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

FORM 8-K

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

Date of Report (Date of earliest event reported): **May 29, 2014 (May 29, 2014)**

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

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

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

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

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01. Regulation FD Disclosure

Beginning on May 29, 2014, Gray Television, Inc. (including its consolidated entities, “Gray” or the “Company”) intends to meet with and make presentations to prospective lenders in connection with a proposed senior credit facility refinancing, the proceeds of which are intended to be used to refinance the Company’s outstanding indebtedness under its existing senior credit facility and to complete the Company’s pending material acquisitions, including of certain television stations owned by Hoak Media, LLC (including its consolidated entities, “Hoak”). These presentations are expected to include certain strategic business and financial information relating to the Company’s historical and expected results of operations and financial condition (after giving effect to various completed and pending acquisitions).

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

As previously disclosed, due to regulatory requirements Hoak’s 5 television stations in the Panama City and Grand Junction markets will be simultaneously divested to Nexstar Broadcasting, Inc. (“Nexstar”) and Mission Broadcasting, Inc. (Mission”).

The Company is also furnishing herewith the following historical consolidated financial statements of Hoak (which consolidated financial statements include financial information and results of operations of the stations that will be sold to Nexstar or Mission and will not be retained by Gray):

- Hoak Media, LLC unaudited consolidated statements of operations for the three months ended March 31, 2014 and 2013, unaudited consolidated balance sheets as of March 31, 2014 and December 31, 2013, and unaudited statements of cash flows for the three months ended March 31, 2014 and 2013;

- Hoak Media, LLC and subsidiaries audited consolidated financial statements and report of independent certified public accountants as of December 31, 2013 and 2012, and for the years then ended; and

- Hoak Media, LLC and subsidiaries audited consolidated financial statements and report of independent certified public accountants as of December 31, 2012 and 2011, and for the years then ended.

The foregoing consolidated financial statements of Hoak are attached hereto as Exhibits 99.2, 99.3 and 99.4, respectively, and are incorporated herein by this reference.

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

Item 9.01. Financial Statements and Exhibits.

(d) *Exhibits.*

Number	Exhibit
99.1	Prospective lender meeting slides
99.2	Hoak Media, LLC unaudited consolidated statements of operations for the three months ended March 31, 2014 and 2013, unaudited consolidated balance sheets as of March 31, 2014 and December 31, 2013, and unaudited consolidated statements of cash flows for the three months ended March 31, 2014 and 2013
99.3	Hoak Media, LLC and subsidiaries audited consolidated financial statements and report of independent certified public accountants as of December 31, 2013 and 2012, and for the years then ended
99.4	Hoak Media, LLC and subsidiaries audited consolidated financial statements and report of independent certified public accountants as of December 31, 2012 and 2011, and for the years then ended

SIGNATURES

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

GRAY TELEVISION, INC.

Date: May 29, 2014	By:	/s/ James C. Ryan
		Name: James C. Ryan
		Title: Chief Financial Officer and Senior Vice President

EXHIBIT LIST

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Exhibit 99.1

gray

Television • Digital • Mobile

Gray Update Presentation

May 29, 2014

Introduction

Certain statements in this presentation constitute "forward-looking statements" within the meaning of and subject to the protections of the Private Securities Litigation Reform Act of 1995 and other federal and state securities laws. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such "forward-looking statements." Factors that could cause our actual results to differ materially from those expressed or implied by any forward-looking statements are described under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013 and may be contained in our other reports subsequently filed with the SEC.

See the appendix to this presentation for the definition of certain capitalized terms used herein and for reconciliations of the Company's non-GAAP measures of broadcast cash flow, broadcast cash flow less cash corporate expenses and free cash flow.

Transaction Summary

Transaction Overview

- On November 20, 2013, Gray entered into definitive agreements, as amended, to acquire or operate a total of 15 television stations from Hoak Media and Parker for $297.5 million in cash, subject to a $9 million working capital adjustment
  - The total consideration of $297.5 million is net of $37.5 million in proceeds from the disposition of Hoak stations in two markets to Nexstar Broadcasting, Inc. ("Nexstar") and Mission Broadcasting, Inc. ("Mission")
  - The FCC granted approval for Gray's and Nexstar's portions of the transaction on April 3, 2014 and April 23, 2014, respectively
- Gray will finance the Hoak Acquisition and refinance its senior secured indebtedness with $550 million in new senior secured credit facilities, consisting of the following:
  - $50 million Priority Revolving Credit Facility
  - $500 million Term Loan B
- Pro forma for the Acquisitions, secured leverage will be 2.6x and total leverage will be 6.1x, based on Pro Forma L8QA 3/31/14 Operating Cash Flow of $194 million, including $7 million of identified L8QA synergies

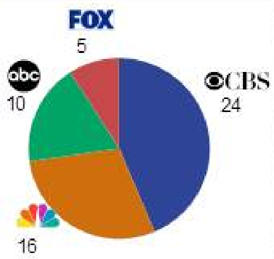
Note: Please refer to the Glossary in the Appendix for definitions of the capitalized terms

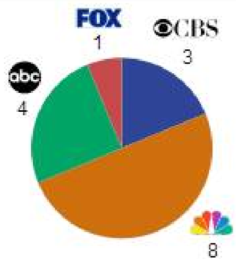
Company Overview

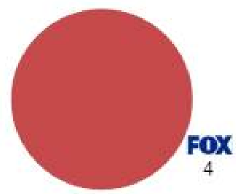
Combination Snapshot

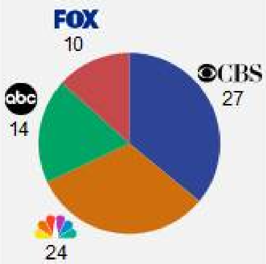
($ in Millions)	Gray TV [1] Standalone	Hoak Assets Being Acquired or Operated by Gray Pre-Synergies	Rapid Cities / Prime Cities Pre-Synergies	Pro Forma Post-Synergies
Financial Profile				
'12A-'13A Revenue	$376	$76	$6	$474 [2]
'12A-'13A BCF	$160	$39	$2	$205 [2]
'12A-'13A OCF	$147	$39	$2	$195 [2]
Scale				
Stations	54	15	4	73
Non-Duplicated Markets	36	5	1	42
TV Household Reach	7.5 million (6.4%)	1.2 million (1.1%)	0.2 million (0.2%)	8.5 million (7.4%)
Asset Quality				
#1 / #2 Stations	32	6	-	38
2012 Political Revenue [3]	$86	$12	$0	$100 [2]

Big 4 Network Affiliated Channels [4]









(1) Figures per Company filings and 12/31/13 Compliance Cert; Scale, Asset Quality, and Affiliations data includes Montana and the Acquisitions other than the Hoak Acquisition, Prime Cities, Rapid Cities

(2) Revenue, BCF, and Political revenue includes approximately $16, $4, and $2 million, respectively, from the acquisition of Lockwood, KJCT, and Yellowstone; OCF includes $7 million of identified L8QA 12/31/13 synergies from the Hoak Acquisition and the acquisition of Prime Cities and Rapid Cities

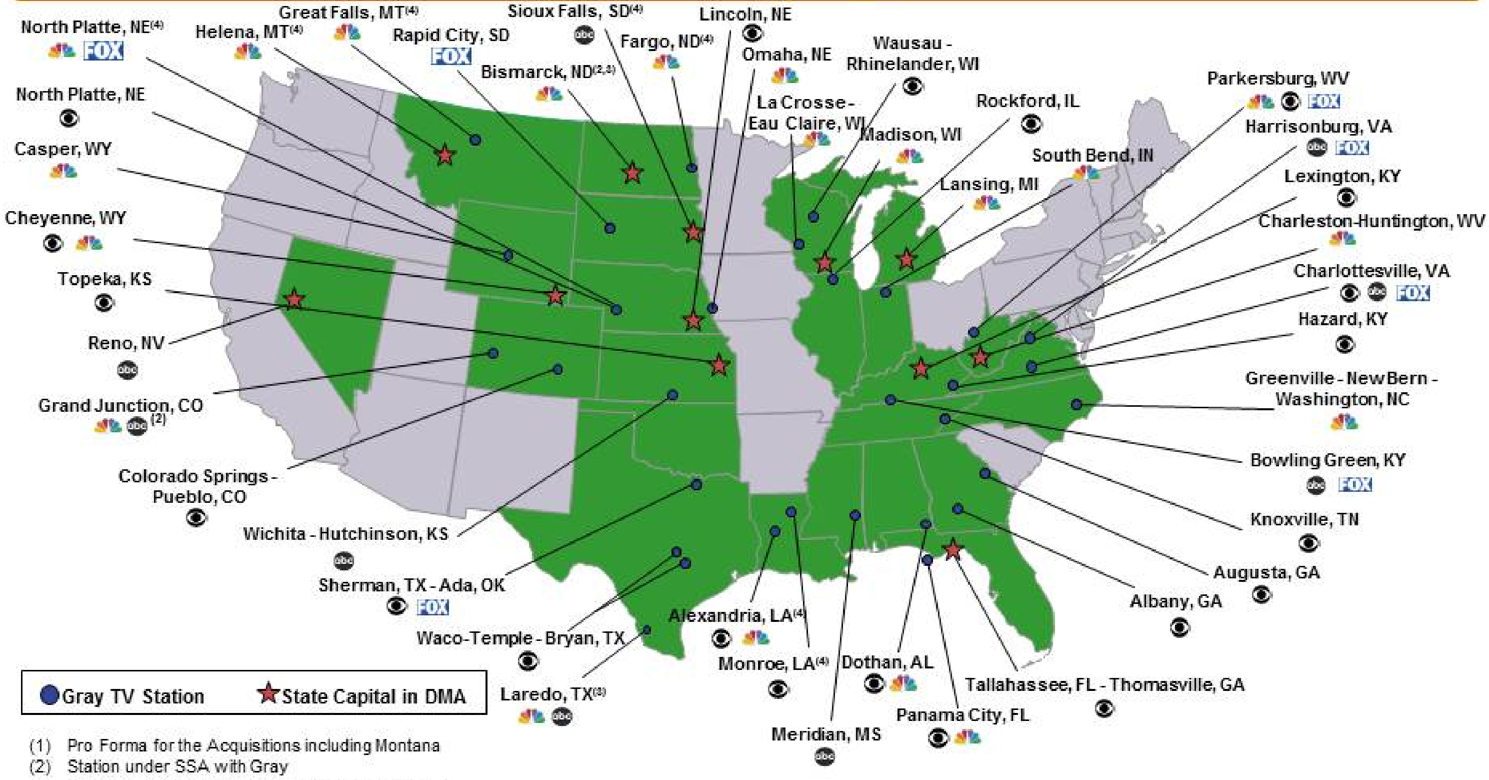
(3) Assumes 15% agency commission discount on gross political revenues for the Acquisitions

(4) Gray TV includes Laredo ABC station expected to launch on July 1, 2014

Source: Company filings and BIA in Television

Gray Has a Diverse and National Footprint

42 markets reaching approximately 7.4% of US TV households(1)

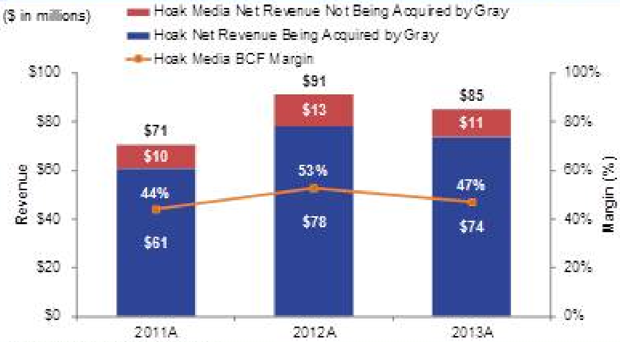


(1) Pro Forma for the Acquisitions including Montana
(2) Station under SSA with Gray
(3) ABC expected to commence operations July 2014
(4) Pending acquisition

Hoak Overview

- 15 total stations of programming spread across seven attractive markets
  - Multicast programming in six of seven markets
- #1 or #2 news rating in six of seven markets
  - Strong local news ratings drive political revenue and make Hoak stations a "must have" for political and issue advertisers
- #1 in four of seven markets with average 2012 BIA revenue share of 33% across all markets
- Stations located in severe and disruptive weather markets where residents depend on Hoak's weather services
- Minot-Bismarck market is a beneficiary of the significant growth of domestic oil production in the Bakken Oil Field, which has driven North Dakota's national leading GDP growth of over 13%

Historical Hoak Revenue and Margin (1)



Source: Hoak Media financials

Hoak Geographic Footprint

Source: Hoak Media management and BIA Investing in Television 2013
Note: Reflects markets to be acquired by Gray

(1) Revenues adjusted to exclude national rep commissions and other corporate revenue
Note: Statistics only for those stations to be acquired by Gray

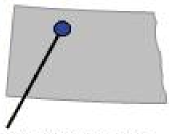
Acquisition Rationale

Reinforces Gray's Market Leadership	▪ Gray will acquire and/or operate the #1 or #2 ranked local television station operations in six of seven markets ▪ Gray will own and/or operate Big Four network affiliated channels in all Hoak markets ▪ Pro forma for the Acquisitions including Montana, Gray will own/operate #1 ranked station in 28/42 markets, and the #1 or #2 ranked stations in 38/42 markets
Aligns with Gray's Market and Station Focus	▪ Hoak's stations are in markets with DMA ranks ranging 105 to 208, which aligns with Gray's portfolio of stations ranked 61 to 208 ▪ Acquisitions enhance presence in state capitals ▪ Hoak stations are located in areas with disruptive weather patterns where local weather coverage is important
Enhances Scale & Diversification	▪ Gray will expand its geographic footprint to 42 markets and will reach 7.4% of US households, up from 34 markets and 6.4% of households ▪ Acquisitions strengthen Gray's operating leverage and negotiating power ▪ Allows Gray to maintain a leadership position in a consolidating industry
Highly Accretive Acquisition	▪ Gray has identified approximately $7 million of operating synergies for L8QA 3/31/14 in the Hoak Acquisition and the Rapid Cities and Prime Cities acquisitions ▪ Resulting effective purchase price multiple is 6.9x 2012 and 2013 average OCF including identified synergies

Prime Cities & Rapid Cities Acquisitions Overview

Prime Cities Broadcasting

($ in millions)	2011A	2012A	2013A
Net Revenue	$2.0	$2.6	$2.0
Op. Expenses	$1.6	$1.8	$1.5
BCF	$0.4	$0.8	$0.5

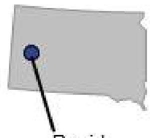


Stations	Affiliation	Market Revenue Rank	Revenue Share
KNDX / KXND	FOX	3	10.1%

- KXND operates in Minot, ND as a satellite station to KNDX
- Gray completed the acquisition of the non-license assets of KXND/KXDX on May 1, 2014
- Subject to FCC approval, Gray expects to acquire the FCC licenses of the low power stations
- Gray began operating these stations under an LMA on May 1, 2014
- Expected to have $0.8 million in operating synergies
- Immediately free cash flow accretive

Mission TV (Rapid Cities)

($ in millions)	2011A	2012A	2013A
Net Revenue	$3.4	$3.7	$3.9
Op. Expenses	$2.6	$2.8	$3.0
BCF	$0.8	$0.9	$0.9



Stations	Affiliation	Market Revenue Rank	Revenue Share
KEVN / KIVV	FOX	2	27.8%

- Gray acquired two FOX affiliated stations for $7.75 million on May 1, 2014
- Expected to integrate well with North and South Dakota markets from Hoak Media acquisition
- KIVV operates in Lead, SD as a satellite station to KEVN
- Expected to have $0.7 million in operating synergies
- Immediately free cash flow accretive

Source: BIA Investing in Television

Investment Highlights

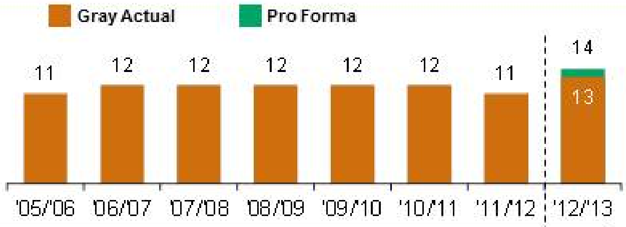
- ✓ A Leading Television Broadcaster in Diverse Mid Markets with Dominant Market Positions
  - ✓ 139 program streams and 75 “Big 4” network affiliations
  - ✓ #1 or #2 market rank in 38/42 markets; #1 news ranking in 27/42 markets
- ✓ Improving Advertising Market and Diversification of Revenue Mix
- ✓ Large Political Upside in Election Years with Presence in Key States
- ✓ Strong Growth in Net Retransmission Revenue and Increasing Leverage With Networks
- ✓ Successful New Media Initiatives and Spectrum Upside
- ✓ Robust Free Cash Flow Generation Over a Two Year Cycle
- ✓ Experienced Management Team With Track Record of Successful Integrations

Note: Pro Forma for the Acquisitions including Montana

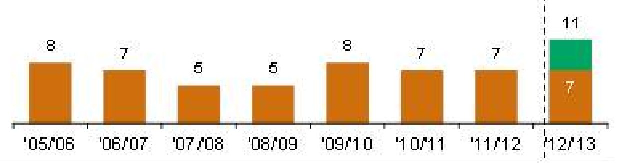
The Importance of Being #1

- Dominate local and political revenue with highly-rated news platforms
- Greater purchasing power and leverage with MVPDs, networks and programmers
- Deliver higher margins
- Maximize free cash flow
- Attract and retain high quality talent

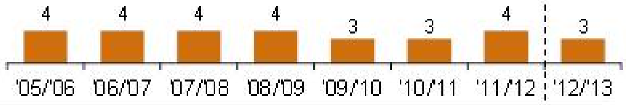
Long History of Being #1 in the Market (1)



CBS National Ranking	1	1	2	1	1	1	1	1



NBC National Ranking	3	4	4	4	4	4	3	3



ABC National Ranking	2	2	3	2	2	2	2	2

(1) Number of Gray stations ranked #1; Pro Forma for the Acquisitions including Montana

Stable Markets – Concentration on DMAs 61-208
With Focus on State Capitals / Collegiate Presence

Market	College(s)	Approximate Enrollment
Waco, TX		92
Topeka, KS		53
Lansing, MI		49
Tallahassee, FL	Florida A&M	43
Madison, WI		43
Lexington, KY		29
Knoxville, TN		27
Lincoln, NE		24
Greenville, NC		21
Charlottesville, VA		21
Reno, NV		19

Market	College(s)	Approximate Enrollment
Bowling Green, KY		18
Harrisonburg, VA	JMU	18
Cheyenne, WY		13
Charleston-Huntington, WV		10
Monroe, LA(1)	ULM	9
South Bend, IN		8
Colorado Springs, CO		8
Bismarck, ND(1)		4
Great Falls, MT(1)	University of Great Falls; Great Falls College	3
Helena, MT(1)		1
Parkersburg, WV	Marietta College	1

- Gray stations cover 11 state capitals and 22 university towns
- Enrollment of approximately 514,000 students
- Better demographics, more stable economies

Note: Shading indicates DMA includes state capital. Enrollment in thousands;
(1) Pending or recently closed acquisitions

Diversification Across Networks and Markets

Station Mix

139 Total Program Streams:[4]

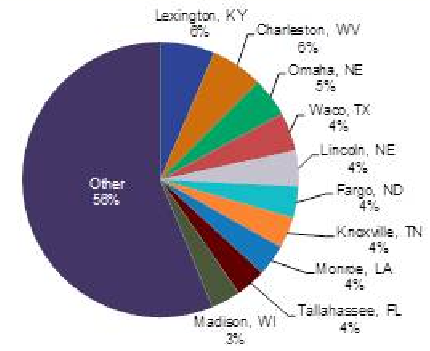
75 Big 4 Affiliates:[4]

- 27 CBS
- 24 NBC
- 14 ABC
- 10 FOX

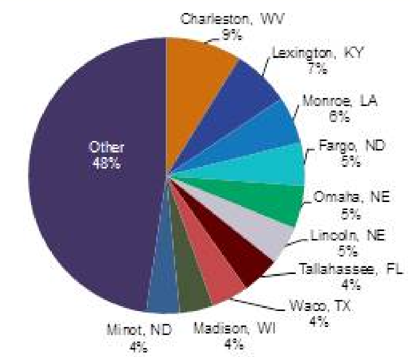
64 Additional Program Streams with:[(2)(4)]

- 15 CW
- 2 Telemundo
- 17 MyNetwork TV
- 11 ME TV
- 5 Antenna TV
- 3 This TV Network
- 1 Live Well Network
- 1 Cozi
- 9 Local News/Weather

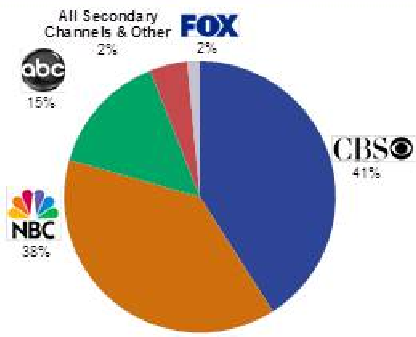
2013PF Revenue: Top 10 Markets (1)



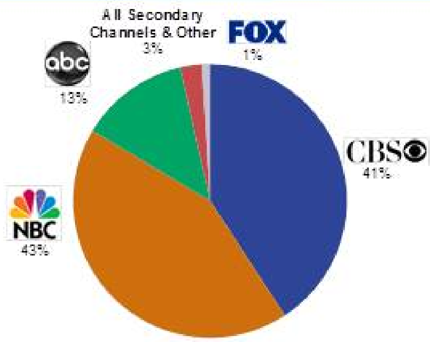
2013PF BCF: Top 10 Markets (1), (3)



2013PF Revenue by Affiliate: $440mm (1)



2013PF BCF by Affiliate: $169mm (1), (3)

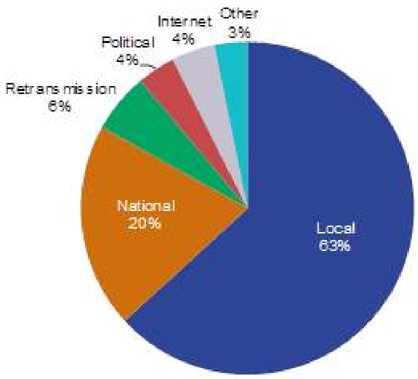


(1) Pro forma for the Acquisitions excluding Montana
(2) Certain program channels are affiliated with more than one additional network simultaneously
(3) Excludes corporate expenses
(4) Includes all the Acquisitions and stations under LMA or SSA agreements with Gray including Montana
Source: Company

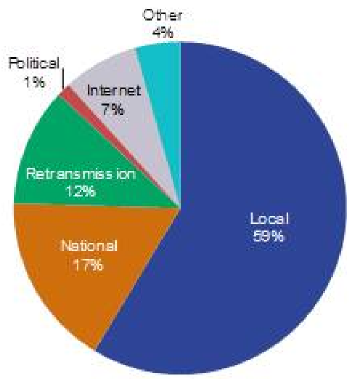
Revenue Mix Continues to Diversify

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

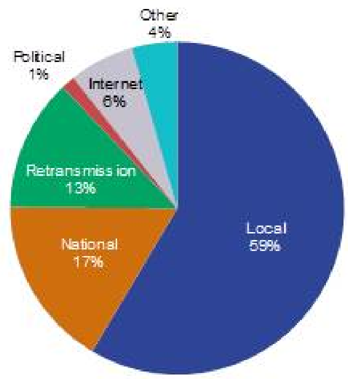
2009A Net Revenue Mix: $270mm (1)



2013A Net Revenue Mix: $346mm (1)



2013PF Net Revenue Mix: $440mm (1)



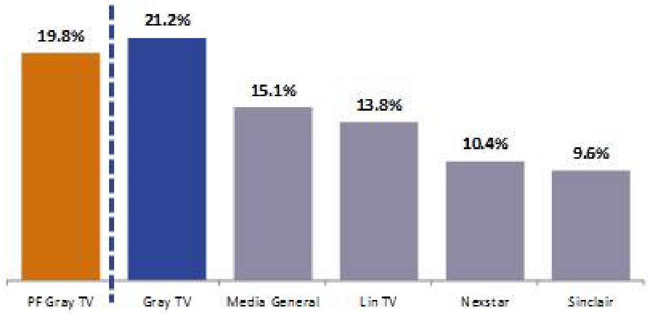
(1) 2009A and 2013A reflect Gray actual data per Company; 2013PF includes the Acquisitions

Gray is A Leading Beneficiary of Political Revenue with Large Upside

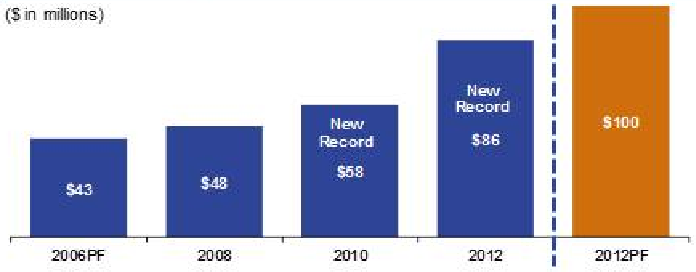
Gray TV Political Commentary

- $86 Million in 2012 – New Record
- 2011 - Off Year Record $13.5 million
- Gray operates in key battleground states
  - #1 stations can capture over 50% of the political budget for a market
- Recent Supreme Court decisions removing limits on campaign spending have driven and will further drive incremental revenue
- Revenue from issue-based political advertising expected to further drive growth

2012 Political Revenue as % of Total (1), (2)

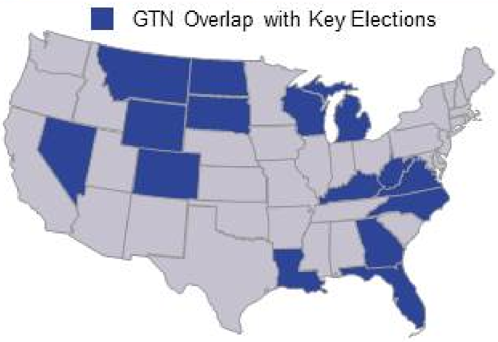


Gray TV Political Revenue (1), (2)



(1) Gray, Media General, Lin TV, Nexstar, and Sinclair figures per company filings
(2) 2006 pro forma for acquisitions completed in 2006 and not the Acquisitions; 2012PF includes Gray and the Acquisitions and assumes 15% agency commission discount on gross political revenues for the Acquisitions
(3) Represents key political states in 2014 elections

Strong Presence in Key Election States (3)

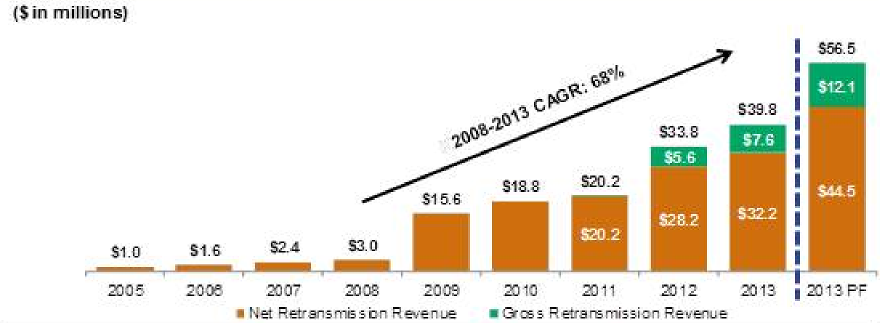


Source: Politico, Electoral-vote.com, FiveThirtyEight.com, and University of Virginia Center for Politics

Strong Growth in Retransmission Revenue

- Approximately 2 million historical Gray subscribers(2) re-priced in two deals in Q4 2013
- Remaining 4.5 million historical Gray subscribers(2) re-pricing between 12/31/14 and 3/31/15
- Potential upside from price increases vs. existing contracts

Gray TV Retransmission Revenue (1)



% of Total Revenue	0.3%	0.5%	0.8%	0.9%	5.8%	5.4%	6.6%	8.3%	11.5%	12.9%

Long Term Affiliate Contracts with "Big 4" Networks(3)

CBS

# of Channels	Renewal Date
18	12-31-14
2	6-30-15
1	9-10-15
3	12-31-16
1	3-2-17
1	12-31-17
1	8-31-18
27	

NBC

# of Channels	Renewal Date
6	1-1-15
15	12-31-15
1	1-1-16
2	12-31-17
24	

abc

# of Channels	Renewal Date
1	8-31-14
4	12-31-17
8	12-31-18
1	TBD(4)
14	

FOX

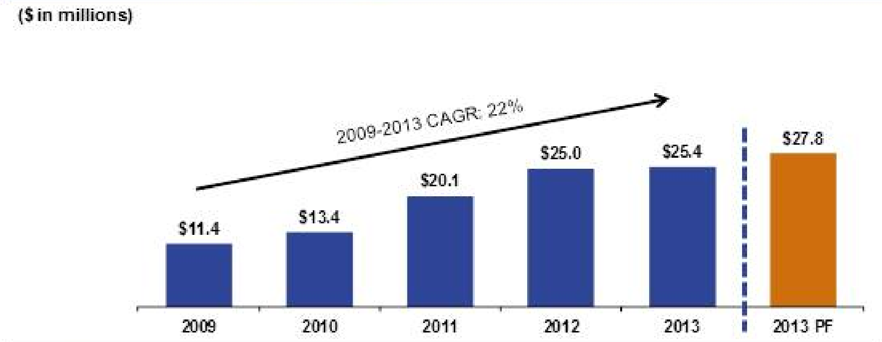
# of Channels	Renewal Date
8	6-30-14
2	12-31-14
10	

(1) Gray actual data per Company; 2013PF includes the Acquisitions
(2) Includes SSAs and LMAs. Gray standalone data
(3) Based on number of channels Pro Forma for the Acquisitions including Montana
(4) Includes Laredo, Texas ABC station expected to launch in July 2014

Successful Digital Media Initiatives

- Operate web and mobile applications in all markets
- Focused on local content: news, weather, sports
- All sites have converted to responsive design
- "Moms Everyday" digital vertical; deployed in each Gray TV market and continues to expand to other markets

Gray TV Digital Media Revenue (1)

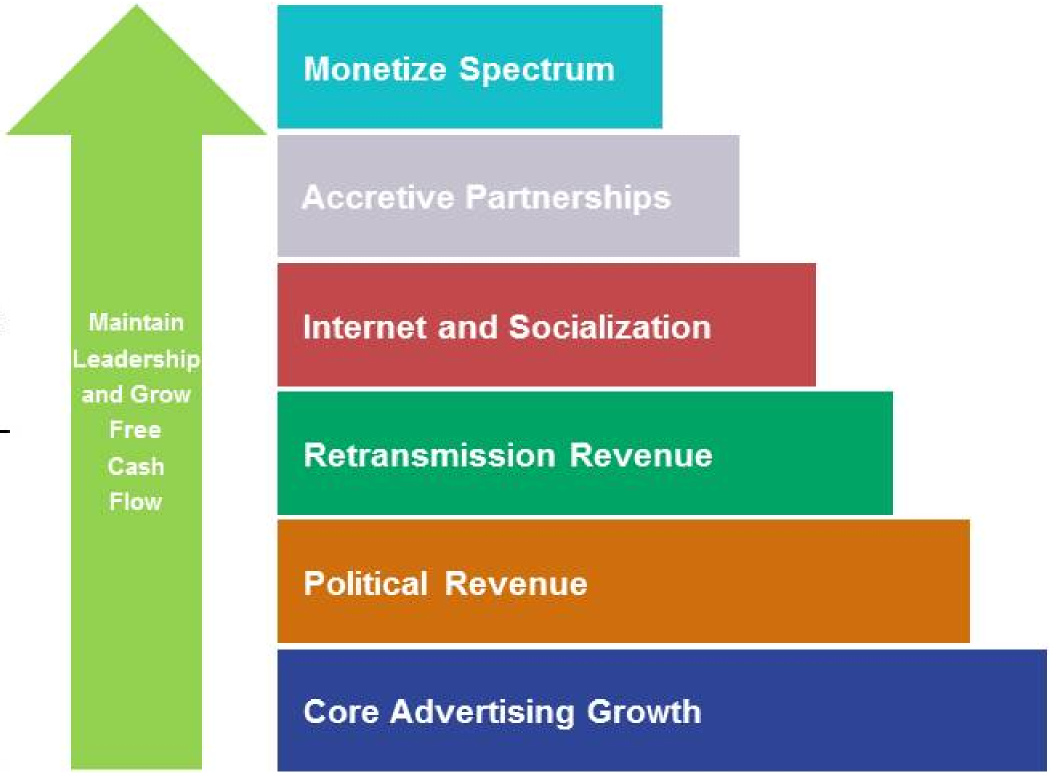


	2009	2010	2011	2012	2013	2013 PF
% of Total revenue	4.2%	3.9%	6.5%	6.2%	7.3%	6.3%

(1) Gray Standalone data per company filings; 2013PF includes the Acquisitions

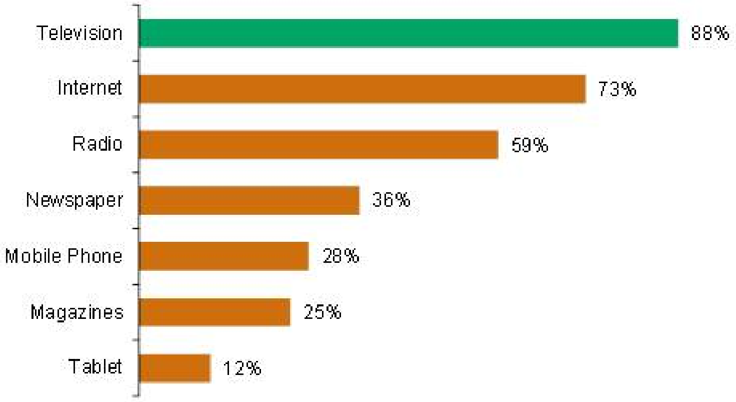
Operational Strategy Focused on Market Leadership and Growth

- Maintain and grow our market leadership position
- Pursue selective strategic transactions
- Continue to prudently invest in local content and news, syndicated programs, top talent and community relationships
- Seek new media opportunities – currently operate web, mobile and desktop applications in all of our markets
- Monetize digital spectrum through growth in spectrum channels
- Drive free cash flow generation



Television Continues to be the #1 Choice for Critical Mass Reach Among Advertisers

TV Reaches More People than Any Other Medium



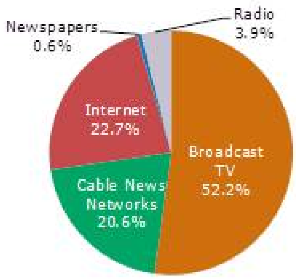
TV is the Most Influential Local Media

96 of the Top 100 Rated Programs are Broadcast Programs (P18-49)

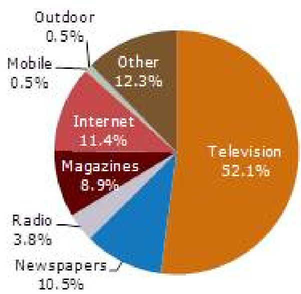
Program Rank	Broadcast Stations	Cable TV	Total
1-25	24	1	25
26-50	24	1	25
51-75	24	1	25
76-100	24	1	25
Total	96	4	100

Note: Based on 2013 season NTI Live + Same Day estimates. Ranked by average audience % (ratings); in the event of a tie, impressions (000's) are used as a tiebreaker. Ad-Supported Subscription television only. Programming under 5 minutes excluded
Source: TVB

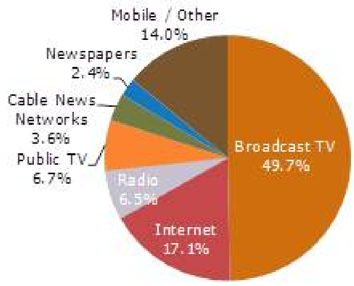
Primary Source of News



Most Influential Media



Source of Local Weather, Traffic and Sports



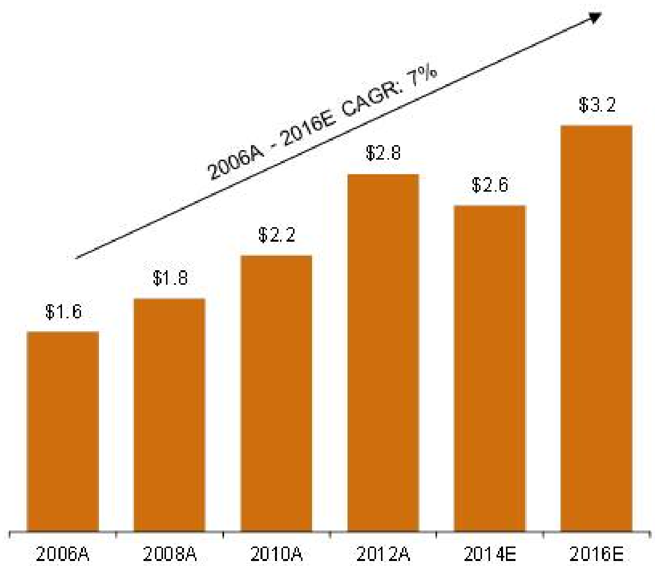
Source: TVB Media Comparison Study 2012

Strong Growth Across the Industry in Other Key Revenue Streams

- Record level of political revenue in 2012 and estimates for continued growth through 2016

Industry-wide Political Spend on Local TV (1)

($ in billions)

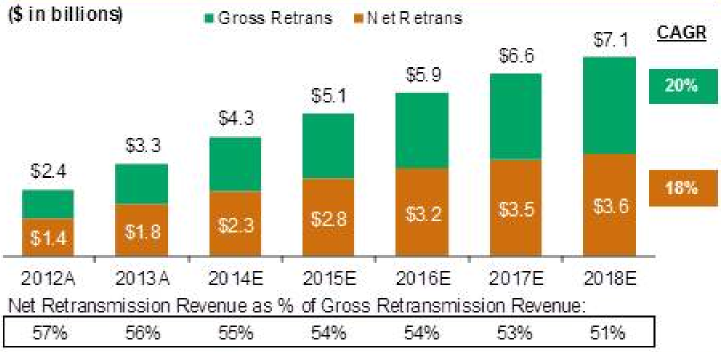


(1) Based on Local Broadcast TV political advertising only (excludes Local Cable TV)
Source: Magna Global, TVB, Moody's, SNL Kagan and Wall Street research

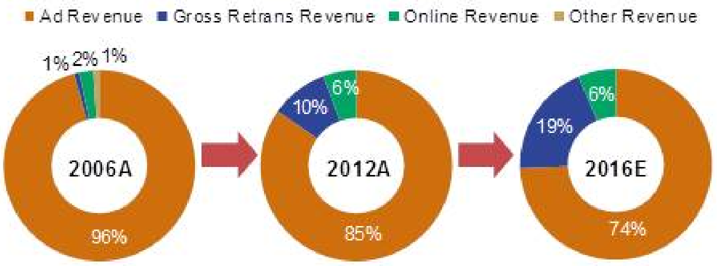
- Continued upside in retransmission fees, with revenue projected to reach $7.1 billion in 2018

Strong Growth in Retransmission Revenue

($ in billions)



Changing Composition of Television Revenue



Automotive Ad Spending on TV Continues to Grow and Still Below Peak Levels

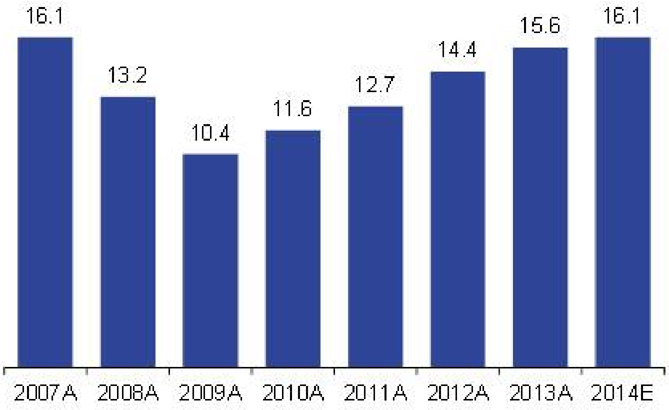
- Television continues to be a critical medium for automotive advertising
- TV auto ad spending growth of $0.2 billion or 6% from 2012 to 2013 but still below peak
- Positive trend will continue, with automotive ad spending projected to reach ~$3.5 billion in 2014

TV Ad Spending in the Automotive Sector

($ in billions)

SAAR of U.S. Light Vehicle Sales

(in millions)



Source: TVB, U.S. Bureau of Economic Analysis, J.D. Power and TVNewsCheck

Financial Overview

Gray Historical Financial Summary

Net Revenue (1)

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

Operating Cash Flow (1)

($ in millions)

	2010	2011	2012	2013	2013 PF
L8QA Margin	34%	36%	38%	39%	41%
LTM Margin	39%	32%	43%	33%	36%

Capital Expenditures (1)

($ in millions)

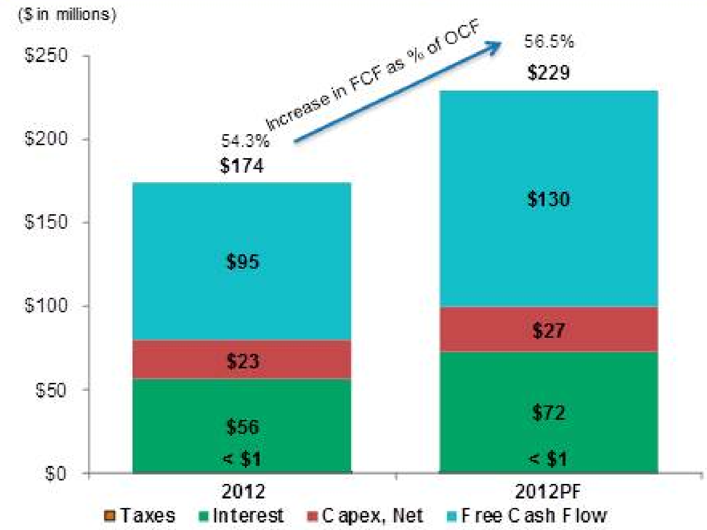
	2010	2011	2012	2013
% of Revenue (2)	6%	7%	6%	7%
% of PF Revenue (3)	-	-	5%	6%

(1) Gray actual data per Company; LTM 2013 OCF of $116 million includes Pro Forma adjustments for acquisitions closed in 2013; 2012PF and 2013PF include the Acquisitions
(2) Gray standalone Capex as a percentage of Gray standalone Revenue
(3) PF Capex as a percentage of PF Revenue

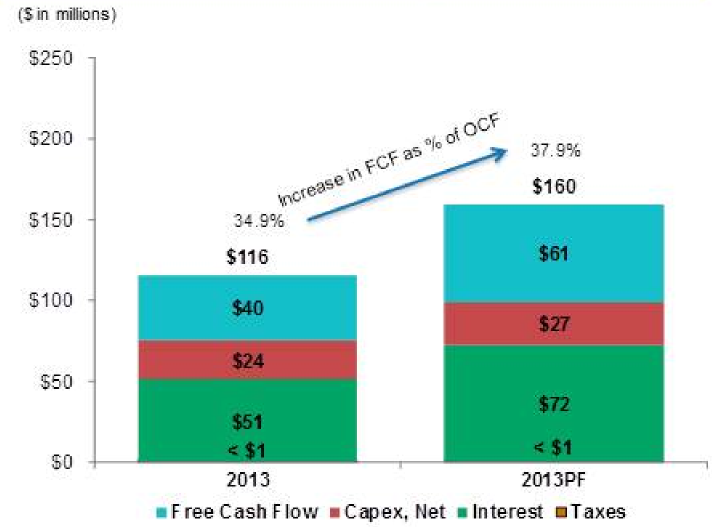
Strong Free Cash Flow Conversion

- Gray realized record free cash flow of $95 million in 2012
- Gray's free cash flow is expected to increase with the acquisitions due to the incremental OCF, expected tax savings, and only a modest increase in CAPEX
  - Gray will also benefit from ~$225 million in net operating loss carryforwards

2012 OCF Buildup (1), (2)



2013 OCF Buildup (1), (2)



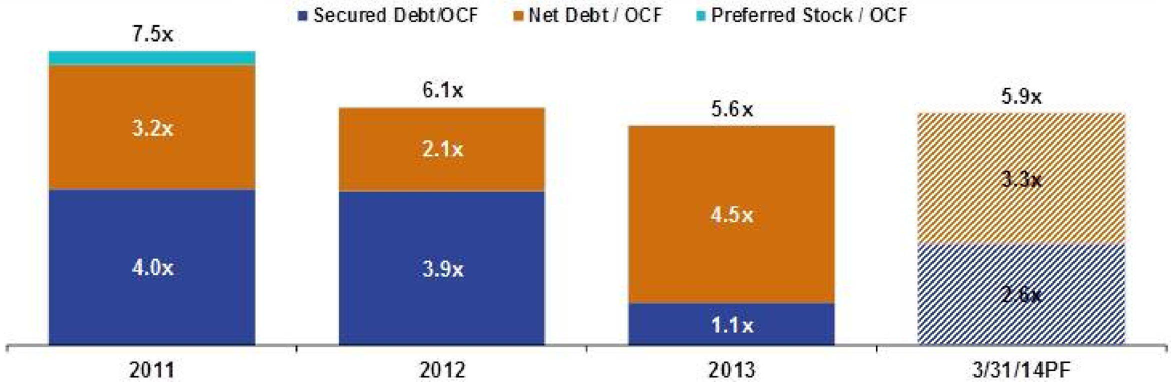
(1) Pro Forma interest expense estimated with Pro Forma incremental indebtedness and estimated cash interest
(2) Gray actual data per Company; 2012PF and 2013PF figures include the Acquisitions

Prudent Balance Sheet Management Leads to Deleveraging

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

Net Financial Leverage (1), (2)

($ in millions)



	2011	2012	2013	3/31/14PF
Net Debt	$832	$824	$823	$1,145
Net Debt + Preferred Stock	$872	$824	$823	$1,145
L8QA OCF	$117	$136	$147	$194

(1) Leverage shown on a two year blended basis to account for biennial shifts in political revenues
(2) Gray actual data per company filings; 3/31/14PF includes the Acquisitions

Appendix

Glossary

"Acquisitions":	The pending Hoak Acquisition and Gray's previously completed acquisitions of Rapid Cities, Prime Cities, Lockwood, Yellowstone and KJCT; excludes Montana unless otherwise specified
"Excalibur" (Excalibur Broadcasting, Inc.):	A television broadcaster with two stations (KJCT, KKHD)
"Gray" (Gray Television, Inc.):	A television broadcast company headquartered in Atlanta, Georgia, that owns and operates television stations and digital properties in markets throughout the United States; its results are consolidated with those of Excalibur under GAAP
"Hoak Media" (Hoak Media, LLC):	A television broadcaster with 22 stations
"Hoak":	Hoak Media and Parker combined, excluding stations to be divested to Nexstar or Mission
"Hoak Acquisition":	Gray's previously disclosed and pending acquisition or operation of 15 Hoak television stations
"KJCT":	Station acquired by Gray from News-Press and Gazette on October 31, 2013
"Lockwood":	Two CW affiliated stations acquired by Gray from Lockwood on April 1, 2014
"Montana":	Three stations to be acquired by Gray from Intermountain West Communications Company (two stations) and Rocky Mountains Broadcasting (one station); the acquisition is pending and is expected to close on June 1, 2014
"Operating Cash Flow" or "OCF":	Operating cash flow as defined in Gray's existing senior credit facility; includes Pro Forma adjustments for closed acquisitions
"Parker" (Parker Broadcasting, Inc):	A television broadcast company with three stations
"Prime Cities":	Two stations acquired by Gray from Prime Cities Broadcasting, Inc. on May 1, 2014
"Pro Forma" or "PF":	Reflects combined results, position, or statistics of Gray and the specified acquisitions; pro forma financial results give effect to the specified acquisitions as if they had occurred at the beginning of the relevant period including any financing related to the specified acquisitions
"Rapid Cities":	Two stations acquired by Gray from Mission TV, LLC on May 1, 2014

Q1'14 L8QA and LTM Financial Summary

($ in millions)	2012PF	2013PF	Q1'12PF	Q1'13PF	Q1'14PF	LTM 3/31/13 PF	LTM 3/31/14 PF	L8QA 3/31/14 PF
Net Revenues								
Local	191.3	203.1	45.9	46.4	51.0	191.9	207.7	199.8
National	56.8	58.3	13.0	13.4	13.3	57.2	58.2	57.7
Political	86.0	4.6	5.0	0.6	2.8	81.7	6.7	44.2
Internet	25.0	25.4	5.7	5.7	6.0	25.0	25.8	25.4
Retransmission	33.8	39.7	8.5	9.7	16.1	35.0	46.2	40.6
Other	9.5	8.0	2.7	2.3	2.0	9.1	7.7	8.4
Management Fee - Young	2.4	7.1	0.0	0.0	0.0	2.4	7.1	4.8
Gray Standalone Net Revenue	**404.8**	**346.3**	**80.7**	**78.2**	**91.3**	**402.3**	**359.4**	**380.9**
Local	40.5	42.0	10.0	10.1	10.4	40.5	42.3	41.4
National	10.0	11.2	2.4	2.6	2.6	10.2	11.2	10.7
Political	12.3	1.2	0.5	0.1	0.5	11.9	1.6	6.8
Internet	1.8	2.1	0.4	0.5	0.5	1.9	2.2	2.0
Retransmission	10.8	14.6	2.4	3.2	4.1	11.6	15.4	13.5
Other	2.5	2.6	1.1	1.2	1.2	2.5	2.7	2.6
Hoak Standalone Net Revenue	**77.8**	**73.7**	**16.9**	**17.6**	**19.3**	**78.6**	**75.4**	**77.0**
Prime Cities Standalone Net Revenue	2.6	2.0	0.4	0.4	0.5	2.6	2.1	2.3
Rapid City Standalone Net Revenue	3.7	3.9	0.9	0.9	1.0	3.7	4.0	3.9
KJCT, Yellowstone, and Lockwood Net Revenue	18.4	13.9	3.8	3.8	0.4	18.4	10.5	14.4
Total Net Revenue	**507.3**	**439.8**	**102.6**	**100.9**	**112.5**	**505.6**	**451.4**	**478.5**

Note: Pro Forma results include the Acquisitions

Pro Forma Non-GAAP Reconciliation

($ in thousands)	Year Ended December 31,		Three Months Ended March 31,			LTM		L8QA
	2012	2013	2012	2013	2014	3/31/13	3/31/2014	3/31/2014
Net income	$ 48,139	$ 26,410	$ 5,497	$ 1,442	$ 6,159	$ 44,084	$ 31,127	$ 37,606
Adjustments to reconcile from net income to								
Broadcast Cash Flow Less Cash Corporate Expenses:								
Depreciation	29,253	29,726	7,545	7,234	7,555	28,943	30,047	29,495
Amortization of intangible assets	825	892	205	171	345	791	1,066	929
Non-cash stock based compensation	878	1,974	14	136	2,071	1,000	3,909	2,455
Gain on disposals of assets, net	(68)	849	61	(7)	328	(136)	1,184	524
Miscellaneous income, net	2,672	1,580	681	697	313	2,688	1,196	1,942
Interest expense	75,850	73,894	19,091	18,480	18,476	75,239	73,890	74,565
Loss on early extinguishment of debt	46,683	-	-	-	-	46,683	-	23,342
Income tax expense	21,288	15,280	2,562	2,002	1,074	20,728	14,352	17,540
Amortization of program broadcast rights	11,081	11,367	2,758	2,837	2,913	11,160	11,443	11,302
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	26	28	7	7	6	26	27	27
Network compensation revenue recognized	(627)	(615)	(157)	(157)	(108)	(627)	(566)	(597)
Network compensation per network affiliation agreement	(60)	-	(60)	-	-	-	-	-
Payments for program broadcast rights	(11,839)	(11,433)	(2,795)	(2,853)	(3,823)	(11,897)	(12,403)	(12,150)
Other items	599	(552)	191	11	(1,009)	419	(1,572)	(577)
Broadcast Cash Flow Less Cash Corporate Expenses; a.k.a. "Adjusted EBITDA"	224,700	149,400	35,600	30,000	34,300	219,100	153,700	186,400
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock based compensation	15,900	19,800	3,100	3,800	6,500	16,600	22,500	19,550
Broadcast Cash Flow	$ 240,600	$ 169,200	$ 38,700	$ 33,800	$ 40,800	$235,700	$176,200	$205,950
Broadcast Cash Flow Less Cash Corporate Expenses	$ 224,700	$ 149,400	$ 35,600	$ 30,000	$ 34,300	$219,100	$153,700	$186,400
Pension Expense	7,874	8,626	1,871	2,154	1,573	8,157	8,045	8,101
Pension Cash Funding	(9,402)	(4,748)	(988)	(1,517)	(962)	(9,931)	(4,193)	(7,062)
Other items	6,228	6,622	(130)	116	142	6,474	6,648	6,561
Operating Cash Flow as defined in the credit agreement	$ 229,400	$ 159,900	$ 36,353	$ 30,753	$ 35,053	$223,800	$164,200	$194,000
Less interest expense	(75,850)	(73,894)	(19,091)	(18,480)	(18,476)	(75,239)	(73,890)	(74,565)
Addback amortization of deferred financing	2,723	1,903	753	411	692	2,381	2,184	2,283
Less capital expenditures, net of insurance proceeds	(26,937)	(26,817)	(7,815)	(7,180)	(4,071)	(26,302)	(23,708)	(25,005)
Less cash taxes	(836)	(519)	(5)	(81)	(31)	(912)	(469)	(691)
Addback amortization of original issue discount	1,127	(9)	338	69	(216)	858	(294)	282
Free Cash Flow	$ 129,627	$ 60,564	$ 10,533	$ 5,492	$ 12,951	$124,586	$ 68,023	$ 96,305

Pro Forma Non-GAAP Reconciliation (continued)

($ in thousands)	Pro Forma Twelve Months Ended December 31, 2012 Gray Actual	Hoak/Parker Acquisition	Other Acquisitions	Pro forma Adjustments	Gray Pro forma
Net income	$ 28,129	30,360	1,212	(11,562)	$ 48,139
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:					
Depreciation	23,133	4,743	1,377	-	29,253
Amortization of intangible assets	75	418	332	-	825
Non-cash stock based compensation	878	-	-	-	878
Gain on disposals of assets, net	(31)	(37)	-	-	(68)
Miscellaneous income, net	(2)	714	1,960	-	2,672
Interest expense	59,443	3,890	955	11,562	75,850
Loss on early extinguishment of debt	46,683	-	-	-	46,683
Income tax expense	19,188	1,973	127	-	21,288
Amortization of program broadcast rights	11,081	-	-	-	11,081
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	26	-	-	-	26
Network compensation revenue recognized	(627)	-	-	-	(627)
Network compensation per network affiliation agreement	(60)	-	-	-	(60)
Payments for program broadcast rights	(11,839)	-	-	-	(11,839)
Other items	-	1	80	518	599
Broadcast Cash Flow Less Cash Corporate Expenses; a.k.a. "Adjusted EBITDA"	**176,077**	**42,062**	**6,043**	**518**	**224,700**
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock based compensation	15,049	-	-	851	15,900
Broadcast Cash Flow	**$ 191,126**	**$ 42,062**	**$ 6,043**	**$ 1,369**	**$ 240,600**
Broadcast Cash Flow Less Cash Corporate Expenses	$ 176,077	$ 42,062	$ 6,043	$ 518	$ 224,700
Pension Expense	7,874	-	-	-	7,874
Pension Cash Funding	(9,402)	-	-	-	(9,402)
Other items	(399)	-	-	6,627	6,228
Operating Cash Flow as defined in the credit agreement	**$ 174,150**	**$ 42,062**	**$ 6,043**	**$ 7,145**	**$ 229,400**
Less interest expense	(59,443)	(3,890)	(955)	(11,562)	(75,850)
Addback amortization of deferred financing	2,723	-	-	-	2,723
Less capital expenditures, net of insurance proceeds	(22,937)	-	-	(4,000)	(26,937)
Less cash taxes	(836)	-	-	-	(836)
Addback amortization of original issue discount	1,127	-	-	-	1,127
Free Cash Flow	**$ 94,784**	**$ 38,172**	**$ 5,088**	**$ (8,417)**	**$ 129,627**

Pro Forma Non-GAAP Reconciliation (continued)

($ in thousands)	Pro Forma Twelve Months Ended December 31, 2013				
	Gray Actual	Hoak/Parker Acquisition	Other Acquisitions	Pro forma Adjustments	Gray Pro forma
Net income	$ 18,288	24,589	675	(17,142)	$ 26,410
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:					
Depreciation	24,096	4,438	1,192	-	29,726
Amortization of intangible assets	336	278	278	-	892
Non-cash stock based compensation	1,974	-	-	-	1,974
Gain on disposals of assets, net	765	84	-	-	849
Miscellaneous income, net	-	714	866	-	1,580
Interest expense	52,445	3,755	552	17,142	73,894
Loss on early extinguishment of debt	-	-	-	-	-
Income tax expense	13,147	2,133	-	-	15,280
Amortization of program broadcast rights	11,367	-	-	-	11,367
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	28	-	-	-	28
Network compensation revenue recognized	(615)	-	-	-	(615)
Network compensation per network affiliation agreement	-	-	-	-	-
Payments for program broadcast rights	(11,433)	-	-	-	(11,433)
Other items	-	1	725	(1,278)	(552)
Broadcast Cash Flow Less Cash Corporate Expenses; a.k.a. "Adjusted EBITDA"	**110,398**	**35,992**	**4,288**	**(1,278)**	**149,400**
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock based compensation	17,836	-	-	1,964	19,800
Broadcast Cash Flow	**$ 128,234**	**$ 35,992**	**$ 4,288**	**$ 686**	**$ 169,200**
Broadcast Cash Flow Less Cash Corporate Expenses	$ 110,398	$ 35,992	$ 4,288	$ (1,278)	$ 149,400
Pension Expense	8,626	-	-	-	8,626
Pension Cash Funding	(4,748)	-	-	-	(4,748)
Other items	(477)	-	-	7,099	6,622
Operating Cash Flow as defined in the credit agreement	**$ 113,799**	**$ 35,992**	**$ 4,288**	**$ 5,821**	**$ 159,900**
Less interest expense	(52,445)	(3,755)	(552)	(17,142)	(73,894)
Addback amortization of deferred financing	1,903	-	-	-	1,903
Less capital expenditures, net of insurance proceeds	(23,817)	-	-	(3,000)	(26,817)
Less cash taxes	(519)	-	-	-	(519)
Addback amortization of original issue discount	(9)	-	-	-	(9)
Free Cash Flow	**$ 38,912**	**$ 32,237**	**$ 3,736**	**$ (14,321)**	**$ 60,564**

Pro Forma Non-GAAP Reconciliation (continued)

($ in thousands)	Pro Forma Three Months Ended March 31, 2012				
	Gray Actual	Hoak/Parker Acquisition	Other Acquisitions	Pro forma Adjustments	Gray Pro forma
Net income	$ 3,371	5,314	(381)	(2,807)	$ 5,497
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:					
Depreciation	5,891	1,195	459	-	7,545
Amortization of intangible assets	19	105	81	-	205
Non-cash stock based compensation	14	-	-	-	14
Gain on disposals of assets, net	65	(4)	-	-	61
Miscellaneous income, net	(2)	179	504	-	681
Interest expense	15,163	962	159	2,807	19,091
Loss on early extinguishment of debt	-	-	-	-	-
Income tax expense	2,289	273	-	-	2,562
Amortization of program broadcast rights	2,758	-	-	-	2,758
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	7	-	-	-	7
Network compensation revenue recognized	(157)	-	-	-	(157)
Network compensation per network affiliation agreement	(60)	-	-	-	(60)
Payments for program broadcast rights	(2,795)	-	-	-	(2,795)
Other items	-	-	(35)	226	191
Broadcast Cash Flow Less Cash Corporate Expenses; a.k.a. "Adjusted EBITDA"	**26,563**	**8,024**	**787**	**226**	**35,600**
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock based compensation	3,092	-	-	8	3,100
Broadcast Cash Flow	**$ 29,655**	**$ 8,024**	**$ 787**	**$ 234**	**$ 38,700**
Broadcast Cash Flow Less Cash Corporate Expenses	$ 26,563	$ 8,024	$ 787	$ 226	$ 35,600
Pension Expense	1,871	-	-	-	1,871
Pension Cash Funding	(988)	-	-	-	(988)
Other items	(130)	-	-	-	(130)
Operating Cash Flow as defined in the credit agreement	**$ 27,316**	**$ 8,024**	**$ 787**	**$ 226**	**$ 36,353**
Less interest expense	(15,163)	(962)	(159)	(2,807)	(19,091)
Addback amortization of deferred financing	753	-	-	-	753
Less capital expenditures, net of insurance proceeds	(6,815)	-	-	(1,000)	(7,815)
Less cash taxes	(5)	-	-	-	(5)
Addback amortization of original issue discount	338	-	-	-	338
Free Cash Flow	**$ 6,424**	**$ 7,062**	**$ 628**	**$ (3,581)**	**$ 10,533**

Pro Forma Non-GAAP Reconciliation (continued)

($ in thousands)	Pro Forma Three Months Ended March 31, 2013				
	Gray Actual	Hoak/Parker Acquisition	Other Acquisitions	Pro forma Adjustments	Gray Pro forma
Net income	$ 870	5,625	(190)	(4,863)	$ 1,442
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:					
Depreciation	5,800	1,110	324	-	7,234
Amortization of intangible assets	19	69	83	-	171
Non-cash stock based compensation	136	-	-	-	136
Gain on disposals of assets, net	(28)	21	-	-	(7)
Miscellaneous income, net	(1)	179	519	-	697
Interest expense	12,540	937	140	4,863	18,480
Loss on early extinguishment of debt	-	-	-	-	-
Income tax expense	1,651	351	-	-	2,002
Amortization of program broadcast rights	2,837	-	-	-	2,837
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	7	-	-	-	7
Network compensation revenue recognized	(157)	-	-	-	(157)
Network compensation per network affiliation agreement	-	-	-	-	-
Payments for program broadcast rights	(2,853)	-	-	-	(2,853)
Other items	-	1	4	6	11
Broadcast Cash Flow Less Cash Corporate Expenses; a.k.a. "Adjusted EBITDA"	**20,821**	**8,293**	**880**	**6**	**30,000**
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock based compensation	3,688	-	-	112	3,800
Broadcast Cash Flow	**$ 24,509**	**$ 8,293**	**$ 880**	**$ 118**	**$ 33,800**
Broadcast Cash Flow Less Cash Corporate Expenses	$ 20,821	$ 8,293	$ 880	$ 6	$ 30,000
Pension Expense	2,154	-	-	-	2,154
Pension Cash Funding	(1,517)	-	-	-	(1,517)
Other items	(61)	-	-	177	116
Operating Cash Flow as defined in the credit agreement	**$ 21,397**	**$ 8,293**	**$ 880**	**$ 183**	**$ 30,753**
Less interest expense	(12,540)	(937)	(140)	(4,863)	(18,480)
Addback amortization of deferred financing	411	-	-	-	411
Less capital expenditures, net of insurance proceeds	(6,430)	-	-	(750)	(7,180)
Less cash taxes	(81)	-	-	-	(81)
Addback amortization of original issue discount	69	-	-	-	69
Free Cash Flow	$ 2,826	$ 7,356	$ 740	$ (5,430)	$ 5,492

Pro Forma Non-GAAP Reconciliation (continued)

($ in thousands)	Pro Forma Three Months Ended March 31, 2014				
	Gray Actual	Hoak/Parker Acquisition	Other Acquisitions	Pro forma Adjustments	Gray Pro forma
Net income	$ 1,277	7,042	56	(2,216)	$ 6,159
Adjustments to reconcile from net income to Broadcast Cash Flow Less Cash Corporate Expenses:					
Depreciation	6,384	1,046	125	-	7,555
Amortization of intangible assets	289	55	1	-	345
Non-cash stock based compensation	2,071	-	-	-	2,071
Gain on disposals of assets, net	331	(3)	-	-	328
Miscellaneous income, net	-	179	134	-	313
Interest expense	15,274	881	105	2,216	18,476
Loss on early extinguishment of debt	-	-	-	-	-
Income tax expense	859	215	-	-	1,074
Amortization of program broadcast rights	2,913	-	-	-	2,913
Common stock contributed to 401(k) plan excluding corporate 401(k) contributions	6	-	-	-	6
Network compensation revenue recognized	(108)	-	-	-	(108)
Network compensation per network affiliation agreement	-	-	-	-	-
Payments for program broadcast rights	(3,823)	-	-	-	(3,823)
Other items	-	1	12	(1,022)	(1,009)
Broadcast Cash Flow Less Cash Corporate Expenses; a.k.a. "Adjusted EBITDA"	**25,473**	**9,416**	**433**	**(1,022)**	**34,300**
Corporate and administrative expenses excluding depreciation, amortization of intangible assets and non-cash stock based compensation	5,146	-	-	1,354	6,500
Broadcast Cash Flow	**$ 30,619**	**$ 9,416**	**$ 433**	**$ 332**	**$ 40,800**
Broadcast Cash Flow Less Cash Corporate Expenses	$ 25,473	$ 9,416	$ 433	$ (1,022)	$ 34,300
Pension Expense	1,573	-	-	-	1,573
Pension Cash Funding	(962)	-	-	-	(962)
Other items	(244)	-	-	386	142
Operating Cash Flow as defined in the credit agreement	**$ 25,840**	**$ 9,416**	**$ 433**	**$ (636)**	**$ 35,053**
Less interest expense	(15,274)	(881)	(105)	(2,216)	(18,476)
Addback amortization of deferred financing	692	-	-	-	692
Less capital expenditures, net of insurance proceeds	(2,821)	-	-	(1,250)	(4,071)
Less cash taxes	(31)	-	-	-	(31)
Addback amortization of original issue discount	(216)	-	-	-	(216)
Free Cash Flow	**$ 8,190**	**$ 8,535**	**$ 328**	**$ (4,102)**	**$ 12,951**

Hoak Media Historical Financial Overview

($ in millions)	Hoak Media Consolidated	Hoak Media Assets Not Being Acquired or Operated by Gray	Hoak Assets Being Acquired or Operated by Gray
2013			
Net Revenue	**$84.3**	**$11.4**	**$72.9**
Operating Expense	44.1	7.2	36.9
Broadcast Cash Flow	**$40.2**	**$4.2**	**$36.0**
Margin %	*47.7%*	*36.8%*	*49.3%*
2012			
Net Revenue	**$89.8**	**$13.3**	**$76.6**
Operating Expense	41.6	7.1	34.5
Broadcast Cash Flow	**$48.3**	**$6.2**	**$42.1**
Margin %	*53.7%*	*46.7%*	*54.9%*
2011			
Net Revenue	**$70.0**	**$9.8**	**$60.3**
Operating Expense	38.9	6.5	32.3
Broadcast Cash Flow	**$31.2**	**$3.2**	**$27.9**
Margin %	*44.5%*	*33.3%*	*46.3%*

Note: Excludes adjustments for LMA Ad-Rep fees and other Corporate Revenue (Revenue) and SSA fees (Operating Expenses)

Source: Hoak Media

Exhibit 99.2

Hoak Media, LLC and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	March 31, 2014 (Unaudited)	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash	$ 3,032,660	$ 3,778,402
Accounts receivable, net of allowance for doubtful accounts of $293,011 and $288,516 as of March 31, 2014 and December 31, 2013, respectively	13,412,805	14,938,806
Prepaid expenses and other current assets	367,989	440,173
Income tax receivable	136,750	8,112
Deferred income taxes, net	21,301	19,417
Assets of discontinued operations	1,259,525	1,331,478
Total current assets	18,231,030	20,516,388
PROPERTY AND EQUIPMENT, at cost		
Land	3,259,972	3,259,972
Buildings and improvements	11,026,273	10,966,461
Towers	12,306,589	12,287,084
Transmitters and antennas	18,865,556	18,776,438
Broadcast equipment	31,382,110	30,672,148
Other	5,185,986	5,168,169
	82,026,486	81,130,272
Accumulated depreciation	(54,500,711)	(53,202,042)
PROPERTY AND EQUIPMENT, net	27,525,775	27,928,230
INTANGIBLE ASSETS, net	116,355,341	116,412,583
GOODWILL	37,826,986	37,826,986
ASSETS OF DISCONTINUED OPERATIONS	3,835,380	3,835,380
OTHER NONCURRENT ASSETS, net	2,275,488	2,386,638
Total assets	$ 206,050,000	$ 208,906,205

Hoak Media, LLC and Subsidiaries

CONSOLIDATED BALANCE SHEETS - CONTINUED

	March 31, 2014 (Unaudited)	December 31, 2013
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$ 499,188	$ 839,420
Accrued liabilities	4,585,794	5,104,692
Deferred revenue	132,782	811,752
Current portion of notes payable	13,000,000	13,000,000
Accrued interest	103,069	121,674
Accrued income taxes	43,691	-
Liabilities of discontinued operations	1,846,202	2,064,620
Total current liabilities	20,210,726	21,942,158
NOTES PAYABLE, net of current portion	131,169,441	136,946,294
DEFERRED INCOME TAXES, net	14,951,097	15,011,373
LIABILITIES OF DISCONTINUED OPERATIONS	6,379,321	6,379,321
Total liabilities	172,710,585	180,279,146
COMMITMENTS AND CONTINGENCIES		
MEMBERS' EQUITY		
Members' interests	40,247,186	35,539,054
Noncontrolling interest	(6,907,771)	(6,911,995)
Total members' equity	33,339,415	28,627,059
Total liabilities and members' equity	$ 206,050,000	$ 208,906,205

Hoak Media, LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

Three Months Ended March 31,

	2014	2013
	(Unaudited)	
Gross revenue		
Local and regional advertising	$ 12,540,664	$ 12,348,730
National advertising	3,383,951	3,415,643
Political advertising	642,992	87,267
Barter and other revenue	7,280,675	6,162,656
Gross revenue	23,848,282	22,014,296
Commissions		
Agency commissions	1,792,056	1,762,652
National representative commissions	211,635	182,396
Total commissions	2,003,691	1,945,048
Net revenue	21,844,591	20,069,248
Operating expenses		
Program and production	3,080,654	2,808,780
News	2,353,443	2,137,578
Technical	896,834	810,677
Sales and promotion	2,048,169	1,999,315
General and administrative	3,294,927	3,223,088
Depreciation and amortization	1,355,930	1,531,576
Barter and other operating expenses	705,760	713,344
Total operating expenses	13,735,717	13,224,358
Operating income	8,108,874	6,844,890
Interest expense, net	(1,697,175)	(1,074,396)
Other income (expense), net	2,590	(21,271)
Income from continuing operations before income taxes	6,414,289	5,749,223
Income tax expense	(152,893)	(431,230)
Income from continuing operations	6,261,396	5,317,993
Income from discontinued operations	145,485	67,628
Net income	6,406,881	5,385,621
Less: Net income (loss) attributable to noncontrolling interest	42	(23,042)
Net income attributable to Hoak Media, LLC	$ 6,406,839	$ 5,408,663

Hoak Media, LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended March 31,

	2014	2013
	(Unaudited)	
Cash flows from operating activities		
Net income	$ 6,406,881	$ 5,385,621
Net income from discontinued operations	(145,485)	(67,628)
Net income from continuing operations	6,261,396	5,317,993
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	1,355,930	1,531,576
Bad debt expense	28,895	12,215
(Excess) deficit of barter revenue over barter expense	(22,372)	6,851
Noncash compensation	108,579	178,917
Loss (gain) on sale of assets	(2,621)	21,269
Amortization of deferred financing costs	135,156	116,691
Deferred income taxes	(62,160)	79,880
Net changes in current assets and liabilities		
Accounts receivable, net	1,519,478	239,488
Prepaid expenses and other current assets	72,184	(54,668)
Income tax receivable	(84,947)	1,350
Accounts payable	(341,222)	(660,883)
Accrued liabilities	(537,493)	(129,763)
Deferred revenue	(678,970)	(680,039)
Net cash provided by operating activities, continuing operations	7,751,833	5,980,877
Net cash (used in) operating activities, discontinued operations	(108,671)	(81,756)
Net cash provided by operating activities	7,643,162	5,899,121
Cash flows from investing activities		
Additions to property and equipment	(897,817)	(1,142,849)
Proceeds from sale of assets	4,205	7,208
Net cash used in investing activities, continuing operations	(893,612)	(1,135,641)
Net cash provided by investing activities, discontinued operations	-	-
Net cash used in investing activities	(893,612)	(1,135,641)

Hoak Media, LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

Three Months Ended March 31,

	2014	2013
	(Unaudited)	
Cash flows from financing activities		
Distributions	$ (1,803,104)	$ (2,973,391)
Deferred financing costs	(24,006)	-
Repayment of note payable	(5,776,853)	(3,500,000)
Net cash used in financing activities, continuing operations	(7,603,963)	(6,473,391)
Net cash provided by financing activities, discontinued operations	-	-
Net cash used in financing activities	(7,603,963)	(6,473,391)
Net decrease in cash	(854,413)	(1,709,911)
Cash at beginning of year, continuing and discontinued operations	3,985,861	4,107,980
Cash at end of year, continuing operations	$ 3,032,660	$ 2,330,591
Cash at end of year, discontinued operations	$ 98,788	$ 67,478
Supplemental cash flow information		
Interest paid	$ 1,630,638	$ 976,114
Taxes paid	$ 300,000	$ 350,000

Exhibit 99.3

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Hoak Media, LLC and Subsidiaries

December 31, 2013 and 2012

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Report of Independent Certified Public Accountants

The Board of Directors
Hoak Media, LLC

We have audited the accompanying consolidated financial statements of Hoak Media, LLC (a Delaware limited liability company) and subsidiaries, which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hoak Media, LLC and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Grant Thornton LLP

Dallas, Texas
February 27, 2014

Hoak Media, LLC and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31,

ASSETS	2013	2012
CURRENT ASSETS		
Cash	$ 3,778,402	$ 3,958,746
Accounts receivable, net of allowance for doubtful accounts of $288,516 and $281,617 as of December 31, 2013 and 2012, respectively	14,938,806	13,203,212
Prepaid expenses and other current assets	440,173	455,515
Income tax receivable	8,112	7,072
Deferred income taxes, net	19,417	20,013
Assets of discontinued operations	1,331,478	1,144,732
Total current assets	20,516,388	18,789,290
PROPERTY AND EQUIPMENT, at cost		
Land	3,259,972	3,259,972
Buildings and improvements	10,966,461	10,930,007
Towers	12,287,084	12,271,066
Transmitters and antennas	18,776,438	22,884,293
Broadcast equipment	30,672,148	33,159,533
Other	5,168,169	4,976,014
	81,130,272	87,480,885
Accumulated depreciation	(53,202,042)	(56,428,376)
PROPERTY AND EQUIPMENT, net	27,928,230	31,052,509
INTANGIBLE ASSETS, net	116,412,583	116,733,266
GOODWILL	37,826,986	37,826,986
ASSETS OF DISCONTINUED OPERATIONS	3,835,380	3,835,380
OTHER NONCURRENT ASSETS, net	2,386,638	1,991,714
Total assets	$ 208,906,205	$ 210,229,145

The accompanying notes are an integral part of these consolidated financial statements.

Hoak Media, LLC and Subsidiaries

CONSOLIDATED BALANCE SHEETS - CONTINUED

December 31,

LIABILITIES AND MEMBERS' EQUITY	2013	2012
CURRENT LIABILITIES		
Accounts payable	$ 839,420	$ 1,650,095
Accrued liabilities	5,104,692	3,635,299
Deferred revenue	811,752	885,762
Current portion of notes payable	13,000,000	12,800,000
Accrued interest	121,674	78,238
Liabilities of discontinued operations	2,064,620	1,748,023
Total current liabilities	21,942,158	20,797,417
NOTES PAYABLE, net of current portion	136,946,294	90,145,888
DEFERRED INCOME TAXES, net	15,011,373	14,692,450
LIABILITIES OF DISCONTINUED OPERATIONS	6,379,321	6,879,321
Total liabilities	180,279,146	132,515,076
COMMITMENTS AND CONTINGENCIES		
MEMBERS' EQUITY		
Members' interests	35,539,054	85,296,629
Noncontrolling interest	(6,911,995)	(7,582,560)
Total members' equity	28,627,059	77,714,069
Total liabilities and members' equity	$ 208,906,205	$ 210,229,145

The accompanying notes are an integral part of these consolidated financial statements.

Hoak Media, LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31,

	2013	2012
Gross revenue		
Local and regional advertising	$ 51,281,034	$ 49,707,815
National advertising	15,164,410	13,907,865
Political advertising	1,512,267	17,992,480
Barter and other revenue	24,664,855	19,372,474
Gross revenue	92,622,566	100,980,634
Commissions		
Agency commissions	7,469,916	9,603,254
National representative commissions	856,564	1,569,481
Total commissions	8,326,480	11,172,735
Net revenue	84,296,086	89,807,899
Operating expenses		
Program and production	11,479,574	9,082,462
News	8,826,209	8,644,507
Technical	3,421,934	3,319,641
Sales and promotion	8,150,816	8,011,695
General and administrative	12,910,515	12,784,825
Depreciation and amortization	5,922,190	6,525,938
Barter and other operating expenses	2,999,512	2,889,312
Total operating expenses	53,710,750	51,258,380
Operating income	30,585,336	38,549,519
Interest expense, net	(6,048,755)	(4,021,680)
Other (expense) income, net	(92,570)	49,220
Income from continuing operations before income taxes	24,444,011	34,577,059
Income tax expense	(2,133,479)	(1,973,137)
Income from continuing operations	22,310,532	32,603,922
Income from discontinued operations	367,417	131,017
Net income	22,677,949	32,734,939
Less: Net income (loss) attributable to noncontrolling interest	670,565	(414,551)
Net income attributable to Hoak Media, LLC	$ 22,007,384	$ 33,149,490

The accompanying notes are an integral part of these consolidated financial statements.

Hoak Media, LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

	Hoak Media, LLC Members' Interests		Noncontrolling	
	Units	Amount	Interest	Total
Balance at January 1, 2012	114,276,145	$ 135,758,033	$ (7,168,009)	$ 128,590,024
Contributions	800,000	800,000	-	800,000
Noncash compensation	-	715,668	-	715,668
Distributions	-	(85,126,562)	-	(85,126,562)
Net income	-	33,149,490	(414,551)	32,734,939
Balance at December 31, 2012	115,076,145	85,296,629	(7,582,560)	77,714,069
Contributions	25,000	25,000	-	25,000
Noncash compensation	-	738,919	-	738,919
Distributions	-	(72,528,878)	-	(72,528,878)
Net income	-	22,007,384	670,565	22,677,949
Balance at December 31, 2013	115,101,145	$ 35,539,054	$ (6,911,995)	$ 28,627,059

The accompanying notes are an integral part of these consolidated financial statements.

Hoak Media, LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2013	2012
Cash flows from operating activities		
Net income	$ 22,677,949	$ 32,734,939
Net income from discontinued operations	(367,417)	(131,017)
Net income from continuing operations	22,310,532	32,603,922
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	5,922,190	6,525,938
Bad debt expense	75,868	64,810
(Excess) deficit of barter revenue over barter expense	(112,323)	10,817
Noncash compensation	738,919	715,668
Loss (gain) on sale of assets	92,569	(49,359)
Amortization of deferred financing costs	559,692	291,603
Deferred income taxes	319,519	641,857
Net changes in current assets and liabilities		
Accounts receivable, net	(1,719,290)	(1,029,385)
Prepaid expenses and other current assets	15,342	31,680
Income tax receivable	(1,040)	71,840
Accounts payable	(737,088)	829,487
Accrued liabilities	1,512,829	852,637
Deferred revenue	(74,010)	11,327
Net cash provided by operating activities, continuing operations	28,903,709	41,572,842
Net cash provided by (used in) operating activities, discontinued operations	58,225	(312)
Net cash provided by operating activities	28,961,934	41,572,530
Cash flows from investing activities		
Additions to property and equipment	(2,649,012)	(2,722,553)
Proceeds from sale of assets	23,047	54,851
Net cash used in investing activities, continuing operations	(2,625,965)	(2,667,702)
Net cash provided by investing activities, discontinued operations	-	-
Net cash used in investing activities	(2,625,965)	(2,667,702)

The accompanying notes are an integral part of these consolidated financial statements.

Hoak Media, LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

Years ended December 31,

	2013	2012
Cash flows from financing activities		
Contributions	$ 25,000	$ 800,000
Distributions	(72,528,878)	(85,126,562)
Proceeds from note payable	66,081,168	79,383,852
Deferred financing costs	(954,616)	(2,199,231)
Repayment of note payable	(19,080,762)	(30,180,315)
Net cash used in financing activities, continuing operations	(26,458,088)	(37,322,256)
Net cash provided by financing activities, discontinued operations	-	-
Net cash used in financing activities	(26,458,088)	(37,322,256)
Net (decrease) increase in cash	(122,119)	1,582,572
Cash at beginning of year, continuing and discontinued operations	4,107,980	2,525,408
Cash at end of year, continuing operations	$ 3,778,402	$ 3,958,746
Cash at end of year, discontinued operations	$ 207,459	$ 149,234
Supplemental cash flow information		
Interest paid	$ 5,445,690	$ 3,745,674
Taxes paid	$ 1,815,000	$ 1,260,000

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - DESCRIPTION OF BUSINESS

Hoak Media, LLC (Hoak) is a Delaware limited liability company established in July 2003. At December 31, 2013, Hoak was owned primarily by James M. Hoak, Centennial Hoak Media, Inc., Columbia Capital and affiliates, Morgan Stanley and affiliates, and Blue Sage Capital. Hoak shall continue in existence until all or substantially all of its assets are sold or a decision to dissolve is made by members owning at least 50.1% of the outstanding units. Under the terms of the limited liability company agreement, profits and losses are allocated in accordance with respective ownership percentages. The members shall not be obligated personally for debts, obligations and liabilities of Hoak. Cash distributions are allocated in accordance with the requirements for the allocation of profit. Hoak owns and operates the following television stations:

Call Letters	Network Affiliation	Community Served	Hoak Operating Entity
KREX-TV	CBS	Grand Junction, CO	Hoak Media of Colorado, LLC
KREY-TV	CBS	Montrose, CO	Hoak Media of Colorado, LLC
KREG-TV	CBS	Glenwood Springs/ Aspen, CO	Hoak Media of Colorado, LLC
KGJT-LPTV	MyNetworkTV	Grand Junction, CO	Hoak Media of Colorado, LLC
KHAS-TV	NBC	Hastings, NE	Hoak Media of Nebraska, LLC
NHAS-DT	CoziTV	Hastings, NE	Hoak Media of Nebraska, LLC
KNOP-TV	NBC	North Platte, NE	Hoak Media of Nebraska, LLC
KIIT-LPTV	FOX	North Platte, NE	Hoak Media of Nebraska, LLC
KAUZ-TV	CBS	Wichita Falls, TX	Hoak Media of Wichita Falls, L.P.
NAUZ-DT	CW	Wichita Falls, TX	Hoak Media of Wichita Falls, L.P.
KFYR-TV	NBC	Bismarck, ND	Hoak Media of Dakota, LLC
KMOT-TV	NBC	Minot, ND	Hoak Media of Dakota, LLC
KUMV-TV	NBC	Williston, ND	Hoak Media of Dakota, LLC
KQCD-TV	NBC	Dickinson, ND	Hoak Media of Dakota, LLC
NFYR-DT	MeTV	Bismarck, ND	Hoak Media of Dakota, LLC
KVLY-TV	NBC	Fargo, ND	Hoak Media of Dakota, LLC
MVLY-DT	MeTV	Fargo, ND	Hoak Media of Dakota, LLC
KSFY-TV	ABC	Sioux Falls, SD	Hoak Media of Dakota, LLC
KPRY-TV	ABC	Pierre, SD	Hoak Media of Dakota, LLC
NSFY-DT	CW	Sioux Falls, SD	Hoak Media of Dakota, LLC
KABY-TV	ABC	Aberdeen, SD	Hoak Media of Dakota, LLC
KNOE-TV	CBS	Monroe, LA	Noe Corp, L.L.C.
NNOE-DT	CW	Monroe, LA	Noe Corp, L.L.C.
KALB-TV	NBC	Alexandria, LA	Hoak Media of Alexandria, LLC
NALB-DT	CBS	Alexandria, LA	Hoak Media of Alexandria, LLC
WMBB-TV	ABC	Panama City, FL	Hoak Media of Panama City, LLC
NMBB-DT	ThisTV	Panama City, FL	Hoak Media of Panama City, LLC

NOTE 1 - DESCRIPTION OF BUSINESS - Continued

Hoak also operates KFQX-TV, a FOX affiliate in Grand Junction, Colorado, through a Local Marketing Agreement (“LMA”) with Parker Broadcasting, Inc. (“Parker”) and operates KXJB-TV, a CBS affiliate in Fargo, North Dakota, and KAQY-TV, an ABC affiliate in Monroe, Louisiana, through various operating agreements with Parker.

Effective August 1, 2009, Texhoma Broadcasting LLC began operating KAUZ-TV and NAUZ-DT (see Note 4).

Parker was formed in March 2004 with an initial capitalization of $10 by an unrelated party for the purpose of purchasing television stations which would be operated by Hoak. Hoak guaranteed the loan by which Parker purchased both stations. The purchase of KFQX-TV by Parker was consummated in February 2005. Concurrently, Parker granted Hoak the right to purchase KFQX-TV for $200,000, if and when the Federal Communication Commission (“FCC”) approves such purchase, and entered into an LMA with Hoak for the operation of the station for a monthly payment less certain expenses (primarily payroll, equipment leases, insurance, and maintenance) paid by Hoak on behalf of Parker. The purchase of KXJB-TV by Parker was consummated in January 2007. The purchase of KAQY-TV by Parker was consummated in October 2008. Parker granted Hoak the right to purchase KXJB-TV and KAQY-TV as part of Put and Call Option Agreements between Hoak and Parker and entered into various operating agreements with Hoak for the operation of the stations. These agreements include a Shared Services Agreement and an Advertising Representation Agreement (“Operating Agreements”) whereby Hoak receives monthly payments from Parker for operating the stations. Hoak pays Parker a management fee of $1,000 per month per station associated with the KFQX-TV, KXJB-TV and KAQY-TV agreements. Hoak’s net combined payments to Parker totaled $36,000 in both 2013 and 2012 and are estimated to be $36,000 per year for the remainder of the agreements. At December 31, 2013, Parker has no other operations. The equity of Parker and the results of operations for Parker are shown separately in the consolidated financial statements as noncontrolling interest. The consolidation of Parker represented approximately $11.2 million and $11.4 million of the total assets of the Company, as defined in Note 2, as of December 31, 2013 and 2012, respectively, and approximately $18.1 million and $19.0 million of the total liabilities of the Company as of December 31, 2013 and 2012, respectively. See Note 2.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the accounts of Hoak and its wholly owned subsidiaries and the accounts of Parker (collectively, the “Company”). All intercompany accounts and transactions have been eliminated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Parker's equity investment of $10 is not sufficient to finance its operations and pay its note payable. Hoak, through its guarantee of the note payable, has the obligation to absorb losses or fund the cash requirements of Parker. In addition, Hoak has the right to receive expected residual equity returns of Parker due to the purchase options for KFQX-TV, KXJB-TV and KAQY-TV. As a result, Parker is considered to be a variable interest entity under Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810, *Consolidation*, requiring consolidation of Parker with Hoak.

Cash

The Company maintains cash with various domestic financial institutions. From time to time, the Company's cash balances with its financial institutions may exceed FDIC insurance limits. Management has not experienced any losses in such accounts.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the original sales price to the customer. The Company maintains an allowance for doubtful accounts to reflect estimated losses resulting from the inability of customers to make required payments. On an ongoing basis, the collectability of accounts receivable is assessed based upon historical collection trends and current economic factors. The Company evaluates the collectability of specific accounts using a combination of factors, including the age of the outstanding balances, evaluation of customers' current and past financial condition, recent payment history, current economic environment, and discussions with appropriate Company personnel and with the customers directly. Accounts are written off when it is determined the receivable will not be collected.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, generally as follows:

	Years
Buildings and improvements	40
Towers	15
Transmitters and antennas	7
Broadcast equipment	2.5 to 5
Other	2.5 to 5

Depreciation expense totaled $5,601,507 and $6,057,464 for the years ended December 31, 2013 and 2012, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Intangible Assets

Intangible assets consist primarily of broadcast licenses, goodwill, acquired advertising base and network affiliation agreements. The Company's intangible assets result from its significant business acquisitions. In connection with these acquisitions, the Company obtained appraisals of the significant assets purchased. The excess of the purchase price over the fair value of the assets acquired was recorded as goodwill. The network affiliation agreements are amortized over the expected remaining terms of the respective agreements. Amounts related to acquired advertising base are amortized over a ten-year period based on the estimated declining revenues from the advertisers existing at the date of acquisition.

The broadcast licenses are considered to have indefinite lives and are not amortized, but are tested for impairment annually or whenever events or changes in circumstances indicate impairment might exist, based on estimated discounted cash flows on an individual market basis. The Company concluded that no impairment of broadcast licenses existed at December 31, 2013 and 2012.

The Company tests the impairment of goodwill annually or whenever events or changes in circumstances indicate impairment might exist. The first step of the impairment test involves a comparison of the fair value of a reporting unit with its carrying value. If the carrying value of the reporting unit exceeds its fair value, the second step of the process involves a comparison of the implied fair value and carrying value of the goodwill of that reporting unit. If the carrying value of the goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess. Impairment losses, if any, will be reflected in operating income or loss in the statement of operations for the period in which such losses are realized. The Company completed tests for impairment of goodwill at December 31, 2013 and 2012. The Company determined its fair value based on a discounted cash flow approach using a discount rate determined by management to be commensurate with the risk inherent in the Company. The Company concluded that no impairment of goodwill existed at December 31, 2013 and 2012.

Long-Lived Assets

The Company reviews long-lived assets and definite lived intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows without interest costs expected to be generated by the asset. If the carrying value of the assets exceed the expected future cash flows, impairment exists and is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets not in use and to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Considerable management judgment is necessary to estimate cash flows and expected fair values. Accordingly, it is reasonably possible that actual results could vary significantly from such estimates. The Company concluded that no impairment of long-lived assets existed at December 31, 2013 and 2012.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Program Rights

Program rights and the corresponding contractual obligations are recorded when the license period begins and the programs are available for use. The rights to broadcast syndicated programs are stated at the lower of amortized cost or net realizable value. Such rights are amortized over the life of the related contract period.

Accrued Expenses

Accrued expenses consist primarily of payroll expenses and a medical accrual. The Company is partially self-insured for medical insurance and accrues for costs related to medical claims. Total accrued claims are included in accrued expenses and represent all such reserves and the Company's estimate for incidents that may have been incurred but not reported as of the balance sheet date. Management believes that any additional costs incurred over amounts accrued will not have a material adverse effect on the Company's financial position or results of operations; however, actual amounts could differ.

Revenue Recognition

The Company's principal source of revenue is local, regional, and national advertising. Revenues are recorded, net of agency and national representative commissions, when the advertising is broadcast. The Company receives compensation from cable and satellite television companies for the rights to carry its signals in their pay television services to consumers. These retransmission consent fees amounted to $16,881,391 and $12,538,405 in 2013 and 2012, respectively, and are recorded in barter and other revenue in the period the services are provided.

Barter Agreements

The Company accounts for barter transactions at the fair value of the goods or services received from customers. The Company records barter advertising revenue at the time the advertisement is aired and barter expense at the time the goods or services are used. The Company accounts for barter programs at fair value based on a calculation using the actual cash advertisements it sells within barter programs. The Company records barter program revenue and expense when the barter program is aired. Barter revenue or expense related to network programs is not recorded. Revenue and expense related to barter arrangements totaled approximately $3,076,000 and $2,964,000, respectively, in 2013, and $2,842,000 and $2,853,000, respectively, in 2012. Expense related to property and equipment received in barter transactions is included in depreciation and amortization expense as the related assets are depreciated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

Hoak and its subsidiaries other than Noe Corp are treated as partnerships for federal income tax purposes. Noe Corp is treated as a corporation for federal income tax purposes. Parker is a C corporation under federal tax law and is a tax-paying entity. Thus, federal income taxes are only payable by, and provided by, Noe Corp and Parker. Hoak's earnings or losses generated outside of Noe Corp and Parker are included in the separate individual federal income tax returns of the members. A portion of the earnings or losses and/or the net worth of certain of the subsidiaries or divisions of Hoak are subject to state income or franchise taxes. Deferred income taxes are recognized based on temporary differences between the financial statement and the tax basis of assets and liabilities using statutory tax rates in effect in the years in which the temporary differences are expected to reverse. A valuation allowance is applied against net deferred tax assets if it is determined that it is more likely than not that some or all of the deferred tax assets will not be realized.

Uncertain Tax Positions

The Company recognizes the financial statement benefit of a tax position only after determining the relevant tax authority would more likely than not sustain the position following an audit. Tax positions are evaluated in a two-step process. The Company first determines whether it is more-likely-than-not that a tax position will be sustained upon examination. If a tax position meets the more-likely-than-not threshold, it is then measured to determine the amount of expense to record in the financial statements. The tax position is measured as the largest amount of expense that is greater than 50 percent likely to be realized upon ultimate settlement. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense.

The Company applied the standard to all positions for which the statute of limitations remained open. As a result of the implementation, the Company had no unrecognized tax benefits, recognized no interest and penalties and had no interest and penalties accrued related to unrecognized tax benefits for 2013 and 2012.

Use of Estimates

The preparation of consolidated financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include valuation allowances for receivables, impairment of long-lived assets, and valuation of broadcast licenses and other intangible assets. Actual results could differ from those estimates.

Stock-Based Compensation

Compensation expense relating to share-based payments is recognized in net income using a fair-value measurement method. The Company uses the straight-line attribution method of recognizing compensation expense over the vesting period. The fair value of each new stock option award is estimated on the date of grant using the Black-Scholes-Merton option-pricing model. The Company recorded $738,919 and $715,668 of noncash compensation expense in 2013 and 2012, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Company measured financial assets and liabilities that are not otherwise measured at fair value at historical cost which resulted in no change to the Company's consolidated financial position, results of operations or cash flows.

Certain financial instruments, including cash, accounts receivable and accounts payable are carried in the consolidated financial statements at amounts that approximate fair value. The carrying value of long-term debt and the revolving credit facility approximates fair value due to the variable interest rates associated with these financial instruments.

Noncontrolling Interest

ASC Topic 810-10-65 requires that noncontrolling interests be reported as a component of equity; net income attributable to the parent and the noncontrolling interest be separately identified in the consolidated results of operations; changes in a parent's ownership interest be treated as equity transactions if control is maintained; and, upon a loss of control, any gain or loss on the interest be recognized in the consolidated results of operations. The provisions of ASC Topic 810-10-65 are reflected in the accompanying consolidated financial statements in the presentation of noncontrolling interest related to Parker.

NOTE 3 - RELATED-PARTY TRANSACTIONS

There were no related party transactions for the years ended December 31, 2013 and 2012.

NOTE 4 - ACQUISITIONS AND DISPOSITIONS

On July 31, 2009, Hoak sold certain assets of KAUZ-TV, a CBS affiliate, and NAUZ-DT a CW affiliate, operating in the Wichita Falls/Lawton market to Texhoma Broadcasting, LLC ("Texhoma") for $10 million in cash and a promissory note from Texhoma to Hoak of $500,000. Hoak granted Texhoma the right to purchase the broadcast license as part of a Put and Call Option agreement (the "KAUZ Option Agreement") and entered into operating agreements with Texhoma for the operation of the station, which expires in July 2014. The promissory note is due and payable on the date of the closing of the sale and acquisition of the broadcast license of KAUZ-TV per the KAUZ Option Agreement. The promissory note bears interest at a rate of 10% per annum, which is payable monthly in arrears. The purchase price of the broadcast license under the KAUZ Option Agreement is the greater of $500,000 or six times the station's cash flow, as defined, during the year ending immediately prior to the date the exercise notice is given. The consolidated financial statements reflect the operations, assets and liabilities of KAUZ-TV and NAUZ-DT as discontinued operations for all periods presented. As a result of this transaction, the Company recorded a deferred gain of $6,379,321 in the liabilities of discontinued operations on the consolidated balance sheets.

NOTE 4 - ACQUISITIONS AND DISPOSITIONS - Continued

On November 20, 2013, Hoak and Parker entered into agreements to sell all television stations, excluding the KAUZ-TV broadcast license, to Gray Television, Inc. (“Gray”) and Excalibur Broadcasting, LLC (“Excalibur”), respectively, for a total of $335,000,000 plus up to $10,000,000 for working capital. This transaction is pending regulatory approval and is expected to close in the second quarter of 2014.

NOTE 5 - INTANGIBLE ASSETS

The following table sets forth information regarding intangible assets:

		December 31, 2013		
	Estimated remaining useful life (years)	Cost	Accumulated amortization/ impairment	Net book value
Amortizable:				
Network affiliation agreements	0.0	$ 3,439,350	$ (3,439,350)	$ -
Advertising base	2.8	6,642,694	(5,970,194)	672,500
Other intangibles	8.7	1,816,494	(1,150,762)	665,732
Total amortizable		11,898,538	(10,560,306)	1,338,232
Nonamortizable:				
Broadcast licenses		115,504,449	(430,098)	115,074,351
Goodwill		37,826,986	-	37,826,986
Total nonamortizable		153,331,435	(430,098)	152,901,337
Total		$ 165,229,973	$ (10,990,404)	$ 154,239,569

		December 31, 2012		
	Estimated remaining useful life (years)	Cost	Accumulated amortization/ impairment	Net book value
Amortizable:				
Network affiliation agreements	0.1	$ 3,439,350	$ (3,408,040)	$ 31,310
Advertising base	3.5	6,642,694	(5,740,714)	901,980
Other intangibles	9.2	1,816,494	(1,090,869)	725,625
Total amortizable		11,898,538	(10,239,623)	1,658,915
Nonamortizable:				
Broadcast licenses		115,504,449	(430,098)	115,074,351
Goodwill		37,826,986	-	37,826,986
Total nonamortizable		153,331,435	(430,098)	152,901,337
Total		$ 165,229,973	$ (10,669,721)	$ 154,560,252

NOTE 5 - INTANGIBLE ASSETS - Continued

Amortization expense totaled $320,683 and $468,474 for the years ended December 2013 and 2012, respectively. Estimated future amortization expense of the amortizable intangible assets for the five succeeding years and thereafter is as follows:

For the year ending December 31:		
2014	$	228,966
2015		277,074
2016		141,666
2017		94,451
2018		85,752
Thereafter		510,323
Total	$	1,338,232

NOTE 6 - NOTES PAYABLE

On January 3, 2007, the Company entered into a credit agreement with a syndicate of financial institutions led by General Electric Capital Corporation (“GE Facility”). The GE Facility provided for a Term Loan in the amount of $62,924,031. The proceeds from the GE Facility were used to consummate the acquisition of the Dakota stations.

On May 18, 2012, the Company amended and restated the GE Facility and provided for a Term Loan in the amount of $128,000,000. The proceeds from the GE Facility were used to fund a dividend to holders of limited liability company units and holders of options for the purpose of acquiring units. On June 5, 2013, the Company again amended and restated the GE Facility increasing the Term Loan to $164,000,000. The proceeds from the amended GE Facility were used to fund a dividend to holders of limited liability company units and holders of options for the purpose of acquiring units. The amended and restated GE Facility has a term of five years, expiring on June 5, 2018, is collateralized by all assets of the Company and provides for maximum Revolver advances, as defined, of $4,000,000. There were no outstanding borrowings on the Revolver at December 31, 2013 and 2012.

The Company may designate borrowings as Base Rate or LIBOR borrowings. Interest on Base Rate borrowings is computed at the prime rate, as defined, plus a margin (2.00% to 3.00% for Revolver advances and Term Loan, depending upon earnings before interest, taxes, depreciation and amortization leverage (EBITDA Leverage), as defined). Interest on LIBOR borrowings is computed at LIBOR plus a margin (3.00% to 4.00% for Revolver advances and Term Loan, depending upon EBITDA Leverage). At December 31, 2013 and 2012, the rate on Base Rate borrowings was 6.25% and 5.75%, respectively, and the rate on LIBOR borrowings was 4.17% and 3.71%, respectively. As of December 31, 2013, the Company has designated all of its borrowings as LIBOR borrowings.

The amended and restated GE Facility requires the Company to maintain a minimum fixed charge coverage ratio, as defined, and a maximum leverage ratio, as defined, measured on a quarter-end basis. The Company was in compliance with all covenants at December 31, 2013 and December 31, 2012.

NOTE 6 - NOTES PAYABLE - Continued

The Company is required to make minimum quarterly principal payments in the amount of $3,250,000. The Company is also required to prepay the amount due on the GE Facility to the extent of 50% of excess cash flow, as defined, for each fiscal year. Total principal payments for the years ended December 31, 2013 and 2012 were approximately $19.1 million and $30.2 million, respectively.

Minimum principal payments on the GE Facility subsequent to 2013 are estimated to be as follows:

Years ending December 31:

2014	$	13,000,000
2015		13,000,000
2016		13,000,000
2017		13,000,000
2018		97,946,294
Total	$	149,946,294

NOTE 7 - INCOME TAXES

Income tax expense consists of the following for the years ended December 31, 2013 and 2012:

		2013		2012
Current:				
Federal	$	1,654,006	$	1,110,150
State		159,954		221,130
Total current	$	1,813,960	$	1,331,280
Deferred:				
Federal	$	319,519	$	641,857
Total	$	2,133,479	$	1,973,137

NOTE 7 - INCOME TAXES - Continued

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2013 and 2012, are presented below:

	2013	2012
Deferred tax assets:		
Accounts receivable	$ 19,417	$ 20,013
Deferred financing costs	-	26,363
Total deferred tax assets	$ 19,417	$ 46,376
Deferred tax liabilities:		
Operating agreement receivable	$ (2,586,790)	$ (2,029,950)
Property and equipment	(1,637,497)	(1,886,696)
Intangible assets	(10,787,086)	(10,802,167)
Total deferred tax liabilities	(15,011,373)	(14,718,813)
Deferred tax liability, net	$ (14,991,956)	$ (14,672,437)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which those temporary differences become deductible. The Company currently expects to realize its deferred tax assets.

As of December 31, 2013, the Company’s open tax years for Federal purposes extend back to 2010. For state purposes, the open tax years extend back to 2009.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Program Rights

As of December 31, 2013 and 2012, the Company recorded a current asset and current liability of $26,059 and $23,459, respectively, representing program rights and liabilities for programs whose license period had begun and which were available for use.

NOTE 8 - COMMITMENTS AND CONTINGENCIES - Continued

As of December 31, 2013, the Company is committed, subject to availability, to license broadcasting rights for various programming not yet available for use as follows:

Years ending December 31:		
2014	$	1,855,141
2015		1,517,527
2016		951,298
2017		199,204
2018		6,084

The obligations will be reflected in the consolidated financial statements when the license period begins and the programs are available for use.

Operating Leases

As of December 31, 2013, the Company has operating leases for various facilities with minimum payments due as follows:

Years ending December 31:		
2014	$	441,586
2015		269,629
2016		162,173
2017		47,499
2018		38,762
Thereafter		468,993

Total rent expense under these agreements was $541,483 and $518,900 for 2013 and 2012, respectively.

Litigation

From time to time, the Company is a party to legal proceedings arising in the ordinary course of business. Those proceedings, if any, are not expected to have a material adverse effect on the Company’s consolidated financial statements.

NOTE 9 - RISKS AND CONCENTRATIONS

The industry in which the Company operates is highly competitive and rapidly changing. Significant technological changes, changes in customer demands, or the emergence of competitive products with new capabilities or technologies could adversely affect operating results. The Company’s revenues are derived primarily from local, regional, and national spot advertising. As a result of this revenue concentration, the Company’s business could be harmed by a decline in demand for, or in the prices of, advertising or as a result of, among other factors, a change in the pricing model, increased price competition, or a failure of the Company to keep up with technological change.

NOTE 9 - RISKS AND CONCENTRATIONS - Continued

Financial instruments subjecting the Company to concentrations of credit risk consist primarily of cash and accounts receivable.

The Company's customers are concentrated in the United States. The Company performs ongoing credit evaluations, generally does not require collateral, and has established an allowance for doubtful accounts based upon factors surrounding the credit risk of customers, historical trends, and other information.

NOTE 10 - MEMBERS' EQUITY

Unit Incentive Plan

Hoak's 2003 Unit Incentive Plan (the "Plan") permits the grant of units of members' interests or options to purchase units of members' interests to employees or consultants of Hoak and its affiliates. Units that may be issued pursuant to the Plan shall not exceed 10% of all members' interests at the time outstanding on a fully diluted basis. The options vest and become exercisable 20% annually beginning at the first anniversary of the grant date. The options have a ten-year life. In the event of a change in control, as defined, each outstanding option becomes immediately vested and exercisable. Hoak has the option, upon termination of employment, to repurchase vested options for an amount equal to the fair value of the underlying units less the exercise price. If not purchased upon termination, unexercised vested options expire.

The following represents activity in the Plan for 2013 and 2012:

	Number of Units	Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at January 1, 2012	11,355,000	$ 1.05	5.3
Granted	2,535,000	1.42	
Exercised	(800,000)	1.00	
Outstanding at December 31, 2012	13,090,000	$ 1.11	5.6
Exercised	(25,000)	1.00	
Outstanding at December 31, 2013	13,065,000	$ 1.11	4.6

The weighted-average fair value of the 2012 option grants was $0.70 per share. The value of the 2012 option grants was estimated at the dates of grant with the following assumptions: dividend yield of 0%; expected volatility of 40%, risk-free interest rate of 0.72% and an expected life of five years. The volatility assumptions used in the Black-Scholes-Merton formula are based on the volatility of a sample of public companies within the same industry segment as Hoak.

NOTE 10 - MEMBERS' EQUITY - Continued

As of December 31, 2013 and 2012, there was $1,565,677 and $2,304,596, respectively, of unrecognized compensation cost related to the unvested portion of options granted under the Plan. That cost was expected to be recognized over a weighted-average period of 3.8 years and 4.2 years at December 31, 2013 and 2012, respectively.

As of December 31, 2013 and 2012, 10,837,085 and 9,791,072 options, respectively, were vested, 25,000 were exercised on November 4, 2013, and 800,000 were exercised on December 31, 2012. The weighted-average remaining contractual term of exercisable options at December 31, 2013 and 2012, was 3.7 years and 4.4 years, respectively. At December 31, 2013 and 2012, there were 2,314,938 and 2,289,938 options available for grant under the Plan, respectively. The total fair value and number of shares vested during 2013 was $738,919 and 1,069,000, respectively, and during 2012 was $715,668 and 1,799,150, respectively.

NOTE 11 - 401(k) PLAN

The Company has a 401(k) plan, under which employees who have completed six months of service may voluntarily contribute up to the maximum dollar limit set by law. The Company provided for discretionary matching contributions of 50% of the amount contributed by the employee up to the first 6% of the employee's annual compensation. The matching contributions vest at 20% for each year of completed service and become 100% vested after five years of employment. The Company made contributions of approximately $287,000 and $274,000 during the years ended December 31, 2013 and 2012, respectively.

NOTE 12 - SUBSEQUENT EVENTS

The Company has evaluated events that occurred between December 31, 2013 and February 27, 2014 (the date these financial statements were available to be issued) to determine whether any of these events required recognition or disclosure in these financial statements. On February 12, 2014, Texhoma exercised the call option to purchase all of the Company's right, title and interest in the KAUZ-TV broadcast license for $500,000. This transaction is pending regulatory approval and is expected to close in the second quarter of 2014. No other such events took place, other than those noted in Note 4.

Exhibit 99.4

Consolidated Financial Statements and Report of Independent Certified Public Accountants

Hoak Media, LLC and Subsidiaries

December 31, 2012 and 2011

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Report of Independent Certified Public Accountants

The Board of Directors
Hoak Media, LLC

We have audited the accompanying consolidated financial statements of Hoak Media, LLC (a Delaware limited liability company) and subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Hoak Media, LLC and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ Grant Thornton LLP

Dallas, Texas
May 24, 2013

Hoak Media, LLC and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31,

ASSETS	2012	2011
CURRENT ASSETS		
Cash	$ 3,958,746	$ 2,389,121
Accounts receivable, net of allowance for doubtful accounts of $281,617 and $277,029 as of December 31, 2012 and 2011, respectively	13,203,212	12,270,599
Prepaid expenses and other current assets	455,515	487,195
Income tax receivable	7,072	78,912
Deferred income taxes, net	20,013	47,629
Assets of discontinued operations	1,144,732	1,103,590
Total current assets	18,789,290	16,377,046
PROPERTY AND EQUIPMENT, at cost		
Land	3,259,972	3,259,972
Buildings and improvements	10,930,007	10,893,249
Towers	12,271,066	12,246,066
Transmitters and antennas	22,884,293	22,801,340
Broadcast equipment	33,159,533	30,842,574
Other	4,976,014	4,777,577
	87,480,885	84,820,778
Accumulated depreciation	(56,428,376)	(50,449,011)
PROPERTY AND EQUIPMENT, net	31,052,509	34,371,767
INTANGIBLE ASSETS, net	116,733,266	117,201,740
GOODWILL	37,826,986	37,826,986
PROGRAM RIGHTS	-	26,059
ASSETS OF DISCONTINUED OPERATIONS	3,835,380	3,835,380
OTHER NONCURRENT ASSETS, net	1,991,714	84,086
Total assets	$ 210,229,145	$ 209,723,064

Hoak Media, LLC and Subsidiaries

CONSOLIDATED BALANCE SHEETS - CONTINUED

December 31,

LIABILITIES AND MEMBERS' EQUITY	2012	2011
CURRENT LIABILITIES		
Accounts payable	$ 1,650,095	$ 820,608
Accrued liabilities	3,635,299	2,817,685
Deferred revenue	885,762	874,435
Current portion of notes payable	12,800,000	556,625
Accrued interest	78,238	43,215
Liabilities of discontinued operations	1,748,023	1,851,157
Total current liabilities	20,797,417	6,963,725
NOTES PAYABLE, net of current portion	90,145,888	53,185,726
PROGRAM LIABILITIES	-	26,059
DEFERRED INCOME TAXES, net	14,692,450	14,078,209
LIABILITIES OF DISCONTINUED OPERATIONS	6,879,321	6,879,321
Total liabilities	132,515,076	81,133,040
COMMITMENTS AND CONTINGENCIES		
MEMBERS' EQUITY		
Members' interests	85,296,629	135,758,033
Noncontrolling interest	(7,582,560)	(7,168,009)
Total members' equity	77,714,069	128,590,024
Total liabilities and members' equity	$ 210,229,145	$ 209,723,064

The accompanying notes are an integral part of these consolidated financial statements.

Hoak Media, LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF OPERATIONS

Years ended December 31,

	2012	2011
Gross revenue		
Local and regional advertising	$ 49,707,815	$ 48,648,174
National advertising	13,907,865	13,849,746
Political advertising	17,992,480	1,769,513
Barter and other revenue	19,372,474	13,424,972
Gross revenue	100,980,634	77,692,405
Commissions		
Agency commissions	9,603,254	6,922,801
National representative commissions	1,569,481	760,753
Total commissions	11,172,735	7,683,554
Net revenue	89,807,899	70,008,851
Operating expenses		
Program and production	9,082,462	7,111,491
News	8,644,507	8,701,453
Technical	3,319,641	3,198,907
Sales and promotion	8,011,695	8,227,958
General and administrative	12,784,825	11,745,410
Depreciation and amortization	6,525,938	10,221,702
Barter and other operating expenses	2,889,312	3,105,003
Total operating expenses	51,258,380	52,311,924
Operating income	38,549,519	17,696,927
Interest expense, net	(4,021,680)	(2,084,872)
Other income (expense), net	49,220	(76,560)
Income from continuing operations before income taxes	34,577,059	15,535,495
Income tax expense	(1,973,137)	(1,188,837)
Income from continuing operations	32,603,922	14,346,658
Income (loss) from discontinued operations	131,017	(177,840)
Net income	32,734,939	14,168,818
Less: Net loss attributable to noncontrolling interest	(414,551)	(1,486,308)
Net income attributable to Hoak Media, LLC	$ 32,320,388	$ 15,655,126

The accompanying notes are an integral part of these consolidated financial statements.

Hoak Media, LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

	Hoak Media, LLC Members' Interests			
	Units	Amount	Noncontrolling interest	Total
Balance at January 1, 2011	114,276,145	$ 124,011,872	$ (5,681,701)	$ 118,330,171
Noncash compensation	-	1,106,898	-	1,106,898
Distributions	-	(5,015,863)	-	(5,015,863)
Net income	-	15,655,126	(1,486,308)	14,168,818
Balance at December 31, 2011	114,276,145	135,758,033	(7,168,009)	128,590,024
Contributions	800,000	800,000	-	800,000
Noncash compensation	-	715,668	-	715,668
Distributions	-	(85,126,562)	-	(85,126,562)
Net income	-	32,320,388	414,551	32,734,939
Balance at December 31, 2012	115,076,145	$ 84,467,527	$ (6,753,458)	$ 77,714,069

The accompanying notes are an integral part of these consolidated financial statements.

Hoak Media, LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,

	2012	2011
Cash flows from operating activities		
Net income	$ 32,734,939	$ 14,168,818
Net (income) loss from discontinued operations	(131,017)	177,840
Net income from continuing operations	32,603,922	14,346,658
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	6,525,938	10,221,702
Bad debt expense	64,810	99,518
(Excess) deficit of barter revenue over barter expense	10,817	(15,802)
Noncash compensation	715,668	1,106,898
(Gain) loss on sale of assets	(49,359)	76,495
Amortization of deferred financing costs	291,603	42,570
Deferred income taxes	641,857	524,735
Net changes in current assets and liabilities		
Accounts receivable, net	(1,029,385)	(807,173)
Prepaid expenses and other current assets	31,680	(91,094)
Income tax receivable	71,840	(358,912)
Accounts payable	829,487	91,204
Accrued liabilities	852,637	(434,508)
Deferred revenue	11,327	84,386
Net cash provided by operating activities, continuing operations	41,572,842	24,886,677
Net cash used in operating activities, discontinued operations	(312)	(136,576)
Net cash provided by operating activities	41,572,530	24,750,101
Cash flows from investing activities		
Additions to property and equipment	(2,722,553)	(2,408,078)
Proceeds from sale of assets	54,851	92,426
Net cash used in investing activities, continuing operations	(2,667,702)	(2,315,652)
Net cash provided by investing activities, discontinued operations	-	-
Net cash used in investing activities	(2,667,702)	(2,315,652)

The accompanying notes are an integral part of these consolidated financial statements.

Hoak Media, LLC and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

Years ended December 31,

	2012	2011
Cash flows from financing activities		
Contributions	$ 800,000	$ -
Distributions	(85,126,562)	(5,015,863)
Proceeds from note payable	79,383,852	-
Deferred financing costs	(2,199,231)	-
Repayment of note payable	(30,180,315)	(19,144,367)
Net cash used in financing activities, continuing operations	(37,322,256)	(24,160,230)
Net cash provided by financing activities, discontinued operations	-	-
Net cash used in financing activities	(37,322,256)	(24,160,230)
Net increase (decrease) in cash	1,582,572	(1,725,781)
Cash at beginning of year	2,525,408	4,251,189
Cash at end of year, continuing operations	$ 3,958,746	$ 2,389,121
Cash at end of year, discontinued operations	$ 149,234	$ 136,287
Supplemental cash flow information		
Interest paid	$ 3,745,674	$ 2,136,174
Taxes paid	$ 1,260,000	$ 1,025,000

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - DESCRIPTION OF BUSINESS

Hoak Media, LLC (Hoak) is a Delaware limited liability company established in July 2003. At December 31, 2012, Hoak was owned primarily by James M. Hoak, Centennial Hoak Media, Inc., Columbia Capital and affiliates, Morgan Stanley and affiliates, and Blue Sage Capital. Hoak shall continue in existence until all or substantially all of its assets are sold or a decision to dissolve is made by members owning at least 50.1% of the outstanding units. Under the terms of the limited liability company agreement, profits and losses are allocated in accordance with respective ownership percentages. The members shall not be obligated personally for debts, obligations and liabilities of Hoak. Cash distributions are allocated in accordance with the requirements for the allocation of profit. Hoak owns and operates the following television stations:

Call Letters	Network Affiliation	Community Served	Hoak Operating Entity
KREX-TV	CBS	Grand Junction, CO	Hoak Media of Colorado, LLC
KREY-TV	CBS	Montrose, CO	Hoak Media of Colorado, LLC
KREG-TV	CBS	Glenwood Springs/ Aspen, CO	Hoak Media of Colorado, LLC
KGJT-LPTV	MyNetworkTV	Grand Junction, CO	Hoak Media of Colorado, LLC
KHAS-TV	NBC	Hastings, NE	Hoak Media of Nebraska, LLC
NHAS-DT	ThisTV	Hastings, NE	Hoak Media of Nebraska, LLC
KNOP-TV	NBC	North Platte, NE	Hoak Media of Nebraska, LLC
KIIT-LPTV	FOX	North Platte, NE	Hoak Media of Nebraska, LLC
KAUZ-TV	CBS	Wichita Falls, TX	Hoak Media of Wichita Falls, L.P.
NAUZ-DT	CW	Wichita Falls, TX	Hoak Media of Wichita Falls, L.P.
KFYR-TV	NBC	Bismarck, ND	Hoak Media of Dakota, LLC
KMOT-TV	NBC	Minot, ND	Hoak Media of Dakota, LLC
KUMV-TV	NBC	Williston, ND	Hoak Media of Dakota, LLC
KQCD-TV	NBC	Dickinson, ND	Hoak Media of Dakota, LLC
KVLY-TV	NBC	Fargo, ND	Hoak Media of Dakota, LLC
MVLY-DT	MeTV	Fargo, ND	Hoak Media of Dakota, LLC
KSFY-TV	ABC	Sioux Falls, SD	Hoak Media of Dakota, LLC
KPRY-TV	ABC	Pierre, SD	Hoak Media of Dakota, LLC
NSFY-DT	CW	Sioux Falls, SD	Hoak Media of Dakota, LLC
KABY-TV	ABC	Aberdeen, SD	Hoak Media of Dakota, LLC
KNOE-TV	CBS	Monroe, LA	Noe Corp, L.L.C.
NNOE-DT	CW	Monroe, LA	Noe Corp, L.L.C.
KALB-TV	NBC	Alexandria, LA	Hoak Media of Alexandria, LLC
NALB-DT	CBS	Alexandria, LA	Hoak Media of Alexandria, LLC
WMBB-TV	ABC	Panama City, FL	Hoak Media of Panama City, LLC
NMBB-DT	ThisTV	Panama City, FL	Hoak Media of Panama City, LLC

Hoak also operates KFQX-TV, a FOX affiliate in Grand Junction, Colorado, through a Local Marketing Agreement (“LMA”) with Parker Broadcasting, Inc. (“Parker”) and operates KXJB-TV, a CBS affiliate in Fargo, North Dakota, and KAQY-TV, an ABC affiliate in Monroe, Louisiana, through various operating agreements with Parker.

NOTE 1 - DESCRIPTION OF BUSINESS - Continued

Effective August 1, 2009, Texhoma Broadcasting LLC began operating KAUZ-TV and NAUZ-DT (see Note 4).

Parker was formed in March 2004 with an initial capitalization of $10 by an unrelated party for the purpose of purchasing television stations which would be operated by Hoak. Hoak guaranteed the loan by which Parker purchased both stations. The purchase of KFQX-TV by Parker was consummated in February 2005. Concurrently, Parker granted Hoak the right to purchase KFQX-TV for $200,000, if and when the Federal Communication Commission (“FCC”) approves such purchase, and entered into an LMA with Hoak for the operation of the station for a monthly payment less certain expenses (primarily payroll, equipment leases, insurance, and maintenance) paid by Hoak on behalf of Parker. The purchase of KXJB-TV by Parker was consummated in January 2007. The purchase of KAQY-TV by Parker was consummated in October 2008. Parker granted Hoak the right to purchase KXJB-TV and KAQY-TV as part of Put and Call Option Agreements between Hoak and Parker and entered into various operating agreements with Hoak for the operation of the stations. These agreements include a Shared Services Agreement and an Advertising Representation Agreement (“Operating Agreements”) whereby Hoak receives monthly payments from Parker for operating the stations. Hoak pays Parker a management fee of $1,000 per month per station associated with the KFQX-TV, KXJB-TV and KAQY-TV agreements. Hoak’s net combined payments to Parker totaled $36,000 in both 2012 and 2011 and are estimated to be $36,000 per year for the remainder of the agreements. At December 31, 2012, Parker has no other operations. The equity of Parker and the results of operations for Parker are shown separately in the consolidated financial statements as noncontrolling interest. The consolidation of Parker represented approximately $11.4 million and $11.0 million of the total assets of the Company, as defined in Note 2, as of December 31, 2012 and 2011, respectively, and approximately $19.0 million and $18.2 million of the total liabilities of the Company as of December 31, 2012 and December 31, 2011, respectively. See Note 2.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Parker’s equity investment ($10) is not sufficient to finance its operations and pay its note payable. Hoak, through its guarantee of the note payable, has the obligation to absorb losses or fund the cash requirements of Parker. In addition, Hoak has the right to receive expected residual equity returns of Parker due to the purchase options for KFQX-TV, KXJB-TV and KAQY-TV. As a result, Parker is considered to be a variable interest entity under Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 810, *Consolidation*, requiring consolidation of Parker with Hoak.

The consolidated financial statements include the accounts of Hoak and its wholly owned subsidiaries and the accounts of Parker (collectively, the “Company”). All intercompany accounts and transactions have been eliminated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Cash

The Company maintains cash with various domestic financial institutions. From time to time, the Company's cash balances with its financial institutions may exceed FDIC insurance limits. Management has not experienced any losses in such accounts.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the original sales price to the customer. The Company maintains an allowance for doubtful accounts to reflect estimated losses resulting from the inability of customers to make required payments. On an ongoing basis, the collectability of accounts receivable is assessed based upon historical collection trends and current economic factors. The Company evaluates the collectability of specific accounts using a combination of factors, including the age of the outstanding balances, evaluation of customers' current and past financial condition, recent payment history, current economic environment, and discussions with appropriate Company personnel and with the customers directly. Accounts are written off when it is determined the receivable will not be collected.

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, generally as follows:

	Years
Buildings and improvements	40
Towers	15
Transmitters and antennas	7
Broadcast equipment	2.5 to 5
Other	2.5 to 5

Depreciation expense totaled $6,057,464 and $9,448,035 for the years ended December 31, 2012 and 2011, respectively.

Intangible Assets

Intangible assets consist primarily of broadcast licenses, goodwill, acquired advertising base and network affiliation agreements. The Company's intangible assets result from its significant business acquisitions. In connection with these acquisitions, the Company obtained appraisals of the significant assets purchased. The excess of the purchase price over the fair value of the assets acquired was recorded as goodwill. The network affiliation agreements are amortized over the expected remaining terms of the respective agreements. Amounts related to acquired advertising base are amortized over a ten-year period based on the estimated declining revenues from the advertisers existing at the date of acquisition.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The broadcast licenses are considered to have indefinite lives and are not amortized, but are tested for impairment annually or whenever events or changes in circumstances indicate impairment might exist, based on estimated discounted cash flows on an individual market basis. The Company concluded that no impairment of broadcast licenses existed at December 31, 2012 and 2011.

The Company tests the impairment of goodwill annually or whenever events or changes in circumstances indicate impairment might exist. The first step of the impairment test involves a comparison of the fair value of a reporting unit with its carrying value. If the carrying value of the reporting unit exceeds its fair value, the second step of the process involves a comparison of the implied fair value and carrying value of the goodwill of that reporting unit. If the carrying value of the goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess. Impairment losses, if any, will be reflected in operating income or loss in the statement of operations for the period in which such losses are realized. The Company completed tests for impairment of goodwill at December 31, 2012 and 2011. The Company determined its fair value based on a discounted cash flow approach using a discount rate determined by management to be commensurate with the risk inherent in the Company. The Company concluded that no impairment of goodwill existed at December 31, 2012 and 2011.

Long-Lived Assets

The Company reviews long-lived assets and definite lived intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future undiscounted cash flows without interest costs expected to be generated by the asset. If the carrying value of the assets exceed the expected future cash flows, impairment exists and is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets not in use and to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. Considerable management judgment is necessary to estimate cash flows and expected fair values. Accordingly, it is reasonably possible that actual results could vary significantly from such estimates. The Company concluded that no impairment of long-lived assets existed at December 31, 2012 and 2011.

Program Rights

Program rights and the corresponding contractual obligations are recorded when the license period begins and the programs are available for use. The rights to broadcast syndicated programs are stated at the lower of amortized cost or net realizable value. Such rights are amortized over the life of the related contract period.

Accrued Expenses

Accrued expenses consist primarily of payroll expenses and a medical accrual. The Company accrues for costs related to medical claims. Total accrued claims are included in accrued expenses and represent all such reserves and the Company’s estimate for incidents that may have been incurred but not reported as of the balance sheet date. Management believes that any additional costs incurred over amounts accrued will not have a material adverse effect on the Company’s financial position or results of operations; however, actual amounts could differ.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition

The Company's principal source of revenue is local, regional, and national advertising. Revenues are recorded, net of agency and national representative commissions, when the advertising is broadcast. The Company receives compensation from cable and satellite television companies for the rights to carry its signals in their pay television services to consumers. These retransmission consent fees amounted to $12,538,405 and $7,094,319 in 2012 and 2011, respectively, and are recorded in barter and other revenue in the period the services are provided.

Barter Agreements

The Company accounts for barter transactions at the fair value of the goods or services received from customers. The Company records barter advertising revenue at the time the advertisement is aired and barter expense at the time the goods or services are used. The Company accounts for barter programs at fair value based on a calculation using the actual cash advertisements it sells within barter programs. The Company records barter program revenue and expense when the barter program is aired. Barter revenue or expense related to network programs is not recorded. Revenue and expense related to barter arrangements totaled approximately $2,842,000 and $2,853,000, respectively, in 2012, respectively and $2,722,000 and $2,706,000, respectively, in 2011. Expense related to property and equipment received in barter transactions is included in depreciation and amortization expense as the related assets are depreciated.

Income Taxes

Hoak and its subsidiaries other than Noe Corp are treated as partnerships for federal income tax purposes. Noe Corp is treated as a corporation for federal income tax purposes. Parker is a C corporation under federal tax law and is a tax-paying entity. Thus, federal income taxes are only payable by, and provided by, Noe Corp and Parker. Hoak's earnings or losses generated outside of Noe Corp and Parker are included in the separate individual federal income tax returns of the members. A portion of the earnings or losses and/or the net worth of certain of the subsidiaries or divisions of Hoak are subject to state income or franchise taxes. Deferred income taxes are recognized based on temporary differences between the financial statement and the tax basis of assets and liabilities using statutory tax rates in effect in the years in which the temporary differences are expected to reverse. A valuation allowance is applied against net deferred tax assets if it is determined that it is more likely than not that some or all of the deferred tax assets will not be realized.

Uncertain Tax Positions

The Company recognizes the financial statement benefit of a tax position only after determining the relevant tax authority would more likely than not sustain the position following an audit. Tax positions are evaluated in a two-step process. The Company first determines whether it is more-likely-than-not that a tax position will be sustained upon examination. If a tax position meets the more-likely-than-not threshold, it is then measured to determine the amount of expense to record in the financial statements. The tax position is measured as the largest amount of expense that is greater than 50 percent likely to be realized upon ultimate settlement. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Company applied the standard to all positions for which the statute of limitations remained open. As a result of the implementation, the Company had no unrecognized tax benefits, recognized no interest and penalties and had no interest and penalties accrued related to unrecognized tax benefits for 2012 and 2011.

Use of Estimates

The preparation of consolidated financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include valuation allowances for receivables, impairment of long-lived assets, and valuation of broadcast licenses and other intangible assets. Actual results could differ from those estimates.

Stock-Based Compensation

Compensation expense relating to share-based payments is recognized in net income using a fair-value measurement method. The Company uses the straight-line attribution method of recognizing compensation expense over the vesting period. The fair value of each new stock option award is estimated on the date of grant using the Black-Scholes-Merton option-pricing model. The Company recorded $715,668 and $1,106,898 of noncash compensation expense in 2012 and 2011, respectively.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Company measured financial assets and liabilities that are not otherwise measured at fair value at historical cost which resulted in no change to the Company's consolidated financial position, results of operations or cash flows.

Certain financial instruments, including cash, accounts receivable and accounts payable are carried in the consolidated financial statements at amounts that approximate fair value. The carrying value of long-term debt and the revolving credit facility approximates fair value due to the variable interest rates associated with these financial instruments.

Noncontrolling Interest

ASC Topic 810-10-65 requires that noncontrolling interests be reported as a component of equity; net income attributable to the parent and the noncontrolling interest be separately identified in the consolidated results of operations; changes in a parent's ownership interest be treated as equity transactions if control is maintained; and, upon a loss of control, any gain or loss on the interest be recognized in the consolidated results of operations. The provisions of ASC Topic 810-10-65 are reflected in the accompanying consolidated financial statements in the presentation of noncontrolling interest related to Parker.

NOTE 3 - RELATED-PARTY TRANSACTIONS

Until December 31, 2011 various management and operational services were provided to the Company by James M. Hoak & Co., a company controlled by James M. Hoak. The combined fees for these services were $362,548 in 2011 and were recorded in other operating expenses. There were no related party transactions for the year ended 2012.

NOTE 4 - ACQUISITIONS AND DISPOSITIONS

On July 31, 2009, Hoak sold certain assets of KAUZ-TV, a CBS affiliate, and NAUZ-DT a CW affiliate, operating in the Wichita Falls/Lawton market to Texhoma Broadcasting, LLC ("Texhoma") for $10 million in cash and a promissory note from Texhoma to Hoak of $500,000. Hoak granted Texhoma the right to purchase the broadcast license as part of a Put and Call Option agreement (the "Option Agreement") and entered into operating agreements with Texhoma for the operation of the station, which expires in October 2018. The promissory note is due and payable on the date of the closing of the sale and acquisition of the broadcast license of KAUZ-TV per the Option Agreement. The promissory note bears interest at a rate of 10% per annum, which is payable monthly in arrears. The purchase price of the broadcast license under the Option Agreement is the greater of $500,000 or six times the station's cash flow, as defined, during the year ending immediately prior to the date the exercise notice is given. The consolidated financial statements reflect the operations, assets and liabilities of KAUZ-TV and NAUZ-DT as discontinued operations for all periods presented. As a result of this transaction, the Company recorded a deferred gain of $6,379,321 in the liabilities of discontinued operations on the consolidated balance sheets.

NOTE 5 - INTANGIBLE ASSETS

The following table sets forth information regarding intangible assets:

		December 31, 2012		
	Estimated remaining useful life (years)	Cost	Accumulated amortization/ impairment	Net book value
Amortizable:				
Network affiliation agreements	0.1	$ 3,439,350	$ (3,408,040)	$ 31,310
Advertising base	3.5	6,642,694	(5,740,714)	901,980
Other intangibles	9.2	1,816,494	(1,090,869)	725,625
Total amortizable		11,898,538	(10,239,623)	1,658,915
Nonamortizable:				
Broadcast licenses		115,504,449	(430,098)	115,074,351
Goodwill		37,826,986	-	37,826,986
Total nonamortizable		153,331,435	(430,098)	152,901,337
Total		$ 165,229,973	$ (10,669,721)	$ 154,560,252

NOTE 5 - INTANGIBLE ASSETS - Continued

	Estimated remaining useful life (years)	December 31, 2011 Cost	Accumulated amortization/ impairment	Net book value
Amortizable:				
Network affiliation agreements	0.2	$ 3,439,350	$ (3,305,846)	$ 133,504
Advertising base	4.2	6,642,694	(5,434,320)	1,208,374
Other intangibles	9.8	1,816,494	(1,030,983)	785,511
Total amortizable		11,898,538	(9,771,149)	2,127,389
Nonamortizable:				
Broadcast licenses		115,504,449	(430,098)	115,074,351
Goodwill		37,826,986	-	37,826,986
Total nonamortizable		153,331,435	(430,098)	152,901,337
Total		$ 165,229,973	$ (10,201,247)	$ 155,028,726

Amortization expense totaled $468,474 and $773,667 for the years ended December 2012 and 2011, respectively. Estimated future amortization expense of the amortizable intangible assets for the five succeeding years and thereafter is as follows:

For the year ending December 31:	
2013	$ 320,674
2014	228,966
2015	277,074
2016	141,666
2017	94,451
Thereafter	596,084
Total	$ 1,658,915

NOTE 6 - NOTES PAYABLE

On January 3, 2007, the Company entered into a credit agreement with a syndicate of financial institutions led by General Electric Capital Corporation (GE Facility). The GE Facility provided for a Term Loan in the amount of $62,924,031. The proceeds from the GE Facility were used to consummate the acquisition of the Dakota stations.

On May 18, 2012, the Company amended and restated the GE Facility and provided for a Term Loan in the amount of $128,000,000. The proceeds from the GE Facility were used to fund a dividend to holders of limited liability company units and holders of options for the purpose of acquiring units. The amended and restated GE Facility has a term of five years, expiring on May 18, 2017, is collateralized by all assets of the Company and provides for maximum Revolver advances, as defined, of $4,000,000. There were no outstanding borrowings on the Revolver at December 31, 2012 and 2011.

The Company may designate borrowings as Base Rate or LIBOR borrowings. Interest on Base Rate borrowings is computed at the prime rate, as defined, plus a margin (2.00% to 3.00% for Revolver advances and Term Loan, depending upon earnings before interest, taxes, depreciation and amortization leverage (EBITDA Leverage), as defined). Interest on LIBOR borrowings is computed at LIBOR plus a margin (3.00% to 4.00% for Revolver advances and Term Loan, depending upon EBITDA Leverage). At December 31, 2012 and 2011, the rate on Base Rate borrowings was 5.75% and 5.00%, respectively, and the rate on LIBOR borrowings was 3.71% and 3.04%, respectively. As of December 31, 2012, the Company has designated all of its borrowings as LIBOR borrowings.

The amended and restated GE Facility requires the Company to maintain a minimum fixed charge coverage ratio, as defined, and a maximum leverage ratio, as defined, measured on a quarter-end basis. The Company was in compliance with all covenants at December 31, 2012 and the respective covenants at December 31, 2011.

The Company is required to make minimum quarterly payments in the amount of $3,200,000. The Company is also required to prepay the amount due on the GE Facility to the extent of 50% of excess cash flow, as defined, for each fiscal year. Total principal payments for the years ended December 31, 2012 and 2011 were approximately $30.2 million and $19.1 million, respectively.

Minimum principal payments on the GE Facility subsequent to 2012 are estimated to be as follows:

Years ending December 31:

2013	$	12,800,000
2014		12,800,000
2015		12,800,000
2016		12,800,000
2017		51,745,888
Total	$	102,945,888

NOTE 7 - INCOME TAXES

Income tax expense consists of the following for the years ended December 31, 2012 and 2011:

	2012	2011
Current	$ 1,331,280	$ 664,102
Deferred	641,857	524,735
	$ 1,973,137	$ 1,188,837

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2012 and 2011, are presented below:

	2012	2011
Deferred tax assets:		
Accounts receivable	$ 20,013	$ 18,827
Net operating loss carryforward	-	28,802
Deferred financing costs	26,363	50,528
Total deferred tax assets	46,376	98,157
Deferred tax liabilities:		
Operating agreement receivable	(2,029,950)	(1,477,733)
Property and equipment	(1,886,696)	(2,190,461)
Intangible assets	(10,802,167)	(10,460,543)
Total deferred tax liabilities	(14,718,813)	(14,128,737)
Deferred tax liability, net	$ (14,672,437)	$ (14,030,580)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which those temporary differences become deductible. The Company currently expects to realize its deferred tax assets.

As of December 31, 2012, the Company has open tax years for Federal purposes extend back to 2009. For state purposes, the open tax years extend back to 2008.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

Program Rights

As of December 31, 2012 and 2011, the Company recorded a long-term asset and liability of $-0- and $26,059, respectively, representing program rights and liabilities for programs whose license period had begun and which were available for use. As of December 31, 2012 and 2011, the current portion of the asset and liability, in the amount of $23,459 and $35,296, respectively, is included in other current assets and accrued liabilities on the consolidated balance sheets.

As of December 31, 2012, the Company is committed, subject to availability, to license broadcasting rights for various programming not yet available for use as follows:

Years ending December 31:		
2013	$	1,983,869
2014		1,281,951
2015		725,166
2016		17,857
2017		9,528
Thereafter		5,200

The obligations will be reflected in the consolidated financial statements when the license period begins and the programs are available for use.

Operating Leases

As of December 31, 2012, the Company has operating leases for various facilities with minimum payments due as follows:

Years ending December 31:		
2013	$	436,996
2014		315,580
2015		242,694
2016		140,818
2017		29,877
Thereafter		444,646

Total rent expense under these agreements was $518,900 and $503,319 for 2012 and 2011, respectively.

Litigation

From time to time, the Company is a party to legal proceedings arising in the ordinary course of business. Those proceedings, if any, are not expected to have a material adverse effect on the Company’s consolidated financial statements.

NOTE 9 - RISKS AND CONCENTRATIONS

The industry in which the Company operates is highly competitive and rapidly changing. Significant technological changes, changes in customer demands, or the emergence of competitive products with new capabilities or technologies could adversely affect operating results. The Company's revenues are derived primarily from local, regional, and national spot advertising. As a result of this revenue concentration, the Company's business could be harmed by a decline in demand for, or in the prices of, advertising or as a result of, among other factors, a change in the pricing model, increased price competition, or a failure of the Company to keep up with technological change.

Financial instruments subjecting the Company to concentrations of credit risk consist primarily of cash and accounts receivable.

The Company's customers are concentrated in the United States. The Company performs ongoing credit evaluations, generally does not require collateral, and has established an allowance for doubtful accounts based upon factors surrounding the credit risk of customers, historical trends, and other information.

NOTE 10 - MEMBERS' EQUITY

Unit Incentive Plan

Hoak's 2003 Unit Incentive Plan (the Plan) permits the grant of units of members' interests or options to purchase units of members' interests to employees or consultants of Hoak and its affiliates. Units that may be issued pursuant to the Plan shall not exceed 10% of all members' interests at the time outstanding on a fully diluted basis. The options vest and become exercisable 20% annually beginning at the first anniversary of the grant date. The options have a ten-year life. In the event of a change in control, as defined, each outstanding option becomes immediately vested and exercisable. Hoak has the option, upon termination of employment, to repurchase vested options for an amount equal to the fair value of the underlying units less the exercise price. If not purchased upon termination, unexercised vested options expire.

The following represents activity in the Plan for 2012 and 2011:

	Number of Units	Exercise Price	Weighted-Average Remaining Contractual Term
Outstanding at January 1, 2011	11,285,000	$ 1.03	6.1
Granted	200,000	1.68	
Forfeitures	(130,000)	1.03	
Outstanding at December 31, 2011	11,355,000	1.05	5.3
Granted	2,535,000	1.96	
Exercised	(800,000)	1.00	
Outstanding at December 31, 2012	13,090,000	$ 1.22	3.7

NOTE 10 - MEMBERS' EQUITY - Continued

The weighted-average fair value of the 2012 and 2011 option grants was $0.70 and $0.92 per share, respectively. The value of the 2012 and 2011 option grants was estimated at the dates of grant with the following assumptions: dividend yield of 0%; expected volatility between 40% and 69%, risk-free interest rate between 0.72% and 2.16% and an expected life of five years. The volatility assumptions used in the Black-Scholes-Merton formula are based on the volatility of a sample of public companies within the same industry segment as Hoak.

As of December 31, 2012 and 2011, there was $2,304,596 and $1,238,757, respectively, of unrecognized compensation cost related to the unvested portion of options granted under the Plan. That cost was expected to be recognized over a weighted-average period of 3.8 years and 2.1 years at December 31, 2012 and 2011, respectively.

As of December 31, 2012 and 2011, 10,537,072 and 8,773,850 options, respectively, were vested and 800,000 were exercised on December 31, 2012. The weighted-average remaining contractual term of exercisable options at December 31, 2012 and 2011, was 3.7 years and 5.0 years, respectively. At December 31, 2012 and 2011, there were 2,289,938 and 3,720,738 options available for grant under the Plan, respectively. The total fair value and number of shares vested during 2012 was $715,668 and 1,799,150, respectively, and during 2011 the total fair value and number of shares vested was $1,099,287 and 1,774,150, respectively.

NOTE 11 - 401(k) PLAN

The Company has a 401(k) plan, under which employees who have completed six months of service and are at least 21 years of age may voluntarily contribute up to the maximum dollar limit set by law. The Company provided for discretionary matching contributions of 50% of the amount contributed by the employee up to the first 6% of the employee's annual compensation. The matching contributions vest at 20% for each year of completed service and become 100% vested after five years of employment. The Company made contributions of approximately $274,000 and $250,000 during the years ended December 31, 2012 and 2011, respectively.

NOTE 12 - SUBSEQUENT EVENTS

The Company has evaluated events that occurred between December 31, 2012 and May 24, 2013 (the date these financial statements were available to be issued) to determine whether any of these events required recognition or disclosure in these financial statements. No such events took place.