significantly from increased sales to our customers in the automotive and legal industries. Retransmission consent revenue increased $6.0 million, or 18%, to $39.8 million in 2013 compared to 2012 primarily due to increased rates. Political advertising revenue decreased $81.4 million, or 95%, to $4.6 million, reflecting decreased advertising from political candidates and special interest groups during the “off year” of the two-year political advertising cycle. Other revenue decreased $1.5 million, or 16%, to $8.0 million in 2013 compared to 2012 due primarily to the receipt of certain copyright royalty payments in 2012.

During 2013 we recognized a one-time payment of $7.1 million as incentive consulting revenue associated with a now-expired consulting agreement for services rendered prior to the expiration thereof. We do not expect to recognize any further revenue from this agreement.

In 2013, our five largest nonpolitical advertising customer categories on a combined local and national basis, by customer type, demonstrated the following changes in revenue compared to 2012: automotive increased 8%; medical decreased 1%; restaurant decreased less than 1%; communications increased 3%; and furniture and appliances increased 3%.

Broadcast expenses

Broadcast expenses (before depreciation, amortization and loss (gain) on disposal of assets) increased $5.1 million, or 2%, to $217.4 million for 2013 compared to 2012 due primarily to an increase in compensation expense of $5.7 million offset, in part, by a decrease in non-compensation expense of $0.6 million.

Compensation expense increased primarily due to increases in salaries, healthcare expense, pension expense and payroll taxes, offset in part by a decrease in incentive compensation. Salary expense, including related payroll taxes, increased primarily due to routine increases in base compensation. Health care expense increased due to increased claims activity. Pension expense increased primarily due to a decrease in the discount rate used to calculate pension expense. Incentive compensation decreased as our stations' operating income decreased due primarily to the decrease in political advertising in 2013.

Non-compensation expense decreased primarily due to decreases in national sales commissions, legal expense and repairs and maintenance expense offset, in part, by increased programming costs, software license fees, data circuit fees and bad debt expense. National sales commission expense decreased primarily due to decreased political advertising revenue. We pay a percentage of certain national advertising revenue to third parties as a commission. As this revenue increases or decreases so does our national sales commission expense. Legal fees decreased due to lower levels of litigation at certain of our stations. Programming costs increased primarily due to an increase in affiliation fees charged by certain networks. Consulting fees increased due to increased use of consultants as well as increased market research. Software license fees and data circuit expenses increased primarily due to additional products offered for the internet and mobile devices. Bad debt expense has decreased as the quality of our accounts receivable balance improved.

Corporate and administrative expenses

Corporate and administrative expenses (before depreciation, amortization and loss (gain) on disposal of assets) increased $3.9 million, or 24%, to $19.8 million for 2013 compared to 2012. The increase was due primarily to increases in compensation expense of $2.2 million and non-compensation expense of $1.7 million. Compensation expense increased primarily due to an increase in stock-based compensation expense and severance expense resulting from the resignation of a former employee in 2013. Compensation also increased due to routine increases in salaries and increases in bonuses and incentive compensation. We recorded non-cash stock-based compensation expense during 2013 and 2012 of $2.0 million and $0.9 million, respectively. Non-compensation expense increased primarily due to the incurrence of transaction expenses of approximately $1.0 million in 2013 related to completed and pending acquisitions.

Depreciation

Depreciation of property and equipment totaled $24.1 million and $23.1 million for 2013 and 2012, respectively. Depreciation expense increased in 2013 compared to 2012 due to purchases of property and equipment at our existing stations and additional property and equipment at acquired stations.

(Loss) gain on disposal of assets

Loss on disposal of assets was $0.8 million during 2013 as compared to a gain of $0.0 million during 2012. The increase in the loss was due primarily to the termination of a capital lease and the retirement of a building. We did not have similar events in 2012.

Interest expense

Interest expense decreased $7.0 million, or 12%, to $52.4 million for 2013 compared to 2012. Interest expense decreased due to a decrease in our average interest rate offset, in part, by an increase in our average principal outstanding. In 2012, we issued $300.0 million of our 2020 Notes, amended the 2012 Senior Credit Facility, repurchased all outstanding 10½% Senior Secured Second Lien Notes due 2015 (the “2015 Notes”) and repurchased the outstanding shares of our Series D Perpetual Preferred Stock. In 2013, we issued $375.0 million of additional 2020 Notes and used the proceeds to repay a portion of the 2012 Senior Credit Facility balance. As a result of these transactions, the average interest rates on our total debt balances were 6.0% and 6.7% for 2013 and 2012, respectively. The average principal balance of indebtedness for the duration of each period was $835.7 million and $833.1 million for 2013 and 2012, respectively.

Loss from early extinguishment of debt

In 2012, we amended the 2012 Senior Credit Facility and repurchased our then-outstanding 2015 Notes. As a result, we incurred costs of approximately $48.5 million, including tender offer premiums, bank fees and legal fees. In connection with these transactions, we reported a loss on early extinguishment of debt of $46.7 million for 2012. We did not incur any losses from early extinguishment of debt in 2013.

Income tax expense

Our effective income tax rate increased to 41.8% for 2013 from 40.6% for 2012. Our effective income tax rates differed from the statutory rate due to the following items:

	Year Ended December 31,	
	2013	**2012**
Statutory federal income tax rate	35.0%	35.0%
Current year permanent items	2.1%	1.7%
State and local taxes, net of federal taxes	4.6%	8.9%
Change in valuation allowance	(1.3)%	(3.1)%
Reserve for uncertain tax positions	(0.4)%	(2.1)%
Other items, net	1.8%	0.2%
Effective income tax rate	41.8%	40.6%

Preferred stock dividends

In 2012, we repurchased all then-outstanding shares of our Series D Perpetual Preferred Stock. As a result, preferred stock dividends decreased $4.1 million, or 100%, to $0.0 million in 2013 compared to 2012.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011 ("2011")

Revenue

Total revenue increased $97.7 million, or 32%, to $404.8 million for 2012 compared to 2011 reflecting increased revenue from all sources. Political advertising revenue increased $72.5 million, or 537%, to $86.0 million reflecting increased advertising from political candidates and special interest groups during the "on year" of the two-year political advertising cycle. Our political advertising revenue also increased due to additional advertising related to a special election to recall the Governor of Wisconsin, a state in which we have three television stations. Retransmission consent revenue increased $13.5 million, or 67%, to $33.8 million due to the improved terms of our retransmission contracts in 2012 compared to 2011. A significant portion of our retransmission consent contracts expired in 2011 and we were able to renew substantially all of these contracts on terms more favorable to Gray, which resulted in increased revenue in 2012 compared to 2011.

Local advertising revenue, excluding political advertising revenue, increased $4.3 million, or 2%, to $191.3 million. National advertising revenue, excluding political advertising revenue, increased $0.4 million, or 1%, to $56.8 million. Internet advertising revenue increased $4.9 million, or 24%, to $25.0 million. Revenue increased due to increased spending by advertisers in a gradually improving economic environment and our broadcast of the 2012 Summer Olympics. During 2012, we earned approximately $4.0 million of revenue from local and national advertisers and $1.1 million of revenue from political advertisers during the broadcast of the 2012 Summer Olympics on our then ten primary NBC stations. There were no Olympic games during 2011. In addition, local and national advertising revenue was positively influenced by the broadcast of the 2012 Super Bowl on our then ten primary NBC channels, earning us approximately $0.8 million, an increase of approximately $0.6 million compared to the broadcast of the 2011 Super Bowl on our then one primary FOX-affiliated channel and then four secondary digital FOX-affiliated channels, which earned us approximately $0.2 million. Our five largest nonpolitical advertising categories on a combined local and national basis by customer type for 2012 demonstrated the following changes in revenue during 2012 compared to 2011: automotive increased 16%; medical increased 7%; restaurant decreased 4%; communications increased 2%; and furniture and appliances increased 8%. While our internet advertising revenue has also benefited from an improved economy, we continue to focus on and invest resources into our internet sales efforts, which have also resulted in increased internet revenue.

Other revenue increased $1.8 million, or 23%, to $9.5 million in 2012 compared to 2011 due primarily to the receipt of certain copyright royalty payments. If any similar copyright royalty payments are received in future periods, they are likely to recur in lower amounts.

We continued to earn consulting revenue from our agreement with Young. Our consulting revenue from this agreement, which expired on December 31, 2012, included a fixed base component and an incentive component that was based upon Young's actual results. We recorded base consulting revenue of $2.2 million for each of 2012 and 2011. Pursuant to the terms of the consulting agreement, we recorded incentive consulting revenue of $0.2 million and $0.0 million in 2012 and 2011, respectively. In accordance with GAAP, the $0.2 million of incentive consulting revenue recorded in 2012 related to 2011. As of the date hereof, we could not estimate the amount, if any, of incentive consulting revenue earned during 2012 under our contract with Young. Also in accordance with GAAP, if any incentive revenue relating to 2012 is received in the future, we will record it as incentive revenue in the period received.

Broadcast expenses

Broadcast expenses (before depreciation, amortization and gain on disposal of assets) increased $18.1 million, or 9%, to $212.3 million for 2012 compared to 2011 due primarily to increases of $10.4 million and $7.7 million in non-compensation expense and compensation expense, respectively. Non-compensation expense increased primarily due to increases in national sales commissions of $4.8 million and programming costs of $3.5 million. National sales commission expense increased primarily due to increased political advertising revenue. We pay a percentage of certain national advertising revenue to third parties as a commission. As this revenue increases or decreases so does our national sales commission expense. Programming costs increased primarily due to an increase of $5.5 million for affiliation fees charged by certain networks offset in part by a decrease of $2.4 million under our syndicated film contracts. Compensation expense increased primarily due to an increase of $2.4 million in pension expense, an increase of $2.4 million in salary expense, an increase of $1.9 million in incentive compensation expense and an increase of $0.8 million in health care expense. Pension expense increased primarily due to a decrease in the discount rate used to calculate pension expense. Salary expense increased due to routine increases in base compensation. Incentive compensation increased as our stations' operating income increased. Health care expense increased due to increased claims activity.

Corporate and administrative expenses

Corporate and administrative expenses (before depreciation, amortization and gain on disposal of assets) increased $1.8 million, or 12%, to $15.9 million during 2012 as compared to 2011. The increase was due primarily to an increase in compensation expense of $1.6 million. Compensation expense increased primarily due to an increase of $0.7 million in non-cash stock-based compensation, an increase of $0.3 million in pension expense, an increase of $0.4 million in salary expense and an increase of $0.2 million in incentive compensation expense. We recorded non-cash stock-based compensation expense during 2012 and 2011 of $0.9 million and $0.1 million, respectively. Non-cash stock-based compensation expense increased due to the grant and vesting of additional equity incentive awards during 2012. Pension expense increased primarily due to a decrease in the discount rate used to calculate pension expense. Salary expense increased due to routine increases in base compensation. Incentive compensation increased as our operating income increased.

Depreciation

Depreciation of property and equipment totaled $23.1 million and $26.2 million for 2012 and 2011, respectively. Depreciation expense decreased in 2012 compared to 2011 due to reduced capital expenditures in recent years compared to that of prior years. As a result, more assets acquired in prior years have become fully depreciated than were purchased in recent years.

Gain on disposal of assets

Gain on disposal of assets decreased $2.9 million, or 99%, to $0.0 million during 2012 as compared to 2011. On March 22, 2011, our primary broadcast tower for WEAU-TV, our station that serves the La Crosse – Eau Claire, Wisconsin market, collapsed during inclement weather. Our loss of property due to the tower collapse was covered by insurance. We recorded a gain on disposal on the old tower of $0.8 million and $3.0 million during 2012 and 2011, respectively. The decrease in the gain recorded on the disposal of the WEAU-TV tower was partially offset by increases in losses recorded upon the disposal of certain equipment during 2012 and 2011.

Interest expense

Interest expense decreased $2.3 million, or 4%, to $59.4 million for 2012 compared to 2011. Interest expense decreased due to a decrease in our average interest rate, offset in part by an increase in our average principal outstanding. The average interest rates on our total debt balances were 6.7% and 7.0% for 2012 and 2011, respectively. The average principal balance of indebtedness for the duration of each period was $833.1 million and $832.5 million for 2012 and 2011, respectively.

Loss from early extinguishment of debt

We incurred costs of approximately $48.5 million, including tender offer premiums, bank fees and legal fees in 2011 to amend our 2012 Senior Credit Facility and to repurchase our outstanding 2015 Notes. In connection with these transactions, we reported a loss on early extinguishment of debt of $46.7 million for 2012.

Income tax expense

Our effective income tax rate increased to 40.6% for 2012 from 33.4% for 2011. Our effective income tax rates differed from the statutory rate due to the following items:

	Year Ended December 31,	
	2012	2011
Statutory federal income tax rate	35.0%	35.0%
Current year permanent items	1.7%	1.7%
State and local taxes, net of federal taxes	8.9%	5.2%
Change in valuation allowance	(3.1)%	(1.9)%
Reserve for uncertain tax positions	(2.1)%	(6.7)%
Other items, net	0.2%	0.1%
Effective income tax rate	40.6%	33.4%

Preferred stock dividends

Preferred stock dividends decreased $3.1 million, or 43%, to $4.1 million in 2012 compared to the prior year due to fewer shares being outstanding in 2012. We repurchased 259.21 shares and 133.86 shares of our Series D Perpetual Preferred Stock in 2012 and 2011, respectively. As of December 31, 2012 and 2011, we had 0.00 shares and 259.21 shares of Series D Perpetual Preferred Stock outstanding, respectively. The Series D Perpetual Preferred Stock dividend rate was 17.0% per annum for 2012 and 2011.

Liquidity and Capital Resources

General

The following tables present data that we believe is helpful in evaluating our liquidity and capital resources (dollars in thousands):

	Year Ended December 31,	
	2013	2012
Net cash provided by operating activities	$ 60,239	$ 89,372
Net cash used in investing activities	(60,527)	(23,306)
Net cash provided by (used in) financing activities	2,699	(60,189)
Net increase in cash	$ 2,411	$ 5,877

	December 31,	
	2013	2012
Cash	$ 13,478	$ 11,067
Long-term debt including current portion	$ 842,874	$ 832,867
Borrowing availability under our 2012 Senior Credit Facility	$ 30,000	$ 40,000

2012 Senior Credit Facility

Gray's 2012 Senior Credit Facility consists of a $40.0 million revolving credit facility (the "2012 Revolving Credit Facility") and a term loan facility (the "2012 Term Loan") having an original commitment amount of $555.0 million. Excluding accrued interest, the amount outstanding under the 2012 Senior Credit Facility as of December 31, 2013 and 2012 was $159.0 million and $535.0 million, respectively, consisting solely of term loan balances. The interest rate on the outstanding balance under the 2012 Senior Credit Facility was 4.8% as of both December 31, 2013 and 2012. Also as of December 31, 2013 and 2012, we had a deferred loan cost balance, net of accumulated amortization, of $3.9 million and $4.6 million, respectively, related to the 2012 Senior Credit Facility.

Borrowings under the 2012 Revolving Credit Facility and the 2012 Term Loan bear interest, at our option, based on the Base Rate (as defined below) or the London Interbank Offered Rate ("LIBOR"), in each case plus an applicable margin based on a first lien leverage ratio test as set forth in the 2012 Senior Credit Facility (the "First Lien Ratio Test"). The applicable margin for Base Rate Loans is 1.00% – 1.50% for the 2012 Revolving Credit Facility and 2.50% - 2.75% for the 2012 Term Loan and the applicable margin for LIBOR loans is 2.00% - 2.50% for the 2012 Revolving Credit Facility and 3.50% - 3.75% for the 2012 Term Loan, each subject to a LIBOR floor of 1.0%. Base Rate is defined as the greatest of (i) the administrative agent's prime rate, (ii) the overnight federal funds rate plus 0.50% and (iii) one-month LIBOR plus 1.0%. We are required to pay a commitment fee on the average daily unused portion of the 2012 Revolving Credit Facility, which rate may range from 0.375% to 0.50% on an annual basis, based on the First Lien Ratio Test. In addition, the 2012 Term Loan also requires us to make quarterly principal repayments equal to 0.25% of the outstanding principal amount of the 2012 Term Loan, which payments began December 31, 2012. However, due to our having made certain additional principal repayments in 2013 and 2012, we are not required to make a principal payment on the 2012 Senior Credit Facility until the year ending December 31, 2019.

As of December 31, 2013, we had a $10.0 million letter of credit outstanding under the 2012 Revolving Credit Facility, which reduced our borrowing availability thereunder to $30.0 million as of that date.

The 2012 Revolving Credit Facility matures on October 12, 2017 and the 2012 Term Loan matures on October 12, 2019.

Our obligations under the 2012 Senior Credit Facility are secured by substantially all of our and our consolidated subsidiaries' assets, including real estate. In addition, substantially all of our subsidiaries are joint and several guarantors of, and our ownership interests in those subsidiaries are pledged to collateralize, our obligations under the 2012 Senior Credit Facility. Excalibur is not a guarantor of, and its assets are not pledged to secure our obligations under, the 2012 Senior Credit Facility. The 2012 Senior Credit Facility contains affirmative and restrictive covenants that we must comply with, including (a) limitations on additional indebtedness, (b) limitations on liens, (c) limitations on the sale of assets, (d) limitations on guarantees, (e) limitations on investments and acquisitions, (f) limitations on the payment of dividends and share repurchases, (g) limitations on mergers, and (h) maintenance of a total leverage ratio not to exceed certain maximum limits, as well as other customary covenants for credit facilities of this type.

As of December 31, 2013 and 2012, we were in compliance with all covenants required under the 2012 Senior Credit Facility.

2020 Notes

As of December 31, 2013 and 2012, we had $675.0 million and $300.0 million, respectively, of our 2020 Notes outstanding. As of December 31, 2013, the coupon interest rate and the yield on the 2020 Notes were 7.5% and 7.3%, respectively. As of December 31, 2013 and 2012, we had a deferred loan cost balance, net of accumulated amortization, of $13.2 million and $7.1 million, related to our 2020 Notes.

On October 18, 2013, we issued $375.0 million of 2020 Notes (the "Additional Notes"). The Additional Notes are an additional issuance of, and rank equally and form a single series with, the 2020 Notes that were issued on October 9, 2012 (the “Original Notes”). The Additional Notes have the same terms as the Original Notes, including being senior unsecured obligations of the Company. The Additional Notes were issued at a price of 102.125%, resulting in aggregate gross proceeds of approximately $383.0 million, plus accrued and unpaid interest from and including October 1, 2013. The Company used the net proceeds therefrom to repay $376.0 million outstanding under the 2012 Term Loan.

We may redeem some or all of the 2020 Notes at any time after October 1, 2015 at specified redemption prices. We may also redeem up to 35% of the aggregate principal amount of the 2020 Notes using the proceeds from certain equity offerings completed before October 1, 2015. In addition, we may redeem some or all of the 2020 Notes at any time prior to October 1, 2015 at a price equal to 100% of the principal amount thereof plus a make whole premium, and accrued and unpaid interest. If we sell certain of our assets or experience specific kinds of changes of control, we must offer to repurchase the 2020 Notes.

The 2020 Notes mature on October 1, 2020. Interest on the 2020 Notes is payable semiannually, on April 1 and October 1 of each year. As of December 31, 2013 and 2012, we were in compliance with all covenants required under the 2020 Notes.

The 2020 Notes are fully and unconditionally guaranteed on a joint and several, senior unsecured basis, by substantially all of our subsidiaries. Excalibur is not a guarantor of the 2020 Notes.

Excalibur Loan

Excalibur is party to a $3.0 million loan agreement entered into with a third party on July 31, 2013 (the “Excalibur Loan”). Proceeds from the Excalibur Loan were used by it to purchase the license assets of certain stations. As of December 31, 2013, $3.0 million was outstanding under the Excalibur Loan at an interest rate of 4.75%. As of December 31, 2013, the Excalibur Loan had a deferred loan cost balance, net of accumulated amortization, of $0.2 million.

The Excalibur Loan matures on October 12, 2017.

We have jointly and severally guaranteed Excalibur’s obligations under the Excalibur Loan, including the payment of all unpaid principal and interest thereon.

During the year ended December 31, 2013, interest expense relating to the Excalibur Loan was approximately $30,000.

Other

For further information concerning the 2012 Senior Credit Facility, the 2020 Notes and the Excalibur Loan, see Note 3 “Long-term Debt” to our audited consolidated financial statements included elsewhere herein. For estimates of future principal and interest payments under the 2012 Senior Credit Facility and the 2020 Notes, see “Tabular Disclosure of Contractual Obligations as of December 31, 2013” included elsewhere in this Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Income Taxes

We file a consolidated federal income tax return and such state or local tax returns as are required. Although we may earn taxable operating income in future years, as of December 31, 2013, we anticipate that through the use of our available loss carryforwards we will not pay significant amounts of federal income taxes in the next several years. However, we estimate that we will pay state income taxes in certain states over the next several years.

Liquidity

As of December 31, 2013, required debt principal repayments over the next twelve months consisted primarily of $0.2 million due under the Excalibur Loan. As of December 31, 2013, we estimate that we will make approximately $58.4 million in debt interest payments and $25.0 million in capital expenditures during the twelve months immediately following December 31, 2013. Depending upon timing of the completion of our pending acquisitions, capital expenditures may increase to up to $30.0 million in 2014. We also estimate as of December 31, 2013, that we will be required to pay approximately $318.0 million to complete currently pending acquisitions. As of the date hereof, we have advanced $4.5 million of the purchase price to the seller of WQCW-TV, including the $500,000 previously held in escrow. Although our cash flows from operations are subject to a number of risks and uncertainties, we anticipate that our cash on hand, future cash expected to be generated from operations, borrowings from time to time under the 2012 Senior Credit Facility (or any such other credit facility as may be in place at the appropriate time) and, potentially, external equity or debt financing, will be sufficient to fund these debt service obligations, estimated capital expenditures and acquisition-related obligations. Any potential equity or debt financing would depend upon, among other things, the costs and availability of such financing at the appropriate time. We also presently believe that our future cash expected to be generated from operations and borrowing availability under the 2012 Senior Credit Facility (or any such other credit facility) will be sufficient to fund our future capital expenditures and long-term debt service obligations until at least October 12, 2019, which is the maturity date of the 2012 Term Loan.

Net Cash Provided By (Used In) Operating, Investing and Financing Activities

Net cash provided by operating activities decreased $29.1 million to $60.2 million in 2013 compared to net cash provided of $89.4 million in 2012. The decrease in cash provided by operating activities was due primarily to several factors, including a decrease in revenue of $58.5 million and a decrease of $7.8 million due to changes in certain current asset and current liability balances, partially offset by an increase in pension expense net of contributions.

Net cash used in investing activities increased $37.2 million to $60.5 million for 2013 compared to $23.3 million for 2012 due primarily to an increase in cash used to acquire television businesses and licenses.

Net cash provided by financing activities was $2.7 million in 2013 compared to net cash used in financing activities of $60.2 million in 2012. This change of $62.9 million was due primarily to our refinancing activities. During 2013, we borrowed $9.9 million more in long-term debt than we repaid, which was largely offset by our payment of $7.5 million in costs primarily associated with the issuance of the Additional Notes. During 2012, we paid $25.9 million to repurchase our Series D Perpetual Preferred Stock and paid $16.7 million in related dividends. Also during 2012, we paid $17.0 million in costs associated with the issuance of our 2020 Notes and the entry into our 2012 Senior Credit Facility.

Retirement Plans

We have three defined benefit pension plans. Two of these plans were assumed by us as a result of our acquisitions in prior years and are frozen plans. Our active defined benefit pension plan, which we consider to be our primary pension plan, covers substantially all our full-time employees. Retirement benefits under such plan are based on years of service and the employees’ highest average compensation for five consecutive years during the last ten years of employment. Our funding policy is consistent with the funding requirements of existing federal laws and regulations under the Employee Retirement Income Security Act of 1974.

A discount rate is selected annually to measure the present value of the benefit obligations. In determining the selection of a discount rate, we estimated the timing and amounts of expected future benefit payments and applied a yield curve developed to reflect yields available on high-quality bonds. The yield curve is based on an externally published index specifically designed to meet the criteria of GAAP. The discount rate selected for determining benefit obligations as of December 31, 2013 was 4.97% which reflects the results of this yield curve analysis. The discount rate used for determining benefit obligations as of December 31, 2012 was 4.31%. Our assumptions regarding expected return on plan assets reflects asset allocations, the investment strategy and the views of investment managers, as well as historical experience. We use an assumed rate of return of 7.00% for our assets invested in our active pension plan. In 2013 and 2012, actual asset returns for this plan, calculated on a mean market value, increased in value 17.1% and 9.6%, respectively. Other significant assumptions relate to inflation, salary growth, retirement and mortality rates. Our inflation assumption is based on an evaluation of external market indicators. The salary growth assumptions reflect our long-term actual experience, the near-term outlook and assumed inflation. Compensation increases over the most recent five-year period have been in line with assumptions. Retirement and mortality rates are based on actual plan experience.

During 2013 and 2012, we contributed an aggregate amount of $4.7 million and $9.4 million, respectively, to our pension plans and we anticipate making an aggregate contribution of approximately $6.1 million to such plans in 2014. The use of significantly different assumptions, or if actual experienced results differ significantly from those assumed, could result in our funding obligations being materially different.

See Note 9 “Retirement Plans” of our audited consolidated financial statements included elsewhere herein for further information concerning the retirement plans.

Capital Expenditures

In 2011, our primary broadcast tower for WEAU-TV, our station that serves the La Crosse – Eau Claire, Wisconsin market, collapsed during inclement weather. Our loss of property due to the tower collapse was covered by insurance, subject to a deductible of $50,000. For the year ended December 31, 2012, we received insurance proceeds of $0.8 million for the collapsed tower, recorded a gain on disposals of assets of $0.8 million for the collapsed tower and recorded capital expenditures of $0.4 million for construction of the new tower. For the year ended December 31, 2011, we received insurance proceeds of $3.2 million for the collapsed tower, recorded a gain on disposals of assets of $3.0 million for the collapsed tower and recorded capital expenditures of $3.9 million for construction of the new tower. For the year ended December 31, 2011, we received an additional $450,000 of proceeds from business interruption insurance, which was recorded as a reduction of broadcast expense. For the year ended December 31, 2012, we did not receive any proceeds from business interruption insurance.

Capital expenditures for the years ended December 31, 2013 and 2012 were $24.1 million and $24.5 million, respectively. We expect that our capital expenditures will be approximately $25.0 million in the year ending December 31, 2014. Depending upon the timing of the completion of our pending acquisitions, capital expenditures may increase to up to $30.0 million in 2014. We expect to fund future capital expenditures with cash from operations.

Off-Balance Sheet Arrangements

Operating Commitments

We have various operating lease commitments for equipment, land and office space. We also have commitments for various syndicated television programs.

We have two types of syndicated television program contracts: first run programs and off network reruns. The first run programs are programs such as *Jeopardy* and the off network programs are programs such as *The Andy Griffith Show*. A difference between the two types of syndicated television programming is that the first run programs have not been produced at the time the contract to air such programming is signed and the off network programs have already been produced. For all syndicated television contracts we record an asset and corresponding liability for payments to be made for the entire “off network” contract period and for only the current year of the “first run” contract period. Only an estimate of the payments anticipated to be made in the year following the balance sheet date of the “first run” contracts are recorded on the current balance sheet, because the programs for the later years of the contract period have not been produced and delivered.

Sports Marketing Agreement

On October 12, 2004, the University of Kentucky (“UK”) awarded a sports marketing agreement jointly to us and IMG Worldwide, Inc. (“IMG”) (the “UK Agreement”). The UK Agreement expires April 15, 2015.

The UK Agreement provides that we will share in profits in excess of certain amounts specified by the agreement, if any, but not losses. The agreement also provides that we will separately retain all local broadcast advertising revenue and pay all local broadcast expenses for activities under the agreement. Under the agreement, IMG agreed to make all license fee payments to UK. However, if IMG is unable to pay the license fee to UK, we will then be required to pay the unpaid portion of the license fee to UK. As of December 31, 2013, the aggregate license fee to be paid by IMG to UK over the remaining term of the agreement is approximately $13.3 million. If we make advances on behalf of IMG, IMG is required to reimburse us for the amount paid within 60 days after the close of each contract year, which ends on June 30th. IMG has also agreed to pay interest on any advance at a rate equal to the prime rate. During the year ended December 31, 2013, we did not advance any amounts to UK on behalf of IMG under this agreement. As of December 31, 2013, we do not consider the risk of non-performance by IMG to be high.

Tabular Disclosure of Contractual Obligations as of December 31, 2013

The following table aggregates our material expected contractual obligations and commitments as of December 31, 2013 (in thousands):

Contractual Obligations	Total	Less than 1 Year 2014	1-3 Years 2015-2016	3-5 Years 2017-2018	More than 5 Years 2019 and after
	Payment due by period				
Contractual obligations recorded on our balance sheet as of December 31, 2013:					
Long-term debt obligations (1)	$ 837,048	$ 224	$ 424	$ 2,400	$ 834,000
Accrued interest (2)	12,703	12,703	-	-	-
Programming obligations currently accrued (3)	11,227	9,707	1,520	-	-
Acquisition-related liabilities(4)	9,739	9,739	-	-	-
Purchase obligations currently accrued (5)	464	464	-	-	-
Off-balance sheet arrangements as of December 31, 2013:					
Cash interest on long-term debt obligations (6)	409,082	45,649	116,667	116,427	130,339
Operating lease obligations (7)	7,868	1,679	2,133	1,340	2,716
Purchase obligations not currently accrued (8)	592	592	-	-	-
Programming obligations not currently accrued (9)	20,540	3,344	14,658	1,959	579
Obligation to UK (10)	13,300	8,800	4,500	-	-
Acquisition commitment (11)	317,950	317,950	-	-	-
Total	$ 1,640,513	$ 410,851	$ 139,902	$ 122,126	$ 967,634

(1) “Long-term debt obligations” represent principal payment obligations under the 2012 Senior Credit Facility, the 2020 Notes and the Excalibur Loan. These amounts are recorded as liabilities as of the current balance sheet date net of the unamortized original issue premium on the 2020 Notes in the amount of $5.8 million. As of December 31, 2013, the interest rate on the balance outstanding under the 2012 Senior Credit Facility was 4.8%. As of December 31, 2013, the coupon interest rate and the yield on the 2020 Notes were 7.5% and 7.3%, respectively.

(2) “Accrued interest” includes interest on long-term debt obligations accrued as of the balance sheet date.

(3) “Programming obligations currently accrued” represents obligations for syndicated television programming whose license period has begun and the product is available. These amounts are recorded as liabilities as of the current balance sheet date.

(4) “Acquisition related liabilities” represents amounts due to sellers upon the exercise of a put and call option agreement. On November 1, 2013, we completed the acquisition of 99% of the outstanding equity interests in Yellowstone. In connection therewith, we entered into a put and call option agreement with the owner of Yellowstone, under which we can, at any time beginning October 2, 2014 and ending November 16, 2014, exercise an option to purchase the remaining 1% of the equity of Yellowstone for $10.0 million. If we do not exercise this option, the owner of Yellowstone’s remaining equity interest can, at any time beginning December 15, 2014 and ending December 15, 2015, exercise a right to require us to purchase these interests for an amount equal to the trailing twelve-month gross revenue (excluding political advertising revenue) as calculated as of the last day of the month prior to the delivery of notice by the owner of the exercise of its right to sell. No assurances can be provided that either Gray or the counterparty to this agreement will exercise its respective rights thereunder, and that any amount will be required to be paid.

(5) “Purchase obligations currently accrued” generally represent payment obligations for equipment. It is our policy to accrue for these obligations when the equipment is received and the vendor has completed the work required by the purchase agreement. These amounts are recorded as liabilities as of the current balance sheet date because we had received the related equipment.

(6) “Cash interest on long-term debt obligations” consists of estimated interest expense on long-term debt excluding interest expense accrued as of December 31, 2013 described in (2) above. The estimate is based upon debt balances as of December 31, 2013 and required future principal repayments under those obligations. As of December 31, 2013, the interest rate on the balance outstanding under the 2012 Senior Credit Facility was 4.8%. As of December 31, 2013, the coupon interest rate and the yield on the 2020 Notes were 7.5% and 7.3%, respectively. As of December 31, 2013, the interest rate on the balance outstanding under the Excalibur Loan was 4.8%. We used an assumed interest rate of 4.8% for amounts outstanding under each of our 2012 Senior Credit Facility and the Excalibur Loan to estimate cash interest on long-term debt obligations thereunder. Our 2012 Senior Credit Facility, our 2020 Notes and the Excalibur Loan will mature on October 12, 2019, October 1, 2020 and October 12, 2017, respectively. This estimate of cash interest on long-term debt obligations also assumes that the principal obligations underlying these interest estimates will not be replaced by other long-term obligations prior to or upon their maturity.

(7) “Operating lease obligations” represent payment obligations under non-cancelable lease agreements classified as operating leases. These amounts are not recorded as liabilities as of the current balance sheet date.

(8) “Purchase obligations not currently accrued” generally represent payment obligations for equipment. It is our policy to accrue for these obligations when the equipment is received and the vendor has completed the work required by the purchase agreement. These amounts are not recorded as liabilities as of the current balance sheet date because we had not yet received the related equipment.

(9) “Programming obligations not currently accrued” represent obligations for syndicated television programming whose license period has not yet begun or the product is not yet available. These amounts are not recorded as liabilities as of the current balance sheet date.

(10) “Obligation to UK” represents total obligations, excluding any potential revenues, under the UK Agreement. These amounts are not recorded as liabilities as of the current balance sheet date.

See “Off-Balance Sheet Arrangements” immediately preceding this table for additional information concerning this obligation.

(11) “Acquisition commitments” represents amounts due to sellers upon completing pending acquisitions of television stations, net of all amounts receivable in connection with required station divestitures arising from such acquisitions. For additional information concerning the components of this obligation, see Note 2 “Acquisitions,” of the accompanying notes to our audited consolidated financial statements. These amounts are not recorded as a liability as of the current balance sheet date.

Estimates of the amount, timing and future funding obligations under our pension plans include assumptions concerning, among other things, actual and projected market performance of plan assets, investment yields, statutory requirements and demographic data for pension plan participants. Pension plan funding estimates are therefore not included in the table above because the timing and amounts of funding obligations for all future periods cannot be reasonably determined. We expect to contribute approximately $6.1 million in total to our active pension plan and the acquired pension plans during 2014.

Inflation

The impact of inflation on operations has not been significant to date. However, there can be no assurance that a high rate of inflation in the future would not have an adverse effect on operating results, particularly since amounts outstanding under the 2012 Senior Credit Facility incur interest at a variable rate.

Critical Accounting Policies

The preparation of financial statements in conformity with GAAP requires us to make judgments and estimations that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ materially from those reported amounts. We consider our accounting policies relating to intangible assets and income taxes to be critical policies that require judgments or estimations in their application where variances in those judgments or estimations could make a significant difference to future reported results. Our policies concerning intangible assets and income taxes are disclosed below.

Annual Impairment Testing of Broadcast Licenses and Goodwill

We have determined that our broadcast licenses are indefinite-lived intangible assets in accordance with the accounting guidance for goodwill and other intangible assets, which require such assets to be to be tested for impairment on an annual basis, or more often when certain triggering events occur. For goodwill, we have elected to bypass the qualitative assessment provisions and to perform the prescribed testing steps for goodwill on an annual basis. Neither of these asset types is amortized.

Our annual impairment testing of broadcast licenses and goodwill for each individual television station requires an estimation of the fair value of each broadcast license and the fair value of the entire television station which we consider a reporting unit. Such estimations generally rely on analyses of public and private comparative sales data as well as discounted cash flow analyses that inherently require multiple assumptions relating to the future prospects of each individual television station including, but not limited to: (i) expected long-term market growth characteristics, (ii) estimations regarding a station’s future expected viewing audience, (iii) station revenue shares within a market, (iv) future expected operating expenses, (v) costs of capital and (vi) appropriate discount rates. We believe that the assumptions we utilize in analyzing potential impairment of broadcast licenses and/or goodwill for each of our television stations are reasonable individually and in the aggregate. However, these assumptions are highly subjective and changes in any one assumption, or a combination of assumptions, could produce significant differences in the calculated outcomes.

To estimate the fair value of our reporting units, we utilize a discounted cash flow model supported by a market multiple approach. We believe that a discounted cash flow analysis is the most appropriate methodology to test the recorded value of long-term assets with a demonstrated long-lived / enduring franchise value. We believe the results of the discounted cash flow and market multiple approaches provide reasonable estimates of the fair value of our reporting units because these approaches are based on our actual results and reasonable estimates of future performance, and also take into consideration a number of other factors deemed relevant by us, including but not limited to, expected future market revenue growth, market revenue shares and operating profit margins. We have consistently used these approaches in determining the fair value of our goodwill. We also consider a market multiple approach utilizing market multiples to corroborate our discounted cash flow analysis. We believe that this methodology is consistent with the approach that any strategic market participant would utilize if they were to value one of our television stations.

As of December 31, 2013 and 2012, the recorded value of our broadcast licenses was $839.0 million and $819.2 million, respectively. As of December 31, 2013 and 2012, the recorded value of our goodwill was $184.4 million and $170.5 million, respectively. We did not record an impairment expense related to our broadcast licenses or goodwill during 2013, 2012 or 2011.

Prior to January 1, 2002, acquired broadcast licenses were valued at the date of acquisition using a residual method. The recorded value of these broadcast licenses as of December 31, 2013 and 2012 was approximately $341.0 million. Broadcast licenses acquired after December 31, 2001, were valued at the date of acquisition using an income method that assumes an initial hypothetical start-up operation. This change in methodology was due to a change in accounting requirements. The book value of these broadcast licenses as of December 31, 2013 and 2012 was approximately $498.0 million and $478.2 million, respectively. Regardless of whether we initially recorded the value of our broadcast licenses using the residual or the income method, for purposes of testing for potential impairment we use the income method to estimate the fair value of our broadcast licenses.

We test for impairment of broadcast licenses and goodwill on an annual basis on the last day of each fiscal year. However, we will test for impairment during any reporting period if certain triggering events occur. The two most recent impairment testing dates were December 31, 2013 and 2012. A summary of the significant assumptions used in our impairment analyses of broadcast licenses and goodwill as of December 31, 2013 and 2012 is presented below. Following the summary of assumptions is a sensitivity analysis of those assumptions as of December 31, 2013. Our reporting units, allocations of our broadcast licenses and goodwill and our methodologies were consistent as of both testing dates.

Summary

	As of December 31,	
	2013	2012
	(dollars in thousands)	
Pre-tax impairment charge:		
Broadcast licenses	$ -	$ -
Goodwill	$ -	$ -
Significant assumptions:		
Forecast period (years)	10	10
Increase or (decrease) in market advertising revenue for projection year 1 compared to latest historical period (1)	4.1% to 25.2%	(30.0)% to 0.0%
Positive or (negative) advertising revenue compound growth rate for forecast period	1.6% to 3.3%	1.0% to 2.3%
Operating cash flow margin:		
Broadcast licenses	8.3% to 50.0%	8.3% to 50.0%
Goodwill	6.8% to 57.3%	10.8% to 56.2%
Discount rate:		
Broadcast licenses	9.50%	9.00%
Goodwill	10.50%	10.50%

(1) Depending on whether the first year of the respective projection period is an even- or odd-numbered year, assumptions relating to market advertising growth rates will vary significantly reflecting the significant cyclical impact of political advertising revenue in even-numbered years. The analysis for 2013 generally anticipated an increase in revenue for 2014.

When estimating the fair value of our broadcast licenses and goodwill, we make assumptions regarding revenue growth rates, operating cash flow margins and discount rates. These assumptions require substantial judgment, and actual rates and margins may differ materially. Although we did not record an impairment charge for the year ended December 31, 2013, we may have recorded such an adjustment if we had changed certain assumptions. The following table contains a sensitivity analysis of these assumptions and a hypothetical non-cash impairment charge that would have resulted if our advertising revenue growth rate and our operating cash flow margin had been revised lower or if our discount rate had been revised higher. We also disclose a hypothetical impairment charge assuming a 5% and 10% decrease in the fair value of our broadcast licenses and enterprise values.

	Hypothetical Impairment Charge As of December 31, 2013	
	Broadcast Licenses	Goodwill
	(in thousands)	
Hypothetical change:		
A 100 basis point decrease in advertising revenue growth rate throughout the forecast period	$ 4,238	$ -
A 100 basis point decrease in operating cash flow margin throughout the forecast period	$ -	$ -
A 100 basis point increase in the applicable discount rate	$ 6,090	$ -
A 5% reduction in the fair value of broadcast licenses and enterprise values	$ -	$ -
A 10% reduction in the fair value of broadcast licenses and enterprise values	$ -	$ -

These hypothetical non-cash impairment charges would not have any direct impact on our liquidity, debt covenant compliance or future results of operations. Our historical operating results may not be indicative of our future operating results. Our future ten-year discounted cash flow analysis, which fundamentally supports our estimated fair values as of December 31, 2013, reflected certain assumptions relating to the expected impact of the current general economic environment.

The discount rates used in our impairment analysis were based upon the after-tax rate of return determined using a weighted-average cost of capital calculation for media companies. In calculating the discount rates, we considered estimates of the long-term mean market return, industry beta, corporate borrowing rate, average industry debt to capital ratio, average industry equity capital ratio, risk free rate and the tax rate. We believe using a discount rate based on a weighted-average cost of capital calculation for media companies is appropriate because it would be reflective of rates active participants in the media industry would utilize in valuing broadcast licenses and/or broadcast enterprises.

Valuation of Network Affiliation Agreements

We believe that the value of a television station is derived primarily from the attributes of its broadcast license rather than its network affiliation agreement. These attributes have a significant impact on the audience for network programming in a local television market compared to the national viewing patterns of the same network programming.

Certain other broadcasting companies have valued their stations on the basis that it is the network affiliation and not the other attributes of the station, including its broadcast license, which contributes to the operational performance of that station. As a result, we believe that these broadcasting companies allocate a significant portion of the purchase price for any station that they may acquire to the network affiliation relationship and include in their network affiliation valuation amounts related to attributes which we believe are more appropriately reflected in the value of the broadcast license or goodwill.

The methodology we used to value these stations was based on our evaluation of the broadcast licenses acquired and the characteristics of the markets in which they operated. Given our assumptions and the specific attributes of the stations we acquired from 2002 through December 31, 2013, we ascribed no incremental value to the incumbent network affiliation relationship in each market beyond the cost of negotiating a new agreement with another network and the value of any terms of the affiliation agreement that were more favorable or unfavorable than those generally prevailing in the market.

Some broadcast companies may use methods to value acquired network affiliations different than those that we use. These different methods may result in significant variances in the amount of purchase price allocated to these assets among broadcast companies.

If we were to assign higher values to all of our network affiliations and less value to our broadcast licenses or goodwill and if it is further assumed that such higher values of the network affiliations are definite-lived intangible assets, this reallocation of value might have a significant impact on our operating results. There is diversity of practice within the industry, and some broadcast companies have considered such network affiliation intangible assets to have a life ranging from 15 to 40 years depending on the specific assumptions utilized by those broadcast companies.

The following table reflects the hypothetical impact of the reassignment of value from broadcast licenses to network affiliations for our historical acquisitions (the first acquisition being in 1994) and the resulting increase in amortization expense assuming a hypothetical 15-year amortization period as of our most recent impairment testing date of December 31, 2013 (in thousands, except per share data):

	As Reported	Percentage of Total Value Reassigned to Network Affiliation Agreements	
		50%	25%
Balance Sheet (As of December 31, 2013):			
Broadcast licenses	$ 838,982	$ 273,262	$ 556,122
Other intangible assets, net (including network affiliation agreements)	2,644	104,874	53,759
Statement of Operations (For the year ended December 31, 2013):			
Amortization of intangible assets	336	28,239	14,287
Operating income	83,880	55,977	69,929
Net income	18,288	1,267	9,778
Net income available to common stockholders	18,288	1,267	9,778
Net income available to common stockholders, per share - basic and diluted	$ 0.32	$ 0.02	$ 0.17

For future acquisitions, if any, the valuation of the network affiliations may differ from the values of previous acquisitions due to the different characteristics of each station and the market in which it operates.

Market Capitalization

When we test our broadcast licenses and goodwill for impairment, we also consider our market capitalization. As of December 31, 2013, our market capitalization was greater than our book value.

Income Taxes

We have approximately $225.1 million in federal operating loss carryforwards, which expire during the years 2022 through 2031. Additionally, we have an aggregate of approximately $245.0 million of various state operating loss carryforwards. We project to have taxable income in the carryforward periods. Therefore, we believe that it is more likely than not that the federal net operating loss carryforwards will be fully utilized.

A valuation allowance has been provided for a portion of the state net operating loss carryforwards. We believe that we will not meet the more likely than not threshold in certain states due to the uncertainty of generating sufficient income. Therefore, the state valuation allowance at December 31, 2013 and 2012 was $2.7 million and $3.2 million, respectively.

Recent Accounting Pronouncements

Various authoritative accounting organizations have issued accounting pronouncements that we will be required to adopt at a future date. We have reviewed these pronouncements and concluded that their adoption will not have a material effect upon our liquidity or results of operations. See Note 1 “Description of Business and Summary of Significant Accounting Policies” of our audited consolidated financial statements included elsewhere herein for further discussion of recent accounting principles.

Cautionary Statements for Purposes of the “Safe Harbor” Provisions of the Federal Securities Laws

This Annual Report on Form 10-K contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are all statements other than those of historical fact. When used in this Annual Report, the words “believes,” “expects,” “anticipates,” “estimates,” “will,” “may,” “should” and similar words and expressions are generally intended to identify forward-looking statements. Forward-looking statements may relate to, among other things, statements about our strategies, expected results of operations, general and industry-specific economic conditions, future pension plan contributions, capital expenditures, assumptions underlying various estimates and estimates of future obligations. Readers are cautioned that any forward-looking statements, including those regarding the intent, belief or current expectations of our management, are not guarantees of future performance, results or events and involve risks and uncertainties, and that actual results and events may differ materially from those contained in the forward-looking statements as a result of various factors including, but not limited to, those listed in Item 1A. of this Annual Report and the other factors described from time to time in our SEC filings. The forward-looking statements included in this Annual Report are made only as of the date hereof. We undertake no obligation to update such forward-looking statements to reflect subsequent events or circumstances.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are exposed to certain risks arising from business operations and economic conditions. We attempt to manage our exposure to a wide variety of business and operational risks principally through management of our core business activities. We attempt to manage economic risk, including interest rate, liquidity, and credit risk, primarily by managing the amount, sources and duration of our debt funding and, at times, the use of interest rate swap agreements. From time to time, we enter into interest rate swap agreements to manage interest rate exposure with the following objectives:

- managing current and forecasted interest rate risk while maintaining financial flexibility and solvency;

- proactively managing our cost of capital to ensure that we can effectively manage operations and execute our business strategy, thereby maintaining a competitive advantage and enhancing shareholder value; and

- complying with covenant requirements in our financing agreements.

As of December 31, 2013, we had $159.0 million outstanding under the 2012 Senior Credit Facility, $675.0 million, at liquidation value, in 2020 Notes outstanding and $3.0 million outstanding under the Excalibur Loan. We pay interest based on a floating interest rate on balances outstanding under the 2012 Senior Credit Facility and Excalibur Loan, subject to a minimum LIBOR floor of 1.0% plus applicable margins. We pay a fixed rate of interest on the 2020 Notes. As of December 31, 2013, the majority of our outstanding debt bears interest at a fixed interest rate, which reduces our risk of potential increases in interest rates. Also as of that date, we were not a party to any interest rate swap agreements.

Based on our floating rate debt outstanding at December 31, 2013, a 100 basis point increase in market interest rates would have increased our interest expense and decreased our income before income taxes for the year ended December 31, 2013 by approximately $1.1 million. Based on our floating rate debt outstanding at December 31, 2013, a 100 basis point decrease in market interest rates would not have affected our interest expense or our income before income taxes for the year ended December 31, 2013 due to the 2012 Senior Credit Facility having a minimum LIBOR floor of 1.0%.

The recorded amount of our long-term debt, including current portion, was $842.9 million and $832.9 million, respectively, and the fair value of our long-term debt, including current portion, was $877.5 million and $844.0 million, respectively, as of December 31, 2013 and 2012. Fair value of our long-term debt is based on estimates provided by third-party financial professionals as of the respective dates.

Item 8. Financial Statements and Supplementary Data.

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Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for the assessment of the effectiveness of internal control over financial reporting. As defined by the U. S. Securities and Exchange Commission, internal control over financial reporting is a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America.

Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our acquisitions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the consolidated financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In connection with the preparation of our annual consolidated financial statements, management has undertaken an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 1992. Management's assessment included an evaluation of the design of our internal control over financial reporting and testing of the operational effectiveness of those controls.

Based on this evaluation, management has concluded that our internal control over financial reporting was effective as of December 31, 2013. Management has excluded Yellowstone Television, LLC and KJCT(TV) and associated low power stations (collectively, "KJCT-TV") from its assessment of internal control over financial reporting as of December 31, 2013, because we acquired them in purchase business combinations in the fourth quarter of 2013. Yellowstone Television, LLC and KJCT-TV together accounted for approximately 3% of our total assets and net income as reported in our consolidated financial statements as of and for the year ended December 31, 2013.

The effectiveness of our internal control over financial reporting as of December 31, 2013 has been audited by McGladrey LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders
Gray Television, Inc.

We have audited the accompanying consolidated balance sheets of Gray Television, Inc. as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2013, and the financial statement schedule of Gray Television, Inc. listed in Item 15(a). We also have audited Gray Television, Inc.'s internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 1992. Gray Television, Inc.'s management is responsible for these financial statements and the financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded Yellowstone Television, LLC and KJCT(TV) and associated low power stations (collectively, "KJCT-TV") from its assessment of internal control over financial reporting as of December 31, 2013. These entities were acquired by Gray Television, Inc. in purchase business combinations in the fourth quarter of 2013. We have also excluded Yellowstone Television, LLC and KJCT-TV from our audit of internal control over financial reporting. Yellowstone Television, LLC and KJCT-TV together accounted for approximately 3% of Gray Television, Inc.'s total assets and net income as reported in Gray Television, Inc.'s consolidated financial statements as of and for the year ended December 31, 2013.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that *(a)* pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; *(b)* provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and *(c)* provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gray Television, Inc. as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America, and in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein. Also in our opinion, Gray Television, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission in 1992.

/s/ McGladrey LLP
West Palm Beach, Florida
March 11, 2014

GRAY TELEVISION, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2013	December 31, 2012
Assets:		
Current assets:		
Cash	$ 13,478	$ 11,067
Accounts receivable, less allowance for doubtful accounts of $730 and $2,064, respectively	70,047	62,472
Current portion of program broadcast rights, net	7,656	7,463
Deferred tax asset	34,113	12,550
Prepaid and other current assets	5,293	2,831
Total current assets	130,587	96,383
Property and equipment, net	143,621	135,138
Deferred loan costs, net	17,293	11,692
Broadcast licenses	838,982	819,188
Goodwill	184,409	170,522
Other intangible assets, net	2,644	637
Investment in broadcasting company	13,599	13,599
Other	3,289	2,629
Total assets (1)	$ 1,334,424	$ 1,249,788

See accompanying notes.

GRAY TELEVISION, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands except for share data)

	December 31,	
	2013	2012
Liabilities and stockholders' equity:		
Current liabilities:		
Accounts payable	$ 2,256	$ 2,379
Employee compensation and benefits	16,759	9,844
Accrued interest	12,703	10,214
Accrued network programming fees	2,467	5,422
Other accrued expenses	5,158	4,990
Federal and state income taxes	1,550	1,911
Current portion of program broadcast obligations	9,707	9,648
Deferred revenue	2,522	3,216
Acquisition related liabilities	9,739	93
Current portion of long-term debt	224	-
Total current liabilities	63,085	47,717
Long-term debt, less current portion	842,650	832,867
Program broadcast obligations, less current portion	1,520	356
Deferred income taxes	225,407	184,440
Accrued pension costs	26,925	39,051
Other	827	1,422
Total liabilities (1)	1,160,414	1,105,853
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock, no par value; authorized 100,000,000 shares, issued 57,010,878 shares and 56,503,759 shares, respectively	483,055	480,773
Class A common stock, no par value; authorized 15,000,000 shares, issued 7,331,574 shares	15,321	15,321
Accumulated deficit	(251,000)	(269,288)
Accumulated other comprehensive loss, net of income tax benefit	(10,409)	(20,170)
	236,967	206,636
Treasury stock at cost, common stock, 4,768,925 shares and 4,739,462 shares, respectively	(40,559)	(40,303)
Treasury stock at cost, Class A common stock, 1,578,554 shares	(22,398)	(22,398)
Total stockholders' equity	174,010	143,935
Total liabilities, preferred stock and stockholders' equity	$ 1,334,424	$ 1,249,788

See accompanying notes.

(1) Our consolidated total assets as of December 31, 2013 included total assets of $6.8 million of a variable interest entity ("VIE"). These assets can only be used to settle the obligations of the VIE. Our consolidated total liabilities as of December 31, 2013 included total liabilities of $3.1 million of the VIE. The creditors of the VIE may have recourse against Gray for $3.0 million of these liabilities.

GRAY TELEVISION, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except for net income per share data)

	Year Ended December 31,		
	2013	2012	2011
Revenue (less agency commissions)	$ 346,298	$ 404,831	$ 307,131
Operating expenses before depreciation, amortization, and gain on disposals of assets, net:			
Broadcast	217,411	212,286	194,196
Corporate and administrative	19,810	15,927	14,173
Depreciation	24,096	23,133	26,183
Amortization of intangible assets	336	75	125
Loss (gain) on disposals of assets, net	765	(31)	(2,894)
Operating expenses	262,418	251,390	231,783
Operating income	83,880	153,441	75,348
Other income (expense):			
Miscellaneous income, net	-	2	3
Interest expense	(52,445)	(59,443)	(61,777)
Loss from early extinguishment of debt	-	(46,683)	-
Income before income taxes	31,435	47,317	13,574
Income tax expense	13,147	19,188	4,539
Net income	18,288	28,129	9,035
Preferred stock dividends (includes accretion of issuance costs of $0, $1,081 and $1,045, respectively)	-	4,095	7,240
Net income available to common stockholders	$ 18,288	$ 24,034	$ 1,795
Basic per share information:			
Net income available to common stockholders	$ 0.32	$ 0.42	$ 0.03
Weighted average shares outstanding	57,630	57,170	57,117
Diluted per share information:			
Net income available to common stockholders	$ 0.32	$ 0.42	$ 0.03
Weighted average shares outstanding	57,972	57,262	57,118

See accompanying notes.

GRAY TELEVISION, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	Year Ended December 31, 2013	2012	2011
Net income	$ 18,288	$ 28,129	$ 9,035
Other comprehensive income (loss):			
Adjustment to pension liability	16,001	(6,176)	(13,793)
Income tax expense (benefit)	6,240	(2,408)	(5,379)
Other comprehensive income (loss)	9,761	(3,768)	(8,414)
Comprehensive income	$ 28,049	$ 24,361	$ 621

See accompanying notes.

GRAY TELEVISION, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in thousands, except for number of shares)

	Class A Common Stock		Common Stock		Accumulated Deficit	Class A Treasury Stock		Common Treasury Stock		Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Amount		Shares	Amount	Shares	Amount		
Balance at December 31, 2010	7,331,574	$ 15,321	56,043,317	$479,704	$ (295,117)	(1,578,554)	$(22,398)	(4,654,750)	$ (40,115)	$ (7,988)	$ 129,407
Net income	-	-	-	-	9,035	-	-	-	-	-	9,035
Adjustment to pension liability, net of income tax	-	-	-	-	-	-	-	-	-	(8,414)	(8,414)
Preferred stock dividends (including accretion of original issuance costs)	-	-	-	-	(7,240)	-	-	-	-	-	(7,240)
Issuance of common stock:											
401(k) plan	-	-	13,753	29	-	-	-	-	-	-	29
Share-based compensation	-	-	-	136	-	-	-	-	-	-	136
Balance at December 31, 2011	7,331,574	$ 15,321	56,057,070	$479,869	$ (293,322)	(1,578,554)	$(22,398)	(4,654,750)	$ (40,115)	$ (16,402)	$ 122,953
Net income	-	-	-	-	28,129	-	-	-	-	-	28,129
Adjustment to pension liability, net of income tax	-	-	-	-	-	-	-	-	-	(3,768)	(3,768)
Preferred stock dividends (including accretion of original issuance costs)	-	-	-	-	(4,095)	-	-	-	-	-	(4,095)
Issuance of common stock:											
401(k) plan	-	-	14,293	26	-	-	-	-	-	-	26
2007 Long Term Incentive Plan:											
Restricted stock awards	-	-	432,396	-	-	-	-	(84,712)	(188)	-	(188)
Share-based compensation	-	-	-	878	-	-	-	-	-	-	878
Balance at December 31, 2012	7,331,574	$ 15,321	56,503,759	$480,773	$ (269,288)	(1,578,554)	$(22,398)	(4,739,462)	$ (40,303)	$ (20,170)	$ 143,935

See accompanying notes.

GRAY TELEVISION, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(in thousands, except for number of shares)

	Class A Common Stock		Common Stock		Accumulated Deficit	Class A Treasury Stock		Common Treasury Stock		Accumulated Other Comprehensive (Loss) Income	Total
	Shares	Amount	Shares	Amount		Shares	Amount	Shares	Amount		
Balance at December 31, 2012	7,331,574	$ 15,321	56,503,759	$480,773	$ (269,288)	(1,578,554)	$(22,398)	(4,739,462)	$ (40,303)	$ (20,170)	$ 143,935
Net income	-	-	-	-	18,288	-	-	-	-	-	18,288
Adjustment to pension liability, net of income tax	-	-	-	-	-	-	-	-	-	9,761	9,761
Issuance of common stock:											
401(k) plan	-	-	5,235	28	-	-	-	-	-	-	28
2007 Long Term Incentive Plan:											
Restricted stock awards	-	-	382,062	-	-	-	-	(29,463)	(256)	-	(256)
Option exercises	-	-	119,822	280	-	-	-	-	-	-	280
Share-based compensation	-	-	-	1,974	-	-	-	-	-	-	1,974
Balance at December 31, 2013	7,331,574	$ 15,321	57,010,878	$483,055	$ (251,000)	(1,578,554)	$(22,398)	(4,768,925)	$ (40,559)	$ (10,409)	$ 174,010

See accompanying notes.

GRAY TELEVISION, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2013	2012	2011
Operating activities			
Net income	$ 18,288	$ 28,129	$ 9,035
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	24,096	23,133	26,183
Amortization of intangible assets	336	75	125
Amortization of deferred loan costs	1,903	2,723	2,943
Net amortization of original issue discount and premium related long-term debt	(9)	1,127	1,353
Amortization of restricted stock and stock option awards	1,974	878	136
Loss from early extinguishment of debt	-	12,664	-
Amortization of program broadcast rights	11,367	11,081	13,484
Payments on program broadcast obligations	(11,433)	(11,839)	(15,915)
Common stock contributed to 401(k) plan	28	26	29
Deferred revenue, network compensation	(615)	(687)	(938)
Deferred income taxes	13,165	19,229	5,085
Loss (gain) on disposals of assets, net	765	(31)	(2,894)
Other	3,460	(1,806)	1,815
Changes in operating assets and liabilities:			
Accounts receivable	(7,391)	(389)	2,401
Other current assets	(1,951)	(372)	934
Accounts payable	133	274	(3,666)
Employee compensation, benefits and pension costs	6,915	(1,775)	(743)
Accrued network fees and other expenses	(2,385)	5,716	191
Accrued interest	2,489	2,275	108
Income taxes payable	(362)	(883)	(1,008)
Deferred revenue, current portion	(534)	(176)	(485)
Net cash provided by operating activities	60,239	89,372	38,173
Investing activities			
Acquisitions of television businesses and licenses	(36,623)	-	-
Purchases of property and equipment	(24,053)	(24,523)	(24,274)
Proceeds from asset sales	236	1,586	3,324
Payments of acquisition related liabilities	(93)	(129)	(587)
Other	6	(240)	(332)
Net cash used in investing activities	(60,527)	(23,306)	(21,869)
Financing activities			
Proceeds from borrowings on long-term debt	390,926	855,798	25,500
Repayments of borrowings on long-term debt	(381,003)	(856,292)	(21,323)
Deferred and other loan costs	(7,504)	(17,042)	(741)
Series D perpetual preferred stock dividends paid	-	(16,731)	(6,596)
Proceeds from issuance of common stock	280	-	-
Repurchase of Series D perpetual preferred stock	-	(25,922)	(13,385)
Net cash provided by (used in) financing activities	2,699	(60,189)	(16,545)
Net increase (decrease) in cash	2,411	5,877	(241)
Cash at beginning of period	11,067	5,190	5,431
Cash at end of period	$ 13,478	$ 11,067	$ 5,190

See accompanying notes.

GRAY TELEVISION, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

Gray Television, Inc. (and its consoldiated subsidiaries, except as the context othewise provides, “Gray,” the “Company,” “we,” “us” or “our”) is a television broadcast company headquartered in Atlanta, Georgia, that owns and/or operates television stations in the United States.

We are a television broadcast company headquartered in Atlanta, Georgia, that owns and operates television stations and digital properties in markets throughout the United States. As of February 1, 2014, we owned and/or operated television stations in 34 television markets broadcasting a total of 110 programming streams, including 24 affiliates of CBS Network (“CBS”), 14 affiliates of the NBC Network (“NBC”), nine affiliates of the ABC Network (“ABC”) and five affiliates of the FOX Network (“FOX”). We have pending acquisitions of television stations broadcasting a total of 26 programming streams in six additional markets and three of our existing markets in the United States.

Within a market, we broadcast secondary digital channels that are in addition to our primary broadcast channels. Our secondary broadcast channels are generally affiliated with networks different from those affiliated with our primary broadcast channels, and are operated by us to make better use of our broadcast spectrum by providing supplemental and/or alternative programming to our primary channels. Certain of our secondary channels are affiliated with more than one network simultaneously. In addition to affiliations with ABC, CBS and FOX, our secondary channels are affiliated with the following networks: the CW Network or the CW Plus Network (collectively, “CW”), MyNetworkTV (“MyNet.”), the MeTV Network (“MeTV”), This TV Network (“This TV”), Antenna TV (“Ant.”), Live Well Network (“LW”) and Telemundo (“Tel.”). We also broadcast nine local news/weather channels in certain of our existing markets. Our combined TV station group reaches approximately 6.4% of total United States households. Following completion of our announced and pending transactions, we expect to reach approximately 7.3% of total United States households.

Principles of Consolidation

Gray’s consolidated financial statements include our accounts and those of our wholly-owned and majority-owned subsidiaries and a variable interest entity (“VIE”) for which we are the primary beneficiary. All intercompany accounts and transactions have been eliminated in consolidation.

Variable Interest Entity

In October 2013, we entered into a series of transactions with the News-Press Gazette Company and Excalibur Broadcasting, LLC (collectively with its subsidiaries, “Excalibur”), pursuant to which we acquired the non-license assets for $9.0 million, and Excalibur acquired the license assets for $3.0 million, of KJCT-TV and associated low power stations (collectively, “KJCT-TV”), in the Grand Junction, Colorado market. In connection therewith, we entered into a shared services agreement, pursuant to which we provide certain services, including back-office, engineering and sales support, and a lease agreement, pursuant to which we provide studio and office space, to Excalibur. We have also entered into a put and call option agreement with Excalibur, pursuant to which we have the right to purchase, and Excalibur has the right to require us to purchase, the license assets of KJCT-TV, upon receipt of Federal Communications Commission (“FCC”) approval (the “Excalibur Option”). In connection with the consummation of Excalibur’s acquisition of KJCT-TV’s license assets, Excalibur incurred approximately $3.0 million of debt which Gray has guaranteed. The assets of Excalibur can only be used to settle the obligations of Excalibur. In compliance with FCC regulations, Excalibur maintains complete responsibility for and control over programming, finances, personnel and operations of KJCT-TV. See Note 2 “Acquisitions” and Note 3 “Long-Term Debt” for more information.

We consolidate a VIE when we are determined to be the primary beneficiary. In accordance with accounting principles generally accepted in the United States ("GAAP"), in determining whether we are the primary beneficiary of a VIE for financial reporting purposes, we consider whether we have the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and whether we have the obligation to absorb losses or the right to receive returns that would be significant to the VIE. Based on the terms of our agreements with, the significance of our investment in, and our guarantee of the debt of, Excalibur, we have determined that Excalibur is a VIE of Gray. We believe we are the primary beneficiary of the VIE because, subject to the ultimate control of the licensees, we have the power to direct the activities which significantly impact the economic performance of Excalibur through the services we provide, and our obligation to absorb losses and earn returns that would be considered significant to Excalibur. Included in our consolidated statements of operations for the year ended December 31, 2013 is net revenue of $0.4 million attributable to Excalibur.

The carrying amounts and classification of the assets and liabilities of Excalibur mentioned above have been included in our consolidated balance sheet as of December 31, 2013 as follows (in thousands):

	December 31, 2013
Assets:	
Current assets:	
Cash	$ 473
Accounts receivable	524
Current portion of program broadcast rights, net	42
Prepaid and other current assets	7
Total current assets	1,046
Property and equipment, net	883
Deferred loan costs, net	174
Broadcast licenses	4,161
Other intangible assets, net	575
Total assets	$ 6,839
Liabilities:	
Current liabilities:	
Accounts payable	$ 14
Employee compensation and benefits	8
Accrued interest	2
Other accrued expenses	13
Accrued expenses due to Gray	651
Current portion of program broadcast obligations	45
Current portion of long-term debt	200
Total current liabilities	933
Long-term debt, less current portion	2,800
Other long-term liabilities	3,106
Total liabilities	$ 6,839

The assets of Excalibur can only be used to settle the obligations of Excalibur and may not be sold, or otherwise disposed of, except for assets sold or replaced with others of like kind or value. Other long-term liabilities of $3.1 million representing the fair value of the Excalibur Option and accrued expenses due to Gray of $0.7 million as of December 31, 2013 were eliminated in our consolidated financial statements. The Excalibur Option would allow Gray to acquire the license assets of KJCT-TV for an exercise price that was less than the carrying value of such assets as of December 31, 2013.

Investment in Broadcasting Company

We have an investment in Sarkes Tarzian, Inc. ("Tarzian") whose principal business is the ownership and operation of two television stations. As of June 30, 2013, the most recent period for which we have Tarzian's financial statements, our investment represented 32.4% of the total outstanding common stock of Tarzian (both in terms of the number of shares of common stock outstanding and in terms of voting rights), but such investment represented 67.9% of the equity of Tarzian for purposes of dividends, if paid, as well as distributions in the event of any liquidation, dissolution or other sale of Tarzian. This investment is accounted for under the cost method of accounting and reflected as a non-current asset on our balance sheet. We have no commitment to fund the operations of Tarzian nor do we have any representation on Tarzian's board of directors or any other influence over Tarzian's management. We believe the cost method is appropriate to account for this investment given the existence of a single voting stockholder and our lack of management influence.

Revenue Recognition

Broadcast advertising revenue is generated primarily from the sale of television advertising time to local, national and political advertisers. Internet advertising revenue is generated from the sale of advertisements associated with our stations' websites. Our aggregate internet revenue is derived from two sources. The first is advertising or sponsorship opportunities directly on our websites, referred to as "direct internet revenue." The other source is television advertising time purchased by our clients to directly promote their involvement in our websites, referred to as "internet-related commercial time sales." Advertising revenue is billed to the customer and recognized when the advertisement is broadcast or appears on our stations' websites. 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. Other revenue consists primarily of revenue earned from the production of programming and payments from tower space rent. Revenue from the production of programming is recognized as the programming is produced. Tower rent is recognized over the life of the rental agreements. Consulting revenue, if any, is generated from consulting services provided and typically includes a base and an incentive component. Revenue from the base component is fixed and is recognized on a straight line basis over the term of the consulting agreement. Revenue from the incentive component, if any, is variable and is typically determined by performance. Revenue from the incentive component of a consulting agreement is recognized when the amount earned becomes estimable and payment is probable.

Cash received which has not yet been recognized as revenue is presented as deferred revenue. Revenue which has been earned but not yet received is recognized as revenue and presented as a receivable.

Barter Transactions

We account for trade barter transactions involving the exchange of tangible goods or services with our customers as revenue. The revenue is recorded at the time the advertisement is broadcast and the expense is recorded at the time the goods or services are used. The revenue and expense associated with these transactions are based on the fair value of the assets or services involved in the transaction. Trade barter revenue and expense recognized for each of the years ended December 31, 2013, 2012 and 2011 were as follows (amounts in thousands):

	Year Ended December 31,		
	2013	**2012**	**2011**
Trade barter revenue	$ 1,390	$ 1,248	$ 1,529
Trade barter expense	(1,262)	(1,267)	(1,421)
Net trade barter income (loss)	$ 128	$ (19)	$ 108

We do not account for barter revenue and related barter expense generated from network or syndicated programming as such amounts are not material. Furthermore, any such barter revenue recognized would then require the recognition of an equal amount of barter expense. The recognition of these amounts would not have a material effect upon net income.

Advertising Expense

We recorded advertising expense of $0.9 million, $0.9 million and $0.8 million for the years ended December 31, 2013, 2012 and 2011, respectively. We expense all advertising expenditures as they are incurred.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Our actual results could differ materially from these estimated amounts. Our most significant estimates are used for our allowance for doubtful accounts in receivables, valuation of goodwill and intangible assets, amortization of program rights and intangible assets, pension costs, income taxes, employee medical insurance claims, useful lives of property and equipment and contingencies.

Allowance for Doubtful Accounts

Our allowance for doubtful accounts is equal to at least 85% of our receivable balances that are 120 days old or older. We may provide allowances for certain receivable balances that are less than 120 days old when warranted by specific facts and circumstances. We recorded expenses for this allowance of $0.4 million, $0.1 million and $1.9 million for the years ended December 31, 2013, 2012 and 2011, respectively. We generally write-off accounts receivable balances when the customer files for bankruptcy or when all commonly used methods of collection have been exhausted.

Program Broadcast Rights

The total license fee payable under a program license agreement allowing us to broadcast programs is recorded at the beginning of the license period and is charged to operating expense over the period that the programs are broadcast. The portion of the unamortized balance expected to be charged to operating expense in the succeeding year is classified as a current asset, with the remainder classified as a non-current asset. The liability for license fees payable under program license agreements is classified as current or long-term, in accordance with the payment terms of the various license agreements.

Property and Equipment

Property and equipment are carried at cost. Depreciation is computed principally by the straight-line method. Maintenance, repairs and minor replacements are charged to operations as incurred; the purchase of new assets, major replacements and betterments are capitalized. The cost of any assets sold or retired and related accumulated depreciation are removed from the accounts at the time of disposition, and any resulting profit or loss is reflected in income or expense for the period.

The following table lists components of property and equipment by major category (dollars in thousands):

	December 31, 2013	December 31, 2012	Estimated Useful Lives (in years)
Property and equipment:			
Land	$ 25,656	$ 24,383	
Buildings and improvements	59,021	55,709	7 to 40
Equipment	323,603	313,761	3 to 20
	408,280	393,853	
Accumulated depreciation	(264,659)	(258,715)	
Total property and equipment, net	$ 143,621	$ 135,138	

For the year ended December 31, 2013, our total property and equipment balance, excluding accumulated depreciation, increased approximately $10.0 million as a result of acquisitions. The remaining change in the balances between December 31, 2013 and December 31, 2012 was due to routine purchases of equipment, less retirements.

Deferred Loan Costs

Loan acquisition costs are amortized over the life of the applicable indebtedness using a straight-line method that approximates the effective interest method.

Asset Retirement Obligations

We own office equipment, broadcasting equipment, leasehold improvements and transmission towers, some of which are located on, or are housed in, leased property or facilities. At the conclusion of several of these leases we are obligated to dismantle, remove and otherwise properly dispose of and remediate the facility or property. We estimate our asset retirement obligations based upon the cash flows of the costs expected to be incurred and the net present value of those estimated amounts. The asset retirement obligation is recognized as a non-current liability and as a component of the cost of the related asset. Changes to our asset retirement obligation resulting from revisions to the timing or the amount of the original undiscounted cash flow estimates are recognized as an increase or decrease to the carrying amount of the asset retirement obligation and the related asset retirement cost capitalized as part of the related property, plant, or equipment. Changes in the asset retirement obligation resulting from accretion of the net present value of the estimated cash flows are recognized as operating expenses. We recognize depreciation expense of the capitalized cost over the estimated life of the lease. Our estimated obligations become due at varying times during the years 2013 through 2059. The liability recognized for our asset retirement obligations was approximately $516,000 and $505,000 as of December 31, 2013 and 2012, respectively. During the years ended December 31, 2013, 2012 and 2011, we recorded an expense of $17,000, $25,000 and $5,000, respectively, related to our asset retirement obligations.

Concentration of Credit Risk

We sell advertising air-time on our broadcasts and advertising space on our websites to national and local advertisers within the geographic areas in which we operate. Credit is extended based on an evaluation of the customer's financial condition, and generally advance payment is not required except for political advertising. Credit losses are provided for in the financial statements and consistently have been within our expectations that are based upon our prior experience.

For the year ended December 31, 2013, approximately 25%, 10% and 9% of our broadcast advertising revenue was obtained from advertising sales to advertising customers in the automotive, medical and restaurant industries, respectively. We experienced similar industry-based concentrations of revenue in the years ended December 31, 2012 and 2011. Although our revenues can be affected by changes within these industries, we believe this risk is in part mitigated due to the fact that no one customer accounted for in excess of 5% of our broadcast advertising revenue in any of these periods. Furthermore, we believe that our large geographic operating area partially mitigates the potential effect of regional economic changes.

Earnings Per Share

We compute basic earnings per share by dividing net income available to common stockholders by the weighted-average number of common shares outstanding during the relevant period. The weighted-average number of common shares outstanding does not include restricted shares. These shares, although classified as issued and outstanding, are considered contingently returnable until the restrictions lapse and, in accordance with GAAP, are not included in the basic earnings per share calculation until the shares vest. Diluted earnings per share is computed by including all potentially dilutive common shares, including restricted stock and shares underlying stock options, in the diluted weighted-average shares outstanding calculation, unless their inclusion would be antidilutive.

The following table reconciles basic weighted-average shares outstanding to diluted weighted-average shares outstanding for the years ended December 31, 2013, 2012 and 2011 (in thousands):

	Year Ended December 31,		
	2013	**2012**	**2011**
Weighted-average shares outstanding – basic	57,630	57,170	57,117
Weighted-average shares underlying stock options and restricted shares	342	92	1
Weighted-average shares outstanding - diluted	57,972	57,262	57,118

Valuation of Broadcast Licenses, Goodwill and Other Intangible Assets

From January 1, 1994 through December 31, 2013, we acquired a significant number of television stations. Among the assets acquired in these transactions were broadcast licenses issued by the FCC, goodwill and other intangible assets.

For broadcast licenses acquired prior to January 1, 2002, we recorded their respective values using a residual method (analogous to "goodwill") where the excess of the purchase price paid in the acquisition over the fair value of all identified tangible and intangible assets acquired was attributed to the broadcast license. This residual basis approach generally produces higher valuations of broadcast licenses when compared to applying an income method as discussed below.

For broadcast licenses acquired after December 31, 2001, we recorded their respective values using an income approach. Under this approach, a broadcast license is valued based on analyzing the estimated after-tax discounted future cash flows of the acquired station, assuming an initial hypothetical start-up operation maturing into an average performing station in a specific television market and giving consideration to other relevant factors such as the technical qualities of the broadcast license and the number of competing broadcast licenses within that market. The income approach generally produces lower valuations of broadcast licenses when compared to applying the residual method. For television stations acquired after December 31, 2001, we allocate the residual value of the station to goodwill.

When renewing broadcast licenses, we incur regulatory filing fees and legal fees. We expense these fees as they are incurred.

Other intangible assets that we have acquired include network affiliation agreements, retransmission agreements, advertising contracts, client lists, talent contracts and leases. Each of our stations is affiliated with at least one broadcast network. We believe that the value of a television station is derived primarily from the attributes of its broadcast license rather than its network affiliation agreement. As a result, we have allocated only minimal values to our network affiliation agreements. We have classified our other intangible assets as definite-lived intangible assets. The amortization period of our other intangible assets is equal to the shorter of their estimated useful life or contract period. When renewing other intangible asset contracts, we incur legal fees which are expensed as incurred.

Annual Impairment Testing of Intangible Assets

We test for impairment of our intangible assets on an annual basis on the last day of each fiscal year. However, if certain triggering events occur, we will test for impairment during the relevant reporting period.

For purposes of testing goodwill for impairment, each of our individual television stations is considered a separate reporting unit. We review each television station for possible goodwill impairment by comparing the estimated fair value of each respective reporting unit to the recorded value of that reporting unit's net assets. If the estimated fair value exceeds the recorded net asset value, no goodwill impairment is deemed to exist. If the estimated fair value of the reporting unit does not exceed the recorded value of that reporting unit's net assets, we then perform, on a notional basis, a purchase price allocation by allocating the reporting unit's fair value to the fair value of all tangible and identifiable intangible assets with residual fair value representing the implied fair value of goodwill of that reporting unit. The recorded value of goodwill for the reporting unit is written down to this implied value.

To estimate the fair value of our reporting units, we utilize a discounted cash flow model supported by a market multiple approach. We believe that a discounted cash flow analysis is the most appropriate methodology to test the recorded value of long-term assets with a demonstrated long-lived / enduring franchise value. We believe the results of the discounted cash flow and market multiple approaches provide reasonable estimates of the fair value of our reporting units because these approaches are based on our actual results and reasonable estimates of future performance, and also take into consideration a number of other factors deemed relevant by us, including but not limited to, expected future market revenue growth, market revenue shares and operating profit margins. We have historically used these approaches in determining the value of our goodwill. We also consider a market multiple approach utilizing market multiples to corroborate our discounted cash flow analysis. We believe that this methodology is consistent with the approach that a strategic market participant would utilize if they were to value one of our television stations.

For testing of our broadcast licenses and other intangible assets for potential impairment of their recorded asset values, we compare their estimated fair value to the respective asset's recorded value. If the fair value is greater than the asset's recorded value, no impairment expense is recorded. If the fair value does not exceed the asset's recorded value, we record an impairment expense equal to the amount that the asset's recorded value exceeded the asset's fair value. We use the income method to estimate the fair value of all broadcast licenses irrespective of whether they were initially recorded using the residual or income methods.

For further discussion of our goodwill, broadcast licenses and other intangible assets, see Note 11 "Goodwill and Intangible Assets".

Market Capitalization

When we test our broadcast licenses and goodwill for impairment, we also consider our market capitalization. As of December 31, 2013, our market capitalization was greater than our book value.

Accumulated Other Comprehensive Loss

Our accumulated other comprehensive loss balances as of December 31, 2013 and 2012 consist of adjustments to our pension liabilities net of related income tax benefits as follows (in thousands):

	December 31,	
	2013	**2012**
Accumulated balances of items included in accumulated other comprehensive loss:		
Increase in pension liability	$ (17,064)	$ (33,065)
Income tax benefit	(6,655)	(12,895)
Accumulated other comprehensive loss	$ (10,409)	$ (20,170)

Recent Accounting Pronouncements

We have reviewed all recently issued accounting pronouncements. Of those pronouncements that have been issued but are not yet effective, we do not anticipate a material impact upon our financial statements upon our adoption of those pronouncements.

In July 2013, the FASB issued ASU No. 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. This ASU clarifies guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The amendments in this ASU are effective for fiscal years, and interim periods within those years, beginning after December 15, 2013. We are currently evaluating the expected effects of this ASU; however, we do not anticipate that our adoption of this ASU will result in a material change in our financial statement presentation.

In January 2013, the FASB issued ASU No. 2013-01, *Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities.* ASU No. 2013-01 clarifies that ordinary trade receivables and receivables are not in the scope of ASU No. 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities.* Specifically, ASU No. 2011-11 applies only to derivatives, repurchase agreements and reverse purchase agreements, and securities borrowing and securities lending transactions that are either offset in accordance with specific criteria contained in the *FASB Accounting Standards Codification* or subject to a master netting arrangement or similar agreement.

Entities were required to apply the amendments in ASU No. 2013-01 for fiscal years beginning on or after January 1, 2013, and interim periods within those annual periods. An entity was required to provide the required disclosures retrospectively for all periods presented. The effective date is the same as the effective date of ASU No. 2011-11. Effective January 1, 2013, we implemented this ASU without any impact to our financial statements.

Reclassifications

Certain reclassifications have been made in the current liability and the long-term liability sections of our consolidated balance sheet as of December 31, 2012 in order to conform to the presentation as of December 31, 2013. The reclassifications did not change our total current liabilities or total long-term liabilities as of December 31, 2012.

2. Acquisitions

Acquisition of Yellowstone Television, LLC

Effective October 31, 2013, we entered into an agreement to acquire Yellowstone Television, LLC (“Yellowstone”).

On November 1, 2013, Yellowstone acquired the following television stations:

- KGNS-TV in the Laredo, Texas market. Its channels are affiliated with NBC, CW, and Telemundo;

- KGWN-TV in the Cheyenne, Wyoming-Scottsbluff, Nebraska market. Its channels are affiliated with CBS and CW. KGWN-TV extends throughout the market on KSTF (TV) in Scottsbluff, Nebraska, and K19FX in Laramie, Wyoming;

- KCHY-LP is the NBC affiliate for the Cheyenne-Scottsbluff market.; and

- KCWY-TV in the Casper, Wyoming market. Its primary channel is affiliated with NBC.

We paid $23.0 million for 99% of the outstanding equity interests in Yellowstone and incurred fees of approximately $0.2 million in connection with this acquisition, which fees were expensed upon incurrence. The acquisition was financed with cash from operations. In connection therewith, we entered into a put and call option agreement with the owner of Yellowstone, under which we can, at any time beginning October 2, 2014 and ending November 16, 2014, exercise an option to purchase the remaining 1% of the equity of Yellowstone for $10.0 million. If we do not exercise this option, the owner of Yellowstone’s remaining equity interest can, at any time beginning December 15, 2014 and ending December 15, 2015, exercise a right to require us to purchase these interests for an amount equal to the trailing twelve-month gross revenue (excluding political advertising revenue) as calculated as of the last day of the month prior to the delivery of notice by the owner of the exercise of its right to sell. As of December 31, 2013, we have recorded a liability of $9.7 million for the net present value of our estimated $10.0 million obligation under this option agreement. The $0.3 million difference between the net present value and the future value of the liability is being amortized over a period beginning October 31, 2013 and ending October 2, 2014. We have entered into a letter of credit to secure this obligation. Including the $23.0 million paid for 99% of the outstanding equity interests in Yellowstone and the $9.7 million liability for the option agreement, the total consideration transferred, or purchase price, was approximately $32.7 million.

The estimated fair values as of the acquired assets, assumed liabilities and the resulting goodwill are summarized as follows (in thousands):

Description		Amount
Cash	$	95
Current portion of program broadcast rights		123
Other current assets		157
Property and equipment		7,249
Broadcast licenses		14,305
Goodwill		9,421
Other intangible assets		1,709
Other		70
Employee compensation and benefits		(109)
Other accrued expenses		(48)
Current portion of program broadcast obligations		(123)
Current portion of long-term debt		(24)
Long-term debt, less current portion		(86)
	$	32,739

The amounts are based upon management's estimate of the fair values using valuation techniques including income, cost and market approaches. In estimating the fair value of the acquired assets and assumed liabilities, the fair value estimates are based on, but not limited to, expected future revenue and cash flows, expected future growth rates, and estimated discount rates. The amount related to other intangible assets represents the estimated fair values of retransmission agreements of $0.9 million, the advertiser base of $0.6 million, and other intangible assets of $0.2 million. These intangible assets are being amortized over the estimated remaining useful lives of 1.2 years for retransmission agreements, 7.1 years for the advertiser base and a weighted average of 0.4 years for the other intangible assets. Acquired property and equipment are being depreciated on a straight-line basis over the respective estimated remaining useful lives. Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired and liabilities assumed, and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce, as well as expected future synergies. We expect that goodwill will be deductible for tax purposes.

The Company's consolidated results of operations for the year ended December 31, 2013 include the results of Yellowstone since October 31, 2013. Revenue (less agency commissions) and operating income of Yellowstone included in our consolidated statements of operations were $2.4 million and $0.7 million, respectively, for the year ended December 31, 2013.

Transactions with Excalibur

On October 31, 2013, Gray and Excalibur consummated the acquisition of KJCT-TV, broadcasting ABC, CW, Telemundo and local programming in the Grand Junction, Colorado, market. In that transaction, Excalibur acquired the license assets of KJCT-TV for approximately $3.0 million, and Gray acquired various non-license assets related to KJCT-TV for approximately $9.0 million. Gray financed this acquisition with cash from operations. In connection therewith, we entered into a shared services agreement pursuant to which we provide certain services, including back office, engineering and sales support, and a lease agreement pursuant to which we provide studio and office space to Excalibur. Also in connection with these arrangements, we entered into a put and call option agreement with Excalibur, pursuant to which we have the right to purchase, and Excalibur's has the right to require us to purchase the license assets of KJCT-TV, subject to FCC consent. Gray paid $0.5 million to Excalibur for this put and call option agreement.

In connection with the acquisition of KJCT-TV's license assets, Excalibur incurred approximately $3.0 million of debt, which Gray has guaranteed. In compliance with FCC regulations, Excalibur maintains complete responsibility for and control over programming, finances, personnel and operations of KJCT-TV.

The total consideration, or purchase price, paid to acquire KJCT-TV was $12.0 million. The estimated fair values of the acquired assets, assumed liabilities and the resulting goodwill are summarized as follows (in thousands):

Description		Amount
Current portion of program broadcast rights	$	53
Other current assets		38
Property and equipment		2,740
Broadcast licenses		4,161
Goodwill		4,466
Other intangible assets		633
Other accrued expenses		(38)
Current portion of program broadcast obligations		(53)
	$	12,000

These amounts are based upon management's estimate of the fair values using valuation techniques including income, cost and market approaches. In estimating the fair value of the acquired assets and assumed liabilities, the fair value estimates are based on, but not limited to, expected future revenue and cash flows, expected future growth rates, and estimated discount rates. The amount related to other intangible assets represents the estimated fair values of retransmission agreements of $0.5 million and income leases of $0.1 million. These intangible assets are being amortized over the estimated remaining useful lives of 2.3 years for retransmission agreements and 10.2 years for income leases. Acquired property and equipment is being depreciated on a straight-line basis over the respective estimated remaining useful lives. Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired and liabilities assumed, and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce, as well as expected future synergies. We expect that goodwill will be deductible for tax purposes.

The Company's consolidated results of operations for the year ended December 31, 2013 include the results of Excalibur since October 31, 2013. Revenue (less agency commissions) and operating income attributable to Excalibur included in our consolidated statements of operations were $0.4 million and $0.2 million, respectively, for the year ended December 31, 2013.

Purchases of Other Broadcast Licenses

In addition to the transactions described above, we acquired other broadcast licenses for a total of $1.3 million during the year ended December 31, 2013. These purchases were financed with cash from operations.

Pending Acquisitions

In addition to the transactions described above, we are also party to a number of agreements relating to additional acquisitions, which transactions remain subject to FCC or other regulatory approvals. We currently anticipate that these transactions will be completed in the first half of 2014 but we cannot provide any assurance the transactions will be consummated within the time frame anticipated, or at all.

Pending Acquisition of WQCW-TV

We have entered into an agreement to acquire WQCW(TV), Portsmouth, Ohio and WOCW-LP, Charleston, West Virginia (collectively, "WQCW-TV") for $5.5 million. As of December 31, 2013, $0.5 million was being held in escrow, with the remainder of the purchase price payable at closing. As of the date hereof, we have advanced $4.5 million of the purchase price to the seller of WQCW-TV, including the $500,000 previously held in escrow. WQCW-TV serves as the CW affiliate for the Charleston/Huntington, West Virginia television market, where Gray owns and operates WSAZ-TV, the market's NBC affiliate. We entered into a local marketing agreement with WQCW effective as of February 1, 2014. We intend to finance the acquisition of WQCW with cash from operations.

Pending Acquisitions from Hoak Media, LLC, Parker Broadcasting, Inc. and Prime Cities Broadcasting, Inc.

On November 20, 2013, we entered into a series of transactions through which Gray and Excalibur have agreed to acquire from Hoak Media, LLC ("Hoak") and Parker Broadcasting, Inc. ("Parker") a total of 15 network-affiliated television stations, including satellite stations, in seven markets (after giving effect to stations required to be divested) for $335.0 million in cash, plus a working capital adjustment. In order to comply with regulatory requirements, Gray and Excalibur have entered into agreements to sell Hoak/Parker's television stations in the Panama City and Grand Junction markets to third parties for an aggregate purchase price of $37.5 million plus a working capital adjustment.

Pursuant to the agreement with Hoak, Gray will acquire the following television stations:

Station	Affiliation	Market
KSFY	ABC/CW	Sioux Falls, SD
KABY*	ABC	Sioux Falls, SD
KPRY*	ABC	Sioux Falls, SD
KVLY	NBC	Fargo-Valley City, ND
KNOE	CBS/CW	Monroe- El Dorado, LA
KFYR	NBC	Minot-Bismarck-Dickinson, ND
KMOT*	NBC	Minot-Bismarck-Dickinson, ND
KUMV*	NBC	Minot-Bismarck-Dickinson, ND
KQCD*	NBC	Minot-Bismarck-Dickinson, ND
KALB	NBC/CBS	Alexandria, LA
KNOP	NBC	North Platte, NE
KIIT-LP	FOX	North Platte, NE

* satellite station

Excalibur's agreements with Hoak and Parker provide that it will acquire the following television stations:

Station	Affiliation	Market
KHAS	NBC	Lincoln-Hastings-Kearney, NE
KXJB	CBS	Fargo-Valley City, ND
KAQY	ABC	Monroe-El Dorado, LA

Pursuant to the agreement with Hoak, Gray will not acquire the following Hoak television stations, and it has assigned the purchase rights for these stations to a third party:

Station	Affiliation	Market
WMBB	ABC	Panama City, FL
KREX	CBS	Grand Junction-Montrose, CO
KREY*	CBS	Grand Junction-Montrose, CO
KREG*	CBS	Grand Junction-Montrose, CO

* satellite station

Excalibur's agreement with Parker also provides that it will not acquire KFQX, a FOX affiliate in the Grand Junction-Montrose, CO market, and it instead has assigned the purchase right thereto to a third party.

Separately from the Hoak and Parker transactions, but also on November 20, 2013, Excalibur entered into an agreement to acquire from Prime Cities Broadcasting, Inc. (“Prime Cities”), a company that is unrelated to Hoak and Parker, two Fox-affiliated television stations in one of the markets served by Hoak for $7.5 million in cash, $0.4 million of which is currently being held in escrow, with the remainder of the purchase price payable at closing. The stations to be acquired from Prime Cities are as follows:

Station	Affiliation	Market
KNDX	FOX	Minot-Bismarck-Dickinson, ND
KXND*	FOX	Minot-Bismarck-Dickinson, ND

* satellite station

For each of these transactions, Gray and Excalibur have agreed to enter into industry standard shared services agreements through which Gray will provide back-office services and limited programming to Excalibur’s stations. The shared services arrangements will commence upon the completion of Excalibur’s purchase of those stations. Gray and Excalibur will enter into put and call option agreements through which Gray could thereafter acquire these stations when permitted by applicable law.

Gray currently expects that it will fund the purchase price payable to complete the acquisition of stations from Hoak through a combination of cash on hand and from one or more financing sources, depending on the cost and availability of any such financing. Excalibur intends to seek external financing to obtain the funds necessary to complete these acquisitions, which financing may include the incurrence of additional indebtedness. Although no assurances can be provided as to the form, availability or costs of any financing arrangements, if Excalibur incurs indebtedness to finance these acquisitions, Gray expects that it would provide a guarantee of this indebtedness.

Acquisition of KEVN-TV

On December 18, 2013, we entered into an agreement to acquire KEVN-TV (and its satellite station KIVV-TV), a television station serving Rapid City, South Dakota for $7.8 million, $0.8 million of which is currently being held in escrow, with the remainder of the purchase price payable at closing. We intend to fund the remainder of the purchase price to complete this acquisition through cash on hand and from one or more financing sources, depending on the cost and availability of any such financing.

3. Long-term Debt

As of December 31, 2013, long-term debt balances consisted of the following (in thousands):

	December 31, 2013	December 31, 2012
Long-term debt:		
2012 Senior Credit Facility	$ 159,000	$ 535,000
2020 Notes	675,000	300,000
Excalibur Loan	3,000	-
Other	48	-
Total outstanding principal	837,048	835,000
Plus unamortized premium or less unamortized discount on our 2020 Notes	5,826	(2,133)
Less current portion	(224)	-
Net carrying value	$ 842,650	$ 832,867
Borrowing availability under the 2012 Senior Credit Facility	$ 30,000	$ 40,000

2012 Senior Credit Facility

Gray's 2012 Senior Credit Facility consists of a $40.0 million revolving credit facility (the "2012 Revolving Credit Facility") and a term loan facility (the "2012 Term Loan") having an original commitment amount of $555.0 million. Excluding accrued interest, the amount outstanding under the 2012 Senior Credit Facility as of December 31, 2013 and 2012 was $159.0 million and $535.0 million, respectively, consisting solely of term loan balances. The interest rate on the outstanding balance under the 2012 Senior Credit Facility was 4.8% as of both December 31, 2013 and 2012. Also as of December 31, 2013 and 2012, we had a deferred loan cost balance, net of accumulated amortization, of $3.9 million and $4.6 million, respectively, related to the 2012 Senior Credit Facility.

Borrowings under the 2012 Revolving Credit Facility and the 2012 Term Loan bear interest, at our option, based on the Base Rate (as defined below) or the London Interbank Offered Rate ("LIBOR"), in each case plus an applicable margin based on a first lien leverage ratio test as set forth in the 2012 Senior Credit Facility (the "First Lien Ratio Test"). The applicable margin for Base Rate Loans is 1.00% – 1.50% for the 2012 Revolving Credit Facility and 2.50% - 2.75% for the 2012 Term Loan and the applicable margin for LIBOR loans is 2.00% - 2.50% for the 2012 Revolving Credit Facility and 3.50% - 3.75% for the 2012 Term Loan, each subject to a LIBOR floor of 1.0%. Base Rate is defined as the greatest of (i) the administrative agent's prime rate, (ii) the overnight federal funds rate plus 0.50% and (iii) one-month LIBOR plus 1.0%. We are required to pay a commitment fee on the average daily unused portion of the 2012 Revolving Credit Facility, which rate may range from 0.375% to 0.50% on an annual basis, based on the First Lien Ratio Test. In addition, the 2012 Term Loan also requires us to make quarterly principal repayments equal to 0.25% of the outstanding principal amount of the 2012 Term Loan, which payments began December 31, 2012. However, due to our having made certain additional principal repayments in 2013 and 2012, we are not required to make a principal payment on the 2012 Senior Credit Facility until the year ending December 31, 2019.

As of December 31, 2013, we had a $10.0 million letter of credit outstanding under the 2012 Revolving Credit Facility, which reduced our borrowing availability thereunder to $30 million as of that date.

The 2012 Revolving Credit Facility matures on October 12, 2017 and the 2012 Term Loan matures on October 12, 2019.

Our obligations under the 2012 Senior Credit Facility are secured by substantially all of our and our consolidated subsidiaries' assets, including real estate. In addition, substantially all of our subsidiaries are joint and several guarantors of, and our ownership interests in those subsidiaries are pledged to collateralize, our obligations under the 2012 Senior Credit Facility. Excalibur is not a guarantor of, and its assets are not pledged to secure our obligations under, the 2012 Senior Credit Facility. The 2012 Senior Credit Facility contains affirmative and restrictive covenants that we must comply with, including (a) limitations on additional indebtedness, (b) limitations on liens, (c) limitations on the sale of assets, (d) limitations on guarantees, (e) limitations on investments and acquisitions, (f) limitations on the payment of dividends and share repurchases, (g) limitations on mergers, and (h) maintenance of a total leverage ratio not to exceed certain maximum limits, as well as other customary covenants for credit facilities of this type.

As of December 31, 2013 and 2012, we were in compliance with all covenants required under the 2012 Senior Credit Facility.

2020 Notes

As of December 31, 2013 and 2012, we had $675.0 million and $300.0 million, respectively, of our 7 ½% Senior Notes due 2020 (the “2020 Notes”) outstanding. As of December 31, 2013, the coupon interest rate and the yield on the 2020 Notes were 7.5% and 7.3%, respectively. As of December 31, 2013 and 2012, we had a deferred loan cost balance, net of accumulated amortization, of $13.2 million and $7.1 million, related to our 2020 Notes.

On October 18, 2013, we issued $375.0 million of 2020 Notes (the "Additional Notes"). The Additional Notes are an additional issuance of, and rank equally and form a single series with, the 2020 Notes that were issued on October 9, 2012 (the “Original Notes”). The Additional Notes have the same terms as the Original Notes, including being senior unsecured obligations of the Company. The Additional Notes were issued at a price of 102.125%, resulting in aggregate gross proceeds of approximately $383.0 million, plus accrued and unpaid interest from and including October 1, 2013. The Company used the net proceeds therefrom to repay $376.0 million outstanding under the 2012 Term Loan.

We may redeem some or all of the 2020 Notes at any time after October 1, 2015 at specified redemption prices. We may also redeem up to 35% of the aggregate principal amount of the 2020 Notes using the proceeds from certain equity offerings completed before October 1, 2015. In addition, we may redeem some or all of the 2020 Notes at any time prior to October 1, 2015 at a price equal to 100% of the principal amount thereof plus a make whole premium, and accrued and unpaid interest. If we sell certain of our assets or experience specific kinds of changes of control, we must offer to repurchase the 2020 Notes.

The 2020 Notes mature on October 1, 2020. Interest on the 2020 Notes is payable semiannually, on April 1 and October 1 of each year. As of December 31, 2013 and 2012, we were in compliance with all covenants required under the 2020 Notes.

Gray Television, Inc. is a holding company with no independent assets or operations. For all periods presented, the 2020 Notes have been fully and unconditionally guaranteed, on a joint and several, senior unsecured basis, by substantially all of Gray Television, Inc.'s subsidiaries. Any subsidiaries which do not guarantee such notes are "minor" (as defined in Rule 3-10(h) of Regulation S-X). As December 31, 2013, there were no significant restrictions on the ability of Gray Television, Inc.'s subsidiaries to distribute cash to Gray or to the guarantor subsidiaries. Excalibur is not a guarantor of the 2020 Notes.

Excalibur Loan

Excalibur, a VIE whose financial condition and results we consolidate with ours in accordance with GAAP, is party to a $3.0 million loan agreement entered into with a third party on July 31, 2013 (the "Excalibur Loan"). Proceeds from the Excalibur Loan were used by it to purchase the license assets of certain stations. As of December 31, 2013, $3.0 million was outstanding under the Excalibur Loan at an interest rate of 4.75%. As of December 31, 2013, the Excalibur Loan had a deferred loan cost balance, net of accumulated amortization, of $0.2 million.

The Excalibur Loan matures on October 12, 2017.

We have jointly and severally guaranteed Excalibur's obligations under the Excalibur Loan, including the payment of all unpaid principal and interest thereon.

During the year ended December 31, 2013, interest expense relating to the Excalibur Loan was approximately $30,000.

See Note 1 "Description of Business and Summary of Significant Accounting Policies" and Note 2 "Acquisitions" for more information about Excalibur and these station acquisitions.

Other Costs Relating to Long-term Debt

During the year ended December 31, 2012, we redeemed all of our then-outstanding 10½% Senior Notes due 2015 (the "2015 Notes") pursuant to a tender offer (the "Tender Offer") and related redemption (the "Redemption"). In connection with the completion of the Tender Offer and Redemption, we recorded a loss from early extinguishment of debt of approximately $38.6 million in the year ended December 31, 2012.

In connection with the issuance of the Additional Notes in 2013, we incurred estimated issuance costs of approximately $7.3 million, including bank fees and other professional fees. In connection with the issuance of the Original Notes in 2012, we incurred estimated issuance costs of approximately $7.3 million, including bank fees and other professional fees. Net proceeds from the sale of the Original Notes were approximately $290.9 million, after deducting the initial purchasers' discounts and fees and expenses. We used the net proceeds from the sale of the Original Notes to (i) repurchase all of the 2015 Notes validly tendered and not properly withdrawn in the Tender Offer on or before the early tender deadline thereof, (ii) pay related fees and expenses, including applicable Tender Offer premiums, and (iii) repurchase the outstanding shares of our Series D perpetual preferred stock, including paying accrued dividends thereon.

On October 12, 2012, we amended and restated our prior senior credit facility (the "Prior Credit Facility") in the form of the 2012 Senior Credit Facility, with Wells Fargo Bank, National Association, as administrative agent, Bank of America, N.A., as syndication agent, Wells Fargo Securities, LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arrangers and joint bookrunners, and the other lenders party thereto. Proceeds from borrowings under the 2012 Senior Credit Facility, together with cash on hand, were used to repay all remaining amounts outstanding under the Prior Credit Facility and to pay related fees and expenses.

In connection with the entry into the 2012 Senior Credit Facility, during the year ended December 31, 2012 we incurred loan issuance costs of approximately $9.9 million, including bank fees and other professional fees. The amendment and restatement of Prior Credit Facility was determined to be a significant modification and, as a result, we recorded a related loss from early extinguishment of debt of approximately $8.1 million in the year ended December 31, 2012.

Maturities

Aggregate minimum principal maturities on long-term debt as of December 31, 2013 were as follows (in thousands):

	Minimum Principal Maturities				
Year	**2012 Senior Credit Facility**	**2020 Notes**	**Excalibur Loan**	**Other**	**Total**
2014	$ -	$ -	$ 200	$ 24	$ 224
2015	-	-	200	24	$ 224
2016	-	-	200	-	$ 200
2017	-	-	2,400	-	$ 2,400
2018	-	-	-	-	$ -
Thereafter	159,000	675,000	-	-	$ 834,000
Total	$ 159,000	$ 675,000	$ 3,000	$ 48	$ 837,048

Interest Payments

For all of our interest bearing obligations, we made interest payments of approximately $49.4 million, $53.3 million and $57.4 million during 2013, 2012 and 2011, respectively. We did not capitalize any interest payments during the years ended December 31, 2013, 2012 or 2011.

4. Fair Value Measurement

For purposes of determining a fair value measurement, we utilize market data or assumptions that market participants would use in pricing an asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally unobservable. We utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized into a hierarchy that gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities ("Level 1") and the lowest priority to unobservable inputs that require assumptions to measure fair value ("Level 3"). Level 2 inputs are those that are other than quoted prices on national exchanges included within Level 1 that are observable for the asset or liability either directly or indirectly ("Level 2").

Fair Value of Financial Instruments

The estimated fair value of financial instruments is determined using market information and appropriate valuation methodologies. Interpreting market data to develop fair value estimates involves considerable judgment. The use of different market assumptions or methodologies could have a material effect on the estimated fair value amounts. Accordingly, the estimates presented are not necessarily indicative of the amounts that we could realize in a current market exchange, or the value that ultimately will be realized upon maturity or disposition.

The carrying amounts of the following instruments approximate fair value due to their short term to maturity: (i) accounts receivable, (ii) prepaid and other current assets, (iii) accounts payable, (iv) accrued employee compensation and benefits, (v) accrued interest, (vi) other accrued expenses, (vii) acquisition-related liabilities and (viii) deferred revenue.

The carrying amount of our long-term debt, including the Excalibur Loan, was $842.9 million and $832.9 million, respectively, and the fair value was $877.5 million and $844.0 million, respectively, as of December 31, 2013 and 2012. We classify our long-term debt within Level 2 of the fair value hierarchy.

5. Stockholders' Equity

We are authorized to issue 135 million shares of all classes of stock, of which 15 million shares are designated Class A common stock, 100 million shares are designated common stock, and 20 million shares are designated "blank check" preferred stock for which our Board of Directors has the authority to determine the rights, powers, limitations and restrictions. The rights of our common stock and Class A common stock are identical, except that our Class A common stock has 10 votes per share and our common stock has one vote per share. Our common stock and Class A common stock are entitled to receive cash dividends if decided, on an equal per-share basis.

Our Board of Directors has authorized Gray to repurchase an aggregate of up to 5,000,000 shares of its common stock and Class A common stock at times as management deems appropriate, subject to any contractual or other restrictions. As of December 31, 2013, 279,200 shares of our common stock and Class A common stock remain available for repurchase under these authorizations. There is no expiration date for these authorizations. Shares repurchased are held as treasury shares and used for general corporate purposes including, but not limited to, satisfying obligations under our employee benefit plans and long term incentive plan. Treasury stock is recorded at cost. During the years ended December 31, 2013, 2012 and 2011, we did not make any repurchases under these authorizations.

For the years ended December 31, 2013, 2012 and 2011, we did not declare or pay any common stock or Class A common stock dividends.

Except for the payment of dividends in connection with repurchases of shares of our Series D Perpetual Preferred Stock, we did not pay any cash dividends on our Series D Perpetual Preferred Stock in any period presented. See Note 6 "Preferred Stock" for further discussion of our Series D Perpetual Preferred Stock dividend payments and repurchases.

Under our various employee benefit plans, we may, at our discretion, issue authorized and unissued shares, or previously issued shares held in treasury, of our Class A common stock or common stock. As of December 31, 2013, we had reserved 7,431,473 shares and 1,000,000 shares of our common stock and Class A common stock, respectively, for future issuance under various employee benefit plans. As of December 31, 2012, we had reserved 7,892,742 shares and 1,000,000 shares of our common stock and Class A common stock, respectively, for future issuance under various employee benefit plans.

6. Preferred Stock

In 2008, we issued an aggregate of 1,000 shares of our Series D Perpetual Preferred Stock, no par value. Until the completion of the redemption of all of such shares described below, $8.4 million of original issue discount, transaction fees and expenses related thereto were being accreted over a seven-year period ending June 30, 2015.

In 2012, we repurchased the remaining approximately $25.9 million in face amount of outstanding Series D Perpetual Preferred Stock, and paid $16.7 million in accrued dividends thereon. We used cash on hand and borrowings under our 2020 Notes to fund these transactions. As of December 31, 2013 and 2012, we did not have any shares of our Series D Perpetual Preferred Stock outstanding.

Except for the payment of dividends in connection with the repurchases of shares of our Series D Perpetual Preferred Stock, we did not pay cash dividends on the Series D Perpetual Preferred Stock in any period presented. In accordance with the terms of the Series D Perpetual Preferred Stock, the dividend rate thereon was at 17.0% per annum for the years ended December 31, 2012 and 2011.

7. Stock-Based Compensation

Long Term Incentive Plan

The 2007 Long Term Incentive Plan, as amended, (the "2007 Incentive Plan") provides for the grant of incentive stock options, nonqualified stock options, restricted stock awards, stock appreciation rights, and performance awards to our officers, employees and non-employee directors to acquire shares of our Class A common stock or common stock or to receive other awards based on our performance. We recognize the fair value of stock options granted on the date of grant as compensation expense, and such expense is amortized over the vesting period of the stock option. The 2007 Incentive Plan allows us to grant share-based awards for up to 6.0 million shares of stock, with not more than 1.0 million out of that 6.0 million being Class A common stock and the remaining shares being common stock. As of December 31, 2013, 5.0 million shares were available for issuance under the 2007 Incentive Plan. Shares of common stock underlying outstanding options and performance awards are counted as issued under the 2007 Incentive Plan. Under the 2007 Incentive Plan, the options granted typically vest after a two- to four-year period and expire three to eight years after vesting. However, options will vest immediately upon a "change in control" as such term is defined in the 2007 Incentive Plan. All options have been granted with purchase prices that equal the market value of the underlying stock at the close of business on the date of the grant.

Included in corporate and administrative expenses in the years ended December 31, 2013, 2012 and 2011 were $2.0 million, $0.9 million and $0.1 million, respectively, of non-cash expense for stock-based compensation which included amortization of restricted stock and stock option expense.

During the year ended December 31, 2013, we granted 318,852 shares of restricted common stock to our executive officers and as described below, 107,224 of these shares vested in the year ended December 31, 2013. Of the remaining shares granted to our executive officers, 70,542 shares will vest on each of March 19, 2014, March 19, 2015 and March 19, 2016. Also during the year ended December 31, 2013, we granted 63,210 shares of restricted common stock to our non-employee directors. These 63,210 shares vested on January 1, 2014.

During the year ended December 31, 2013, the vesting dates of 107,224 previously granted shares of restricted common stock and stock options to purchase 63,616 shares of common stock held by a former employee were accelerated, resulting in $1.0 million of stock-based compensation expense being recognized by the Company in 2013. Had the vesting dates of these stock awards not been accelerated, these shares of restricted common stock and stock options would have fully vested by March 19, 2016 and April 2, 2016, respectively.

During the year ended December 31, 2012, we granted 432,396 shares of restricted common stock to our executive officers and non-employee directors, and we also granted options to acquire 359,568 shares of our common stock to our executive officers. We later modified the terms of these shares of restricted stock. As a result of the modification, these 432,396 shares of restricted common stock became fully vested on December 14, 2012 and $0.4 million in stock-based compensation expense was recognized during the year ended December 31, 2012 that otherwise would have been recognized in later periods. Had these agreements not been modified, these shares of restricted common stock would have fully vested by April 2, 2015. The modifications affected the restricted stock granted to four executive officers and nine non-employee directors. During the year ended December 31, 2011, we did not grant any stock-based awards under this plan.

A summary of stock option activity related to our common stock for the years ended December 31, 2013, 2012 and 2011 under our 2007 Incentive Plan is as follows:

	Year Ended December 31,					
	2013		2012		2011	
	Number of Shares Underlying Options	Weighted Average Exercise Price	Number of Shares Underlying Options	Weighted Average Exercise Price	Number of Shares Underlying Options	Weighted Average Exercise Price
Common stock:						
Options outstanding - beginning of period	1,316,068	$ 5.98	1,002,350	$ 7.50	1,004,750	$ 7.51
Options granted	-	-	359,568	1.99	-	-
Options exercised	(119,822)	2.34	-	-	-	-
Options forfeited	-	-	(8,700)	5.32	(2,400)	8.61
Options expired	(921,500)	7.64	(37,150)	8.72	-	-
Options outstanding - end of period	274,746	$ 1.99	1,316,068	$ 5.98	1,002,350	$ 7.50
Options exercisable at end of period	68,688	$ 1.99	956,500	$ 7.48	1,002,350	$ 7.50

Information concerning common stock options outstanding as of December 31, 2013 is as follows:

As of December 31, 2013						
Number of Options Outstanding		Exercise Price Per Share	Remaining Contractual Life (in years)	Number of Options Outstanding That Are Exercisable		Exercise Price per Share of Options That Are Exercisable
274,746	$	1.99	7.3	68,688	$	1.99
274,746				68,688		

The aggregate intrinsic value of outstanding stock options was $3.5 million based on the closing market price of our common stock on December 31, 2013. The aggregate intrinsic value of stock options exercised during the year ended December 31, 2013 was $0.6 million.

A summary of restricted stock activity related to our common stock for the years ended December 31, 2013, 2012 and 2011 under our 2007 Incentive Plan is as follows:

	Year Ended December 31,								
	2013			2012			2011		
	Number of Shares		Weighted-Average Grant Date Fair Value Per Share	Number of Shares		Weighted-Average Grant Date Fair Value Per Share	Number of Shares		Weighted-Average Grant Date Fair Value Per Share
Restricted stock - common:									
Outstanding - beginning of period	-	$	-	-	$	-	-	$	-
Granted	382,062		5.20	432,396		1.65	-		-
Vested	(107,224)		7.16	(432,396)		1.65	-		-
Outstanding - end of period	274,838	$	4.43	-	$	-	-	$	-

Directors' Restricted Stock Plan

On May 14, 2003, our stockholders approved a restricted stock equity incentive plan for our Board of Directors (the "Directors' Restricted Stock Plan"). We have reserved 1.0 million shares of our common stock for issuance under this plan and, as of December 31, 2013, there were 770,000 shares available for future award. Under the Directors' Restricted Stock Plan, each director can be awarded up to 10,000 shares of restricted stock each calendar year. We did not grant any shares of restricted common stock to our directors under this plan during the years ended December 31, 2013, 2012 or 2011; however, we did grant certain awards under our 2007 Incentive Plan to members of our Board of Directors. All of the shares granted to the directors under the Directors' Restricted Stock Plan since its inception were vested as of December 31, 2013.

A summary of restricted stock activity related to our common stock for the years ended December 31, 2013, 2012 and 2011 under our Directors' Restricted Stock Plan is as follows:

	Year Ended December 31,					
	2013		2012		2011	
	Number of Shares	Weighted-Average Grant Date Fair Value Per Share	Number of Shares	Weighted-Average Grant Date Fair Value Per Share	Number of Shares	Weighted-Average Grant Date Fair Value Per Share
Restricted stock - common:						
Outstanding - beginning of period	-	$ -	10,000	$ 4.94	33,000	$ 5.74
Granted	-	-	-	-	-	-
Vested	-	-	(10,000)	4.94	(23,000)	6.08
Outstanding - end of period	-	$ -	-	$ -	10,000	$ 4.94

As of December 31, 2013, we had $710,434 of total unrecognized compensation cost related to all non-vested share based compensation arrangements. The cost is expected to be recognized over a period of 2.0 years.

8. Income Taxes

We recognize deferred tax assets and liabilities for future tax consequences attributable to differences between our financial statement carrying amounts of existing assets and liabilities and their respective tax bases. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. We recognize the effect on deferred tax assets and liabilities resulting from a change in tax rates in income in the period that includes the date of the change.

Under certain circumstances, we recognize liabilities in our financial statements for positions taken on uncertain tax issues. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others may be subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, we believe it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits on the balance sheet along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits are classified as income tax expense in the statement of operations.

Federal and state income tax expense (benefit) is summarized as follows (in thousands):

	2013	2012	2011
Current:			
Federal	$ -	$ -	$ -
State and local	118	974	359
State and local - reserve for uncertain tax positions	(136)	(1,015)	(905)
Current income tax benefit	(18)	(41)	(546)
Deferred:			
Federal	12,218	16,854	4,860
State and local	947	2,375	225
Deferred income tax expense	13,165	19,229	5,085
Total income tax expense	$ 13,147	$ 19,188	$ 4,539

Significant components of our deferred tax liabilities and assets are as follows (in thousands):

	December 31, 2013	December 31, 2012
Deferred tax liabilities:		
Net book value of property and equipment	$ 9,797	$ 10,656
Broadcast licenses, goodwill and other intangibles	285,553	277,939
Total deferred tax liabilities	295,350	288,595
Deferred tax assets:		
Liability for accrued consulting	-	118
Liability for accrued vacation	926	850
Liability for accrued bonus	2,401	347
Loan acquisition costs	1,664	1,902
Allowance for doubtful accounts	284	309
Liability under health and welfare plan	936	636
Liability for pension plan	10,501	15,228
Federal operating loss carryforwards	78,597	87,585
State and local operating loss carryforwards	9,922	10,886
Alternative minimum tax carryforwards	386	386
Unearned income	396	613
Network compensation	174	414
Stock options	76	508
Acquisition costs	300	-
Restricted stock	192	-
Other	49	80
Total deferred tax assets	106,804	119,862
Valuation allowance for deferred tax assets	(2,748)	(3,157)
Net deferred tax assets	104,056	116,705
Deferred tax liabilities, net of deferred tax assets	$ 191,294	$ 171,890

We have approximately $225.1 million in federal operating loss carryforwards, which expire during the years 2022 through 2031. Additionally, we have an aggregate of approximately $245.0 million of various state operating loss carryforwards. We project to have taxable income in the carryforward periods. Therefore, we believe that it is more likely than not that the federal net operating loss carryforwards will be fully utilized.

A valuation allowance has been provided for a portion of the state net operating loss carryforwards. We believe that we will not meet the more likely than not threshold in certain states due to the uncertainty of generating sufficient income. Therefore, the state valuation allowance at December 31, 2013 and 2012 was $2.7 million and $3.2 million, respectively.

Our total valuation allowance provided for deferred income tax assets decreased $0.4 million for the year ended December 31, 2013 due to changes in estimated utilization of state operating loss carryforwards. Our total valuation allowance provided for deferred income tax assets decreased $1.5 million for the year ended December 31, 2012 due to changes in estimated utilization of state operating loss carryforwards and the full utilization of our operating loss carryforwards.

A reconciliation of income tax expense at the statutory federal income tax rate and income taxes as reflected in the consolidated financial statements for the years ended December 31, 2013, 2012 and 2011 is as follows (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Statutory federal rate applied to income before income tax expense	$ 11,002	$ 16,561	$ 4,751
Current year permanent items	669	825	229
State and local taxes, net of federal tax benefit	1,432	4,191	710
Change in valuation allowance	(409)	(1,463)	(252)
Reserve for uncertain tax positions	(136)	(1,015)	(905)
Other items, net	589	89	6
Income tax expense as recorded	$ 13,147	$ 19,188	$ 4,539
Effective income tax rate	41.8%	40.6%	33.4%

As of each year end, we are required to adjust our pension liability to an amount equal to the funded status of our pension plans with a corresponding adjustment to other comprehensive income on a net of tax basis. During 2013, we decreased our recorded non-current pension liability by $16.0 million and recognized other comprehensive gain of $9.8 million, net of a $6.2 million tax expense. During 2012, we increased our recorded non-current pension liability by $6.2 million and recognized other comprehensive loss of $3.8 million, net of a $2.4 million tax benefit. During 2011, we increased our recorded non-current pension liability by $13.8 million and recognized other comprehensive loss of $8.4 million, net of a $5.4 million tax benefit.

In 2013, 2012 and 2011, we made income tax payments (net of refunds) of $0.5 million, $0.8 million and $0.5 million, respectively. At December 31, 2013 and 2012, we had current income taxes payable of approximately $1.5 million and $1.9 million, respectively.

We prescribe a recognition threshold and measurement attribution for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. For benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities.

As of December 31, 2013 and 2012, we had approximately $1.5 million and $1.6 million, respectively, of unrecognized tax benefits. All of these unrecognized tax benefits would impact our effective tax rate if recognized. The liability for unrecognized tax benefits is recorded net of any federal tax benefit that would result from payment.

We have accrued estimates of interest and penalties related to unrecognized tax benefits in income tax expense. As of December 31, 2013 and 2012, we had recorded a liability for potential penalties and interest of approximately $0.7 million and $0.7 million, respectively, related to uncertain tax positions.

The following table summarizes the activity related to our unrecognized tax benefits, net of federal benefit, excluding interest and penalties for the years ended December 31, 2013, 2012 and 2011 (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Balance at beginning of period	$ 880	$ 1,597	$ 2,342
Reduction in benefit from lapse in statute of limitations	(98)	(717)	(745)
Balance at end of period	$ 782	$ 880	$ 1,597

While it is difficult to calculate with any certainty, we estimate a decrease of $0.1 million, exclusive of interest and penalties, will be recorded for uncertain tax positions over the next twelve months resulting from expiring statutes of limitations for state tax issues.

We file income tax returns in the U.S. federal and multiple state jurisdictions. With few exceptions, we are no longer subject to U.S. federal, or state and local tax examinations by tax authorities for years prior to 2001. This extended open adjustment period is due to material amounts of net operating loss carryforwards, which exist at the federal level and in multiple-state jurisdictions arising from the 2001, 2002 and 2003 tax years.

9. Retirement Plans

We sponsor and contribute to defined benefit and defined contribution retirement plans covering substantially all of our full time employees. Our defined benefit pension plans include our active plan as well as two frozen plans that we assumed when we acquired the related businesses. The Gray Television, Inc. Capital Accumulation Plan ("the Capital Accumulation Plan") is a defined contribution plan that is intended to meet the requirements of section 401(k) of the Internal Revenue Code.

Gray Pension Plan

Our active defined benefit plan covers substantially all of our full-time employees. Retirement benefits are based on years of service and the employee's highest average compensation for five consecutive years during the last ten years of employment. The funding policy is consistent with the funding requirements of existing federal laws and regulations under the Employee Retirement Income Security Act of 1974.

The measurement dates used to determine the benefit information for our active defined benefit pension plan were December 31, 2013 and 2012, respectively. The following summarizes the active pension plan's funded status and amounts recognized on our consolidated balance sheets at December 31, 2013 and 2012, respectively (dollars in thousands):

	December 31,	
	2013	2012
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	$ 83,236	$ 67,033
Service cost	5,165	4,452
Interest cost	3,553	3,315
Actuarial (gains) losses	(7,158)	9,546
Benefits paid	(1,263)	(1,110)
Projected benefit obligation at end of year	$ 83,533	$ 83,236
Change in plan assets:		
Fair value of pension plan assets at beginning of year	$ 46,662	$ 35,011
Actual return on plan assets	8,216	3,728
Company contributions	4,448	9,033
Benefits paid	(1,263)	(1,110)
Fair value of pension plan assets at end of year	58,063	46,662
Funded status of pension plan	$ (25,470)	$ (36,574)
Amounts recognized in our balance sheets consist of:		
Accrued benefit cost	$ (10,337)	$ (6,336)
Accumulated other comprehensive income	(15,133)	(30,238)
Net liability recognized	$ (25,470)	$ (36,574)

The accumulated benefit obligation amounts for our active defined benefit pension plan were $72.2 million and $71.8 million at December 31, 2013 and 2012, respectively. The long-term rate of return on assets assumption was chosen from a best estimate range based upon the anticipated long-term returns for asset categories in which the pension plan is invested. The long-term rate of return may be viewed as the sum of (i) 3% inflation, (ii) a 1% risk-free rate of return and (iii) a 3% risk premium. The estimated rate of increase in compensation levels is based on historical compensation increases for our employees.

	Year Ended December 31,	
	2013	2012
Weighted-average assumptions used to determine net periodic benefit cost for our active pension plan:		
Discount rate	4.31%	4.84%
Expected long-term rate of return on pension plan assets	7.00%	7.00%
Estimated rate of increase in compensation levels	5.63%	5.63%

	As of December 31,	
	2013	2012
Weighted-average assumptions used to determine benefit obligations:		
Discount rate	4.97%	4.31%
Estimated rate of increase in compensation levels	5.63%	5.63%

Pension expense is computed using the projected unit credit actuarial cost method. The net periodic pension cost for our active pension plan includes the following components (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Components of net periodic pension cost:			
Service cost	$ 5,165	$ 4,452	$ 3,447
Interest cost	3,553	3,315	2,943
Expected return on plan assets	(3,400)	(2,609)	(2,351)
Recognized net actuarial loss	3,131	2,527	958
Net periodic pension cost	$ 8,449	$ 7,685	$ 4,997

For our active pension plan, the estimated future benefit payments are as follows (in thousands):

Years	Amount
2014	$ 1,838
2015	1,981
2016	2,216
2017	2,463
2018	2,730
2019 - 2023	20,973

The active pension plan’s weighted-average asset allocations by asset category were as follows:

	As of December 31,	
	2013	2012
Asset category:		
Insurance general account	32%	37%
Cash management accounts	3%	3%
Equity accounts	60%	54%
Fixed income account	5%	6%
Total	100%	100%

The investment objective is to achieve a consistent total rate of return (income, appreciation, and reinvested funds) that will equal or exceed the actuarial assumption with aversion to significant volatility. The following is the target asset allocation:

	Target Range		
Asset class:			
Large cap equities	23%	to	91%
Mid cap equities	0%	to	15%
Small cap equities	0%	to	16%
International equities	5%	to	25%
Fixed income	0%	to	30%
Cash	0%	to	20%

Our equity portfolio contains securities of companies necessary to build a diversified portfolio, and that we believe are financially sound. Our fixed income portfolio contains obligations generally rated A or better with no maturity restrictions and an actively managed duration. The cash equivalents strategy uses securities of the highest credit quality.

Fair Value of Active Pension Plan Assets

We calculate the fair value of our active pension plan’s assets based upon the observable and unobservable net asset value of its underlying investments. We utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized by the fair value hierarchy proscribed by Accounting Standards Codification Topic 820, described in Note 4 “Fair Value Measurement.”

The following table presents the fair value of our active pension plan's assets and classifies them by level within the fair value hierarchy as of December 31, 2013 and 2012, respectively (in thousands):

Active Pension Plan Fair Value Measurements

	As of December 31, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Insurance general account	$ -	$ 18,759	$ -	$ 18,759
Cash management accounts	-	1,959	-	1,959
Equity accounts	-	34,603	-	34,603
Fixed income account	-	2,742	-	2,742
Total	$ -	$ 58,063	$ -	$ 58,063

	As of December 31, 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets:				
Insurance general account	$ -	$ 17,381	$ -	$ 17,381
Cash management accounts	-	1,457	-	1,457
Equity accounts	-	24,911	-	24,911
Fixed income account	-	2,913	-	2,913
Total	$ -	$ 46,662	$ -	$ 46,662

Acquired Pension Plans

In 2002 and 1998, we acquired companies with two underfunded pension plans (the "Acquired Pension Plans"). The Acquired Pension Plans were frozen by their prior plan sponsors and no new participants can be added to the Acquired Pension Plans. As of December 31, 2013, the Acquired Pension Plans had combined plan assets of $5.5 million and combined projected benefit obligations of $6.9 million. As of December 31, 2012, the Acquired Pension Plans had combined plan assets of $4.9 million and combined projected benefit obligations of $7.4 million. The net liability for the two Acquired Pension Plans is recorded as a liability in our financial statements as of December 31, 2013 and 2012.

Contributions

We expect to contribute a combined total of approximately $6.1 million to our active pension plan and the Acquired Pension Plans during the year ending December 31, 2014.

Capital Accumulation Plan

The Capital Accumulation Plan provides additional retirement benefits for substantially all employees. The Capital Accumulation Plan provides our employees with an investment option in our common stock and Class A common stock. It also allows for a matching contribution to be made by the Company in the form of our common stock. On December 9, 2008 and May 2, 2007, our Board of Directors increased the number of shares reserved for the Capital Accumulation Plan by 2,000,000 and 1,000,000 shares of our common stock, respectively. As of December 31, 2013, 1,595,753 shares remained available for issuance under the plan.

We may match employee contributions to the Capital Accumulation Plan, and such contributions may not exceed 6% of the employees' gross pay. Our percentage match amount, if any, is determined by our Board of Directors before the beginning of each plan year and is made by a contribution of our common stock. Effective December 31, 2008, our Board of Directors suspended our matching contributions for the majority of our employees. For the years ended December 31, 2013, 2012 and 2011, our percentage match was 50% for certain employees included in a collective bargaining unit at one of our stations, although we did not match contributions for the remainder of our employees. Our contributions vest, based upon each employee's number of years of service, over a period not to exceed five years.

Our matching contributions for the years ended December 31, 2013, 2012 and 2011 are as follows (in thousands):

	Year Ended December 31,					
	2013		2012		2011	
	Shares	Amount	Shares	Amount	Shares	Amount
Matching contributions to the Capital Accumulation Plan	5,235	$ 28	14,293	$ 26	13,753	$ 29

10. Commitments and Contingencies

We have various contractual and other commitments requiring future payments. These commitments include amounts required to be paid to complete pending acquisitions, to purchase equipment, and under operating lease commitments for equipment, land and office space. We also have commitments for various syndicated television programs. Future minimum payments for these commitments as of December 31, 2013 are as follows (in thousands):

Year	Acquisition Commitments (1)	Equipment	Operating Leases	Syndicated Television Programming	Total
2014	$ 317,950	$ 592	$ 1,679	$ 3,344	$ 323,565
2015	-	-	1,155	8,841	9,996
2016	-	-	978	5,817	6,795
2017	-	-	701	1,539	2,240
2018	-	-	639	420	1,059
Thereafter	-	-	2,716	579	3,295
Total	$ 317,950	$ 592	$ 7,868	$ 20,540	$ 346,950

(1) Gives effect to amounts receivable in connection with required station divestitures arising from such acquisitions.

The amounts in the table above are estimates of commitments that are in addition to the liabilities accrued for on our consolidated balance sheet as of December 31, 2013.

Acquisition Commitments

At December 31, 2013, we had various acquisitions pending approval of the FCC or other regulatory authority, all as described in Note 2 “Acquisitions – Pending Acquisitions.” The amounts in the table above include all amounts that would be payable in connection with the entry into various put and call options agreements between Gray and Excalibur totaling $1.4 million, which we anticipate would be paid at the closing of the respective acquisitions.

Leases

We have no material capital leases. Where leases include rent holidays, rent escalations, rent concessions and leasehold improvement incentives, the value of these incentives are amortized over the lease term including anticipated renewal periods. Leasehold improvements are depreciated over the associated lease term including anticipated renewal periods. Rent expense resulting from operating leases for the years ended December 31, 2013, 2012 and 2011 were $1.6 million, $1.5 million and $1.5 million, respectively.

Sports Marketing Agreement

On October 12, 2004, the University of Kentucky (“UK”) awarded a sports marketing agreement jointly to us and IMG Worldwide, Inc. (“IMG”) (the “UK Agreement”). The UK Agreement expires April 15, 2015.

The UK Agreement provides that we will share in profits in excess of certain amounts specified by the agreement, if any, but not losses. The agreement also provides that we will separately retain all local broadcast advertising revenue and pay all local broadcast expenses for activities under the agreement. Under the agreement, IMG agreed to make all license fee payments to UK. However, if IMG is unable to pay the license fee to UK, we will then be required to pay the unpaid portion of the license fee to UK. As of December 31, 2013, the aggregate license fee to be paid by IMG to UK over the remaining term of the agreement is approximately $13.3 million. If we make advances on behalf of IMG, IMG is required to reimburse us for the amount paid within 60 days after the close of each contract year, which ends on June 30th. IMG has also agreed to pay interest on any advance at a rate equal to the prime rate. During the year ended December 31, 2013, we did not advance any amounts to UK on behalf of IMG under this agreement. As of December 31, 2013, we do not consider the risk of non-performance by IMG to be high.

Legal Proceedings and Claims

We are subject to legal proceedings and claims that arise in the normal course of our business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions, will not materially affect our financial position, results of operations or cash flows, although legal proceedings are subject to inherent uncertainties, and unfavorable rulings or events could occur which could negatively affect us, possibly materially.

11. Goodwill and Intangible Assets

During the years ended December 31, 2013 and 2012, we acquired various television broadcast stations and broadcast licenses. As a result of these acquisitions, our goodwill and intangible balances increased during each of these years. See Note 2 “Acquisitions” for more information regarding these transactions. A summary of changes in our goodwill and other intangible assets, on a net basis, for the years ended December 31, 2013 and 2012 is as follows (in thousands):

A summary of changes in our goodwill, on a gross basis, for the years ended December 31, 2013 and 2012 is as follows (in thousands):

	Net Balance at December 31, 2012	Additions	Impairment	Amortization	Net Balance at December 31, 2013
Goodwill	$ 170,522	$ 13,887	$ -	$ -	$ 184,409
Broadcast licenses	819,188	19,794	-	-	838,982
Definite lived intangible assets	637	2,343	-	(336)	2,644
Total intangible assets net of accumulated amortization	$ 990,347	$ 36,024	$ -	$ (336)	$ 1,026,035

	Net Balance at December 31, 2011	Additions	Impairment	Amortization	Net Balance at December 31, 2012
Goodwill	170,522	$ -	$ -	$ -	$ 170,522
Broadcast licenses	818,981	207	-	-	819,188
Definite lived intangible assets	712	-	-	(75)	637
Total intangible assets net of accumulated amortization	$ 990,215	$ 207	$ -	$ (75)	$ 990,347

	As of December 31, 2012	Additions	Impairment	As of December 31, 2013
Goodwill, gross	$ 269,118	$ 13,887	$ -	$ 283,005
Accumulated goodwill impairment	(98,596)	-	-	(98,596)
Goodwill, net	$ 170,522	$ 13,887	$ -	$ 184,409

	As of December 31, 2011	Additions	Impairment	As of December 31, 2012
Goodwill, gross	$ 269,118	$ -	$ -	$ 269,118
Accumulated goodwill impairment	(98,596)	-	-	(98,596)
Goodwill, net	$ 170,522	$ -	$ -	$ 170,522

As of December 31, 2013 and 2012, our intangible assets and related accumulated amortization consisted of the following (in thousands):

	As of December 31, 2013			As of December 31, 2012		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Intangible assets not subject to amortization:						
Broadcast licenses	$ 892,681	$ (53,699)	$ 838,982	$ 872,887	$ (53,699)	$ 819,188
Goodwill	184,409	-	184,409	170,522	-	170,522
	$ 1,077,090	$ (53,699)	$ 1,023,391	$ 1,043,409	$ (53,699)	$ 989,710
Intangible assets subject to amortization:						
Network affiliation agreements	$ 1,264	$ (1,264)	$ -	$ 1,264	$ (1,264)	$ -
Other definite lived intangible assets	15,826	(13,182)	2,644	13,484	(12,847)	637
	$ 17,090	$ (14,446)	$ 2,644	$ 14,748	$ (14,111)	$ 637
Total intangibles	$ 1,094,180	$ (68,145)	$ 1,026,035	$ 1,058,157	$ (67,810)	$ 990,347

Amortization expense for the years ended December 31, 2013, 2012 and 2011 was $0.3 million, $0.1 million and $0.1 million, respectively. Based on the current amount of intangible assets subject to amortization, we expect that amortization expense for the succeeding five years will be as follows: 2014, $972,000; 2015, $593,000; 2016, $157,000; 2017, $152,000; and 2018, $141,000. If and when acquisitions and dispositions occur in the future, actual amounts may vary from these estimates.

Impairment of goodwill and broadcast license

As of December 31, 2013 and 2012, we tested our goodwill, broadcast licenses and other intangible asset recorded values for potential impairment and concluded that the balances were reasonably stated. As a result, we did not record an impairment expense for our goodwill, broadcast licenses or other intangible assets during 2013, 2012 or 2011.

See Note 1 “Description of Business and Summary of Significant Accounting Policies” for further discussion of our accounting policies regarding goodwill, broadcast licenses and other intangible assets.

12. Selected Quarterly Financial Data (Unaudited)

	Fiscal Quarter			
	First	Second	Third	Fourth
	(In thousands, except for per share data)			
Year Ended December 31, 2013:				
Revenue (less agency commissions)	$ 78,169	$ 84,285	$ 88,288	$ 95,556
Operating income	15,060	21,312	24,220	23,288
Net income	870	5,144	7,073	5,201
Net income available to common stockholders	870	5,144	7,073	5,201
Basic net income per share available to common stockholders	$ 0.02	$ 0.09	$ 0.12	$ 0.09
Diluted net income per share available to common stockholders	$ 0.02	$ 0.09	$ 0.12	$ 0.09
Year Ended December 31, 2012:				
Revenue (less agency commissions)	$ 80,674	$ 94,691	$ 102,879	$ 126,587
Operating income	20,821	33,046	41,063	58,511
Net income (loss)	3,371	10,994	15,873	(2,109)
Net income (loss) available to common stockholders	2,192	9,815	14,640	(2,613)
Basic net income (loss) per share available to common stockholders	$ 0.04	$ 0.17	$ 0.26	$ (0.05)
Diluted net income (loss) per share available available to common stockholders	$ 0.04	$ 0.17	$ 0.26	$ (0.05)

Because of the method used in calculating per share data, the sum of the quarterly per share data will not necessarily equal the per share data as computed for the year.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, an evaluation was carried out under the supervision and with the participation of management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based on that evaluation, the CEO and the CFO have concluded that as of the end of such period our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports that we file or furnish under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and to ensure that such information is accumulated and communicated to our management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosures.

Management necessarily applies its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding management's control objectives. The Company's management, including the CEO and the CFO, does not expect that our disclosure controls and procedures can prevent all possible errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the company have been detected. Judgments in decision-making can be faulty and breakdowns can occur because of simple errors or mistakes. Additionally, controls can be circumvented by the individual acts of one or more persons. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and while our disclosure controls and procedures are designed to be effective under circumstances where they should reasonably be expected to operate effectively, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Because of the inherent limitations in any control system, misstatements due to possible errors or fraud may occur and not be detected.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as such term is defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2013 identified in connection with this evaluation that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report on Internal Control Over Financial Reporting

Our report, "Management's Report on Internal Control Over Financial Reporting" and the attestation report of our independent registered public accounting firm, included in "Report of Independent Registered Public Accounting Firm," are set forth in Item 8 of this Annual Report on Form 10-K.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The information to be set forth under the headings “Election of Directors,” “Board Committees And Membership,” “Section 16(a) Beneficial Ownership Reporting Compliance” and “Corporate Governance” in our definitive Proxy Statement for the 2014 Annual Meeting of Stockholders (to be filed within 120 days after December 31, 2013) is incorporated herein by reference. In addition, the information set forth under "Executive Officers of the Registrant" in Part I of this Report is incorporated herein by reference.

Item 11. Executive Compensation.

The information to be set forth under the headings “Executive Compensation,” “Report of Management Personnel Committee” and “Compensation Committee Interlocks and Insider Participation” in our definitive Proxy Statement for the 2014 Annual Meeting of Stockholders is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The information to be set forth under the heading "Beneficial Share Ownership" in our definitive Proxy Statement for the 2014 Annual Meeting of Stockholders is incorporated herein by reference.

Equity Compensation Plan Information

The following table gives information about the common stock and Class A common stock that may be issued upon the exercise of options, warrants and rights under all existing equity compensation plans as of December 31, 2013.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in 1st column)
Common Stock:			
Equity compensation plans approved by security holders	274,746(1)	$ 1.99	4,560,974(1) (2)
Equity compensation plans not approved by security holders	-	$ -	-
Total	274,746		4,560,974
Class A Common Stock:			
Equity compensation plans approved by security holders	-(1)	$ -	1,000,000(1)
Equity compensation plans not approved by security holders	-	$ -	-
Total	-		1,000,000

(1) Under our 2007 Long-Term Incentive Plan, as of December 31, 2013, we were authorized to issue additional awards to acquire up to 4,790,974 shares of either our common stock or our Class A common stock; however, of this amount, we cannot grant share-based awards to acquire in excess of 1,000,000 shares of our Class A common stock. For purposes of this disclosure, we have assumed the future issuance of share-based awards to acquire 3,790,974 shares of our common stock and 1,000,000 shares of our Class A common stock, the maximum number of shares of Class A common stock issuable. We may, from time to time in the future, issue awards exercisable for more shares of common stock and less shares of Class A common stock.

(2) Includes 770,000 shares of our common stock that are issuable under our Directors' Restricted Stock Plan.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information to be set forth under the headings "Certain Relationships and Related Party Transactions" and "Corporate Governance" in our definitive Proxy Statement for the 2014 Annual Meeting of Stockholders is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information to be set forth under the heading “Proposal 3 – Ratification of the Company’s Independent Registered Public Accounting Firm for 2014” in our definitive Proxy Statement for the 2014 Annual Meeting of Stockholders concerning principal accountant fees and services is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a) List of Financial Statements and Financial Statement Schedules:

(1) Financial Statements. See Part II, Item 8 for the index of financial statements.

(2) Financial statement schedules: The following financial statement schedule of Gray Television, Inc. is included in Item 15(c): Schedule II – Valuation and qualifying accounts.

All other schedules for which provision is made in the applicable accounting regulation of the SEC are not required under the related instructions or are inapplicable and therefore have been omitted.

(b) Exhibits:

Exhibit Number	Description of Documents
2.1	Purchase Agreement, dated as of November 20, 2013, among Hoak Media LLC and Gray Television Group, Inc.
3.1	Restated Articles of Incorporation of Gray Television, Inc. (incorporated by reference to Exhibit 3.1 to our Annual Report on Form 10-K (File No. 001-13796) for the year ended December 31, 2009)
3.2	Bylaws of Gray Television, Inc. as amended through June 5, 2013 (incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed with the SEC on June 6, 2013)
4.1	Indenture, dated as of October 9, 2012, by and among Gray Television, Inc., the guarantors signatory thereto and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on October 9, 2012)

Exhibit Number	Description of Documents
4.2	Supplemental Indenture, dated as of October 18, 2013, by and among Gray Television, Inc., the guarantors signatory thereto and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on October 21, 2013)
4.3	Second Supplemental Indenture, dated as of December 31, 2013, by and among Gray Television, Inc., the guarantors signatory thereto and U.S. Bank National Association, as Trustee
4.4	Form of 7½% Senior Note due 2020 (incorporated by reference to Exhibit B to Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on October 9, 2012)
10.1	Director Restricted Stock Plan (incorporated by reference to Exhibit 10.12 to our Annual Report on Form 10-K (File No. 001-13796) for the year ended December 31, 2002)*
10.2	Amended and Restated Credit Agreement, dated as of October 12, 2012, by and among Gray Television, Inc., as borrower, the lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent, Swingline Lender and Issuing Bank, Bank of America, N.A., as Syndication Agent, and Wells Fargo Securities, LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Bookrunners (incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on October 15, 2012)
10.3	Collateral Agreement, dated as of March 19, 2007, by and among Gray Television, Inc. and certain of its Subsidiaries as Grantors, in favor of Wachovia Bank, National Association, as Administrative Agent (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q (File No. 001-13796) for the quarterly period ended March 31, 2007)
10.4	Guaranty Agreement, dated as of March 19, 2007, by and among certain Subsidiaries of Gray Television, Inc., as Guarantors, in favor of Wachovia Bank, National Association, as Administrative Agent (incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q (File No. 001-13796) for the quarterly period ended March 31, 2007)
10.5	Form of Nonqualified Stock Option Award Agreement Pursuant to 2007 Long Term Incentive Plan (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012)*
10.6	Form of Restricted Stock Award Agreement Pursuant to 2007 Long Term Incentive Plan (incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012)*

Exhibit Number	Description of Documents
10.7	2007 Long Term Incentive Plan, as amended (incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012)*
10.8	Description of Annual Incentive Plan Structure*
21.1	Subsidiaries of the Registrant
23.1	Consent of McGladrey LLP
31.1	Rule 13a-14(a) Certificate of Chief Executive Officer
31.2	Rule 13a-14(a) Certificate of Chief Financial Officer
32.1	Section 1350 Certificate of Chief Executive Officer
32.2	Section 1350 Certificate of Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	Management contract or compensatory plan or arrangement.

(c) **Financial Statement Schedules –** The response to this section is submitted as a part of Item 15 (a) (1) and (2).

GRAY TELEVISION, INC.

SCHEDULE II – VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

Col. A	Col. B	Col. C		Col. D	Col. E
		Additions			
Description	Balance at Beginning of Period	(1) Charged to Costs and Expenses	(2) Charged to Other Accounts	Deductions (a)	Balance at End of Period
Year Ended December 31, 2013:					
Allowance for doubtful accounts	$ 2,064	$ 432	$ -	$ (1,766)	$ 730
Valuation allowance for deferred tax assets	$ 3,157	$ 92	$ -	$ (501)	$ 2,748
Year Ended December 31, 2012:					
Allowance for doubtful accounts	$ 2,314	$ 140	$ -	$ (390)	$ 2,064
Valuation allowance for deferred tax assets	$ 4,620	$ 4	$ -	$ (1,467)	$ 3,157
Year Ended December 31, 2011:					
Allowance for doubtful accounts	$ 1,051	$ 1,853	$ -	$ (590)	$ 2,314
Valuation allowance for deferred tax assets	$ 4,871	$ 198	$ -	$ (449)	$ 4,620

(a) Deductions from allowance for doubtful accounts represent write-offs of receivable balances not considered collectible. In 2013, the deduction from the valuation allowance for deferred tax assets represents changes in estimates of our future taxable income and our estimated future usage of certain net operating loss carryforwards, as well as expiration of certain net operating loss carryforwards. In 2012, the deduction from the valuation allowance for deferred tax assets represents changes in estimates of our future taxable income and our estimated future usage of certain net operating loss carryforwards as well as expiration of certain net operating loss carryforwards. In 2011, the deduction from the valuation allowance for deferred tax assets represents changes in estimates of our future taxable income and our estimated future usage of certain net operating loss carryforwards.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		Gray Television, Inc.
Date: March 11, 2014	By:	/s/ HILTON H. HOWELL, JR.
		Hilton H. Howell, Jr., *Vice-Chairman, President and Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Date: March 11, 2014	By:	/s/ WILLIAM E. MAYHER, III
		William E. Mayher, III, *Chairman of the Board*
Date: March 11, 2014	By:	/s/ RICHARD L. BOGER
		Richard L. Boger, *Director*
Date: March 11, 2014	By:	/s/ T. L. ELDER
		T. L. Elder, *Director*
Date: March 11, 2014	By:	/s/ HILTON H. HOWELL, JR.
		Hilton H. Howell, Jr., *Vice-Chairman, President and Chief Executive Officer, Director*
Date: March 11, 2014	By:	*/s/* ROBIN R. HOWELL
		Robin R. Howell, *Director*
Date: March 11, 2014	By:	/s/ HOWELL W. NEWTON
		Howell W. Newton, *Director*
Date: March 11, 2014	By:	/s/ HUGH E. NORTON
		Hugh E. Norton, *Director*
Date: March 11, 2014	By:	/s/ HARRIETT J. ROBINSON
		Harriett J. Robinson, *Director*
Date: March 11, 2014	By:	/s/ JAMES C. RYAN
		James C. Ryan, *Sr. Vice President and Chief Financial Officer*
Date: March 11, 2014	By:	/s/ JACKSON S. COWART, IV
		Jackson S. Cowart, IV, *Chief Accounting Officer*

EXHIBIT INDEX

Exhibit Number	Description of Documents
2.1	Purchase Agreement, dated as of November 20, 2013, among Hoak Media LLC and Gray Television Group, Inc.
4.3	Second Supplemental Indenture, dated as of December 31, 2013, by and among Gray Television, Inc., the guarantors signatory thereto and U.S. Bank National Association, as Trustee
10.8	Description of Annual Incentive Plan Structure*
21.1	Subsidiaries of the Registrant
23.1	Consent of McGladrey LLP
31.1	Rule 13a-14(a) Certificate of Chief Executive Officer
31.2	Rule 13a-14(a) Certificate of Chief Financial Officer
32.1	Section 1350 Certificate of Chief Executive Officer
32.2	Section 1350 Certificate of Chief Financial Officer
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*	Management contract or compensatory plan or arrangement.

EXHIBIT 2.1

PURCHASE AGREEMENT

Dated as of November 20, 2013

among

Hoak Media, LLC

and

Gray Television Group, Inc.

with respect to the acquisition of

certain subsidiaries of Hoak Media, LLC

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PURCHASE AGREEMENT

This PURCHASE AGREEMENT (this "***Agreement***") is made as of the 20th day of November, 2013 (the "***Execution Date***"), by and among Hoak Media, LLC ("***Seller***"), and Gray Television Group, Inc., a Delaware corporation ("***Buyer***").

RECITALS

WHEREAS, Seller, together with certain of its wholly owned subsidiaries, owns and operates, directly or indirectly, the television broadcast stations (each, a "***Station***" and collectively, the "***Stations***") set forth on Exhibit A, pursuant to certain licenses, permits and other authorizations issued by the FCC;

WHEREAS, pursuant to the terms and subject to the conditions set forth in this Agreement, Seller desires to sell and transfer to Buyer, and Buyer desires to purchase from Seller, all of the issued and outstanding equity interests in the Subsidiaries set forth on Exhibit B (collectively, the "***Equity Interests")***; and

WHEREAS, in connection with the foregoing, this Agreement contemplates the filing with the FCC of multiple applications to obtain the necessary FCC consents with respect to the transactions described in this Agreement, which applications will seek FCC consent to the transfer of control of the Acquired Companies to Buyer.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1
DEFINITIONS; INTERPRETATION

1.1 ***Definitions***. As used in this Agreement, the following terms shall have the following meanings:

"Acquired Companies" shall mean and include the Subsidiaries set forth on Exhibit B; provided, however, that for purposes of *Sections 2.4, 3.15, 3.16, 6.7, 6.13 and 6.14* and all terms defined or used therein, "Acquired Companies" shall also include the "Acquired Companies" as that term is defined and used in the Other Station Agreement.

"Action" shall mean any legal or administrative claim, suit, action, complaint, charge, arbitration or other proceeding by or before any Governmental Entity.

"Affiliate" shall mean, with respect to a specified Person, any Person or member of a group of Persons acting together that, directly or indirectly, through one or more intermediaries, controls, or is controlled by or is under common control with, the specified Person. As used in this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") shall mean the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Ancillary Documents" shall mean, collectively, the Seller Ancillary Agreements and the Buyer Ancillary Agreements.

"***Assigned FCC Licenses***" shall mean the FCC Licenses for the Assigned Stations.

"***Assigned Station(s)***" shall mean each Station or the Stations set forth on Exhibit D.

"Balance Sheet Date" shall mean September 30, 2013.

"Business" shall mean the business and operation of the Stations (taken as a collective group and not on an individual basis); provided, however, that for purposes of *Sections 2.4, 3.15, 3.16, 6.7, 6.13 and 6.14* and all terms defined or used therein, "Business" shall also include the "Business" as that term is defined and used in the Other Station Agreement.

"Business Day" shall mean any day that is not a Saturday, Sunday or other day on which banks are required or authorized by law to be closed (or are actually closed) in the City of New York.

"***Buyer Qualified Assignee(s)***" shall mean a Person or Persons that currently holds FCC Licenses for broadcast television stations and that Buyer reasonably determines is financially qualified and eligible pursuant to the HSR Act (without any Divestiture condition) and the Communications Laws without waiver thereof (other than the Satellite Exemption) to be the licensee of the applicable Assigned FCC Licenses.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Communications Laws" shall mean, collectively, the Communications Act of 1934, as amended, and the rules, regulations and written policies promulgated by the FCC under each of the foregoing, in each case as in effect from time to time.

"Company Transaction Costs" shall mean all fees, costs and expenses of any brokers, financial advisors, investment bankers, attorneys, or other advisors engaged by Seller or the Acquired Companies incurred on or prior to the Closing Date plus (i) all retention bonuses and similar payments to employees of Seller or the Acquired Companies payable under the Closing of the transaction contemplated by this Agreement (including all employer-level employment tax and payroll tax imposed on such payments), (ii) all prepayment penalties with respect to any Indebtedness of Seller or any of the Acquired Companies that is and shall be paid off in conjunction with the Closing of the transactions contemplated by this Agreement and (iii) to the extent not obtained and fully paid prior to Closing, the costs of the directors' and officers' liability insurance policies and tail insurance policies required to be obtained under *Section 6.11(b)*.

"Contracts" shall mean any contracts, agreements, leases, non-governmental licenses, sales and purchase orders and other agreements (including Revenue Leases, Real Property Leases and employment agreements), written or oral (in each case, including any amendments or modifications thereto).

"Copyrights" shall mean all copyrights and copyright applications and registrations therefor used by an Acquired Company in connection with the Business.

"Current Assets" shall mean and include the following line items on the Final Closing Balance Sheet: accounts receivable, program rights, refundable income taxes and other current assets, in each case, as determined in accordance with GAAP, but shall exclude deferred tax assets and any intercompany balances. If the Acquired Companies hold cash as of 11:59 p.m. Eastern Time on the date prior to the Closing Date in respect of payments received prior to such time that cannot be distributed to Seller prior to the Closing because such funds have not finally cleared all bank account holds, such cash shall be included in "***Current Assets***" in the Reviewed Closing Balance Sheet to the extent such funds have finally cleared.

"Current Liabilities" shall mean and include the following line items on the Final Closing Balance Sheet: accounts payable, program rights payable, accrued income taxes, deferred revenue, other accrued expenses (which includes other current liabilities), in each case, as determined in accordance with GAAP, but shall exclude deferred tax liabilities and, for clarification, shall exclude the current portions of any liabilities that are described in *Sections 2.2(a)* and *(b)* and intercompany balances.

"***Divestiture***" of any specified asset or business shall mean (a) any sale, transfer, separate holding, divestiture or other disposition, or any prohibition of, or any limitation on, the acquisition, ownership, operation, effective control or exercise of full rights of ownership, of such asset, in each case, that is sufficient to secure the applicable Governmental Consents, or (b) the termination or amendment of any existing or contemplated governance structure or contractual or governance rights, in each case, that is sufficient to secure the applicable Governmental Consents.

"DOJ" shall mean the United States Department of Justice.

"Enforceability Exceptions" shall mean bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity).

"Environmental Law" shall mean any Law whether local, state, or federal relating to (a) Releases or threatened Releases of Hazardous Materials into the environment; (b) the use, treatment, storage, disposal, handling, discharging or shipment of Hazardous Material; (c) the regulation of storage tanks; or (d) otherwise relating to pollution or protection of human health, occupational safety and the environment.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" shall mean any trade or business, whether or not incorporated, that, together with any of the Acquired Companies, would be deemed a "single employer" within the meaning of Section 4001(b)(i) of ERISA.

"FCC" shall mean the Federal Communications Commission, including any official bureau or division thereof acting on delegated authority, or any successor agency thereto.

"FCC Consent" shall mean the initial consent of the FCC (including any Action duly taken by the FCC's staff pursuant to delegated authority) to the transactions contemplated by this Agreement and described in the FCC Applications, each without any material adverse conditions other than those of general applicability to the television broadcasting industry.

"FCC License" shall mean any FCC license, permit or other authorization, including any temporary waiver or special temporary authorization and any renewals or modifications thereof or any transferable pending application therefor issued by the FCC under Part 73 of Title 47 of the Code of Federal Regulations and granted or assigned to any Acquired Company.

"Final Order" shall mean an Action by the FCC (including any Action duly taken by the FCC's staff, pursuant to delegated authority) (a) that has not been vacated, reversed, stayed, enjoined, set aside, annulled or suspended, (b) with respect to which no timely-filed request for stay, motion or petition for rehearing, reconsideration or review, or timely-filed application or request for review or notice of appeal or sua sponte review by the FCC is pending and (c) as to which the time for filing any such request, motion, petition, application, appeal or notice, and for the entry of orders staying, reconsidering or reviewing on the FCC's own motion has expired.

"***Financing Sources***" shall mean the Persons that commit to provide debt financings or have otherwise entered into agreements in connection with any Financing or alternative debt financings in connection with the transactions contemplated hereby, and any joinder agreements, indentures or credit agreements entered into pursuant thereto, together with their Affiliates and its and their respective officers, directors, employees, agents and representatives involved in any Financing and their successors and assigns.

"FTC" shall mean the Federal Trade Commission.

"GAAP" shall mean United States generally accepted accounting principles as in effect as of the relevant date, consistently applied.

"Governmental Consents" shall collectively mean the FCC Consent and HSR Clearance.

"Governmental Entity" shall mean and include any court or tribunal or administrative, governmental or regulatory body, agency, commission, board, legislature, instrumentality, division, department, public body or other authority of any nation or government or any political subdivision thereof, whether foreign or domestic and whether national, supranational, state or local.

"Hazardous Material" shall mean hazardous or toxic wastes, chemicals, substances, constituents, pollutants or related material, whether solids, liquids, or gases, defined or regulated under § 101(14) of CERCLA; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq.; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq.; the Safe Drinking Water Act, 42 U.S.C. §§ 300(f) et seq.; the Clean Air Act, as amended, 42 U.S.C. §§ 7401 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. §§ 1251 et seq.; the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq.; the Occupational Safety and Health Act of 1970, 29 U.S.C. §§ 651 et seq. or any similar applicable federal, state or local Environmental Laws.

"***HSR Act***" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Income Tax" shall mean any U.S. federal, state, local or non-U.S. income tax or franchise tax measured by income, including any interest, penalty, or addition thereto, whether disputed or not.

"***Income Tax Return***" shall mean any return, declaration, report, claim for refund, or information return or statement relating to Income Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Indebtedness" shall mean, with regard to any Person, any liability or obligation, whether or not contingent, (i) in respect of borrowed money or evidenced by bonds, monies, debentures, or similar instruments or upon which interest payments are normally made, (ii) for the payment of any deferred purchase price of any property, assets or services (including pursuant to capital leases) but excluding trade payables and Program Rights Obligations, guaranties, direct or indirect, in any manner, of all or any part of any Indebtedness of any Person, (iii) all obligations under acceptance, standby letters of credit or similar facilities, (iv) all matured obligations to purchase, redeem, retire, defease or otherwise make any payment in respect of any membership interests, shares of capital stock or other ownership or profit interest or any warrants, rights or options to acquire such membership interests, shares or such other ownership or profit interest, (v) all accrued interest of all obligations referred to in (i) - (iv), (vi) all guaranties and arrangements having the economic effect of a guaranty by a Person of the obligations described in (i) – (iv) of another Person, and (vii) all obligations referred to in (i) - (iv) of a third party secured by any Lien on property or assets of such Person.

"Intellectual Property" shall mean all intellectual property rights in or arising from any of the following: call letters, Trademarks, trade names, service marks, patents, inventions, Trade Secrets, know-how, Internet domain names, websites, Copyrights and all goodwill, if any, associated therewith.

"IRS" shall mean the United States Internal Revenue Service.

"knowledge" shall mean (a) with respect to Seller, the actual personal knowledge of Eric Van den Branden, Rich Adams and Jeff Rutan and (b) with respect to Buyer, the actual personal knowledge of Kevin P. Latek.

"Law" shall mean any United States (federal, state, local) or non-U.S. law, constitution, treaty statute, ordinance, regulation, rule, code, order, judgment, injunction, writ or decree.

"Lien" shall mean, with respect to any property or asset, any mortgage, lien, pledge, charge, easement, right of way, restrictive covenant, encroachment, security interest or encumbrance of any kind whatsoever, whether voluntarily incurred or arising by operation of Law or otherwise, in respect of such property or asset.

"Market" shall mean the geographic area delineated and determined by Section 76.55(e) of the Communications Laws, or such other rule or decision of the FCC as may be promulgated from time to time for purposes of its must-carry rules to determine local television markets for commercial broadcast television stations, and as may be amended by applicable market modification decisions of the FCC, for the Stations.

"***Marketing Period***" shall mean the first period of twenty (20) consecutive Business Days commencing on the first Business Day after the date of this Agreement that each of the following is true throughout and at the end of such period: (a) Buyer shall have received the Required Information, and the Required Information shall be complete; (b) FCC Consent shall have been granted and shall be in full force and effect and HSR Clearance shall have been obtained and shall be in full force and effect; (c) all other conditions set forth in *Article 7* and *Article 8* (other than those that by their nature will not be satisfied until the Closing and other than the requirement that the FCC Consent shall have become a Final Order) have been satisfied and nothing has occurred and no condition exists that would cause any of the conditions in such *Articles 7* or *8* not to be satisfied assuming the Closing Date were to occur at any time during such consecutive 20 Business Day period; and (d) Seller and the Acquired Companies shall have been provided all cooperation that they are obligated to provide under the terms of Section 6.13. If Seller in good faith reasonably believes it has delivered the Required Information, it may deliver to Buyer a written notice to that effect (stating when it believes it completed such delivery), in which case the Required Information will be deemed to have been delivered on the date specified in such notice unless Buyer in good faith reasonably believes the Required Information has not been delivered and, within three (3) Business Days after the delivery of such notice by Seller, delivers a written notice to Seller to that effect, stating with specificity which Required Information has not been delivered. Notwithstanding the foregoing, (i) (A) the period from (and including) November 27, 2013 to (and including) December 1, 2013 shall be disregarded for purposes of calculating the consecutive Business Day period required above, (B) if such period shall not have ended on or prior to December 20, 2013, such period shall not commence before January 6, 2014, (C) the period from (and including) May 24, 2014 to (and including) May 26, 2014 shall be disregarded for purposes of calculating the consecutive Business Day period required above, (D) the period from (and including) July 3, 2014 to (and including) July 6, 2014 shall be disregarded for purposes of calculating the consecutive Business Day period required above, and (E) the period from (and including) August 29, 2014 to (and including) September 2, 2014 shall be disregarded for purposes of calculating the consecutive Business Day period required above, and (ii) the Marketing Period shall not be deemed to have commenced if, after the date of this Agreement and prior to the completion of the Marketing Period, (A) Grant Thornton LLP shall have withdrawn its audit opinion with respect to any of the audited year-end financial statements in the Required Information, in which case the Marketing Period shall not be deemed to commence unless and until, at the earliest, a new unqualified audit opinion is issued with respect to such year-end financial statements by Grant Thornton LLP or another independent accounting firm reasonably acceptable to Buyer, or (B) Seller shall have restated, or Seller shall have determined to restate any historical financial statements included in the Required Information, in which case the Marketing Period shall not be deemed to commence unless and until such restatement has been completed and the applicable Required Information has been amended or Seller concludes that no such restatement shall be required in accordance with GAAP.

"Material Adverse Effect" shall mean any event, state of facts, circumstance, development, change, effect or occurrence (an ***"Effect")*** that, individually or in the aggregate with any other Effect, has had or would reasonably be expected to have a materially adverse effect on: (a) the business, properties, assets, financial condition or results of operations of the Stations, the Business and the Other Stations, taken as whole, excluding in all respects any Effects resulting from (i) conditions in the economy of the United States generally, including changes in the United States or foreign credit, debt, capital or financial markets (including changes in interest or exchange rates) or the economy of any town, city or region or country in which the Stations conduct business, (ii) general changes or developments in the broadcast television industry, (iii) the execution and delivery of this Agreement, the announcement of this Agreement and the transactions contemplated hereby, the consummation of the transactions contemplated hereby, the compliance with the terms of this Agreement or the taking of any action required by this Agreement or consented to by Buyer, (iv) earthquakes, hurricanes, tornadoes, natural disasters or global, national or regional political conditions, including hostilities, military actions, political instability, acts of terrorism or war or any escalation or material worsening of any such hostilities, military actions, political instability, acts of terrorism or war existing or underway as of the Execution Date, (v) any failure, in and of itself, by Seller, any Acquired Company or any Station or group of Stations to meet any internal or published projections, forecasts or revenue or earnings predictions for any period ending on or after the Execution Date *(provided, however,* that the underlying causes of such failure (subject to other provisions of this definition shall not be excluded), (vi) any breach by Buyer of its obligations under this Agreement or (vii) changes in Law or GAAP or the interpretation thereof; provided that any Effect arising out of, or resulting from or attributable to any events described in the foregoing clauses (i), (ii), (iv) and (vii) shall be taken into account in determining whether a Material Adverse Effect has occurred, to the extent such events have a disproportionate adverse effect on the Stations and the Business and the Other Stations, taken as a whole, relative to other businesses in the industries in which the Acquired Companies operate; or (b) the ability of Seller to perform its obligations under this Agreement.

"Multiemployer Plan" shall mean a multiemployer pension plan, within the meaning of Section 4001(a)(3) of ERISA, to which any Acquired Company or any ERISA Affiliates contributes or is required to contribute to, or under which any Acquired Company or ERISA Affiliate has or may have any liability or obligation under, on behalf of current or former employees of the Acquired Companies or such ERISA Affiliates.

"Net Working Capital Amount" shall mean (a) the amount of all Current Assets minus (b) the amount of all Current Liabilities of the Acquired Companies on a combined basis, in each case calculated in a manner consistent with GAAP as historically applied in the Financial Statements.

"Organizational Documents" shall mean, with respect to any Person (other than an individual), the articles or certificate of incorporation, bylaws, certificate of limited partnership, partnership agreement, certificate of formation, limited liability company agreement, operating agreement and any other organizational documents of such Person.

"Other Station Agreement" shall mean the Purchase Agreement dated as of the Execution Date, between Parker Broadcasting, Inc. and Parker Buyer with respect to the acquisition of certain subsidiaries of Parker Broadcasting, Inc.

"Other Stations" shall mean the "Stations", as defined and used in the Other Station Agreement.

"***Overlap Consents***" shall mean the initial consent of the FCC (including any Action duly taken by the FCC's staff pursuant to delegated authority) and the expiration or termination of any applicable waiting period under the HSR Act to the Third Party Transactions and the transactions contemplated by the KHAS APA.

"***Parker Buyer***" shall mean Excalibur Broadcasting, LLC.

"Permitted Liens" shall mean, as to any property or asset of any Station, collectively, (a) liens for Taxes, assessments and governmental charges not yet due and payable or that are being contested in good faith and for which appropriate reserves have been created on the books and records of the Acquired Companies in accordance with GAAP, (b) zoning Laws and ordinances and similar Laws that are not materially violated by any existing improvements or that do not prohibit the use of the Real Property as currently used in the Business, (c) any right reserved to any Governmental Entity to regulate the affected property (including restrictions stated in any permits), (d) in the case of any leased asset, (i) the rights of any lessor under the applicable lease agreement or any Lien granted by any lessor or any Lien that the applicable lease is subject to, (ii) any statutory Lien for amounts that are not yet due and payable or that are being contested in good faith by appropriate proceedings and for which appropriate reserves have been created in accordance with GAAP and (iii) the rights of the grantor of any easement or any Lien granted by such grantor on such easement property, (e) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, material men and other Liens imposed by law arising or incurred in the ordinary course of business for amounts that are not yet due and payable or that are being contested in good faith by appropriate proceedings and for which appropriate reserves have been created in accordance with GAAP and that are not resulting from any material breach, violation or default of any Contract by the Acquired Companies, (f) minor defects of title, easements, rights-of-way, restrictions and other Liens not interfering with the present use of the applicable assets subject thereto, (g) any state of facts that an accurate survey or physical inspection would show, provided such facts do not render title unmarketable or interfere with the present use of the applicable Real Property, (h) Liens that will be released prior to or as of the Closing Date, including all mortgages and security interests securing indebtedness of Seller or the Acquired Companies; provided that such Liens will not be deemed Permitted Liens after the Closing to the extent such Liens are not released as of the Closing Date, (i) licenses of Intellectual Property granted in the ordinary course of business that, individually or in the aggregate, do not, and would not reasonably be expected to, materially detract from the value of such Intellectual Property, or interfere with the use thereof by any Acquired Company and (j) Liens designated as Permitted Liens on *Schedule 1.1* under the heading "Permitted Liens", if any.

"Person" shall mean any natural person or any corporation, limited liability company, partnership, joint venture, trust or other legal entity, including a Governmental Entity.

"Program Rights" shall mean all rights of the Stations to broadcast television programs or shows as part of the Stations' programming, including all rights of the Stations under all film and program barter agreements, sports rights agreements, news rights or service agreements, affiliation agreements and syndication agreements.

"Program Rights Obligations" shall mean all obligations in respect of the purchase, use, licenses or acquisition of programs, programming materials, films and similar assets used primarily in connection with the Business which relate to the utilization of the Program Rights.

"Release" shall mean any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

"Revenue Leases" shall mean those leases, subleases, licenses or other occupancy agreements used primarily in the operation of the Business (including any and all assignments, amendments and other modifications of such leases, subleases, licenses and other occupancy agreements), pertaining to the use or occupancy of the Real Property where an Acquired Company holds an interest as landlord, licensor, sublandlord or sublicensor.

"***Satellite Exemption***" shall mean a request, to be filed as part of the FCC Application, that seeks FCC consent to post-Closing ownership and operation of KPRY-TV, Pierre, SD (FCC Id. 48660), KMOT(TV), Minot, ND (FCC Id. 41425), KQCD-TV, Dickinson, ND (FCC Id. 41430), KUMV-TV, Williston, ND (FCC Id. 41429), KREG-TV, Glenwood Springs, CO (FCC Id. 70578), and KREY-TV, Montrose, CO (FCC Id. 70579), as "satellite" stations pursuant to Note 5 to 47 C.F.R. § 73.3555, together with any related ownership or main studio waivers.

"Subsidiaries" shall mean and include those direct or indirect subsidiaries of Seller that are involved in the ownership or operation of the Stations or any material assets relating to the ownership or operation of the Stations.

"Tax" or ***"Taxes"*** shall mean (i) any and all U.S. federal, state, local or non-U.S. income, gross receipts, franchise, estimated, alternative minimum, add on minimum, sales, use, transfer, escheat, abandoned or unclaimed property, goods or services, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental, customs, duties, profits, real property, personal property, capital stock, social security (or similar), employment, unemployment, disability, payroll, license, employee or other withholding, or other tax, of any kind whatsoever, including any interest, penalties or additions to tax or additional amounts in respect of the foregoing, whether or not disputed, (ii) liability of an Acquired Company or a Subsidiary for the payment of any amounts of the type described in clause (i) above arising as a result of being (or ceasing to be) a member of any affiliated, combined, consolidated or unitary group (or being included (or required to be included) in any Tax Return related thereto), and (iii) liability for the payment of any amounts of the type described in the foregoing clauses (i) and (ii) as a result of any express or implied obligation to indemnify or otherwise assume or succeed to the Tax liability of any other Person.

"Tax Returns" shall mean any returns, reports, claims for refund, declarations of estimated Taxes and information statements, including any schedule or attachment thereto or any amendment thereof, with respect to Taxes required to be filed with any Governmental Entity, including consolidated, combined and unitary tax returns.

"Taxing Authority" shall mean any Governmental Entity exercising any regulatory or taxing authority thereunder having jurisdiction over the assessment, determination, collection or other imposition of any Tax.

"Tower Lease" shall mean any agreement to which an Acquired Company or a Subsidiary is a party pertaining to the use and/or installation of radio masts and/or towers used primarily by the Stations for telecommunications and broadcasting in connection with the operation of the Business, where the Acquired Company holds an interest as tenant or subtenant.

"Trade Secrets" shall mean all proprietary information of each Acquired Company that is not generally known and is used exclusively in the Business, as to which reasonable efforts have been made to prevent unauthorized disclosure, and which provides a competitive advantage to those who know or use it.

"Trademarks" shall mean all trade names, trademarks, service marks, trade dress, jingles, slogans, logos, other source or business identifiers, trademark and service mark registrations and trademark and service mark applications owned by any Acquired Company and used in the Business, including those set forth on *Schedule 3.10*, and the goodwill appurtenant thereto.

"Tradeout Agreement" shall mean any Contract, other than film and program barter agreements, pursuant to which an Acquired Company has agreed to sell or trade commercial air time or commercial production services of a Station in consideration for any property or service in lieu of or in addition to cash.

1.2 ***Definitions Cross-Reference Table***. The following terms defined in this Agreement in the sections set forth below shall have the respective meanings therein defined:

2013 Audited Financials	Section 6.13(b)(i)
2013 Overlap Financials	Section 6.13(b)(i)
Agreement	Preamble
Buyer	Preamble
Buyer Ancillary Agreements	Section 4.1
Buyer's 401(k) Plan	Section 6.4(d)
Closing	Section 2.5(a)
Closing Date	Section 2.5(a)
COBRA	Section 3.11(h)
Covered Matters	Section 13.8(a)
Cure Period	Section 12.2
Disagreement Notice	Section 2.4(e)

Divestiture Application	Section 2.6(f)
Divestiture Notice	Section 2.6(e)
Effective Time	Section 2.5(c)
Employee Plan	Section 3.11(c)
Environmental Firm	Section 6.9(b)
Equity Interests	Recitals
Escrow Agent	Section 2.3
Escrow Agreement	Section 2.3
Escrow Amount	Section 2.3
Escrow Fund	Section 2.3
Estimated Closing Balance Sheet	Section 2.4(a)
Estimated Net Working Capital Amount	Section 2.4(a)
Exclusion Notice	Section 12.1(d)
FCC Application	Section 2.6(a)
FCC Renewal Policy	Section 2.6(c)
Final Adjustment Amount	Section 2.4(i)
Final Closing Balance Sheet	Section 2.4(g)
Final Net Working Capital Amount	Section 2.4(g)
Financial Statements	Section 3.15
Financing	Section 6.13(a)
Government Advice	Section 12.1(d)
Grand Junction Overlap Stations	Section 2.6(f)
HSR Clearance	Section 2.6(b)
Indemnitee	Section 6.11(c)
Independent Accountant	Section 2.4(f)
Intangible Property	Section 3.10
KHAS APA	Section 2.6(g)
KHAS Application	Section 2.6(g)
Leased Real Property	Section 3.7(b)
Material Contracts	Section 3.8(a)
MVPDs	Section 3.4(e)
NDA	Section 6.1
Offering Materials	Section 6.13(b)
Outside Date	Section 12.1(d)
Overlap FCC Applications	Section 2.6(f)
Overlap Markets	Section 2.6(f)
Overlap Station Assets	Section 2.6(f)
Owned Real Property	Section 3.7(a)
Permits	Section 3.13
Pre-Closing Tax Period	Section 11.1(a)
Pre-Closing Tax Return	Section 11.3(a)
Post-Closing Tax Period	Section 11.1(b)
Property Taxes	Section 11.2
Purchase Price	Section 2.2
Real Property	Section 3.7(b)

Real Property Leases	Section 3.7(b)
Related Party Transactions	Section 3.19
Renewal Application	Section 2.6(d)
Representative	Section 6.13(b)
Required Consents	Section 6.3
Required Information	Section 6.13(b)
Reviewed Closing Balance Sheet	Section 2.4(d)
Reviewed Net Working Capital Amount	Section 2.4(d)
Reviewed Net Working Capital Overage	Section 2.4(h)
Reviewed Net Working Capital Shortfall	Section 2.4(h)
Seller	Preamble
Seller Ancillary Agreements	Section 3.1(a)
Sharing Agreement	Section 3.4(d)
Station and Stations	Recitals
Station Employees	Section 6.4(a)
Straddle Period	Section 11.2
Straddle Tax Return	Section 11.3(b)
Surveys	Section 6.9(a)
Tangible Personal Property	Section 3.6(a)
Tax Matter	Section 11.12(a)
Third Party Buyer	Section 2.6(f)
Third Party Transaction	Section 2.6(f)
Title Commitments	Section 6.9(b)
Transfer Taxes	Section 11.7

1.3 ***Interpretation.*** Article titles and section headings herein are for convenience of reference only and are not intended to affect the meaning or interpretation of this Agreement. The Schedules hereto shall be construed with and as an integral part of this Agreement to the same extent as if set forth verbatim herein. Where the context so requires or permits, the use of the singular form includes the plural, and the use of the plural form includes the singular. When used in this Agreement, unless the context clearly requires otherwise, (a) words such as “herein”, “hereof’, “hereto”, “hereunder”, and “hereafter” shall refer to this Agreement as a whole, (b) the term “including” shall not be limiting, but shall be deemed to be followed by the phrase “without limitation”, (c) the word “or” shall not be exclusive and (e) the terms “Dollars”, “dollars” and “$” each mean lawful money of the United States of America.

ARTICLE 2
PURCHASE OF EQUITY INTERESTS

2.1 ***Purchase of Equity Interests.*** On the terms and subject to the conditions hereof, at the; Closing, Seller shall sell and transfer to Buyer, and Buyer shall purchase from Seller, the Equity Interests.

2.2 ***Purchase Price.*** At the Closing and subject to *Section 2.5*, Buyer shall pay or cause to be paid an aggregate amount equal to $324,300,000 (the “***Purchase Price***”), subject to adjustment as set forth in *Section 2.4* and *Section 5.1(x)*, by wire transfer of immediately available funds, as follows:

(a) At Seller's request and direction, Buyer shall pay or cause to be paid to each lender under the loan agreements specified by Seller in writing not less than five (5) days prior to the Closing Date, to an account designated by such lender in writing, the amount of the indebtedness specified in such lender's pay-off letter.

(b) At Seller's request and direction, Buyer shall pay or cause to be paid all identified Company Transaction Costs that remain outstanding as of the Closing Date to such account or accounts as are designated by Seller.

(c) Buyer shall deliver, or cause to be delivered, the Escrow Amount to the Escrow Agent (as provided in *Section 2.3*).

(d) Buyer shall pay or cause to be paid to an account designated by Seller, the Purchase Price less the amounts described in *Sections 2.2(a), 2.2(b) and 2.2(c)* above, if any, subject to adjustment as provided in this Agreement.

2.3 ***Escrow***. At the Closing, Buyer, Seller and a mutually agreeable escrow agent (the "***Escrow Agent***") shall enter into a customary escrow agreement (the "***Escrow Agreement***"), pursuant to which, at the Closing, Buyer shall deposit, or cause to be deposited, $2,000,000 (the "***Escrow Amount***") with the Escrow Agent (all amounts held from time to time by the Escrow Agent pursuant to the Escrow Agreement in respect of such deposit, including any interest or other earnings in respect of such deposit, the "***Escrow Fund***") solely in order to provide a fund for the payment of any amounts payable to Buyer pursuant to *Section 2.4*.

2.4 ***Working Capital Adjustment***.

(a) No later than five (5) Business Days prior to the Closing Date, Seller shall deliver to Buyer an unaudited pro forma estimated balance sheet for the Acquired Companies, as of 11:59 p.m. Eastern Time on the date prior to the Closing Date (the "***Estimated Closing Balance Sheet***"), together with an estimated, itemized calculation, based on the Estimated Closing Balance Sheet, of the Net Working Capital Amount as of 11:59 p.m. Eastern Time on the date prior to the Closing Date (the "***Estimated Net Working Capital Amount***"). The Estimated Closing Balance Sheet shall be prepared in accordance with GAAP using the same accounting principles, policies and methods as were historically used by Seller in preparing the Financial Statements in connection with the calculation of each of the line items reflected thereon.

(b) At any time prior to the Closing Date, Buyer shall have the right to object to the Estimated Closing Balance Sheet or the Estimated Net Working Capital Amount by delivering written notice of such objection to Seller. If Buyer does not provide such written notice of objection to Seller, then the Estimated Closing Balance Sheet and the Estimated Net Working Capital Amount shall, subject to *Section 2.4(d)*, be deemed accepted by Buyer. If, on the other hand, Buyer provides such written notice of objection to Seller, then representatives of Buyer and Seller shall meet as promptly as practicable to discuss in good faith the proper Estimated Closing Balance Sheet and the proper Estimated Net Working Capital Amount; *provided, however,* that if such representatives of Buyer and Seller are unable to agree in good faith prior to the Closing Date on the proper Estimated Closing Balance Sheet and the proper Estimated Net Working Capital Amount, then the Estimated Net Working Capital Amount shall be deemed to be equal to the Estimated Net Working Capital Amount as presented by Seller.

(c) At the Closing, the Purchase Price shall be (i) increased by the Estimated Net Working Capital Amount if the Estimated Net Working Capital Amount is a positive number, and (ii) decreased by the absolute value of the Estimated Net Working Capital Amount, if the Estimated Net Working Capital Amount is a negative number; provided, that, notwithstanding the actual amount, in no event shall any increase to the Purchase Price pursuant to this *Section 2.4(c)* exceed Ten Million Dollars ($10,000,000.00).

(d) Within sixty (60) days following the Closing Date, Buyer shall prepare and deliver to Seller an unaudited balance sheet for the Acquired Companies as of 11:59 p.m. Eastern Time on the date prior to the Closing Date (the "***Reviewed Closing Balance Sheet***"), together with an itemized calculation, based on the Reviewed Closing Balance Sheet, of the Net Working Capital Amount as of 11:59 p.m. Eastern Time on the date prior to the Closing Date (the "***Reviewed Net Working Capital Amount***"). The Reviewed Closing Balance Sheet shall be prepared in accordance with GAAP using the same accounting principles, policies and methods as were historically used by Seller in preparing the Financial Statements in connection with the calculation of each of the line items reflected thereon.

(e) If Seller disagrees with the Reviewed Closing Balance Sheet or Buyer's calculation of the Reviewed Net Working Capital Amount, then during the thirty (30) days following the date of Seller's receipt of the Reviewed Closing Balance Sheet, Buyer and the Acquired Companies shall each provide Seller with access to the working papers of Buyer and the Acquired Companies relating to the Reviewed Closing Balance Sheet and the resulting calculation of the Reviewed Net Working Capital Amount, as well as any other information used in preparing the Reviewed Closing Balance Sheet as is reasonably requested by Seller. The Reviewed Closing Balance Sheet and the resulting calculation of the Reviewed Net Working Capital Amount shall become final and binding at the end of such thirty (30) period unless, prior to the end of such period, Seller has delivered to Buyer written notice of its disagreement with such Reviewed Closing Balance Sheet and the resulting calculation of the Reviewed Net Working Capital Amount (a "***Disagreement Notice***"), specifying the nature and amount of any disputed item.

(f) In the event that any Disagreement Notice is timely provided to Buyer pursuant to *Section 2.4(e)*, Buyer and Seller shall cooperate for a period of thirty (30) days following Buyer's receipt of the Disagreement Notice (or such longer period as Buyer and Seller may mutually agree) to resolve any disagreements with respect to the Reviewed Closing Balance Sheet and the Reviewed Net Working Capital Amount. If, at the end of such thirty (30) day period, Buyer and Seller are unable to resolve any disagreements with respect to the Reviewed Closing Balance Sheet or the Reviewed Net Working Capital Amount, then a mutually acceptable, nationally recognized independent accounting firm that does not then have a relationship with Seller or Buyer (the "***Independent Accountant***") shall be engaged to resolve any remaining disagreements with respect to the Reviewed Closing Balance Sheet and/or the Reviewed Net Working Capital Amount. Buyer and Seller shall instruct the Independent Accountant to determine as promptly as practicable, but in any event within thirty (30) days of the date on which such dispute is referred to the Independent Accountant, whether and to what extent the Reviewed Closing Balance Sheet and/or the Reviewed Net Working Capital Amount requires adjustment; *provided, however,* that the Independent Accountant shall be authorized to resolve only those items remaining in dispute between Buyer and Seller as specified in the Disagreement Notice, in each case within the range of the difference between Buyer's position with respect thereto and Seller's position with respect thereto. The fees and expenses of the Independent Accountant (including any indemnity obligations to the Independent Accountant) shall be allocated between Buyer and Seller based on their relative success with respect to the disputed items (as finally determined by the Independent Accountant). The fees and expenses (if any) of Buyer's independent auditors and attorneys incurred in connection with the review of the Disagreement Notice shall be borne by Buyer, and the fees and expenses (if any) of Seller's independent auditors and attorneys incurred in connection with their review of the Reviewed Net Working Capital Amount shall be borne by Seller.

(g) The "***Final Net Working Capital Amount***" shall be equal to (i) the Reviewed Net Working Capital Amount, in the event that Seller does not provide a Disagreement Notice to Buyer within the thirty (30) day period provided for in *Section 2.4(e)* or (ii) the as-adjusted Reviewed Net Working Capital Amount as determined by the parties or the Independent Accountant pursuant to *Section 2.4(f)*, in the event that Seller provides a Disagreement Notice to Buyer within the thirty (30) day period provided for in *Section 2.4(e)*. The Final Net Working Capital Amount shall be set forth on the "***Final Closing Balance Sheet***", which shall be (x) the Reviewed Closing Balance Sheet in the event that Seller does not provide a Disagreement Notice to Buyer within the thirty (30) day period provided for in *Section 2.4(e)* or (y) the as-adjusted Reviewed Closing Balance Sheet as determined by the parties or the Independent Accountant pursuant to *Section 2.4(f)*, in the event that Seller provides a Disagreement Notice to Buyer within the thirty (30) day period provided for in *Section 2.4(e)*.

(h) If the Estimated Net Working Capital Amount is greater than the Final Net Working Capital Amount, then the difference between the Estimated Net Working Capital Amount, *minus* the Final Net Working Capital Amount shall be referred to as a "***Reviewed Net Working Capital Shortfall***". If the Final Net Working Capital Amount is greater than the Estimated Net Working Capital Amount, then the difference between the Final Net Working Capital Amount, *minus* the Estimated Net Working Capital Amount shall be referred to as a "***Reviewed Net Working Capital Overage***".

(i) The "***Final Adjustment Amount***" shall be an amount equal to either the Reviewed Net Working Capital Shortfall or the Reviewed Net Working Capital Overage, as applicable. In the event that the Final Adjustment Amount is a Reviewed Net Working Capital Shortfall, the Purchase Price shall be reduced by such amount, Buyer shall recover such amount from the Escrow Fund pursuant to joint written instructions of Buyer and Seller delivered to the Escrow Agent, and Seller shall be paid any amount remaining in the Escrow Fund after Buyer so recovers pursuant to such joint written instructions of Buyer and Seller. In the event that the Final Adjustment Amount is a Reviewed Net Working Capital Overage, the Purchase Price shall be increased by such amount and Buyer shall pay such amount to Seller by wire transfer in immediately available funds to an account(s) designated by Seller, and Seller shall be paid the Escrow Fund pursuant to joint written instructions of Buyer and Seller.

(j) Any payments to be made pursuant to *Section 2.4(i)* shall be made within five (5) days of the final determination of the Final Adjustment Amount pursuant to *Section 2.4(i)*.

2.5 ***Closing***.

(a) Subject to any prior termination of this Agreement pursuant to *Section 12.1,* the consummation of the sale and purchase of the Equity Interests pursuant to this Agreement shall take place at the offices of Akin Gump Strauss Hauer & Feld LLP located at 1333 New Hampshire Avenue, N.W., Washington D.C. 20036 on (i) the fifth (5th) Business Day after the date that is the later of (x) the date on which the FCC Consent shall have been granted and shall be in full force and effect, and shall have become a Final Order and (y) the date on which the HSR Clearance has been obtained, or (ii) such other date or at such other location as is mutually agreed to Buyer and Seller in writing (as applicable, the "***Closing Date***"), subject to the satisfaction or waiver of the conditions to Closing set forth herein (other than those conditions that by their nature are to be satisfied at the Closing but subject to the satisfaction or waiver of such conditions at the Closing); *provided, however*, that, notwithstanding *Section 7.3,* Buyer, in its sole discretion, may waive the requirement that the FCC Consent become a Final Order; and *provided*, *further,* that, if the Marketing Period has not ended on the last date the Closing shall be required to occur pursuant to the foregoing, the Closing shall not occur until the earlier to occur of (x) a date during the Marketing Period specified by Buyer on three (3) Business Days' written notice to Seller and (y) the third (3rd) Business Day immediately following the end of the Marketing Period (subject in each case to the satisfaction or waiver of all of the conditions set forth in Article 7 and Article 8 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions at the Closing) as of the date determined pursuant to this proviso) (the "***Closing***").

(b) A breach by a party of its obligations to effect the Closing pursuant to the terms and subject to the conditions of this Agreement, including this *Section 2.5,* shall be subject to *Section 12.1(b)* or *Section 12.1(c),* as applicable (and shall not be subject to the Cure Period under *Section 12.2).*

(c) For purposes of this Agreement, the "***Effective Time***" means 12:01 a.m. Eastern Time on the Closing Date with respect to the Closing.

2.6 ***Governmental Consents***.

(a) Upon the earlier to occur of: (i) fifty-five (55) days after the Execution Date and (ii) ten (10) days after the last to be executed of the purchase agreements for the Overlap Station Assets, Buyer and Seller shall, and Seller shall cause the Acquired Companies to, jointly file an application or applications with the FCC requesting the grant of its consent to the transfer of control of the Acquired Companies from Seller to Buyer (collectively, the "***FCC Application***"). To the extent applicable, Buyer shall include in the FCC Application an exhibit requesting that the FCC grant continued satellite status for the Stations currently operating as satellite stations under FCC rules. Buyer and Seller shall, and Seller shall cause the Acquired Companies to, diligently prosecute the FCC Application and otherwise use their reasonable best efforts to obtain the FCC Consent as soon as practicable. Seller and Buyer each shall oppose any petitions to deny or other objections filed with respect to the FCC Applications to the extent such petition or objection relates to such party. Except as set forth on *Schedule 4.5(b)*, neither Buyer nor Seller shall, and Seller shall cause the Acquired Companies not to, take any intentional action which would, or intentionally fail to take such action the failure of which to take would, reasonably be expected to materially delay, materially impede or prevent receipt of the grant of the FCC Consent.

(b) Upon the earlier to occur of: (i) fifty-five (55) days after the Execution Date and (ii) ten (10) days after the last to be executed of the purchase agreements for the Overlap Station Assets, Buyer and Seller shall make any required filings with the FTC and the DOJ pursuant to the HSR Act, with respect to the transactions contemplated hereby for all Stations (including a request for early termination of the waiting period thereunder), and shall thereafter promptly respond to all requests received from such agencies for additional information or documentation and otherwise use their reasonable best efforts to obtain the expiration or termination of any applicable waiting period under the HSR Act (the "***HSR Clearance***"). Any filing fees payable under the HSR Act relating to the transactions contemplated hereby shall be borne one-half (1/2) by Buyer and one- half (1/2) by Seller, *provided, however,* that if more than one HSR Act filing is necessary because a party has more than one ultimate parent entity, then such party shall pay the HSR Act filing fees for any additional filings, in each case, irrespective of whether the transactions contemplated hereby are consummated.

(c) The FCC Licenses of the Stations expire on the dates corresponding thereto as set forth on *Schedule 2.6(c)*. Seller or its applicable Subsidiary shall prosecute each application for renewal of any FCC License (a "***Renewal Application***") that is pending on the Execution Date, and shall timely file and prosecute any Renewal Application that is required to be filed prior to or on the Closing Date. To avoid disruption or delay in the processing of the FCC Application, Buyer agrees, as part of the FCC Application, to request that the FCC apply its policy permitting the transfer of control of FCC Licenses in transactions involving multiple stations to proceed, notwithstanding the pendency of one or more Renewal Applications (the "***FCC Renewal Policy***"). Buyer shall make such representations and agree to such undertakings as are required to be made to invoke the FCC Renewal Policy, including undertakings to assume, as between the parties and the FCC, the position of the applicant before the FCC with respect to any pending Renewal Application and to assume the corresponding regulatory risks relating to any such Renewal Application. To the extent reasonably necessary to facilitate grant of the FCC Application, Buyer shall, or Seller shall cause the Acquired Companies to, as applicable, enter into tolling, assignment and assumption, or similar agreements with the FCC to extend the statute of limitations for the FCC to determine or impose a forfeiture penalty against any of the Stations in connection with (i) any pending complaints that the Stations aired programming that contained obscene, indecent or profane material or (ii) any other enforcement matters against the Stations with respect to which the FCC may permit Buyer or the Acquired Companies to enter into tolling, assignment and assumption, or similar agreements. Seller shall be responsible for payment of any forfeiture penalty or satisfaction of any other sanctions imposed against any of the Stations or Seller or any of its Subsidiaries by the FCC on or prior to the Closing Date. Except as provided on *Schedule 2.6*, Buyer shall be responsible for payment of any forfeiture penalty or satisfaction of any other sanctions imposed against Seller, any Acquired Company, any of the Stations or Buyer by the FCC after the Closing.

(d) If the Closing shall not have occurred for any reason within the original effective period of the FCC Consent, and neither party shall have terminated under *Section 12.1*, Buyer and Seller shall jointly request an extension period of the FCC Consent. No extension of the FCC Consent shall limit the rights of either party under *Section 12.1*.

(e) Notwithstanding anything in this Agreement to the contrary, and in addition to the other covenants set forth in this Agreement, Buyer agrees to take promptly any and all steps necessary to eliminate each and every impediment and obtain all consents under any antitrust or competition Law, rule or regulation (including the HSR Act) or any Communications Law that may be required by the FCC, the FTC, the DOJ, any state Attorney General or any other U.S. federal, state or local governmental authority, or any applicable non-U.S. antitrust or competition governmental authority, in each case having competent jurisdiction, so as to enable the parties to close the transactions contemplated by this Agreement as promptly as practicable, including committing to or effecting, by consent decree, pocket consent decree, hold separate orders, trust or otherwise, such Divestitures as are required in order to obtain the FCC Consent or the HSR Clearance and to avoid the entry of (or to effect the dissolution of or vacate or lift) any order that would otherwise have the effect of preventing or materially delaying the consummation of the transactions contemplated by this Agreement. Notwithstanding anything to the contrary in this *Section 2.6(e)*, if any of the consents or approvals (or elimination of impediments) contemplated by the preceding sentence have not been obtained (or eliminated), in each case as of the date that is six (6) months following the Execution Date, and if Seller, after consultation with Buyer, reasonably determines in good faith, or, if at any time after the Execution Date, the FCC, the FTC, the DOJ, any state Attorney General or any other U.S. federal, state or local governmental authority, or any applicable non-U.S. antitrust or competition governmental authority, has indicated, that a Divestiture is required to obtain the FCC Consent or the HSR Clearance, or otherwise to remove any impediment or to obtain any required consents under any antitrust or competition Law, rule or regulation or under the Communications Laws in connection with the consummation of the transactions contemplated hereby, then Seller shall have the right to provide written notice of such determination or indication to Buyer (a "***Divestiture Notice***"). Upon receipt of a Divestiture Notice, Buyer shall promptly (and in all respects prior to the Outside Date) implement or cause to be implemented such Divestiture. Further, and for the avoidance of doubt, Buyer shall take any and all actions necessary in order to ensure that (x) no requirement for any non-action, consent or approval of the FCC, the FTC, the DOJ, any state Attorney General or any other U.S. federal, state or local governmental authority, or any applicable non-U.S. antitrust or competition governmental authority, (y) no decree, judgment, injunction, temporary restraining order or any other order in any suit or proceeding, and (z) no other matter relating to any antitrust or competition Law or any Communications Law would preclude consummation of the transactions contemplated by this Agreement on or before the Outside Date. If the assets to be divested are an Acquired Company or its assets, then Buyer and Seller shall, and Seller shall cause the Acquired Company to, file all requisite filings and notices necessary to obtain FCC Consent and HSR Clearance, if necessary. Notwithstanding anything herein to the contrary, and except with respect to Buyer's obligations set forth herein to consummate the transactions contemplated by this Agreement prior to the Outside Date, the parties hereto agree and acknowledge that this *Section 2.6(e)* shall not require Buyer or its Affiliates to take or agree to take any action (including any Divestiture) or agree to or consent to any limitations or restrictions on freedom of action with respect to, or its or their ability to retain, or make changes in, any business, assets, licenses, services, or operations of Buyer or its Affiliates that, individually or in the aggregate, would be reasonably expected to have a material adverse effect on the business, properties, assets, financial condition or results of operations on Seller and its Subsidiaries, or Buyer and Parker Buyer and their respective Subsidiaries, taken as a whole; *provided*, *however*, that this sentence shall not apply to any Divestiture of KHAS-TV by Buyer or Parker Buyer.

(f) In addition to, and not in limitation of, any other provision of this Agreement and subject to *Section 12.1(d)*, since Buyer is not qualified under applicable Law to acquire attributable interests in the Stations serving the Panama City, FL and Grand Junction, CO markets (the "***Overlap Markets***"), then (i) not later than the forty-fifth (45th) day following the Execution Date (x) Buyer shall enter into an agreement with a third party that is a Buyer Qualified Assignee and qualified under applicable Law to acquire an attributable interest in WMBB(TV) pursuant to which the applicable Subsidiaries, at Buyer's election, shall transfer either (A) the FCC Licenses for WMBB(TV) and all related assets used or useful in the operation of WMBB(TV) or (B) the equity of Hoak Media of Panama City Licensee, LLC and Hoak Media of Panama City, LLC, in each case of (A) or (B), to such third party contemporaneously with the Closing, and (y) Buyer shall enter into an agreement with a third party that is a Buyer Qualified Assignee and qualified under applicable Law to acquire an attributable interest in KREX-TV, KREG-TV, KGJT-LP, and KREY(TV) (collectively, the "***Grand Junction Overlap Stations***") pursuant to which the applicable Subsidiaries shall transfer the FCC Licenses for the Grand Junction Overlap Stations and all related assets used or useful in the operation of the Grand Junction Overlap Stations to such third party contemporaneously with the Closing (the assets described in this clause (i) being the "***Overlap Station Assets***;" each third party described in this clause (i) being a "***Third Party Buyer***;" and each transfer described in this clause (i) being a "***Third Party Transaction***"), (ii) Seller and Third Party Buyer shall (x) jointly file an application or applications with the FCC requesting the grant of its consent to the transfer of control of or the assignment of the licenses of the Stations in the Overlap Markets from Seller to Third Party Buyer (the "***Overlap FCC Applications***") and (y) make any required filings with the FTC and the DOJ pursuant to the HSR Act, with respect to the transactions contemplated hereby (including a request for early termination of the waiting period thereunder), in each case, at the same time that the FCC Applications and filing for HSR Clearance for the other Acquired Companies are filed by Buyer and Seller, and (iii) Buyer shall cause such Third Party Buyer to consummate each Third Party Transaction concurrently with the Closing. To the extent reasonably necessary to facilitate grant of the Overlap FCC Applications, Third Party Buyer shall, or Seller shall cause the Acquired Companies to, as applicable, enter into tolling, assignment and assumption, or similar agreements with the FCC to extend the statute of limitations for the FCC to determine or impose a forfeiture penalty against any of the Stations in connection with (i) any pending complaints that the Stations aired programming that contained obscene, indecent or profane material or (ii) any other enforcement matters against the Stations with respect to which the FCC may permit Third Party Buyer or the Acquired Companies to enter into tolling, assignment and assumption, or similar agreements. Upon the first to occur of: (A) Buyer has not entered into an agreement with a Third Party Buyer to purchase a Station in an Overlap Market by the forty-fifth (45th) day following the Execution Date, (B) any Third Party Transaction agreement is terminated in accordance with its terms or (C) the Buyer and a Third Party Buyer are unable to consummate a Third Party Transaction concurrently with the Closing, then Seller will cause the Acquired Entity relating to such Third Party Transaction to be placed in a divestiture trust by the earlier of (X) the Outside Date and (Y) the date that transactions contemplated by this Agreement shall be otherwise ready to be consummated (subject to Buyer otherwise entering into a Third Party Transaction with a Third Party Buyer that will not unnecessarily delay or otherwise impair the receipt of the FCC Consent or the consummation of the transactions hereunder). Buyer and Seller will use commercially reasonable efforts to cause the actions described in this *Section 2.6(f)* to not unnecessarily delay or otherwise impair the receipt of the FCC Consent or the consummation of the transactions hereunder. Buyer and Seller shall, and Seller shall cause the requisite Acquired Company to, (i) jointly file an application or applications with the FCC requesting the grant of its consent to the transfer of control of such Acquired Company from Buyer and/or Seller to the trustee of the divestiture trust and (ii) make any required filings with the FTC and the DOJ pursuant to the HSR Act, with respect to the transactions contemplated hereby (including a request for early termination of the waiting period thereunder), in each case within 10 days after determining that a divestiture is required pursuant to the foregoing. Notwithstanding anything to the contrary contained in this Agreement, neither the failure to enter into or consummate a Third Party Transaction contemplated by this *Section 2.6* or *Section 12.1(d)* nor the terms of any such Third Party Transaction shall relieve Buyer of its obligation to consummate the transactions contemplated by this Agreement or pay the entire Purchase Price at the Closing, subject to adjustment as provided in *Section 12.1(d)*. Notwithstanding anything to the contrary contained in this Agreement, until such time as the FCC Consent shall have become a Final Order and the HSR Clearance shall have been obtained, Buyer shall take all actions required, and comply with all conditions imposed on them, in order to obtain the FCC Consent and HSR Clearance with respect to the Overlap Markets and the Overlap Station Assets (including, but not limited to, any requirement that Buyer consummate, and cause any Third Party Buyer to consummate, one or more Third Party Transactions at the Closing, or utilize an FCC divestiture trust or trusts or other similar structures or transactions in connection with the consummation of the Transactions at the Closing to the extent related to such Overlap Station Assets or the Overlap Markets). Buyer shall be responsible for the payment of all costs and expenses, including filing fees for any applicable application with the FCC (the "***Divestiture Application***") and under the HSR Act, incurred in connection with or as a result of the asset or equity purchase agreement and any divestiture trust or other similar structure or transaction or Third Party Transaction.

(g) In addition to, and not in limitation of, any other provision of this Agreement, Buyer, within five Business Days after the Execution Date, will enter into a purchase agreement with Parker Buyer pursuant to which Parker Buyer shall have the right to acquire the FCC Licenses for KHAS-TV and all other assets (including all the programming agreements and retransmission consent agreements used or useful in the operation of KHAS-TV) used or useful in the operation of KHAS-TV (the "***KHAS APA***"), and Buyer shall cause the consummation of the transactions contemplated by the KHAS APA to occur simultaneously with the Closing. Until such time as the FCC Consent shall have become a Final Order, Buyer and Parker Buyer will use commercially reasonable efforts to cause the actions described in this *Section 2.6(g)* to not unnecessarily delay or otherwise impair the receipt of the FCC Consent, or the consummation of the transactions hereunder. Notwithstanding anything to the contrary contained herein, no transaction contemplated by this *Section 2.6(g)* or *Section 12.1(d)* shall relieve Buyer of its obligation to pay the entire Purchase Price at the Closing, subject to adjustment as provided in *Section 12.1(d)*. Buyer shall be responsible for the payment of all costs and expenses, including filing fees for any applicable application with the FCC (the "***KHAS Application***") and under the HSR Act, incurred in connection with or as a result of the KHAS or any other related asset purchase agreement and the consummation of the transactions related to KHAS-TV.

(h) In connection with their obligations pursuant to this *Section 2.6* with respect to pursuing the FCC Consent and the HSR Clearance, Buyer and Seller shall (i) keep each other informed in all material respects and on a reasonably timely basis of any material communication received by such party from, or given by such party to, any governmental agency and of any material communication received or given in connection with any Action by a private party, in each case with respect to this Agreement, the Stations or the transactions contemplated hereby, (ii) notify each other of all documents filed with, submitted to or received from any governmental agency with respect to this Agreement, the Stations or the transactions contemplated hereby, (iii) furnish each other with such information and assistance as the other may reasonably request in connection with their preparation of any governmental filing or submission hereunder and (iv) reasonably cooperate with each other in connection with and in advance of any filing or submission with a governmental agency in connection with the transactions contemplated by this Agreement and in connection with any investigation or other inquiry by or before any governmental agency relating to this Agreement, the Stations or the transactions contemplated hereby, including any Action initiated by a private party. Subject to applicable Laws relating to the exchange of information, Buyer, on one hand, and Seller, on the other hand, (x) shall have the right to review in advance, and to the extent practicable each will consult with each other on, all information that appears in any filing made with, or written materials submitted to, any governmental agency with respect to this Agreement, the Stations or the transactions contemplated hereby, and (y) shall give the other a reasonable opportunity to attend and participate in meetings and telephone conferences with any such government agency relating to the foregoing. For the avoidance of doubt and in furtherance and not limitation of the other provisions of this *Section □2.6(h)*, Seller agrees to cooperate on a timely basis and in all reasonable respects with Buyer in connection with any proposed Divestiture, any Third Party Transaction and the consummation of the transactions contemplated by the KHAS APA in order to assist Buyer in its compliance with this *Section 2.6* (including providing, and allowing Buyer to provide, access, assistance and cooperation to potential third party buyers as provided to Buyer under Section 5.1(g), including access to data room and diligence materials, site visits, responding to diligence inquiries, etc.). Neither Buyer nor Seller shall file any amendment to the FCC Application or, after grant of the FCC Application, request any modification of the FCC Consent without the consent of the other party, such consent not to be unreasonably withheld or delayed.

ARTICLE 3
SELLER REPRESENTATIONS AND WARRANTIES

Seller hereby makes the following representations and warranties to Buyer as of the Execution Date and as of the Closing:

3.1 ***Organization and Capitalization; Business Subsidiaries***.

(a) Each Acquired Company is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and is qualified to do business in each jurisdiction in which its respective assets or properties are located. Seller has the requisite corporate power and authority to execute, deliver and perform this Agreement and all of the other agreements and instruments to be made by Seller pursuant hereto (collectively, the ***"Seller Ancillary Agreements***") and to consummate the transactions contemplated hereby and thereby.

(b) The Equity Interests (i) constitute all of the outstanding equity interests of the Acquired Companies, (ii) are owned beneficially and of record by Seller, in each case free and clear of all Liens (other than Permitted Liens) and (iii) are duly authorized, validly issued, fully paid and nonassessable. Other than the Equity Interests, there are no issued, reserved for issuance or outstanding (w) equity interests in, other voting securities of or other ownership interests in any Acquired Company, (x) securities of any Acquired Company convertible into or exchangeable for equity interests in, other voting securities of or other ownership interests in any Acquired Company, (y) warrants, calls, options or other rights to acquire from any Acquired Company, or other obligations of any Acquired Company to issue, any equity interests in, other voting securities of or other ownership interests in such Acquired Company or securities directly or indirectly convertible into or exercisable or exchangeable for equity interests in, other voting securities of or other ownership interests in any Acquired Company or (z) restricted shares, stock appreciation rights, performance units, contingent value rights, "phantom" stock or similar securities or rights that are derivative of, or provide economic benefits based, directly or indirectly, on the value or price of any equity interests in, other voting securities of or other ownership interests in any Acquired Company.

(c) *Schedule 3.1(c)* lists all of the Subsidiaries. By acquiring the Equity Interests, Buyer will own 100% of the ownership interests (direct and indirect) of each of the Subsidiaries, in each case free and clear of all Liens (other than Permitted Liens).

3.2 ***Authorization***. The execution, delivery and performance of this Agreement and the Seller Ancillary Agreements by Seller and, as applicable, the Acquired Companies have been duly authorized and approved by all necessary corporate action of Seller and the Acquired Companies and their respective directors, officers and members and do not require any further authorization or consent of Seller or the Acquired Companies or their respective directors, officers or members. This Agreement is, and each Seller Ancillary Agreement when executed and delivered by Seller and the other parties thereto will be, a valid and binding agreement of Seller, enforceable in accordance with its terms, except in each case as such enforceability may be limited by the Enforceability Exceptions.

3.3 ***No Conflicts.*** Except as set forth on *Schedule 3.3* and except for the Governmental Consents and Overlap Consents, the execution, delivery and performance by Seller of this Agreement and the Seller Ancillary Agreements and the consummation by Seller of the transactions contemplated hereby or thereby does not and will not, with or without notice or the passage of time (a) violate the Organizational Documents of Seller or the Acquired Companies, (b) violate in any material respect, or result in the creation of any Lien (other than any Permitted Lien) under, any Law, judgment, order or decree to which any Seller or Acquired Company is subject, (c) result in a material breach of, or event of default or the creation of any Lien (other than any Permitted Lien) under, any Material Contract or under any other Contract to which Seller is a party or to which its assets are subject or (d) require the consent or approval of, or a filing by any Seller with, any Governmental Entity.

3.4 *FCC and Programming Distribution Matters.*

(a) *Schedule 3.4(a)* sets forth a true and complete list of the FCC Licenses and the holders thereof, which FCC Licenses constitute all of the FCC Licenses required by the FCC for operation of the Stations as presently operated. The FCC Licenses are in full force and effect and have not been revoked, suspended, canceled, rescinded or terminated, and have not expired. Except as set forth on *Schedule 3.4(a)*, the FCC Licenses (i) have been issued for the full terms customarily issued by the FCC for commercial full-power and Class A television stations operating under Part 73 of the FCC's rules and (ii) are not subject to any condition outside the ordinary course, except for those conditions appearing on the face of the FCC Licenses and conditions generally applicable to full-power and Class A television licenses.

(b) The Acquired Companies have operated each full-power and Class A Station in compliance with the Communications Laws and the FCC Licenses in all material respects and have paid or caused to be paid all FCC regulatory fees due in respect to each FCC License. All material registrations and reports required to have been filed with the FCC relating to the FCC Licenses have been filed. Except as set forth on *Schedule 3.4(b)*, there is not pending, nor, to Seller's knowledge, threatened, any action by or before the FCC to revoke, suspend, cancel, rescind or materially adversely modify any of the FCC Licenses (other than proceedings to amend FCC rules of general applicability to commercial full-power and Class A television broadcast stations), nor is there issued or outstanding, by or before the FCC, any order to show cause, notice of violation, notice of apparent liability, or order of forfeiture against the FCC Licenses or the Acquired Companies with respect to the FCC Licenses that would reasonably be expected to result in any such action. Except as set forth on *Schedule 3.4(b)* and other than proceedings affecting commercial full-power and Class A television broadcast stations generally, there are no material applications, petitions, proceedings or other material actions or complaints pending or, to Seller's knowledge, threatened before the FCC relating to the FCC Licenses. Except as set forth on *Schedule 3.4(b*), neither Seller nor any of the Acquired Companies or their respective subsidiaries has, on behalf of any of the Stations, (i) entered into a tolling agreement or otherwise waived any statute of limitations relating to the Stations affecting the time during which the FCC may assess any fine or forfeiture or take any other action or (ii) agreed to any extension of time with respect to any FCC investigation or proceeding.

(c) No waiver of or exemption from any provision of the Communications Laws in effect as of the Execution Date, with respect to Seller, is necessary for the FCC Consent to be obtained. To Seller's knowledge, there are no facts or circumstances relating to the FCC Licenses, Seller or the Acquired Companies that would reasonably be expected to (i) result in the FCC's refusal to grant the FCC Consent, or (ii) materially delay or impede the receipt of the FCC Consent. Seller has no reason to believe that the FCC Applications might be challenged or might not be granted by the FCC in the ordinary course due to any fact or circumstance relating to Seller, the Acquired Companies, the Business or the FCC Licenses.

(d) Except as set forth on *Schedule 3.4(d)*, none of the Acquired Companies is a party to any local marketing agreement, time brokerage agreement, joint sales agreement or other similar agreement (collectively, a "***Sharing Agreement***").

(e) *Schedule 3.4(e)* contains, as of the Execution Date, (i) a list of all retransmission consent agreements or any other carriage agreement, with multi-channel video programming distributors, including cable systems, telephone companies and direct broadcast satellite systems (together, "***MVPDs***") with more than 2,500 subscribers with respect to each Station, and (ii) a list of the MVPDs that, to Seller's knowledge, carry any Station and have more than 2,500 subscribers with respect to each such Station outside such Station's Market. The Acquired Companies have entered into retransmission consent agreements or other carriage agreements, with respect to each MVPD with more than 2,500 subscribers in any of the Stations' Markets. Since January 1, 2013 and until the Execution Date, except as set forth on *Schedule 3.4(e)*, (x) no headend with more than 2,500 subscribers covered by an MVPD in any of the Stations' Markets has provided written notice to Seller or any Acquired Company of any material signal quality issue or has failed to respond to a request for carriage or, to Seller's knowledge, sought any form of relief from carriage of a Station from the FCC and (y) neither Seller nor any Acquired Company has received any written notice from any MVPD with more than 2,500 subscribers in any of the Station's Markets of such MVPD's intention to delete a Station from carriage or to change a Station's channel position.

3.5 ***Taxes***. Except as set forth on *Schedule 3.5*:

(a) Each of the Acquired Companies has timely filed with the appropriate Governmental Entities all Income Tax Returns and all other material Tax Returns which are required to have been filed by them under applicable Law, and all such Tax Returns are complete, true and correct in all material respects. All Taxes due and payable by any of the Acquired Companies (whether or not shown on any Tax Return) have been fully and timely paid, except for Taxes contested in good faith by appropriate proceedings.

(b) (i) the Seller does not have knowledge of any U.S. federal, state, local, or non-U.S. Tax audits or administrative or judicial Tax proceedings that are pending or being conducted with respect to any of the Acquired Companies, (ii) Neither Seller nor any of the Acquired Companies has received from any U.S. federal, state, local, or non-U.S. Taxing Authority (including jurisdictions where none of the Acquired Companies have filed Tax Returns) any (x) notice indicating an intent to open an audit or other review, (y) request for information related to Tax matters, or (z) notice of deficiency or proposed adjustment for any amount of Tax proposed, asserted, or assessed by any Taxing Authority against any of the Acquired Companies, (iii) no Acquired Company has granted any waiver of any statute of limitations with respect to, or any extension of a period for the assessment of, any Tax other than as the result of extending the due date of a Tax Return for any Acquired Company, (iv) no Acquired Company is the beneficiary of any extension of time within which to file any Tax Return, (v) no Acquired Company has granted to any Person a power of attorney with respect to Taxes pertaining to any Acquired Company, and (vi) no Acquired Company has availed itself of any Tax holiday, Tax amnesty or similar relief in any Taxing jurisdiction.

(c) Other than agreements or arrangements solely among Acquired Companies, neither Seller nor any of the Acquired Companies is a party to or bound by any Tax sharing agreement or similar arrangements (including any indemnity arrangements).

(d) Each Acquired Company (other than Noe Corp., LLC) is and, at all times since its formation, has been disregarded as an entity separate from its owner for U.S. federal and state income tax purposes. Seller is and, within the last five (5) years, has been treated as a partnership for U.S. federal and state income tax purposes.

(e) All Taxes required to be withheld by the Acquired Companies in connection with any amounts paid or owing to any employee, independent contractor, creditor, equity holder or other third party have been collected or withheld and either timely paid to the respective Taxing Authority or, if payment is not yet due, set aside in accounts for such purpose.

(f) There are no Liens for Taxes upon any of the assets of the Acquired Companies, except Permitted Liens.

(g) No claim has been made in writing or otherwise addressed to any Acquired Company by a Taxing Authority in a jurisdiction where such Acquired Company does not file Tax Returns that it is or may be subject to taxation by that jurisdiction.

(h) No Acquired Company has or had a permanent establishment in any foreign country, has engaged in a trade or business in any foreign country, or is or has been required to pay Taxes in a foreign country.

(i) None of the Acquired Companies nor Seller is a foreign person within the meaning of Section 1445 of the Code.

(j) No Acquired Company has any liability for the Taxes of any Person (i) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Law), (ii) as a transferee or successor, (iii) by contract, or (iv) otherwise.

(k) Neither Seller nor any Acquired Company is or has been a party to any "reportable transaction" within the meaning of Treasury Regulation Section 1.6011-4(b).

3.6 ***Tangible Personal Property***.

(a) *Schedule 3.6(a)* contains a list of all items of equipment, transmitters, antennas, cables, towers, vehicles, furniture, fixtures, spare parts and other tangible personal property of every kind and description with an original value in excess of $20,000 owned or held for use by the Acquired Companies in connection with the Business, except for any retirements or dispositions thereof made between the Execution Date and the Closing in accordance with *Article 5* (the "***Tangible Personal Property***"). Except as set forth on *Schedule 3.6(a),* immediately prior to the Closing, the Acquired Companies will have good and valid title to the Tangible Personal Property free and clear of all Liens (other than Permitted Liens).

(b) Except as set forth on *Schedule 3.6(b)*, all material items of Tangible Personal Property are in adequate operating condition, ordinary wear and tear excepted and have been maintained in accordance with normal company practice.

(c) No Person other than an Acquired Company has any rights to use any of the Tangible Personal Property, whether by lease, sublease, license or other instrument, other than set forth on *Schedule 3.6(c)*.

3.7 ***Real Property***.

(a) *Schedule 3.7(a)* contains a list of all real property (including any appurtenant easements, buildings, structures, fixtures and other improvements thereon) that is owned in fee simple by the Acquired Companies, indicating the owner thereof (collectively, the ***"Owned Real Property***").

(b) *Schedule 3.7(b)* contains a list of all material contracts, agreements and leases (collectively, "***Real Property Leases***") pursuant to which any Acquired Company leases, licenses or sublicenses real property (including any appurtenant easements, buildings, structures, fixtures and other improvements thereon) (collectively, the "***Leased Real Property***" and, together with the Owned Real Property, the "***Real Property***") as lessee, licensee or sublicensee, as applicable.

(c) The Acquired Company identified on *Schedule 3.7(a)* has good and marketable fee simple title to the Owned Real Property indicated on *Schedule 3.7(a)* as being owned by such Acquired Company, in each case free and clear of Liens, other than Permitted Liens. Except as set forth on *Schedule 3.7(c)*, no Acquired Company is obligated under, nor is a party to, any option, right of first refusal or other contractual right to purchase, acquire, sell, assign or dispose of any of the Owned Real Property or any portion thereof or interest therein.

(d) With respect to the Real Property, there is no (i) pending or, to Seller's knowledge, threatened condemnation, eminent domain or taking proceeding or (ii) to Seller's knowledge, private restrictive covenant or governmental use restriction (including zoning) on all or any portion of the Real Property that prohibits or materially interferes with the current use of the Real Property.

(e) Except as set forth on *Schedule 3.7(e)*, neither Seller nor any Acquired Company, within the past two (2) years, has received any written notice of any material violation of any material Law affecting the Owned Real Property or the Real Property Leases or any Acquired Company's use thereof.

(f) Within the past two (2) years, neither Seller nor any Acquired Company has received any written notice of any existing plan or study by any Governmental Entity or by any other Person that challenges or otherwise adversely affects the continuation of the use or operation of any Owned Real Property or Real Property Leases and Seller has no knowledge of any such plan or study with respect to which it has not received written notice. Except as set forth in the Revenue Leases, to the knowledge of Seller, there is no Person in possession of any Owned Real Property other than an Acquired Company. Except as identified in *Schedule 3.7(f)*, no Person has any right to acquire any interests in any of the Owned Real Property.

3.8 ***Contracts***.

(a) *Schedule 3.8(a)* sets forth a true and complete list of the following Contracts related to the Business, that are in effect as of the Execution Date, to which any Acquired Company is a party:

(i) any Contract under which the aggregate payments or receipts for the past twelve (12) months exceeded, or for the following twelve (12) months is expected to exceed, $100,000;

(ii) any contract under which payments by or obligations of any Acquired Company will be increased, accelerated or vested by the occurrence (whether alone or in conjunction with any other event) of any of the transactions contemplated by this Agreement, or under which the value of the payments by or obligations of any Acquired Company will be calculated on the basis of any of the transactions contemplated by this Agreement, whether pursuant to a change in control or otherwise;

(iii) any contract for Program Rights that involves cash payments or cash receipts in excess of $100,000 over the remaining term of such contract;

(iv) any network affiliation agreement;

(v) any retransmission consent agreement with any MVPD with more than 2,500 subscribers in any of the Station's Markets;

(vi) any Contract that relates to an ownership interest in any corporation, partnership, joint venture or other business enterprise or other entity, excluding wholly owned subsidiaries of any Acquired Company;

(vii) any Real Property Lease;

(viii) any Contract that relates to the guarantee (whether absolute or contingent) by any Acquired Company of (x) the performance of any other Person (other than a wholly owned subsidiary of any Acquired Company) or (y) the whole or any part of the Indebtedness or liabilities of any other Person (other than a wholly owned subsidiary of any Acquired Company);

(ix) any Contract that contains any power of attorney authorizing the incurrence of an obligation on the part of any Acquired Company;

(x) any Contract that creates any partnership or joint venture or relates to the acquisition, issuance or transfer of any securities;

(xi) any Contract that limits or restricts (x) where any Acquired Company may conduct business, (y) the type or line of business (current or future) in which any Acquired Company may engage or (z) any acquisition of assets or stock (tangible or intangible) by any Acquired Company;

(xii) any Contract that relates to the borrowing or lending of money or other Indebtedness;

(xiii) any Contract that grants any Person an option or a right of first refusal, right of first offer or similar preferential right to purchase or acquire any equity interest in, or assets of, any Acquired Company;

(xiv) any Contract involving the purchase or sale of Real Property that has not closed as of the Execution Date;

(xv) any Contract entered into after January 1, 2013 relating to the acquisition or disposition of any material portion of the Business (whether by merger, sale of stock, sale of assets or otherwise);

(xvi) any Contract involving construction, architecture, engineering or other agreements relating to uncompleted construction projects, in each case that involve payments in excess of $100,000;

(xvii) any Contract involving compensation to any Station Employee, or independent contractor or consultant engaged to perform services to the Business in excess of $50,000 per year (*provided, however*, that for purposes of this *Section 3.8(a)(xvii)*, the term Contract shall not include at-will Contracts or any other Contracts involving compensation to any Station Employee or independent contractor or consultant, in each case that can be terminated upon 30 days' notice, without penalty or additional payment), other than Seller's standard severance policy;

(xviii) any Contract with any labor union, collective bargaining group, works council or association representing any employee of the Acquired Companies;

(xix) any Contract with a Governmental Entity (other than ordinary course Contracts with Governmental Entities as a customer) which imposes any material obligation or restriction on an Acquired Company; and

(xx) any Contract relating to the use of a Station's digital bit stream other than in connection with broadcast television services.

The contracts, agreements and leases required to be disclosed pursuant to this *Section 3.8(a)* are collectively referred to herein as the "***Material Contracts***"**.** True and complete copies of the Material Contracts have been provided to Buyer.

(b) Each of the Material Contracts is in full force and effect and is binding and enforceable upon the Acquired Companies and, to Seller's knowledge, the other parties thereto, subject in each case to the Enforceability Exceptions. The Acquired Companies have performed their obligations under each of the Material Contracts in all material respects and are not in material default thereunder, and to Seller's knowledge, no other party to any of the Material Contracts is in default thereunder in any material respect.

3.9 ***Environmental***. Except as set forth on *Schedule 3.9*, and except as would not reasonably be expected to result in the owner or operator of the Stations or the Real Property incurring liability under any applicable Environmental Law (a) to Seller's knowledge, each Acquired Company is and has been in compliance with all Environmental Laws applicable to the Stations and the Real Property, which compliance includes obtaining, maintaining and complying in all material respects with all Permits, licenses or other authorizations required by Environmental Law and (b) no Actions are pending or, to Seller's knowledge, threatened against Seller, any Acquired Company, the Stations or the Real Property alleging a violation of or liability under Environmental Laws. To Seller's knowledge, no conditions exist at the Stations or any Real Property that would reasonably be expected to result in the owner or operator of the Stations or the Real Property incurring liability under Environmental Laws. To Seller's knowledge, there have been no Releases of Hazardous Materials at, from, to, on or under any Owned Real Property that give rise to an affirmative reporting or cleanup obligation under Environmental Law. There are no underground storage tanks at the Owned Real Property and no Acquired Company utilizes any underground storage tanks at the Real Property subject to the Real Property Leases.

3.10 ***Intangible Property.*** *Schedule 3.10* contains a description of all material Intellectual Property that is owned by or licensed to the Acquired Companies or is registered or the subject of an application for registration with the U.S. Patent and Trademark Office (or any equivalent foreign office) (collectively, the "***Intangible Property***"). Except as set forth on *Schedule 3.10,* (i) to Seller's knowledge, the Acquired Companies' use of the Intangible Property does not infringe upon any third party's Intellectual Property in any material respect, (ii) to Seller's knowledge, none of the Intangible Property is being infringed or misappropriated by any third party, (iii) no Intangible Property is the subject of any pending or, to Seller's knowledge, threatened Action claiming infringement of any third party's Intellectual Property and (iv) in the past three (3) years, neither Seller nor any Acquired Company has received any written claim asserting that its use of any Intangible Property is unauthorized or violates or infringes upon the Intellectual Property of any third party or challenging the ownership, use, validity or enforceability of any Intangible Property. To Seller's knowledge, the Acquired Companies are the owners of or have the valid right to use the Intangible Property free and clear of Liens, other than Permitted Liens, in the applicable jurisdictions in which such Intangible Property is currently being used.

3.11 ***Employees; Labor Matters; Employee Benefit Plans***.

(a) Except as set forth on *Schedule 3.11(a),* each Acquired Company has complied in all material respects with all labor and employment Laws, including those which relate to wages, hours, terms and conditions of employment, discrimination in employment and collective bargaining, equal opportunity, harassment, immigration, disability, workers' compensation, unemployment compensation, occupational health and safety, employee classification and the collection and payment of withholding. Except as set forth on *Schedule 3.11(a),* as of the Execution Date and since January 1, 2013, there has been no unfair labor practice charge against any Acquired Company pending or, to Seller's knowledge, threatened before the National Labor Relations Board, any state labor relations board or any court or tribunal, nor has any written complaint pertaining to any such charge or potential charge been delivered to Seller or any Acquired Company. There is no material proceeding pending or, to Seller's knowledge, threatened, against any Acquired Company, by any current or former employee. Except as set forth on *Schedule 3.11(a),* there is no strike, dispute, request for representation, slowdown or stoppage pending or, to Seller's knowledge, threatened in respect of any Acquired Company. No Acquired Company is a party to any collective bargaining, union or similar agreement with respect to its respective Station Employees, and to Seller's knowledge, no union represents or claims to represent such Station Employees. The Acquired Company's classification of each of its employees as exempt or nonexempt has been made in accordance with Law in all material respects.

(b) Seller has made available to Buyer a list, dated as of no earlier than September 30, 2013, of all Station Employees, including the names, current rate of compensation, employment status (i.e., active, disabled, on authorized leave), department, title, and whether full-time or part-time. Such list, redacted to delete current rate of compensation, is attached as *Schedule 3.11(b).* Except as set forth on *Schedule 3.11(b)* or *Schedule 3.8*, there are no employment contracts (excluding any employment contract for which the obligations under such agreement would require payment by Buyer after the Closing in an aggregate amount less than or equal to $50,000 annually and excluding at-will Contracts with Station Employees) or severance or other separation agreements (including change in control agreements) with any employees of the Acquired Companies.

(c) *Schedule 3.11(c)* contains a list setting forth each plan, program, agreement or arrangement, whether written or unwritten, currently sponsored, maintained or contributed to by any Acquired Company or any ERISA Affiliate, or with respect to which an Acquired Company or any ERISA Affiliate has or may have any actual or contingent liability or obligation (including any such obligations under any terminated plan or arrangement), providing for employment, compensation (other than regular wages and salaries), retirement, deferred compensation, stock option or other equity based compensation, stock purchase, phantom stock, bonus, fringe benefit, life, health, dental, vision, hospitalization, disability and other insurance, employee assistance, severance or termination pay, and sick pay and vacation benefits or compensation, whether or not described in Section 3(3) of ERISA, including any employee benefit plans, as defined in Section 3(3) of ERISA and Multiemployer Plans,. Each and every such plan, program, agreement or arrangement is hereinafter referred to as an "***Employee Plan***". As of the Closing, the Station Employees shall cease to be eligible to participate in all Employee Plans.

(d) Seller has delivered to Buyer or its advisors (or made available for review by Buyer or its advisors) true and complete copies of each of the material Employee Plans and related plan documents to the extent material, including trust documents, group annuity contracts, plan amendments, insurance policies or contracts, participant agreements, employee booklets, administrative service agreements, summary plan descriptions, compliance and nondiscrimination tests for the last three plan years, standard COBRA forms and related notices, registration statements and prospectuses and any material correspondence with the IRS, the Department of Labor or any other Governmental Entity. With respect to each Employee Plan that is subject to ERISA reporting requirements, Seller has made available for review by Buyer or its advisors copies of the Form 5500 reports filed for the last two plan years. Seller has made available for review by Buyer or its advisors the most recent Internal Revenue Service determination or opinion letter issued with respect to each such Employee Plan.

(e) Except as set forth on *Schedule 3.11(e)*, with respect to each Employee Plan: (i) each has been established and operated in all material respects in compliance with its terms and all applicable Laws, including ERISA and the Code; (ii) no material Actions or disputes are pending, or to Seller's knowledge, threatened, and to Seller's knowledge, no facts exist which could reasonably be expected to give rise to any such Actions of disputes (other than routine claims for benefits); (iii) no audits, inquiries, reviews, proceedings, claims, or demands are pending with any governmental or regulatory agency; (iv) there are no facts which could give rise to any material liability in the event of any such investigation, claim, Action, audit, review, or other proceeding; (v) all premiums, contributions, or other payments required to have been made by Law or under the terms of any Employee Plan or any Contract or agreement relating thereto as of the Closing Date have been made; (vi) all material reports, returns and similar documents required to be filed with any Governmental Entity or distributed to any plan participant have been duly and timely filed or distributed; (vii) no "prohibited transaction" has occurred within the meaning of the applicable provisions of ERISA or the Code. There have been no acts or omissions by the Acquired Companies or any ERISA Affiliate that have given or could give rise to any material fines, penalties, taxes or related charges under Sections 502(c), 502(i), 502(1), 502(m) or 4071 of ERISA or Section 511 or Chapters 43, 47 and 100 of the Code, or under any other applicable Law, for which any Acquired Company or any ERISA Affiliate may be liable.

(f) No Employee Plan provides for any payment by the Acquired Companies that would, in the aggregate, result in the payment of any compensation or other payments that would not be deductible under the terms of Section 280G of the Code after giving effect to the transactions contemplated hereby, whether alone or in connection with any other event.

(g) Except as set forth on *Schedule 3.11(g)*, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby shall: (i) result in the acceleration of the time of payment or vesting or creation of any rights of any current or former employee, manager, director or consultant to compensation or benefits under any Employee Plan or otherwise that would be payable by any Acquired Company or Buyer; (ii) result in any payment becoming due, or increase the amount of any compensation due, in each case, from any Acquired Company or Buyer to any current or former employee, manager, director or consultant of the Acquired Companies; or (iii) increase any benefits otherwise payable under any Employee Plan.

(h) Except as set forth on *Schedule 3.11(h)*, (i) neither any Acquired Companies nor ERISA Affiliate contributes to or is required to contribute, has ever contributed to, or has any liability or obligation, to any Multiemployer Plan, and (ii) no Employee Plan, and neither any Acquired Company nor any ERISA Affiliate has any liability or obligation with respect to any plan that, (w) is subject to Section 412 of the Code or Title IV of ERISA, (x) is a "multiple employer plan" within the meaning of Section 210 of ERISA or Section 413(c) of the Code, (y) is a "multiple employer welfare arrangement" as such term is defined in Section 3(40) of ERISA, or (z) provides group health or death benefits or other welfare benefits following termination of employment, other than to the extent required by Part 6 of Subtitle B of Title I of ERISA or Section 4980B of the Code or by a comparable state Law ("***COBRA***"). With respect to any Multiemployer Plans set forth on *Schedule 3.11(h):* (A) all contributions required to be made with respect to employees of the Acquired Companies have been timely paid; (B) the Acquired Companies have not incurred and is not expected to incur, directly or indirectly, any withdrawal liability under ERISA with respect to any such plan (whether by reason of the transactions contemplated by the Agreement or otherwise); (C) neither the Acquired Companies nor any ERISA Affiliate has withdrawn, partially withdrawn, or received any notice of any claim or demand for withdrawal liability or partial withdrawal liability against any of them; (D) no such plan is (or is expected to be) insolvent or in reorganization and no accumulated funding deficiency (as defined in Section 302 of ERISA and Section 412 of the Code), whether or not waived, exists or is expected to exist with respect to any such plan nor any such plan is or reasonably expected to be "at-risk" under Section 430 of the Code; and (E) neither the Acquired Companies nor any ERISA Affiliate has any actual or contingent liability under Section 4204 of ERISA.

(i) With respect to each Employee Plan intended to qualify under Section 401(a) of the Code: (i) the IRS has issued a favorable determination letter or opinion letter or advisory letter upon (including with respect to all currently effective amendments to the Code for which the remedial amendment period (within the meaning of Section 401(b) of the Code) has expired) which the Acquired Companies are entitled to rely under IRS pronouncements, that such plan is, and such plan and its related trust are in fact, qualified under Section 401(a) of the Code and the related trusts are exempt from federal Income Tax under Section 501(a) of the Code; and (ii) no such determination letter, opinion letter or advisory letter has been revoked nor has revocation been threatened, nor has any amendment or other action or omission occurred with respect to any such plan since the date of its most recent determination letter, opinion letter or advisory letter, or application therefor, in any respect which would adversely affect its qualification, or materially increase its costs.

(j) Each Employee Plan that constitutes a nonqualified deferred compensation plan subject to Section 409A of the Code has been operated and administered in compliance, in both form and operation, with the provisions of Section 409A of the Code and the treasury regulations and other generally applicable guidance published by the IRS thereunder, and, to the extent not inconsistent therewith, the Employee Plan's terms. None of the Acquired Companies is a party to, or otherwise obligated under, any Employee Plan or otherwise, which provides for a gross up of Taxes imposed by Section 409A of the Code.

3.12 ***Insurance***. *Schedule 3.12* lists (a) all insurance policies maintained by Seller or the Acquired Companies covering the Acquired Companies, the Stations or the Business and (b) the premiums and coverages of such policies as of the Execution Date. All such policies are (and will remain until the Effective Time) in full force and effect. There is no material claim pending under any such insurance policy as to which coverage has been questioned, denied or disputed by the underwriters of such insurance policy, and neither Seller nor any Acquired Company has received any written threatened termination of any of such insurance policies.

3.13 ***Compliance with Law; Permits.*** Subject to *Section 3.4* and *Schedule 3.4(a)* with respect to the FCC Licenses, and except as set forth on *Schedule 3.13*, (a) the Acquired Companies have complied in all material respects with all Laws and all decrees, judgments and orders of any Governmental Entity and (b) there are no Actions (exclusive of investigations by or before the FCC) pending or, to Seller's knowledge, threatened against any Acquired Company, except for those affecting the television broadcast industry generally. Except as set forth on *Schedule 3.13*, (i) the Acquired Companies hold all material licenses, franchises, permits, certificates, approvals and authorizations from Governmental Entities necessary for the conduct of the Business as currently conducted (collectively, the "***Permits***"), (ii) all such Permits are valid and in full force and effect and (iii) the Acquired Companies are in material compliance with the terms of all Permits. To Seller's knowledge, there is no Action pending or, to Seller's knowledge, threatened regarding the suspension, revocation, or cancellation of any Permits.

3.14 ***Litigation.*** Except as set forth on *Schedule 3.14*, as of the Execution Date, there is no Action pending or, to Seller's knowledge, threatened against the Acquired Companies (a) that would reasonably be expected to result in aggregate damages to all of the Acquired Companies in excess of $250,000 or (b) which would reasonably be expected to affect Seller's ability to perform their obligations under this Agreement or otherwise impede, prevent or materially delay the consummation of the transactions contemplated by this Agreement.

3.15 ***Financial Statements.*** *Schedule 3.15* sets forth copies of the following financial statements from Seller's internal reporting system relating to Seller, the Acquired Companies and the Business, as applicable (such financial statements, collectively, the "***Financial Statements***"): (a) the audited consolidated balance sheet and related consolidated statements of income, stockholders' equity and cash flows as of and for the fiscal years ended December 31, 2012, December 31, 2011, and December 31, 2010, of Seller; (b) the unaudited combined balance sheet and related unaudited combined statements of income, stockholders' equity and cash flows as of and for the fiscal years ended December 31, 2012, December 31, 2011, December 31, 2010, of the Acquired Companies and the Business; (c) the unaudited consolidated balance sheet as of September 30, 2013 and September 30, 2012, of Seller; (d) the unaudited combined balance sheet as of September 30, 2013 and September 30, 2012, of the Acquired Companies and the Business; (e) the unaudited consolidated statements of income, stockholder's equity and cash flows as of and for the nine (9) months ended September 30, 2013 and September 30, 2012, of Seller; (f) the unaudited combined statements of income, stockholder's equity and cash flows as of and for the nine (9) months ended September 30, 2013 and September 30, 2012, of the Acquired Companies and the Business; (g) the unaudited combined balance sheet and related statements of income, stockholders' equity and cash flows as of and for the fiscal year ended December 31, 2012, December 31, 2011, December 31, 2010, of WMBB(TV); (h) the unaudited combined balance sheet as of September 30, 2013 and September 30, 2012, of WMBB(TV); (i) the unaudited combined statements of income, stockholders' equity and cash flows as of and for the nine (9) months ended September 30, 2013 and September 30, 2012, of WMBB(TV); (j) the unaudited combined balance sheet and related combined statements of income, stockholders' equity and cash flows as of and for the fiscal year ended December 31, 2012, December 31, 2011, and December 31, 2010, of the Grand Junction Overlap Stations (which for purposes hereof shall include KFQX(TV)); (k) the unaudited combined balance sheet as of September 30, 2013 and September 30, 2012, of the Grand Junction Overlap Stations (which for purposes hereof shall include KFQX(TV)); and (l) the unaudited combined statements and related consolidated statements of income, stockholders' equity and cash flows as of and for the nine (9) months ended September 30, 2013 and September 30, 2012, of the Grand Junction Overlap Stations (which for purposes hereof shall include KFQX(TV)). The Financial Statements have been prepared in accordance with accounting principles, policies, methods, practices, procedures, classifications, estimates, judgments and assumptions consistently applied for all periods presented, are in accordance with, and derived from, the books and records of Seller, the Acquired Companies and the Stations and fairly present, in all material respects, the financial position and results of operations of Seller, the Acquired Companies, the Business and the Stations, as applicable, as of the dates thereof and for the periods indicated therein, in conformity with GAAP (except insofar as such unaudited Financial Statements may omit footnotes and may be subject to potential year- end adjustments that are not expected, either individually or in the aggregate, to be material). The information provided in the Financial Statements of the Acquired Companies, the Business and the Stations was used to account for the operations of the Stations in the preparation of Seller's consolidated financial statements for the respective periods covered thereby. Seller and the Acquired Companies have devised and maintained systems of internal accounting controls with respect to the Business and the Stations sufficient to provide reasonable assurances that (i) all transactions are executed in accordance with management's general or specific authorization, (ii) all transactions are recorded as necessary to permit the preparation of financial statements in conformity with GAAP consistently applied and to maintain proper accountability for items, (iii) access to their property and assets is permitted only in accordance with management's general or specific authorization and (iv) recorded accountability for items is compared with actual levels at reasonable intervals and appropriate action is taken with respect to any differences.

3.16 ***No Undisclosed Liabilities.*** Except as set forth on *Schedule 3.16*, the Acquired Companies have no liabilities or obligations of any kind or nature, whether known or unknown, absolute or contingent, accrued or unaccrued which would be required to be disclosed on a balance sheet prepared in accordance with GAAP or the notes thereto, except for liabilities which are (a) reflected or reserved for in the Financial Statements, (b) included in the calculation of the Net Working Capital Amount, (c) current liabilities incurred in the ordinary course of business since the Balance Sheet Date, (d) contractual and similar liabilities incurred in the ordinary course of business and not required to be disclosed on a balance sheet prepared in accordance with GAAP or the notes thereto, (e) liabilities arising under applicable Law and not required to be disclosed on a balance sheet prepared in accordance with GAAP or the notes thereto, or (f) contemplated by this Agreement. Except as set forth on *Schedule 3.16*, the Acquired Companies have no Indebtedness.

3.17 ***Absence of Changes.*** Since December 31, 2012, there have not been any events, changes or occurrences or state of facts that, individually or in the aggregate, have had or would reasonably be expected to have, a Material Adverse Effect. Since December 31, 2012, the Acquired Companies and the Stations have been operated in all material respects in the ordinary course of business consistent with past practice and there has not been in respect of the Business any damage, destruction or loss, whether or not covered by insurance, with respect to any of its property and assets having a replacement cost of more than $100,000 per Market, in each case, which damage, destruction or loss has not been (or, as of the Closing Date, will not be) remedied.

3.18 ***No Brokers.*** Except for the services of Moelis & Company to Seller, for which the applicable fee shall be paid by Seller, no broker, investment banker, financial advisor or other third party has been employed or retained by Seller in connection with the transactions contemplated by this Agreement or is or may be entitled to any broker’s, finder’s, financial advisor’s or other similar fee or commission, or the reimbursement of expenses, in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Seller or the Acquired Companies.

3.19 ***Related Party Transactions.*** Except as set forth on *Schedule 3.19* and other than employment arrangements, the Acquired Companies are not currently party to any material Contract with Seller or any Affiliate of Seller or any member, manager, director, officer or employee of any Acquired Company, Seller or any Affiliate of Seller (collectively, “***Related Party Transactions***”***).***

3.20 ***All Assets.*** Except as set forth on *Schedule 3.20*, Buyer, upon the Closing, will acquire all right, title and interest in and to all assets (including all Real Property), together with the assets that are the subject of the Other Station Agreement, used or held for use in the Business free and clear of all Liens (other than Permitted Liens), and such assets will constitute all the assets owned, leased or licensed by Seller, the Acquired Companies, the Subsidiaries or any Affiliate of Seller and used or held for use in the Business. Since their date of formation the Acquired Companies and the Subsidiaries have not conducted any business or operations other than the Business.

ARTICLE 4
BUYER REPRESENTATIONS AND WARRANTIES

Buyer hereby makes the following representations and warranties to Seller as of the Execution Date and as of the Closing:

4.1 ***Organization.*** Buyer is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Buyer has the requisite power and authority to execute, deliver and perform this Agreement and all of the other agreements and instruments to be executed and delivered by Buyer pursuant hereto (collectively, the "***Buyer Ancillary Agreements***") and to consummate the transactions contemplated hereby and thereby.

4.2 ***Authorization.*** The execution, delivery and performance of this Agreement and the Buyer Ancillary Agreements by Buyer has been duly authorized and approved by all necessary corporate action of Buyer and its directors, officers and stockholders and does not require any further authorization or consent of Buyer or its directors, officers or stockholders. This Agreement is, and each Buyer Ancillary Agreement when executed and delivered by Buyer and the other parties thereto will be, valid and binding agreements of Buyer, enforceable in accordance with their terms, except in each case as such enforceability may be limited by the Enforceability Exceptions.

4.3 ***No Conflicts.*** Except for the Governmental Consents and the Overlap Consents, the execution, delivery and performance by Buyer of this Agreement and the Buyer Ancillary Agreements and the consummation by Buyer of any of the transactions contemplated hereby or thereby does not and will not, with or without notice or the passage of time (a) violate the Organizational Documents of Buyer, (b) violate in any material respect, or result in the creation of any Lien (other than any Permitted Lien) under, any law, judgment, order, or decree to which Buyer or its assets are subject, (c) result in a material breach of, or event of default or the creation of any Lien (other than any Permitted Lien) under, any lease, contract or agreement to which Buyer is a party or to which its assets are subject or (d) require the consent or approval of, or a filing by Buyer with, any Governmental Entity.

4.4 ***Litigation.*** There is no Action pending or, to Buyer's knowledge, threatened against Buyer which would reasonably be expected to adversely affect Buyer's ability to perform its obligations under this Agreement or the Buyer Ancillary Agreements or otherwise impede, prevent or materially delay the consummation of the transactions contemplated hereby or thereby.

4.5 ***Qualification***.

(a) Except as set forth on *Schedule 4.5(a)* and for the Satellite Exemption, Buyer is legally, financially and otherwise qualified to acquire the Equity Interests and to own the Acquired Companies and to control and operate the Stations under the Communications Laws, including the provisions relating to media ownership and attribution, foreign ownership and control and character qualifications, and there are no facts or circumstances that would, under the Communications Laws and the existing procedures of the FCC, disqualify Buyer as the owner and operator of the Stations or as the transferee of control of the Acquired Companies and the FCC Licenses.

(b) Except as set forth on *Schedule 4.5(b)* and for the Satellite Exemption, no waiver of or exemption from any provision of the Communications Laws and policies of the FCC is necessary for the FCC Consent to be obtained; and there are no facts or circumstances that might reasonably be expected to (i) result in the FCC's refusal to grant the FCC Consent or otherwise disqualify Buyer, (ii) materially delay or impede obtaining the FCC Consent or (iii) cause the FCC to impose a material condition or conditions on its granting of the FCC Consent.

4.6 ***Projections and Other Information.*** Buyer acknowledges that, with respect to any estimates, projections, forecasts, business plans, budget information and similar documentation or information relating to the Acquired Companies, the Stations, the Business and the transactions contemplated hereby that Buyer has received from Seller, any Acquired Company or any of their respective Affiliates or advisors and that is not expressly set forth in this Agreement, (a) Buyer is not relying on such documentation in making its determination with respect to signing this Agreement or completing the transactions contemplated hereby, (b) there are uncertainties inherent in attempting to make such estimates, projections, forecasts, plans and budgets, (c) Buyer is familiar with such uncertainties, (d) Buyer is taking full responsibility for making its own evaluation of the adequacy and accuracy of all estimates, projections, forecasts, plans and budgets so furnished to it and (e) Buyer does not have, and will not assert, any claim against Seller, the Acquired Companies, their respective Affiliates or any of its or any of their respective directors, officers, members, managers, employees, Affiliates or representatives, or hold Seller, the Acquired Companies or any such Persons liable, with respect thereto. Buyer represents and warrants that none of Seller, the Acquired Companies nor any of their respective Affiliates, nor any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding the Acquired Companies, the Stations, the Business or the transactions contemplated by this Agreement not expressly set forth in this Agreement. None of Seller, the Acquired Companies, any of their respective Affiliates nor any other Person will have or be subject to any liability to Buyer or any other Person resulting from the distribution to Buyer or its representatives or Buyer's use of, any such information, including any confidential memoranda distributed on behalf of Seller or the Acquired Companies relating to the Acquired Companies or other publications or data room information provided to Buyer or its representatives, or any other document or information in any form provided to Buyer or its representatives in connection with the transactions contemplated hereby. Notwithstanding anything herein to the contrary, nothing in this *Section 4.6* will in any way limit Buyer's rights (including under *Section 8.1(a)* and *Article 10)* with respect to the representations and warranties of Seller in *Article 3.*

4.7 ***Sufficient Funds.*** Buyer currently has or has the ability to obtain, and will have as of the Closing Date, sufficient funds available to pay the Purchase Price in full.

4.8 ***No Brokers.*** Except for Wells Fargo Securities, LLC (whose fee shall be paid by Buyer), no broker, investment banker, financial advisor or other third party has been employed or retained by Buyer in connection with the transactions contemplated by this Agreement or is or may be entitled to any broker's, finder's, financial advisor's or other similar fee or commission, or the reimbursement of expenses, in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Buyer.

4.9 ***Securities Laws.*** Buyer is an "accredited investor" within the meaning of regulation D of the Securities Act, with such knowledge and experience in financial and business matters as are necessary in order to evaluate the merits and risks in an investment in the Equity Interests. The Equity Interests to be acquired by Buyer pursuant to this Agreement shall be acquired for Buyer's own account and not with a view to, or intention of, distribution thereof in violation of the Securities Act or any applicable state securities Laws. Buyer is able to bear the economic risk of its investment in the Equity Interests for an indefinite period of time and acknowledges that the Equity Interests have not been registered under the Securities Act and, therefore, cannot be sold unless subsequently registered under the Securities Act or an exemption from such registration is available.

ARTICLE 5
CERTAIN COVENANTS

5.1 ***Seller's Covenants.*** Between the Execution Date and the Closing, except (a) as set forth in this Agreement or (b) as required by applicable Law or the regulations or requirements of any regulatory organization applicable to Seller or the Acquired Companies, as the case may be, unless Buyer otherwise consents in writing, which consent shall not be unreasonably withheld, conditioned or delayed, Seller shall cause the Acquired Companies to:

(a) operate in the ordinary course of business consistent with past practice and in all material respects in accordance with the Communications Laws, the FCC Licenses and with all other applicable Laws;

(b) not cause or permit, or agree or commit to cause or permit, by act or failure to act, any of the FCC Licenses to expire or to be revoked, suspended or adversely modified, or take or fail to take any action that would cause the FCC or any other Governmental Entity to institute proceedings (other than proceedings of general applicability to commercial television stations) for the suspension, revocation or material adverse modification of any of the FCC Licenses listed on *Schedule 3.4(a);*

(c) other than in the ordinary course of business or for the purpose of disposing of obsolete or worthless assets, not (i) sell, lease, license or dispose of or agree to sell, lease, license or dispose of any material assets unless replaced with similar items of substantially equal or greater value and utility or (ii) create, assume or permit to exist any Liens upon their assets, except for Permitted Liens;

(d) not dissolve, liquidate, merge or consolidate with any other entity;

(e) maintain, repair and replace the Tangible Personal Property, including any Tangible Personal Property which has been damaged prior to Closing, and maintain, repair and replace the Real Property, including any improvements thereon, which has been damaged prior to Closing, in each case in the ordinary course of business; *provided, however* that Seller and the Acquired Companies shall have no obligation to maintain, repair or replace any obsolete or retired equipment no longer in use in the Business;

(f) not cause, permit or propose any material amendments to the Organizational Documents (in each case, as applicable) of any of the Acquired Companies;

(g) (i) upon reasonable written advance notice, give Buyer and its representatives reasonable access at reasonable, mutually agreed-upon times during normal business hours to the Stations, and furnish Buyer with information relating to the business and operations of the Acquired Companies and the Business that Buyer may reasonably request, *provided, however*, that such access rights shall not be exercised in a manner that unreasonably interferes with the business and operations of the Acquired Companies or the Business and (ii) otherwise provide such reasonable assistance and cooperation as may be requested by Buyer from time to time prior to the Closing Date to reasonably facilitate the transition of the business and operations of the Acquired Companies and the Business, including facilities, operations and applicable data, to Buyer upon and effective as of the Effective Time;

(h) except as otherwise required by Law, not enter into, renew or renegotiate any employment agreement with a Station Employee providing for annual compensation in excess of $50,000, any severance agreement that will be binding upon Buyer or any Acquired Company after the Closing;

(i) (i) except in the ordinary course of business not increase the compensation or benefits payable to any Station Employee (except for performance and stay bonuses and other compensation to be paid pursuant to *Section 2.2(b)* as Company Transaction Costs in connection with the consummation of the transactions contemplated by this Agreement), or (ii) adopt or modify any severance policy applicable to any Station Employee that would result in any material increase in the amount of severance payable to any such Station Employee (or would materially expand the circumstances in which such severance is payable);

(j) use commercially reasonable efforts to maintain the Stations' MVPD carriage existing as of the Execution Date;

(k) except for Program Rights Obligations and agreements and contracts which can be terminated by the Acquired Companies without penalty upon notice of ninety (90) days or less, not (i) enter into any agreement or contract that would have been a Material Contract were an Acquired Company a party or subject thereto on the Execution Date unless such agreement or contract (x) is entered into in the ordinary course of business and (y) does not involve payments by any Acquired Company of greater than $50,000 during any twelve (12) month period, (ii) amend in any material respect any Material Contract unless such amendment (x) is effected in the ordinary course of business and (y) does not increase the amount of payments to be made by any Acquired Company during any twelve (12) month period by $50,000 or more or (iii) terminate or waive any material right under any Material Contract other than in the ordinary course of business (excluding the expiration of any Material Contract in accordance with its terms);

(l) not change any accounting practices, procedures or methods (except for any change required under GAAP or applicable law) or maintain its books and records, in each case in a manner other than in the ordinary course of business;

(m) not make any acquisition (including by merger, consolidation or acquisition of stock) of the capital stock or a material portion of the assets of any third party;

(n) maintain its qualifications to maintain the FCC Licenses with respect to each Station and not take any action that will materially impair such FCC Licenses or such qualifications;

(o) promote the programming of the Stations (both on-air and using third party media) in the ordinary course of business, taking into account inventory availability;

(p) not adopt, enter into or become bound by any new Employee Plan or amend, modify or terminate any Employee Plan, except (i) to comply with applicable Law, (ii) in the ordinary course of business consistent with past practices which cover all or substantially all of the employees of the Acquired Companies without any additional post-Closing material liability to the Acquired Companies or (iii) as otherwise contemplated by this Agreement;

(q) keep in full force and effect the material insurance policies set forth on *Schedule 3.12* (or other insurance policies comparable in amount and scope);

(r) not (i) issue, sell, pledge, dispose of, grant, encumber, or authorize the issuance, sale, pledge, disposition, or grant, of any Equity Interests or other equity interests in the Acquired Companies or any securities convertible into or exchangeable for or entitling the holder thereof to purchase or receive any Equity Interests or other equity interests in the Acquired Companies, (ii) split, combine or reclassify any Equity Interests or other equity interests in the Acquired Companies, (iii) issue or sell any additional interests of, or securities convertible into or exchangeable for, or options, warrants, calls, commitments or rights of any kind to acquire, any Equity Interests or other equity interests in the Acquired Companies, or (iv) declare, set aside or pay any dividends on, or make any other distribution in respect of, any of the Equity Interests or other equity securities; provided that nothing herein shall prohibit the Seller or the Acquired Companies from making cash distributions or dividends to its respective equity holders;

(s) not make, change or rescind any election relating to Taxes, settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes, consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of Taxes, change (or make any request to any Taxing Authority to change) any of its methods of accounting or methods of reporting income or deductions on its Income Tax Returns, or the classifications of its existing property and assets, or take any action that would make the representation in *Section 3.5(d)* untrue;

(t) not (i) enter into or agree or commit to enter into any new Tradeout Agreement relating to a specific Station with a value in excess of $50,000 per Station, and, $100,000 in the aggregate, prior to Closing that will not be fully performed prior to the Closing or (ii) make any guarantee of commercial ratings other than in the ordinary course of business consistent with past practice.

(u) (i) utilize the Program Rights only in the ordinary course of business consistent with past practice and (ii) not sell or otherwise dispose of any such Program Rights;

(v) not extend credit to advertisers other than in the ordinary course of business consistent with past practice;

(w) timely make retransmission consent elections with all MVPDs located in or serving the Stations' Markets;

(x) (i) not make any commitments for capital expenditures inconsistent with the then current capital expenditures budget for the Stations, or fail to make capital expenditures at levels consistent with the then current capital expenditures budget for the Stations and past practice (it being understood that the capital expenditures budget for 2014 shall be prepared in good faith by Seller subject to Buyer's consent (such consent not to be unreasonably withheld), and if the parties do not reach agreement prior to January 1, 2014, the parties shall continue to work in good faith to agree on a budget, and until such budget is mutually agreed upon by the parties, for purpose of this subsection (x), the capital expenditures budget for 2014 shall be deemed to have the same levels as those for 2013); and (ii) use commercially reasonable efforts to complete the budgeted capital expenditure projects identified on Schedule 5.1(x) prior to the Closing in accordance with such schedule (it being understood that if such projects are not completed prior to the Closing in spite of Seller's efforts, then, at Buyer's election, Seller shall complete the projects to Buyer's reasonable approval as soon as practicable after the Closing or the Purchase Price shall be reduced by the applicable amounts set forth in such schedule;

(y) not recognize any labor unions as the collective bargaining representative of any Station Employee (except as have been recognized as of the Execution Date) or enter into, renew or amend any collective bargaining agreement, except as required by applicable Law;

(z) not enter into, amend, terminate or waive any material right under any agreement or contract constituting a local marketing agreement or time brokerage agreement, joint sales agreement, shared services agreement, management agreement, local news sharing agreement or similar agreement with respect to any Station or any other television broadcast station; and

(aa) not agree, commit or resolve to take any actions inconsistent with the foregoing.

5.2 *Control and Maintenance of Qualification*.

(a) Notwithstanding any other provision set forth in this Agreement, including any provision of this *Article 5*, Buyer shall not, directly or indirectly, control, supervise or direct the business or operations of the Acquired Companies or the Stations prior to the Closing. Consistent with the Communications Laws, prior to the Closing, control, supervision and direction of the Acquired Companies and the Stations prior to the Closing shall remain the responsibility of Seller as the corporate parent of the Acquired Companies holding the respective FCC Licenses.

(b) Subject to the Satellite Exemption and the consummation of the Third Party Transactions and the transactions contemplated by the KHAS APA concurrently with the Closing, Buyer shall remain legally, financially and otherwise qualified under the Communications Laws (including, but not limited to, compliance with those Communications Laws relating to media ownership and attribution, foreign ownership and control requirements and character qualifications requirements) to be the transferee of control of the Acquired Companies and to become the licensee of the Stations as contemplated upon the Closing.

5.3 *Notification of Breach*. Seller shall give notice to Buyer and Buyer shall give notice to Seller, as promptly as reasonably practicable upon becoming aware of (a) any fact, change, condition, circumstance, event, occurrence or non-occurrence that has caused or is reasonably likely to cause any representation or warranty in this Agreement made by any party to be untrue or inaccurate in any material respect at any time after the Execution Date and prior to the Closing (except to the extent such representation or warranty is expressly made as of a specified date, in which case no notice is required under this *Section 5.3* so long as such representation or warranty is true and correct in all material respects on and as of such specified date), or (b) any material failure on the part of any party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such party hereunder; provided, that a party's receipt of the information pursuant to this *Section 5.3* or otherwise shall not operate as a waiver or otherwise affect any representation, warranty, covenant or agreement given or made by the other parties in this Agreement. The failure to comply with this *Section 5.3* shall not give rise to a Party's right under *Section 7.1(b)* or *Section 8.1(b)*, respectively.

5.4 *Seller Conduct*. Between the Execution Date and the Closing, Seller shall not agree or commit to (a) sell, assign, pledge, encumber, transfer or otherwise dispose of any of the Equity Interests, (b) except with the prior written consent of Buyer (which consent shall not be unreasonably withheld, conditioned or delayed), cause or permit the amendment, supplement or other modification of the Organizational Documents of any Acquired Company, or (c) take any action that is inconsistent with or might materially delay the consummation of the transactions contemplated by the Other Station Agreement.

ARTICLE 6
JOINT COVENANTS

Buyer and Seller hereby covenant and agree as follows:

6.1 ***Confidentiality.*** Seller (or an Affiliate of Seller) and Buyer (or an Affiliate of Buyer) are parties to a nondisclosure agreement (the "***NDA***") with respect to Seller and the Acquired Companies. To the extent not already a direct party thereto, each of Seller and Buyer hereby assumes the NDA and agrees to be bound by the provisions thereof. Without limiting the terms of the NDA or expanding the obligations thereunder, subject to the requirements of applicable law, all non-public information regarding Seller, the Acquired Companies, their respective Affiliates and their businesses and properties that is disclosed in connection with the negotiation, preparation or performance of this Agreement (including all financial information provided by Seller or the Acquired Companies to Buyer) shall be confidential and shall not be disclosed to any other Person, except Buyer's representatives and lenders for the purpose of consummating the transactions contemplated by this Agreement.

6.2 ***Announcements.*** No party shall, without the prior written consent of the other, issue any press release or make any other public announcement concerning the transactions contemplated by this Agreement, except to the extent that such party is so obligated by Law or any rule or regulation of any securities exchange upon which the securities of such party are listed or traded, in which case such party shall give advance notice to the other, and except that the parties shall cooperate to make a mutually agreeable announcement.

6.3 ***Consents.*** Seller shall use commercially reasonable efforts to obtain (a) any third party consents required under any Material Contract in connection with the consummation of the transactions contemplated by this Agreement (which shall not require any payment to any such third party, other than the payment by Seller of ordinary course processing fees or similar costs) and (b) customary estoppel certificates reasonably acceptable to Buyer under the Real Property Leases listed on *Schedule 6.3(b)*, which shall include each Real Property Lease for a Station's studio or Tower Lease for a Station's primary tower or other material tower; *provided, however,* that the parties acknowledge and agree that such third party consents or estoppel certificates are not conditions to Closing, except for those certain third party consents set forth on *Schedule 6.3* (the "***Required Consents***").

6.4 ***Employees; Employee Plans***.

(a) *Schedule 6.4(a)(1)* sets forth a list as of the Execution Date showing employee names, positions and status for all employees of the Acquired Companies (the "***Station Employees***").

(b) For at least one year following Closing, so long as a Station Employee is employed by Buyer, Buyer shall provide each Station Employee who does not have an employment agreement with the Acquired Companies employee benefits, compensation and severance that are substantially comparable in the aggregate to the employee benefits, compensation and severance provided to similarly situated employees of Buyer (excluding any pension benefit provided to employees of the Buyer and subsidiaries of Buyer), including providing credit for and honoring past accrued but unused time with respect to sick, holiday, personal or vacation leave (to the extent a liability therefor is included in Current Liabilities for purposes of determining the Net Working Capital Amount). To the extent permitted by Law and notwithstanding anything herein to the contrary, Buyer shall give Station Employees full credit for purposes of eligibility waiting periods and vesting under the employee benefit plans or arrangements or severance practices maintained by the Buyer or its Affiliates (excluding any pension plan or benefit) in which such Station Employees participate for such Station Employees' service with the Acquired Companies to the same extent such service was credited to such Station Employees prior to Closing for similar purposes; *provided, that* such credit need not be recognized (x) to the extent that such recognition would result in any duplication of benefits for the same period of service or would require an amendment to any Buyer benefit plan or (y) under any defined benefit plan or other pension plan. In addition, Buyer shall, or shall cause the Acquired Companies to, (i) waive all limitations as to preexisting conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to the Station Employees and their respective covered dependents under employee benefit plans maintained by Buyer to the extent the Station Employees and their respective covered dependents were participating in the applicable Employee Plan of Seller immediately prior to Closing and (ii) provide each Station Employee and his or her covered dependents with credit for any co-payments and deductibles paid under the applicable Employee Plans in satisfying any applicable deductible or out-of-pocket requirements under such Buyer plan.

(c) Notwithstanding anything to the contrary in this *Section 6.4,* the parties expressly acknowledge and agree that (i) this Agreement is not intended to create a contract between Buyer, Seller or any of their respective Affiliates on the one hand and any Station Employee on the other hand, and no Station Employee may rely on this Agreement as the basis for any breach of contract claim against Buyer, Seller or any Acquired Company, (ii) nothing in this Agreement shall be deemed or construed to require any Acquired Company to employ any particular Station Employee for any period after the Closing, (iii) nothing in this Agreement shall be deemed or construed to limit the Acquired Companies' rights to terminate the employment of any Station Employee during any period prior to or after the Closing Date, and (iv) nothing in this Agreement is intended to, or does, constitute the establishment or, or an amendment to, any Employee Plan or any employee benefit plan or arrangement of the Buyer or any of its Affiliates.

(d) Seller shall cause the Acquired Companies to cease to participate as active unrelated employers in the Hoak Media, LLC 401(k) Plan as of the Closing, and shall provide evidence to Buyer that it, or its Affiliates, to the extent applicable, has taken the necessary steps to effect the cessation of such participation without any continuing liability to the Acquired Companies. As soon as practicable following the Closing Date, Buyer shall permit the Station Employees to directly roll over their account balances and outstanding loan balances, if any, under the Hoak Media, LLC 401(k) Plan into a tax-qualified "eligible retirement plan" within the meaning of Section 402(c)(8)(B) of the Code maintained by the Buyer or an Affiliate ("***Buyer's 401(k) Plan***"), subject to applicable Law and the terms and conditions of the Hoak Media, LLC 401(k) Plan and the Buyer's 401(k) Plan, and provided that Seller and its Affiliates take all actions reasonably necessary to effectuate such rollovers.

6.5 ***Access to and Retention of Records.*** Subject to *Section 11.6,* from and after the Closing Date, Buyer shall, or shall cause the Acquired Companies to preserve, in accordance with Buyer's normal document retention procedures and practices, all books and records of the Acquired Companies and shall provide Seller a reasonable opportunity to access and obtain copies, at Seller's expense, of any such books and records. In addition to the foregoing, from and after the Closing, Buyer shall afford to Seller, and its counsel, accountants, and other authorized agents and representatives, at Seller's expense, during normal business hours, reasonable access to the employees, books, records and other data relating to the Business or the Acquired Companies in its possession with respect to the periods prior to the Closing, and the right to make copies and extracts therefrom, to the extent that such access may be reasonably required by Seller (a) to facilitate the investigation, litigation and final disposition of any claims which may have been or may be made against Seller, (b) for the preparation of Tax Returns and audits and (c) for any other reasonable and proper business purpose, provided in each case that such access does not unreasonably disrupt the Business or the business and operations of Buyer or the Acquired Companies.

6.6 ***Cooperation.*** Buyer shall use commercially reasonable efforts to cooperate with Seller to release any Liens applicable to the Acquired Companies. Buyer acknowledges that Seller may use a portion of the proceeds from the Purchase Price for the repayment of Indebtedness associated with any such Liens. Seller shall provide Buyer and the Acquired Companies such reasonable assistance and cooperation as may be requested by Buyer from time to time after the Closing Date to reasonably facilitate the transition of the business and operations of the Acquired Companies and the Business.

6.7 ***Interim Reports.*** Within twenty (20) days after the end of each calendar month during the period from the Balance Sheet Date through the Closing, Seller shall provide to Buyer, with respect to the Seller, Acquired Companies, the Business and the Stations, the unaudited balance sheet as of the end of such month, and the related combined unaudited statement of operations for such month, of Seller, the Acquired Companies, the Business and the Stations. Such reports shall be prepared on the same basis as the Financial Statements. Seller shall also provide to Buyer weekly pacing reports for each of the Stations promptly following the end of each week during the period from the Execution Date through the Closing. Seller shall also provide to Buyer monthly reports of actual capital expenditures for such month and year-to-date.

6.8 ***Fulfillment of Conditions.*** Without limiting any other obligation of a party expressly set forth herein, Seller shall use its commercially reasonable efforts to satisfy each of the conditions to the Closing of Buyer set forth in *Article 8* (Buyer Closing Conditions), and Buyer shall use its commercially reasonable efforts to satisfy each of the conditions to the Closing of Seller set forth in *Article* 7 (Seller Closing Conditions), and each of the parties shall use its commercially reasonable efforts to take or cause to be taken all action necessary or desirable in order to consummate the transactions contemplated by this Agreement as promptly as practicable.

6.9 ***Title Commitments; Surveys.***

(a) Buyer shall have the responsibility to obtain, if it so elects at its sole option and expense, (a) commitments for owner's and lender's title insurance policies on the Owned Real Property and commitments for lessee's and lender's title insurance policies for all Real Property that is leased pursuant to a Real Property Lease (collectively, the "***Title Commitments***"), and (b) an ALTA survey on each parcel of Real Property (the "***Surveys***"); *provided, however*, that Seller shall provide Buyer with any existing Title Commitments and Surveys in its possession. The Title Commitments will evidence a commitment to issue an ALTA title insurance policy insuring good, marketable and indefeasible fee simple (or leasehold, if applicable) title to each parcel of the Real Property contemplated above for such amount as Buyer directs. Seller shall reasonably cooperate with Buyer in obtaining such Title Commitments and Surveys, provided that neither Seller nor any Acquired Company shall be required to incur any cost, expense or other liability in connection therewith. If the Title Commitments or Surveys reveal any Lien on the title other than Permitted Liens, Buyer shall notify Seller in writing of such objectionable matter as soon as Buyer becomes aware that such matter is not a Permitted Lien, and Seller agree to use commercially reasonable efforts to remove such objectionable matter as required pursuant to the terms of this Agreement.

(b) Buyer may elect, at its own expense, to order a Phase I environmental site assessment of any parcel of Real Property to be performed by a nationally recognized environmental firm (the "***Environmental Firm***") on a date reasonably acceptable to Seller and without unreasonably interfering with the operation of the Business, all of which Phase I environmental site assessments must be completed within sixty (60) days following the Execution Date. Following their completion, Buyer will promptly deliver copies of such Phase I environmental site assessments to Seller. Seller shall comply with any reasonable request for information (to the extent such information is in Seller's possession and not constituting attorney-client privileged communications) made by Buyer or the Environmental Firm in connection with any such Phase I environmental site assessment and shall afford Buyer and the Environmental Firm access to all areas of the applicable parcel(s) of Real Property (but, notwithstanding anything to the contrary contained herein, only to the extent Seller or its applicable Subsidiary is not prohibited under the terms of any Real Property Lease from providing such access), at reasonable times and in a reasonable manner in connection with any such investigation. Buyer hereby agrees to indemnify and hold harmless Seller for any damages caused by Buyer's or the Environmental Firm's activities during performance of the Phase I environmental site assessments pursuant to this *Section 6.9(b)*, other than liabilities relating to any breach by Seller of its representations and warranties in *Section 3.9* (Environmental). Prior to the Closing, Buyer must obtain Seller's prior written consent to conduct any other environmental investigation, sampling, testing or assessment of any kind at any Real Property or adjacent property, which consent may be withheld or conditioned in Seller's sole discretion.

6.10 ***No Negotiation.*** Until the earlier of the Closing or such time as this Agreement shall be terminated pursuant to *Section 12.1*, and except for any Divestitures or releases of Acquired Companies as required pursuant to *Section 2.6(e)* or *Section 12.1(d)*, Seller, the Acquired Companies and their respective directors, officers, investment bankers and agents shall cease any discussions or negotiations with, and shall not, directly or indirectly, solicit, initiate, encourage or entertain any inquiries or proposals from, discuss or negotiate with, provide any nonpublic information to or consider the merits of any inquiries or proposals from any Person (other than Buyer) relating to any business combination transaction involving the Equity Interests, the assets of the Acquired Companies or the Stations (other than in the ordinary course of business or as provided by this Agreement).

6.11 ***Officers and Directors.***

(a) The indemnification agreements set forth on *Schedule 6.11(a)* shall remain in effect from and after the Closing but only to the extent related to actions or omissions occurring prior to the Closing Date. Subject to *Section 6.11(d)*, Buyer shall not make any amendment or modification to the Organizational Documents of the Acquired Companies that would be adverse to any current or former manager, director or officer of the Acquired Companies, or enter into any agreement that would have the effect of amending or modifying the Organizational Documents of the Acquired Companies in any manner that would adversely affect any current or former director or officer of the Acquired Companies.

(b) For the six (6) year period commencing on the Closing Date, (i) Buyer shall maintain in effect the Acquired Companies' current directors' and officers' liability insurance covering acts or omissions occurring prior to the Closing Date with respect to those persons who are currently covered by the Acquired Companies' directors' and officers' liability insurance policy on terms with respect to such coverage and amount no less favorable to the Acquired Companies' managers, directors and officers currently covered by such insurance than those of such policy in effect on the Execution Date and (ii) Buyer shall, or shall cause the Acquired Companies to, cause coverage to be extended under the Acquired Companies' current directors' and officers' liability insurance by obtaining a six-year "tail" policy on terms and conditions no less advantageous than the Acquired Companies' existing directors' and officers' liability insurance in effect on the Execution Date; *provided*, *however*, that Buyer may substitute therefor policies of a reputable insurance company the terms of which, including coverage and amount, are no less favorable to such directors and officers, in the aggregate, than the insurance coverage otherwise required under this *Section 6.11*.

(c) The provisions of this *Section 6.11* are (i) intended to be for the benefit of, and shall be enforceable by, each individual who on or prior to the Closing Date was a director, officer or employee of the Acquired Companies' (each, an "***Indemnitee***"), his or her heirs and his or her representatives, it being expressly agreed that such Persons shall be third party beneficiaries of this *Section 6.11*, and (ii) in addition to, and not in substitution for, any other right to indemnification or contribution that any such Indemnitee may have under this Agreement, by contract or otherwise. Following the Closing, neither Buyer nor the Acquired Companies' shall enter into, or permit any of its Affiliates to enter into, any merger, consolidation or similar transaction unless Buyer shall have ensured that the surviving or resulting entity will assume the obligations imposed by this *Section 6.11*.

(d) The obligations of Buyer under this *Section 6.11* shall not be terminated or modified in such a manner as to adversely affect any Indemnitee to whom this *Section 6.11* applies without the consent of the affected Indemnitee (it being expressly agreed that the Indemnitees to whom this *Section 6.11* applies shall be third party beneficiaries of this *Section 6.11*, and each Indemnitee may specifically enforce the terms of this *Section 6.11*).

(e) Seller shall use its commercially reasonable efforts to cause the officers, managers and directors of the Acquired Companies, who are not Station Employees, to execute resignations at or prior to the Closing, to be effective as of the Closing.

6.12 ***Termination of Related Party Transactions.*** Except for the Related Party Transactions that survive pursuant to *Section 6.11*, Seller and the Acquired Companies shall terminate, without liability to the Acquired Companies, all Related Party Transactions prior to the Closing. Seller does hereby and shall cause its Affiliates (other than the Acquired Companies) to release and forever discharge, as of the Closing, the Acquired Companies from any and all claims, demands, Actions and liabilities arising out of or relating to any such agreement or arrangement.

6.13 ***Financing.***

(a) Subject to the terms and conditions of this Agreement, Buyer shall use, and shall cause its Affiliates to use, their reasonable best efforts to take or cause to be taken (taking into account the anticipated timing of the Marketing Period) all actions and to do, or cause to be done, all things necessary, proper or advisable to arrange and obtain, if necessary, any Financing. For purposes of this Agreement, references to "***Financing***" shall include any financing contemplated or completed by Buyer in connection with this Agreement, including any financing commenced prior to the Execution Date. Upon the request of Seller, Buyer shall provide Seller with updates on the status of its efforts to obtain any Financing (or any alternative financing).

(b) Prior to the Closing, Seller shall, and shall cause the Acquired Companies to, and shall use its reasonable best efforts to cause its and their respective directors, officers, employees, accountants, counsel, investment bankers and consultants (collectively, "***Representatives***") to, provide to Buyer all timely cooperation reasonably requested by Buyer in causing the conditions and covenants related to any Financing to be satisfied and such cooperation as is otherwise reasonably requested by Buyer in connection with obtaining any Financing in accordance with its terms, including cooperation that consists of:

(i) (A) furnishing Buyer and any Financing Sources as promptly as practicable with the Financial Statements, (B) furnishing Buyer and any Financing Sources no later than March 1, 2014, the (1) audited consolidated balance sheet and statements of operations, stockholders equity and cash flows as of and for the fiscal year ended December 31, 2013, of the Seller (the "***2013 Audited Financials***") and (2) the unaudited combined balance sheet and statements of operations, statement of stockholders equity and cash flows as of and for the fiscal year ended December 31, 2013, of the Acquired Companies and the Business, of WMBB(TV) and of the Grand Junction Overlap Stations (which for purposes hereof shall include KFQX(TV)), as applicable (the "***2013 Overlap Financials***"), (C) for each fiscal quarter (other than any fiscal year end) ending after the Execution Date and prior to the Closing Date and for the comparable quarter of the prior fiscal year, within twenty (20) days after the applicable quarter-end, unaudited combined balance sheet of Seller, of the Acquired Companies and the Business, of WMBB(TV) and of the Grand Junction Overlap Stations (which for purposes hereof shall include KFQX(TV)), as applicable, as of the end of such fiscal quarter and the related unaudited combined statements of income, stockholders' equity and cash flows in each case of (B) – (C) prepared in accordance with GAAP subject, in the case of interim financial statements, to normal year-end audit adjustments and the appropriate absence of footnotes, and using the same accounting principles, policies, methods, practices, procedures, classifications, categories, estimates, judgments and assumptions as were used in preparing the Financial Statements, (D) furnishing Buyer and any Financing Sources with such projected financial statements of the Seller, Acquired Companies and the Business reasonably requested by Buyer prior to the commencement of the Marketing Period in connection with any Financing, and (E) assisting Buyer in the preparation by Buyer of customary rating agency presentations, lender presentations, customary bank offering memoranda, syndication memoranda, private offering memoranda, registration statement, prospectus and other marketing materials or memoranda, including pro forma financial statements, in each case, in connection with any Financing (the "***Offering Materials***") (the information required to be delivered pursuant to the foregoing clauses (A) and (B) of this *Section 6.13(b)(i)* and *Section 6.13(b)(iii)* below, together with any replacements or restatements thereof, and supplements thereto, if any such information would otherwise be unusable under customary practices for such purposes, the "***Required Information***");

(ii) participating in a reasonable number of meetings (including customary one-on-one meetings with the parties acting as lead arrangers or agents for, and prospective lenders and purchasers of, any Financing and senior management and Representatives, with appropriate seniority and expertise, of Seller and the Acquired Companies), presentations, road shows, due diligence sessions, drafting sessions and sessions with rating agencies in connection with any Financing;

(iii) executing and delivering authorization letters (including representations with respect to material non-public information) to any Financing Sources authorizing the distribution of information to prospective lenders or investors;

(iv) facilitating the execution and delivery on the Closing Date of any securities purchase agreement, credit agreement, indenture, note, guarantee, pledge and security document, supplemental indenture, currency or interest rate hedging arrangement, other definitive financing document, representation letter to auditors and other certificates or documents and back-up therefor and for legal opinions as may be reasonably requested by Buyer or any Financing Sources or their respective counsel (including consents of accountants for use of their reports in any materials relating to any Financing) and otherwise reasonably facilitating the pledging of collateral; provided neither Seller nor any of the Acquired Companies or their officers and employees shall be required to execute any document in connection with this *Section 6.13(b)(iv)* that would be effective at any time before the time immediately prior to the Closing or that is not conditioned upon the occurrence of the Closing (other than any representation letters to auditors, which shall be delivered prior to the pricing of any bonds or securities being offered in any Financing); provided, that the board of managers and officers of Seller and the board of managers and officers of Seller's Subsidiaries prior to the Closing shall not be required, prior to the Closing, to adopt resolutions approving the agreements, documents and instruments in connection with any Financing or pursuant to which any portion of any Financing is obtained or execute any of such agreements, documents or instruments, and neither Seller nor any of the Acquired Companies shall be required to execute, prior to Closing, any documents contemplated by any Financing (in each case, other than any authorization or representation letters described in clause (iii) above);

(v) cooperating with Buyer and Buyer's efforts to obtain customary and reasonable corporate and facilities ratings, consents, legal opinions, surveys and title insurance (including providing reasonable access to Buyer and its Representatives to all Real Property) as reasonably requested by any Financing Sources;

(vi) obtaining customary payoff letters, Lien terminations and instruments of discharge to be delivered at Closing to allow for the payoff, discharge and termination in full on the Closing Date of all Indebtedness;

(vii) furnishing Buyer and any Financing Sources promptly with all documentation and other information that any Financing Source has reasonably requested and that such Financing Source has determined is required by regulatory authorities in connection with any Financing under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the PATRIOT Act;

(viii) furnishing Buyer and any Financing Sources as promptly as practicable within the periods specified in *Section 6.13(b)(i)* above, with information regarding Seller, the Acquired Companies and the Business, including customary "comfort" (including "negative assurance" comfort), together with drafts of customary comfort letters that such independent accountants are prepared to deliver (and causing such independent accountants to deliver) upon "pricing" of any bonds being issued in lieu of any portion of any Financing, with respect to the financial information to be included in such Offering Materials; and

(ix) otherwise cooperating with the marketing efforts of Buyer and its Financing Sources for any of any Financing as necessary or reasonably requested by Buyer or its Financing Sources;

provided that (w) nothing in this *Section 6.13(b)* shall require such cooperation to the extent it would require Seller or any Acquired Company to waive or amend any terms of this Agreement or agree to pay any fees or reimburse any expenses prior to the Closing for which it has not received prior reimbursement by or on behalf of Buyer (except to the extent Buyer has provided the indemnities set forth in *Section 6.13(c)*), (x) nothing herein shall require such cooperation from Seller or any of the Acquired Companies to the extent it would unreasonably interfere with the ongoing operations of Seller or any of the Acquired Companies, and (y) neither Seller nor any of the Acquired Companies, nor any of their respective Representatives, shall have any liability or obligation under any certificate, agreement, arrangement, document or instrument relating to any Financing that is not contingent upon the Closing (including the entry into any agreement) or that would be effective prior to the Closing.

(c) Buyer shall indemnify and hold harmless Seller, its Affiliates and their respective Representatives from and against any and all losses suffered or incurred by them in connection with the arrangement of any Financing (including any action taken in accordance with this *Section 6.13*) and any information utilized in connection therewith, other than to the extent any of the foregoing arises from (i) the willful misconduct, gross negligence or material breach of its obligations by any of Seller, its Affiliates (including any Acquired Company) or their respective Representatives or (ii) any information provided by any of Seller, its Affiliates (including any Acquired Company) or their respective Representatives. Buyer shall, promptly upon request by Seller, reimburse Seller, as applicable, for all of their and their Affiliates' documented reasonable out-of-pocket costs and expenses incurred by Seller or its Affiliates in connection with this *Section 6.13*, other than the out-of-pocket costs and expenses incurred in connection with the preparation of the financial statements described in *Section 6.13(b)(i)*.

(d) Seller hereby consents to the use of its and its Affiliates' logos in connection with any Financing; provided that such logos are used solely in a manner that is not intended to or reasonably likely to harm or disparage Seller or any of the Acquired Companies or the reputation or goodwill of Seller or any of the Acquired Companies.

6.14 ***Audit***. The obligation of Seller to deliver the 2013 Audited Financials and the 2013 Overlap Financials no later than March 1, 2014 in accordance with *Section 6.13* shall survive the Closing. In connection with such delivery, Seller shall (i) retain Grant Thornton LLP, pursuant to an engagement letter reasonably satisfactory to Buyer, to audit the 2013 Audited Financials; (ii) use commercially reasonable efforts to cause Grant Thornton LLP to provide, in connection with such audit, its unqualified opinion (and any consents related thereto that may be required by Buyer) on such audited financial statements; (iii) request, in conjunction with Buyer, Grant Thornton LLP to provide such customary consents, comfort letters and documents that may be required or reasonably necessary; and (iv) provide to Buyer's employees and independent accountants such access, information and records as they may reasonably request for purposes of the foregoing; *provided* that all such cooperation shall be provided by reasonable access, to the personnel of the Stations and the Acquired Companies, and Seller and the documents, information and books and records of Seller, the Acquired Companies and its Affiliates. The auditors and accountants of Seller (including Grant Thornton LLP), or any of its Affiliates shall not be obliged to make any work papers (to the extent extant) available to any Person unless and until such Person has signed a customary agreement relating to such access to work papers in form and substance reasonably acceptable to such auditors or accountants.

ARTICLE 7
SELLER CLOSING CONDITIONS

The obligations of Seller to consummate the Closing hereunder shall be subject to the satisfaction, at or prior to the Closing, of each of the following conditions (unless waived in writing by Seller):

7.1 ***Representations and Covenants***.

(a) All representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects as of the Execution Date and at and as of the Closing ((i) other than any representation or warranty that is expressly made as of a specified date, which need be true and correct in all material respects as of such specified date only and (ii) except for changes expressly contemplated by this Agreement); except where such failure has not resulted, and would not reasonably be expected to result, in a material adverse effect on the ability of Buyer to perform its obligations under this Agreement or any Buyer Ancillary Documents, *provided, however,* that for purposes of this *Section 7.1(a),* all materiality or similar qualifiers within such representations and warranties shall be disregarded.

(b) The covenants and agreements that by their terms are to be complied with and performed by Buyer at or prior to the Closing shall have been complied with or performed by Buyer in all material respects.

(c) Seller shall have received a certificate dated as of the Closing Date from Buyer executed by an authorized officer of Buyer to the effect that the conditions set forth in *Sections 7.1(a)* and *(b)* have been satisfied.

7.2 ***Proceedings.*** Neither Seller nor Buyer shall be subject to any order or injunction from a Governmental Entity, which remains in effect, prohibiting or making illegal the consummation of the transactions contemplated hereby.

7.3 ***FCC Authorization.*** The FCC Consent shall have been granted and shall be in full force and effect, and except to the extent waived by Buyer in accordance with *Section 2.5*, shall have become a Final Order.

7.4 ***Hart Scott Rodino.*** The HSR Clearance shall have been obtained.

7.5 ***Consents.*** The Required Consents shall have been obtained and delivered to Buyer.

7.6 ***Other Station Agreement.*** The closing contemplated under the Other Station Agreement shall have been consummated or shall be consummated concurrently with the Closing hereunder.

7.7 ***Deliveries.*** Buyer shall have complied with each of its obligations set forth in *Section 9.2.*

ARTICLE 8
BUYER CLOSING CONDITIONS

The obligations of Buyer to consummate the Closing hereunder shall be subject to satisfaction, at or prior to the Closing, of each of the following conditions (unless waived in writing by Buyer):

8.1 ***Representations and Covenants***.

(a) All representations and warranties of Seller contained in this Agreement shall be true and correct as of the Execution Date and at and as of the Closing ((i) other than any representation or warranty that is expressly made as of a specified date, which need be true and correct as of such specified date only and (ii) except for changes expressly contemplated by this Agreement), except to the extent that the failure of the representations and warranties of Seller contained in this Agreement to be so true and correct at and as of the Closing (or in respect of any representation or warranty that is expressly made as of a specified date, as of such date only) has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; *provided*, *however*, that for purposes of this *Section 8.1(a)*, all materiality, “Material Adverse Effect” or similar qualifiers within such representations and warranties shall be disregarded.

(b) The covenants and agreements that by their terms are to be complied with and performed by Seller at or prior to the Closing shall have been complied with or performed by Seller in all material respects.

(c) Buyer shall have received a certificate dated as of the Closing Date from Seller executed by an authorized officer or member of Seller to the effect that the conditions set forth in *Sections 8.1(a)* and *(b)* have been satisfied.

8.2 ***Proceedings.*** Neither Seller nor Buyer shall be subject to any order or injunction from a Governmental Entity, which remains in effect, prohibiting or making illegal the consummation of the transactions contemplated hereby.

8.3 ***FCC Authorization.*** The FCC Consent shall have been granted and shall be in full force and effect, and except as set forth in *Section 2.5*, shall have become a Final Order.

8.4 ***Hart Scott Rodino.*** The HSR Clearance shall have been obtained.

8.5 ***Deliveries.*** Seller shall have complied with each of its obligations set forth in *Section 9.1*.

8.6 ***Consents.*** The Required Consents shall have been obtained and delivered to Buyer without any modification of, or amendment to the applicable Contracts (other than de minimus changes).

8.7 ***Other Station Agreement.*** The closing contemplated under the Other Station Agreement shall have been consummated or shall be consummated concurrently with the Closing hereunder.

8.8 ***No Material Adverse Effect.*** Since the Execution Date, there shall not have occurred a Material Adverse Effect.

ARTICLE 9
CLOSING DELIVERIES

9.1 ***Seller Documents.*** At the Closing, Seller shall deliver or cause to be delivered to Buyer:

(a) a good standing certificate issued by the Secretary of State of Seller’s and each Acquired Company’s jurisdiction of formation;

(b) certified copies of all limited liability company resolutions necessary to authorize the execution, delivery and performance of this Agreement, including the consummation of the transactions contemplated hereby and the Organizational Documents of each Acquired Company;

(c) the certificate described in *Section 8.1(c)*;

(d) certificates representing the Equity Interests, in each case duly endorsed or accompanied by duly executed membership interest powers for transfer to Buyer and admitting Buyer as a member of each Acquired Company;

(e) an affidavit of non-foreign status of Seller that complies with Section 1445 of the Code in substantially the form attached hereto as *Exhibit C*;

(f) the Organizational Documents for each Seller and each of the Acquired Companies, certified as of a recent date by the Secretary of State of the applicable jurisdiction of organization;

(g) The written resignations of the officers, managers and directors of the Acquired Companies, who are not Station Employees, to execute resignations at or prior to the Closing, to be effective as of the Closing, duly executed by such Persons;

(h) the Escrow Agreement, duly executed by Seller; and

(i) mortgage discharges and UCC termination statements or other appropriate releases, which when filed will release and satisfy any and all Indebtedness and Liens (other than Permitted Liens) relating to the Acquired Companies' assets and the Equity Interests, together with proper authority to file such termination statements or other releases at and following the Closing.

9.2 ***Buyer Documents.*** At the Closing, Buyer shall deliver or cause to be delivered to Seller:

(a) the Purchase Price in accordance with *Section 2.2* and *Section 2.5*, if applicable*;*

(b) a good standing certificate issued by the Secretary of State of Buyer's jurisdiction of formation;

(c) certified copies of all corporate or other resolutions necessary to authorize the execution, delivery and performance of this Agreement, including the consummation of the transactions contemplated hereby;

(d) the certificate described in *Section 7.1(c);* and

(e) the Escrow Agreement.

ARTICLE 10

SURVIVAL

Except for *Article 13*, the representations, warranties and covenants in this Agreement and any agreements required to be performed prior to the Closing, including the Seller Ancillary Agreements and the Buyer Ancillary Agreements, except in the case of fraud, shall not survive the Closing (provided that the covenants and agreements in this Agreement and the Ancillary Documents, to the extent to be performed after the Closing shall survive the Closing until fully performed, whereupon they shall expire and be of no further force or effect, and all claims related thereto shall then terminate and expire).

ARTICLE 11
TAX MATTERS

11.1 ***Tax Indemnity***.

(a) Seller hereby agrees to indemnify Buyer and each Acquired Company and hold them harmless from and against any loss, claim, liability, expense, or other damage attributable to (i) all Taxes of the Acquired Companies arising with respect to a Tax period, or portion thereof, ending on or before the Closing Date (a "***Pre-Closing Tax Period***") to the extent such Taxes exceed the amount of Taxes reflected as a liability on the books of the Acquired Companies; (ii) all Taxes of any member (which is not an Acquired Company) of an affiliated, consolidated, combined or unitary group of which any Acquired Company (or any predecessor of any of the foregoing) is or was a member prior to the Closing Date and for which any Acquired Company is liable to the extent such Taxes exceed the amount of Taxes reflected as a liability on the books of the Acquired Companies; and (iii) any and all Taxes of any Person (other than an Acquired Company) imposed on any Acquired Company as a transferee or successor, by contract or pursuant to any law, rule, or regulation, which Taxes relate to an event or transaction occurring before the Closing.

(b) Buyer hereby agrees to indemnify Seller against all Taxes arising with respect to a Tax period, or portion thereof, beginning after the Closing Date (a "***Post-Closing Tax Period***"); provided, however, that any Taxes attributable to any action taken by Buyer or the Acquired Companies after Closing shall be deemed to arise with respect to a Post-Closing Tax Period.

(c) Anything in this Agreement notwithstanding, the provisions of this *Article 11*, other than *Section 11.10* and *Section 11.12* (which shall not expire) shall continue in effect until the expiration of the applicable statutes of limitations plus sixty (60) days for Taxes included in Pre-Closing Tax Periods (after taking into all extensions with respect to such Pre-Closing Tax Periods) at which time such obligations shall expire and be of no further force or effect.

11.2 ***Straddle Period Allocation.*** In the case of any taxable period that includes (but does, not end on) the Closing Date (a "***Straddle Period***"), the amount of any Taxes (other than Property Taxes) and Tax refunds (other than Property Tax refunds) of the Acquired Companies for the portion of the Straddle Period that relates to the Pre-Closing Tax Period shall be determined based on an interim closing of the books as of and including the Closing Date (with exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) apportioned between the Pre-Closing Tax Period and the portion of such Straddle Period after the Pre-Closing Tax Period based on the number of days in each such period), and the amount of any real property, personal property, ad valorem or similar Taxes of the Acquired Companies ("***Property Taxes***") and any Property Tax refunds for the portion of the Straddle Period that relates to the Pre-Closing Tax Period shall be deemed to be the amount of such Property Taxes or Property Tax refunds for the entire Straddle Period, _*multiplied*_ by a fraction, the numerator of which is the number of days in the Straddle Period through and including the Closing Date, and the denominator of which is the number of days in such Straddle Period.

11.3 ***Tax Returns.*** Except as otherwise provided in *Section 11.7:*

(a) Seller shall be responsible for the preparation and filing of all Tax Returns for Seller or an Acquired Company for all Pre-Closing Tax Periods which are due after the Closing Date, including the unitary and combined Tax Returns for Seller that include the operations of Acquired Companies for any period ending on or before the Closing Date (each, a "***Pre-Closing Tax Return***"). Seller will make all payments required with respect to any such Tax Return. Seller shall provide a copy of each such Pre-Closing Tax Return of the Acquired Companies to Buyer.

(b) Buyer shall prepare and timely file (taking into account all valid extensions), or shall cause to be prepared and timely filed (taking into account all valid extensions), all Tax Returns of the Acquired Companies covering a Straddle Period (each, a ***"Straddle Tax Return***"), and each such Straddle Tax Return shall be prepared in a manner consistent with past custom and practice except as otherwise required by applicable Law or fact. Buyer shall provide a copy of each such Straddle Tax Return, together with all supporting documentation and workpapers, to Seller for Seller's review and reasonable comment at least fifteen (15) days prior to the due date (taking into account all valid extensions) for filing such Straddle Tax Return, and Buyer shall consider in good faith any reasonable comments provided in writing by Seller to Buyer at least five (5) days prior to the due date (taking into account all valid extensions) for filing such Straddle Tax Return; *provided, however,* that in the case of a Straddle Tax Return for which the filing deadline (including extensions) is within thirty (30) days after the Closing Date, Buyer shall in good faith attempt (but shall not have any obligation) to provide a copy of such Straddle Tax Return to Seller for Seller's review. Subject to the indemnification obligations of Seller pursuant to *Section 11.1(a)*, the Acquired Companies, as applicable, shall be responsible for timely paying (taking into account all valid extensions) all Taxes reflected on a Straddle Tax Return to the applicable Taxing Authority.

(c) To the extent Taxes reflected on a Pre-Closing Tax Return or Straddle Tax Return are the obligation of Seller pursuant to *Section 11.1(a)*, Seller will pay to Buyer the amount of Taxes reflected on such Pre-Closing Tax Return or Straddle Tax Return, as applicable, that are the obligation of Seller pursuant to *Section 11.1(a)* the later of (i) five (5) days after a written request by Buyer, or (ii) three (3) days before the due date (including extensions) of such Taxes.

(d) Buyer shall provide Seller with executed powers of attorney on IRS Form 2848 and appropriate powers of attorney for state and local tax filing authorizing a designated representative of Seller to sign and file the Pre-Closing Tax Returns.

11.4 ***Post-Closing Actions.*** With respect to Taxes other than Income Taxes, Buyer shall not, and shall not cause or permit any of its Affiliates (including following the Closing, for the avoidance of doubt, the Acquired Companies) to (a) except as otherwise required by Law, amend or re-file any Tax Return of the Acquired Companies that covers a Pre-Closing Tax Period or any Tax Return that was prepared and filed pursuant to *Section 11.3* or file any Tax Return of the Acquired Companies with an initial due date before the Closing Date, (b) take any action relating to Taxes or that could create a Tax liability on the Closing Date (other than as expressly contemplated by this Agreement) that is outside the ordinary course of business, (c) make any Tax election that has retroactive effect to any Pre-Closing Tax Period, (d) voluntarily initiate any contact with any Taxing Authority with respect to any Taxes or Tax Returns of the Acquired Companies that were originally due before the Closing Date or (e) carryback any net operating losses to a Pre-Closing Tax Period. Seller shall be entitled to prepare and file amended Tax Returns for the Acquired Companies relating to Pre-Closing Tax Periods, including seeking Tax refunds, and Buyer shall fully cooperate with Seller in filing such amended Tax Returns and, where required, have an appropriate officer sign such amended Tax Returns.

11.5 ***Refunds.*** The amount of any Tax refund (whether in cash or as a credit against or offset to any Tax) in respect of any Tax of the Acquired Companies attributable to any Pre-Closing Tax Period received (in the case of a refund) or utilized (in the case of a credit against or offset to any Tax) by Buyer, the Acquired Companies or any of their respective Affiliates shall be for the account of Seller, to the extent such refund exceeds the amount of the refund of such Taxes reflected as an asset on the books of the Acquired Companies, and the recipient thereof shall pay such amount (including any interest received thereon) over to Seller within ten (10) days after any such refund is received, credited or applied as an offset, as the case may be. Notwithstanding anything in this Agreement to the contrary, in the event that a Tax refund to which Seller is entitled under this Section 11.5 is subsequently determined by any Governmental Authority (including any taxing authority) to be less than the amount paid by Buyer to Seller, Seller shall promptly return any such disallowed amounts (plus any interest in respect of such disallowed refunds owed to a Governmental Authority (including any taxing authority)) to Buyer. Buyer shall elect not to carry any loss, credit or other Tax benefit item from a taxable period (or portion thereof) that begins after the Closing Date back to a Pre-Closing Tax Period.

11.6 ***Cooperation.*** Each of Buyer and Seller, and each of their respective Affiliates, shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns of or with respect to the Acquired Companies and/or during the course of any audit, litigation or other proceeding with respect to Taxes of or attributable to the Acquired Companies. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information that are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Each of Seller and Buyer agrees, and following the Closing, Buyer agrees to cause the Acquired Companies, (i) to retain all books and records with respect to Tax matters pertaining to the Acquired Companies relating to any taxable period beginning on or before the Closing Date until the expiration of the applicable statute of limitations (and, to the extent notified by Buyer, any extensions thereof) of the respective taxable periods; shall provide copies of the foregoing to Buyer upon Buyer's request; and shall abide by all record retention agreements entered into with any Taxing Authority, and (ii) to give the other Party (and following the Closing, Buyer agrees to cause the Acquired Companies to give Seller) reasonable written notice prior to transferring, destroying or discarding any such books and records and, on receipt of such notice, if the other Party so requests, Seller or Buyer shall, as applicable, allow the other Party to take possession of such books and records. Buyer and Seller agree that Seller shall be entitled to retain copies of the books and records of the Acquired Companies which they believe are appropriate for the filing of Tax Returns as described in this *Article 11*. Buyer and Seller further agree, upon request, to use commercially reasonable efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including with respect to the transactions contemplated hereby).

11.7 ***Transfer Taxes.*** Buyer and Seller shall each be responsible for the payment of fifty percent (50%) of all governmental Taxes, fees and charges applicable to the transfer of the Equity Interests under this Agreement (including sales, use and real property transfer taxes, stamp and stock transfer taxes and the costs of recording or filing all applicable conveyance instruments) (collectively, "***Transfer Taxes***"). At Buyer's expense, Seller will cooperate in Buyer's preparation, execution and filing of all Tax Returns regarding Transfer Taxes and in seeking or perfecting any available exemption from Transfer Taxes.

11.8 ***Purchase Price Allocation.*** Buyer and Seller shall in good faith use their respective commercially reasonable efforts to agree within sixty (60) days after the Closing Date regarding an allocation of the Purchase Price payable for the Acquired Companies (and any liabilities assumed hereunder and other relevant items) among the assets of the Acquired Companies for Tax reporting purposes based upon a reasonable determination of the respective fair market values of those assets in accordance with the requirements of the Code and the applicable Treasury regulations promulgated thereunder. To the extent Buyer and the Seller so agree, then they shall complete and timely file any necessary Tax forms, and their respective income Tax Returns, in accordance with such allocation. If Buyer and Seller are unable to agree on such allocation within such sixty (60) day period, the allocation shall be referred to Bond & Pecaro or another appraisal or accounting firm mutually selected by Buyer and Seller, which will determine only the matters in dispute. Buyer and Seller shall complete and timely file any necessary Tax forms, and their respective income Tax Returns, in accordance with the determinations of such firm.

11.9 ***Tax Treatment***. Buyer and Seller agree that the purchase of the Equity Interests pursuant to this Agreement shall, to extent permitted under applicable Law, be characterized for income Tax purposes as an acquisition by Buyer of the assets of the Acquired Companies (except with respect to Noe Corp., L.L.C).

11.10 ***Tax Treatment of Indemnity Payments.*** Each of Buyer and Seller agree that any indemnification payments made under this Agreement shall be treated as Purchase Price adjustments for U.S. federal income tax purposes (and state, local, and non-U.S. Tax purposes where applicable) to the extent permitted by applicable Law.

11.11 ***Wage Reporting.*** Buyer and Seller agree to utilize, or cause their respective Affiliates to utilize, the standard procedure set forth in Rev. Proc. 2004-53 with respect to wage reporting.

11.12 ***Tax Controversies.***

(a) If, subsequent to the Closing, either Buyer or Seller receives notice of an inquiry, claim, assessment, audit or similar event by any Taxing Authority that, if successful, could reasonably be expected to result in an indemnity payment hereunder, or any other claim related to a Pre-Closing Tax Period or a Straddle Period of an Acquired Company which could affect the Tax attributes or Tax liabilities of either an Acquired Company or Buyer for any Post-Closing Tax Period (such inquiry, claim, assessment, audit or similar event or other claim, a "***Tax Matter***"), then as soon as reasonably practicable after receipt of such notice, Buyer or Seller, as the case may be, shall promptly give written notice to the other party of any such Tax Matter; provided, however, that failure of any party to give such notice shall not relieve the other party of any liability hereunder except to the extent, if any, that the rights of such other party with respect to such Tax Matter are materially actually prejudiced thereby.

(b) Seller shall have the right to control the conduct and resolution of any Tax Matter relating solely to a Pre-Closing Tax Period; provided, however, that (i) Buyer shall be entitled to participate, at the Buyer's expense, in the conduct and resolution of such Tax Matter using counsel of its choice, (ii) Seller shall keep Buyer informed on a timely basis of all material developments with respect to such Tax Matter that could reasonably be expected to materially prejudice Buyer and (iii) Seller shall not resolve any such Tax Matter that could reasonably be expected to materially prejudice Buyer without the Buyer's written consent, which shall not be unreasonably withheld, delayed or conditioned.

(c) Buyer shall have the right to control the conduct and resolution of any Tax Matter relating to a Straddle Period; provided, however, that (i) Seller shall be entitled, at the Seller's expense, to participate in the conduct and resolution of such Tax Matter using counsel of its choice, (ii) Buyer shall keep Seller informed on a timely basis of all material developments with respect to such Tax Matter that could reasonably be expected to materially prejudice Seller and (iii) Buyer shall not resolve any such Tax Matter that could reasonably be expected to materially prejudice Seller without Seller's written consent, which shall not be unreasonably withheld, delayed or conditioned.

11.13 ***Conflict.*** In the event of conflict between any of the provisions of this *Article 11* and any other provision of this Agreement, the provisions of this *Article 11* shall control.

ARTICLE 12
TERMINATION AND REMEDIES

12.1 ***Termination.*** Subject to *Section 12.3*, this Agreement may be terminated prior to Closing as follows:

(a) by mutual written agreement of Buyer and Seller;

(b) by written notice from Buyer to Seller if (i) Buyer is not in material breach of its obligations under this Agreement, (ii) Seller breaches its representations or warranties, or defaults in the performance of its covenants, contained in this Agreement or and (iii) all such breaches and defaults of Seller that are not cured within the Cure Period would prevent the conditions to the obligations of Buyer set forth in *Section 8.1* from being satisfied;

(c) by written notice from Seller to Buyer if (i) Seller is not in material breach of its obligations under this Agreement, (ii) Buyer breaches its representations or warranties, or defaults in the performance of its covenants, contained in this Agreement and (iii) all such Buyer breaches and defaults that are not cured within the Cure Period would prevent the conditions to the obligations of Seller set forth in *Section 7.1* from being satisfied; *provided*, *however*, that no Cure Period shall apply to Buyer's obligation to pay the Purchase Price at the Closing; or

(d) by written notice from Buyer to Seller, or from Seller to Buyer, if the Closing does not occur by the twelve (12) month anniversary of the Execution Date (such date, the "***Outside Date***"), unless the Closing has not occurred by such date as a result of a material breach of this Agreement by the party providing such notice of termination*; provided, however*, that if, as of the Outside Date, all conditions to this Agreement have been satisfied or waived (other than those that are to be satisfied by action taken at the Closing) other than the condition that the FCC Consent shall have become a Final Order or the HSR Clearance shall have been obtained (as set forth in *Sections 7.3, 7.4, 8.3* and *8.4*), then either Buyer or Seller may, by written notice to the other, elect to extend the Outside Date by a period of up to sixty (60) days so as to allow for such Government Consents to be obtained; *provided*, *that* the party so extending shall have a good faith reasonable belief that such Government Consents will be obtained within such extension period; and *provided*, *further*, that if, as of the Outside Date, the parties are required to consummate the Closing pursuant to *Section 2.5(a)* but for the operation of the second proviso in *Section 2.5(a)* (i.e., the Marketing Period has not ended), the Outside Date shall automatically be extended to one day after the new date on which the parties are required to consummate the Closing pursuant to such proviso; and *provided*, *further, that* in the event that (x) at the Outside Date as so extended, if applicable, all such Government Consents shall not have been obtained or (y) any Governmental Entity shall have advised either Seller or Buyer prior to the Outside Date that a Government Consent will not be obtained (a "Government Advice") or (z) the Third Party Transactions or transfer to a divestiture trust for any reason shall not have closed concurrently with the Closing and the Government Consents will not allow the parties to consummate the Closing as a result thereof (the *"**Failed Third Party Closing**"*), Seller shall have the right by written notice to Buyer (the "***Exclusion Notice***") on or before such Outside Date, or within 15 business days after receipt of such Government Advice, to exclude from the Acquired Companies any entity or assets which caused such Government Consents not to be obtained or any entity or assets that were subject to the Failed Third Party Closing which caused the parties not to be able to consummate the Closing), such Acquired Companies or assets shall revert to Seller on the Closing Date, the Purchase Price shall be reduced as provided in *Schedule 12.1(d)* and the Parties shall take all actions necessary or appropriate to amend any Government Consent application to reflect such exclusions and obtain the Government Consents, if necessary, and the Outside Date shall be extended for a reasonable period of time in order to obtain the Government Consents, not to exceed 30 days after the date of such Exclusion Notice; *provided*, *however,* that notwithstanding anything herein to the contrary, with respect to any exclusion of the Grand Junction Overlap Stations as provided above or the exclusion of the Assigned Station as provided in *Section 12.1(e)* of the Other Station Agreement, each of the Assigned Station under the Other Station Agreement and the Grand Junction Overlap Stations shall also be excluded from the Closing and all such Stations shall revert to Seller on the Closing Date. If Seller delivers an Exclusion Notice, upon such reversion and price adjustment, neither Seller nor Buyer shall have any further responsibility or liability to the other in respect of such reverted entities or assets or such party's obligations hereunder with respect thereto (including, for example, if Seller sells any of such entities or assets for more or less than the price adjustment, Buyer shall not be entitled to any payment from Seller of any excess proceeds, and Seller shall not be entitled to any payment from Buyer of any proceeds shortfall).

12.2 ***Cure Period.*** Each party shall give the other party prompt written notice upon learning of any breach or default by the other party under this Agreement, and such notice shall include a description of the breach. The term "***Cure Period***" as used herein means a period commencing on the date Buyer or Seller receive from the other written notice of breach or default hereunder and continuing until five (5) Business Days after the day otherwise scheduled for the Closing.

12.3 ***Effect of Termination.*** Subject to *Section 12.4*, in the event that this Agreement is terminated pursuant to Section 12.1, this Agreement shall become void and of no effect and all rights and obligations of the parties hereunder shall terminate without liability on the part of any party hereunder except as set forth in *Section 12.4*; provided however that if a termination shall have resulted from a material breach or fraud of a party (including Buyer's failure to consummate the Closing when required by *Section 2.5*), the termination of this Agreement shall not relieve such breaching party of any liability for such material breach or fraud under this Agreement that occurred prior to the date of termination, and *provided further* that notwithstanding anything contained herein to the contrary, *Article 1* (Definitions; Interpretation), *Section 6.1* (Confidentiality), this *Section 12.3,* and *Article 13* (Miscellaneous) shall survive any termination of this Agreement.

12.4 ***Specific Performance.*** The parties hereto acknowledge and agree that the parties hereto would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached and that any nonperformance or breach of this Agreement by any party hereto could not be adequately compensated by monetary damages alone and that the parties hereto would not have any adequate remedy at law. Accordingly, in addition to any other right or remedy to which any party hereto may be entitled, at law or in equity (including monetary damages), such party shall be entitled to enforce any provision of this Agreement by a decree of specific performance and to temporary, preliminary and permanent injunctive relief, subject to obtaining any required Governmental Consents and the Overlap Consents, to prevent breaches or threatened breaches of any of the provisions of this Agreement without posting any bond or other undertaking. Without limiting the generality of the foregoing, the parties hereto agree that the party seeking specific performance shall be entitled to enforce specifically (a) a party's obligations under *Section 2.6* and (b) a party's obligation to consummate the transactions contemplated by this Agreement (including the obligation to consummate the Closing and pay the Purchase Price), if the conditions set forth in *Article 7* or *Article 8,* as applicable, have been satisfied (other than those conditions that by their nature are to be satisfied at the Closing) or waived, without the requirement of the prevailing party to post a bond. In addition to the foregoing, the prevailing party under this Agreement or any Ancillary Document shall be entitled to prompt payment on demand from the other party of the reasonable attorneys' fees and costs incurred by the prevailing party.

ARTICLE 13
MISCELLANEOUS

13.1 ***Expenses.*** Except as may be otherwise specified herein (including *Schedule 2.6*), each party shall be solely responsible for all costs and expenses incurred by it in connection with the negotiation, preparation and performance of and compliance with the terms of this Agreement. All governmental fees and charges applicable to any requests for Governmental Consents shall be paid one-half by Seller and one-half by Buyer, except that if more than one HSR Act filing is necessary because a party has more than one ultimate parent entity, then such party shall pay the HSR Act filing fees for any additional filings. At Buyer’s expense, Seller shall cooperate in Buyer’s preparation, execution and filing of all Tax Returns regarding Transfer Taxes and in seeking or perfecting any available exemption from Transfer Taxes. Each party is responsible for any commission, brokerage fee, advisory fee or other similar payment that arises as a result of any agreement or action of it or any party acting on its behalf in connection with this Agreement or the transactions contemplated hereby.

13.2 ***Further Assurances.*** After the Closing, each party shall from time to time, at the request of and without further cost or expense to the other, execute and deliver such other instruments of conveyance and assumption and take such other actions as may reasonably be necessary in order to more effectively consummate the transactions contemplated hereby.

13.3 ***Assignment.*** Neither party may assign this Agreement without the prior written consent of the other party hereto; *provided, however,* that Buyer may assign its rights hereunder to an Affiliate of Buyer upon written notice to Seller and that Buyer shall assign its right to purchase the Assigned Station to any Buyer Qualified Assignee by written notice to, and subject to the consent of Seller, such consent not to be unreasonably withheld, provided that in either case (i) any such assignment does not materially delay the processing of the FCC Applications, the grant of the FCC Consent, the HSR Clearance or the Closing, (ii) any such assignee shall deliver to Seller a written instrument of assumption with respect to this Agreement pursuant to which such assignee shall (x) make to Seller the representations and warranties contained in *Article 4* with respect to such assignee and (y) covenant to Seller to observe, satisfy, discharge and perform the covenants of Buyer set forth in this Agreement and (iii) Buyer shall remain liable for all of its obligations hereunder (including those assigned to such assignee), including the payment of the Purchase Price pursuant to *Section 2.2* hereof. The terms of this Agreement shall bind and inure to the benefit of the parties’ respective successors and any permitted assigns, and no assignment shall relieve any party of any obligation or liability under this Agreement.

13.4 ***Notices.*** Any notice pursuant to this Agreement shall be in writing and shall be deemed delivered on the date of personal delivery or confirmed facsimile transmission or confirmed delivery by a nationally recognized overnight courier service, and shall be addressed as follows (or to such other address as any party may request by written notice):

if to Seller:

Hoak Media, LLC
500 Crescent Court
Suite 220
Dallas, TX 75201
Attention: Eric Van den Branden
Fax: (972) 960-4899

with a copy (which shall not constitute notice) to:

Akin Gump Strauss Hauer & Feld LLP
1333 New Hampshire Avenue, N.W.
Washington, DC 20036
Attention: Tom Davidson
Fax: (202) 887-4588

if to any Buyer Party or, after the Closing, to the Company:

Gray Television Group, Inc.
4370 Peachtree Rd NE
Atlanta, GA, 30319
Attention: General Counsel
Fax: 202-747-7791

with a copy (which shall not constitute notice) to:

Dow Lohnes PLLC
1200 New Hampshire Avenue, N.W., Suite 800
Washington, DC 20036-6802
Attention: J. Kevin Mills
Fax: (202) 776-4827

13.5 ***Amendments.*** No amendment or waiver of compliance with any provision hereof or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of such amendment, waiver, or consent is sought.

13.6 ***Severability.*** If any Governmental Entity holds any provision in this Agreement invalid, illegal or unenforceable as applied to any party or to any circumstance under any applicable Law, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Agreement, but this Agreement shall be reformed and construed as if such invalid or illegal or unenforceable provision or part of a provision had never been contained herein and such provision or part shall be reformed so that it would be valid, legal and enforceable to the maximum extent permitted by applicable Law; provided that any such reform or construction does not affect the economic or legal substance of this Agreement and the transactions contemplated hereby in a manner adverse to either party and, if any such reform or construction does affect the economic or legal substance of this Agreement and the transactions contemplated hereby in a manner adverse to either party, the parties shall negotiate in good faith a replacement provision for such invalid, illegal or unenforceable provision which shall accomplish the original intention of the parties with respect to such provision to the greatest extent practicable.

13.7 ***No Beneficiaries.*** Nothing in this Agreement expressed or implied is intended or shall be construed to give any rights to any Person other than the parties hereto and their successors and permitted assignee, and other than each Indemnitee solely as provided in *Section 6.11*.

13.8 ***Governing Law; Consent to Jurisdiction; Waiver of Jury Trial*.**

(a) This Agreement and the negotiation, execution, performance or nonperformance, interpretation, termination, construction and all matters based upon, arising out of or related to this Agreement, whether arising at law or in equity (collectively, the "***Covered Matters***"), and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to the Covered Matters, except for documents, agreements and instruments that specify otherwise, shall be governed by the laws of the State of Delaware without giving effect to the choice of law provisions thereof.

(b) All Actions arising out of or relating to this Agreement shall be heard and determined exclusively in the Chancery Court of the State of Delaware or federal courts of the United States of America for the District of Delaware, to the extent the Chancery Court of the State of Delaware does not have jurisdiction over any such Action, and the parties hereto hereby irrevocably submit to the exclusive jurisdiction of such courts (and, in the case of appeals, appropriate appellate courts therefrom) in any such Action and irrevocably waive the defense of an inconvenient forum to the maintenance of any such Action. The parties hereto agree that a final judgment in any such Action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable law. The consents to jurisdiction set forth in this *Section 13.8* shall not constitute general consents to service of process in the State of Delaware, shall have no effect for any purpose except as provided in this *Section 13.8* and shall not be deemed to confer rights on any third party.

(c) BUYER AND SELLER HEREBY IRREVOCABLY WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF BUYER OR SELLER IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT HEREOF.

13.9 ***Neutral Construction.*** The parties hereto agree that this Agreement was negotiated at arm's-length and that the final terms hereof are the product of the parties' negotiations. This Agreement shall be deemed to have been jointly and equally drafted by all such parties, and the provisions hereof should not be construed against a party on the grounds that the party drafted or was more responsible for drafting the provision.

13.10 ***Cooperation.*** After the Closing, each party shall cooperate with the other in the investigation, defense or prosecution of any third party Action which is pending or threatened against either party or its Affiliates with respect to the Stations, whether or not any party has notified the other of a claim for indemnity with respect to such matter. Without limiting the generality of the foregoing, Buyer and the Acquired Companies shall make available the Station Employees to give depositions or testimony and shall furnish all documentary or other evidence that Seller may reasonably request. The requesting party shall reimburse the cooperating party for all reasonable and necessary out-of-pocket third party expenses incurred in connection with the performance of the cooperating party's obligations under this *Section 13.10*.

13.11 ***Non-Recourse.*** No past, present or future director, officer, employee, incorporator, member, partner, equityholder, Affiliate, agent, attorney or representative of Seller or any of its Affiliates or Buyer or any of its Affiliates shall have any liability for any obligations or liabilities of Seller or Buyer, as applicable, under this Agreement or for any claim (whether in contract or tort, at law or in equity, or based upon any theory that seeks to "pierce the corporate veil" or impose liability of an entity against its owners or Affiliates or otherwise), liability or any other obligation arising under, relating to, based on, in respect of, in connection with or by reason of, this Agreement or the transactions contemplated hereby, including its negotiation and/or execution.

13.12 ***Counterparts; Delivery by Facsimile/Email.*** This Agreement may be executed in separate counterparts, each of which will be deemed an original and all of which together will constitute one and the same agreement. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by facsimile transmission or electronic mail in pdf form, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or any party to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or electronic mail to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of a facsimile machine or electronic mail as a defense to the formation or enforceability of a contract, and each such party forever waives any such defense.

13.13 ***Entire Agreement.*** The Schedules and Exhibits hereto are hereby incorporated into this Agreement. This Agreement, the Schedules and Exhibits, the Other Station Agreement, and the Ancillary Documents constitute the entire agreement and understanding among the parties hereto with respect to the subject matter hereof, and supersedes all prior agreements and understandings with respect to the subject matter hereof, except the NDA, which shall remain in full force and effect. No party makes any representation or warranty with respect to the transactions contemplated by this Agreement except as expressly set forth in this Agreement (or in any of the Ancillary Documents, or any other agreement executed on the Execution Date or thereof in connection herewith or therewith).

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Purchase Agreement as of the date set forth above.

HOAK MEDIA, LLC

/s/ Eric D. Van den Branden

Name: Eric D. Van den Branden

Title: President and Chief Executive Officer

GRAY TELEVISION GROUP, INC.

/s/ Hilton H. Howell, Jr.

Name: Hilton H. Howell, Jr.

Title: President

[SIGNATURE PAGE TO PURCHASE AGREEMENT]

EXHIBIT 4.3

SECOND SUPPLEMENTAL INDENTURE

SECOND SUPPLEMENTAL INDENTURE (this "Supplemental Indenture"), dated as of December 31, 2013, by and among Gray Television, Inc., a Georgia corporation (the "Company"), each of Yellowstone Television, LLC and Yellowstone LicenseCo LLC, Delaware limited liability companies and subsidiaries of the Company (together, the "New Guarantors"), and U.S. Bank National Association, a national association under the laws of the United States, as trustee (the "Trustee") under the Indenture (defined below).

WITNESSETH:

WHEREAS, the Company, certain Subsidiary Guarantors (as defined in the Base Indenture (defined below)) and the Trustee are party to an Indenture (the "Base Indenture"), dated as of October 9, 2012, providing for the issuance of an aggregate principal amount of $300,000,000 7½% Senior Notes due 2020 of the Company (the "Original Notes");

WHEREAS, the Company, certain Subsidiary Guarantors and the Trustee are party to a Supplemental Indenture (together with the Base Indenture, the "Indenture"), dated as of October 18, 2013, providing for the issuance of an additional aggregate principal amount of $375,000,000 7½% Senior Notes due 2020 of the Company (together with the Original Notes, the "Notes");

WHEREAS, Section 4.17 of the Indenture provides that under certain circumstances the Company is required to cause the New Guarantors to execute and deliver to the Trustee a supplemental indenture pursuant to which the New Guarantors shall unconditionally guarantee all of the Company's obligations under the Notes pursuant to a Guarantee on the terms and conditions set forth herein;

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee, the Company and the New Guarantors are authorized to execute and deliver this Supplemental Indenture; and

WHEREAS, the Company and the New Guarantors have duly authorized the execution and delivery of this Supplemental Indenture and all things necessary to make this Supplemental Indenture when executed by each of them a valid and binding agreement of the Company, the Subsidiary Guarantors and the New Guarantors have been done and performed;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Guarantors, the Company and the Trustee mutually covenant and agree for the equal and ratable benefit of the holders of the Notes as follows:

1. Agreement to Guarantee. The New Guarantors hereby agree, jointly and severally with the Subsidiary Guarantors, to unconditionally guarantee the Company's obligations under the Notes on the terms and subject to the conditions set forth in Article XI of the Indenture and to be bound by all other applicable provisions of the Indenture and the Notes.

2. Ratification of Indenture; Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder heretofore or hereafter authenticated and delivered shall be bound hereby.

3. GOVERNING LAW. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK BUT WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

4. Trustee's Assumption; Trustee Makes No Representation. The Trustee assumes no duties, responsibilities or liabilities under this Supplemental Indenture other than as set forth in the Indenture. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture.

5. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

YELLOWSTONE TELEVISION, LLC

By: /s/ James C. Ryan
Name: James C. Ryan
Title: Authorized Officer

YELLOWSTONE LICENSECO LLC

By: /s/ James C. Ryan
Name: James C. Ryan
Title: Authorized Officer

GRAY TELEVISION, INC.

By: /s/ James C. Ryan
Name: James C. Ryan
Title: Authorized Officer

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: /s/ Jack Ellerin
Name: Jack Ellerin
Title: Vice President

[Signature Page to Supplemental Indenture]

EXHIBIT 10.8

GRAY TELEVISION, INC.

Description of Annual Incentive Plan Structure

The Compensation Committee (the “Committee”) of the board of directors of the Company, has established an incentive compensation program that is designed to provide opportunities for the Company’s executive officers to receive annual cash incentive compensation awards based upon achieving certain pre-established targets for Company performance. The target opportunities are based on the achievement of certain performance metrics, and are generally established each year as a percentage of each executive officer’s base salary. Such metrics may vary from year to year, but are generally chosen from those the Committee deems appropriate to motivate the Company’s executive officers towards the achievement of performance objectives that are in the Company’s best interests, such as revenues, “net operating profit” (calculated as net revenue less broadcast expense and corporate and administrative expense) and/or broadcast cash flow (as defined in the Non-GAAP reconciliations published by the Company). The incentive opportunities generally range between a threshold of 17.5% and a maximum of 90% of an executive officer’s base salary, depending on the level of satisfaction of the relevant metrics.

As part of the annual incentive plan, the Committee generally establishes threshold (minimum), target and maximum levels of performance for each metric, with a weighting of the total incentive opportunity assigned to each of the metrics as follows: (i) 25% for revenue goals, (ii) 25% for net operating profit goals and (iii) 50% for broadcast cash flow goals. Target performance goals are developed based on internal company budgets and forecasts. If actual Company performance for any of the metrics above is less than 95% of the “target” amount of such metrics, no payment would be made for that metric. If actual performance is between 95% and 100% of target performance, awards would be paid on a scale of 50% to 100% of each executive officer’s target opportunity. If actual performance exceeds 100% and is less than or equal to 110% of target performance, awards would be payable on a scale from 100% to 150% of an executive officer’s target opportunity, in each case based on linear interpolation of actual results. The maximum award payable for any single metric is 150% of an executive officer’s target opportunity for that metric. If the threshold measure is not achieved, then no payment would be made for the associated metric.

The Committee reviews performance at the conclusion of each fiscal year and determines the actual incentive payments earned based upon achieving the relevant metrics. In addition, as a part of the incentive plan structure, the Committee retains the discretion to adjust any amount that would have been payable based on the achievement of the pre-established metrics, or to make other discretionary cash bonus payments, in either case, based upon the Company’s or an individual executive officer’s performance.

Subsidiaries of the Registrant
Gray Television, Inc.
As of December 31, 2013

Name of Subsidiary	Jurisdiction of Incorporation
WVLT-TV, Inc.	Georgia
Gray Television Group, Inc.	Delaware
Gray Television Licensee, Inc.	Delaware
Yellowstone Television, LLC	Delaware
Yellowstone LicenseCo LLC	Delaware

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Nos. 333-156012, 333-143493, 333-117248, 333-17773, 333-160362, 333-106753, 333-106751 and 333-190763) on Form S-8 of Gray Television, Inc. of our report dated March 11, 2014 relating to our audits of the consolidated financial statements, financial statement schedule and internal control over financial reporting, which appears in this Annual Report on Form 10-K of Gray Television, Inc. for the year ended December 31, 2013.

/s/ McGladrey LLP
West Palm Beach, Florida
March 11, 2014

EXHIBIT 31.1

I, Hilton H. Howell, Jr., certify that:

1. I have reviewed this annual report on Form 10-K of Gray Television, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 11, 2014

By: /s/ Hilton H. Howell, Jr.
Vice-Chairman, President and Chief Executive Officer

EXHIBIT 31.2

I, James C. Ryan, certify that:

1. I have reviewed this annual report on Form 10-K of Gray Television, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 11, 2014

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

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying annual report on Form 10-K of Gray Television, Inc. (the "Company") for the year ended December 31, 2013 (the "Periodic Report"), the undersigned Chief Executive Officer of the Company, hereby certifies pursuant to Title 18, Section 1350 United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his individual knowledge and belief, that the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 11, 2014

/s/ Hilton H. Howell, Jr.
Hilton H. Howell, Jr.,
Vice-Chairman, President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Gray Television, Inc. and will be retained by Gray Television, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying annual report on Form 10-K of Gray Television, Inc. (the “Company”) for the year ended December 31, 2013 (the “Periodic Report”), the undersigned Chief Financial Officer of the Company, hereby certifies pursuant to Title 18, Section 1350 United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his individual knowledge and belief, that the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 11, 2014

/s/ James C. Ryan
James C. Ryan,
Senior Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Gray Television, Inc. and will be retained by Gray Television, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.