NEXSTAR BROADCASTING GROUP INC
Form 10-K
February 29, 2016
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the fiscal year ended December 31, 2015

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
for the transition period from to .

Commission File Number: 000-50478

NEXSTAR BROADCASTING GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	23-3083125
(State of Organization or Incorporation)	(I.R.S. Employer Identification No.)
545 E. John Carpenter Freeway, Suite 700, Irving, Texas	75062
(Address of Principal Executive Offices)	(Zip Code)

(972) 373-8800

(Registrant's Telephone Number, Including Area Code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A Common Stock, $0.01 par value per share	NASDAQ Global Select Market

Securities Registered Pursuant to Section 12(g) of the Act: None

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

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

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

Indicate by checkmark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405) is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

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

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated filer (Do not check if a smaller reporting company)	¨	Smaller reporting company	¨

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x

As of June 30, 2015, the aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant was $1,518,899,720.

As of February 22, 2016, the Registrant had 30,652,804 shares of Class A Common Stock outstanding.

Documents Incorporated By Reference

Portions of the Proxy Statement for the Registrant's 2016 Annual Meeting of Stockholders will be filed with the Commission within 120 days after the close of the Registrant's fiscal year and incorporated by reference in Part III of this Annual Report on Form 10-K.

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General

As used in this Annual Report on Form 10-K and unless the context indicates otherwise, “Nexstar” refers to Nexstar Broadcasting Group, Inc. and its consolidated subsidiaries; “Nexstar Broadcasting” refers to Nexstar Broadcasting, Inc., our wholly-owned direct subsidiary; the “Company” refers to Nexstar and the variable interest entities (“VIEs”) required to be consolidated in our financial statements; and all references to “we,” “our,” “ours,” and “us” refer to Nexstar.

Nexstar Broadcasting has time brokerage agreements, outsourcing agreements, shared services agreements and joint sales agreements (which we generally refer to as local service agreements) relating to the television stations owned by VIEs but does not own any of the equity interests in these entities. For a description of the relationship between Nexstar and these VIEs, see Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

The information in this Annual Report on Form 10-K includes information related to Nexstar and its consolidated subsidiaries. It also includes information related to VIEs with whom Nexstar has relationships. In accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) and as discussed in Note 2 to our Consolidated Financial Statements, the financial results of the consolidated VIEs are included in the Consolidated Financial Statements contained herein.

In the context of describing ownership of television stations in a particular market, the term “duopoly” refers to owning or deriving the majority of the economic benefit, through ownership or local service agreements, from two or more stations in a particular market. For more information on how we derive economic benefit from a duopoly, see Item 1, “Business.”

There are 210 generally recognized television markets, known as Designated Market Areas, or DMAs, in the United States. DMAs are ranked in size according to various factors based upon actual or potential audience. DMA rankings contained in this Annual Report on Form 10-K are from Investing in Television Market Report 2015 4th Edition, as published by BIA Financial Network, Inc.

Reference is made in this Annual Report on Form 10-K to the following trademarks/tradenames which are owned by the third parties referenced in parentheses: Two and a Half Men (Warner Bros. Domestic Television) and Entertainment Tonight (CBS Television Distribution).

Cautionary Note Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”). All statements other than statements of historical fact are “forward-looking statements” for purposes of federal and state securities laws, including: any projections or expectations of earnings, revenue, financial performance, liquidity and capital resources or other financial items; any assumptions or projections about the television broadcasting industry, any statements of our plans, strategies and objectives for our future operations, performance, liquidity and capital resources or other financial items; any statements concerning proposed new products, services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include the words “may,” “will,” “should,” “could,” “would,” “predicts,” “potential,” “continue,” “expects,” “anticipates,” “future,” “intends,” “plans,” “ and other similar words.

Although we believe that the expectations reflected in any of our forward-looking statements are reasonable, actual results could differ from a projection or assumption in any of our forward-looking statements. Our future financial position and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties discussed under Item 1A, “Risk Factors” located elsewhere in this Annual Report on Form 10-K and in

our other filings with the Securities and Exchange Commission (“SEC”). The forward-looking statements made in this Annual Report on Form 10-K are made only as of the date hereof, and we do not have or undertake any obligation to update any forward-looking statements to reflect subsequent events or circumstances unless otherwise required by law.

PART I

Item 1. Business

Overview

We are a television broadcasting and digital media company focused exclusively on the acquisition, development and operation of television stations and interactive community websites in medium-sized markets in the United States.

As of December 31, 2015, we owned, operated, programmed or provided sales and other services to 99 full power television stations, including those owned by VIEs with which we have local service agreements, in 61 markets in the states of Alabama, Arizona, Arkansas, California, Colorado, Florida, Illinois, Indiana, Iowa, Louisiana, Maryland, Michigan, Missouri, Montana, Nevada, New York, Pennsylvania, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia and Wisconsin. Our stations are affiliates of ABC, NBC, FOX, CBS, The CW, MyNetworkTV and other broadcast television networks. We reach approximately 20.4 million viewers or 18.0% of all U.S. television households.

We believe that medium-sized markets offer significant advantages over large-sized markets. First, because there are fewer well-capitalized acquirers with a medium-market focus, we have been successful in purchasing stations on more favorable terms than acquirers of large market stations. Second, in the majority of our markets only four to six local commercial television stations exist. As a result, we achieve lower programming costs than stations in larger markets because the supply of quality programming exceeds the demand.

The stations we own and operate or provide services to provide free over-the-air programming to our markets' television viewing audiences. This programming includes (a) programs produced by networks with which the stations are affiliated; (b) programs that the stations produce; and (c) first-run and rerun syndicated programs that the stations acquire. Our primary sources of revenue include the sale of commercial air time on our stations to local and national advertisers, revenues earned from our retransmission consent agreements with cable, satellite and other multichannel video programming distributors ("MVPDs") in our markets, and the sale of advertising on our websites in each of our broadcast markets where we deliver community focused content.

We seek to grow our revenue and operating income by increasing the audience and revenue shares of the stations we own, operate, program or provide sales and other services to, as well as through our growing portfolio of digital products and services. We strive to increase the audience share of the stations by creating a strong local broadcasting

presence based on highly rated local news, local sports coverage and active community sponsorship. We seek to improve revenue share by employing and supporting a high-quality local sales force that leverages the stations' strong local brands and community presence with local advertisers. We further improve broadcast cash flow by maintaining strict control over operating and programming costs. The benefits achieved through these initiatives are magnified in our duopoly markets by broadcasting the programming of multiple networks, capitalizing on multiple sales forces and achieving an increased level of operational efficiency. As a result of our operational enhancements, we expect revenue from the stations we have acquired or begun providing services to in the last four years to grow faster than that of our more mature stations.

Our digital media businesses provide digital publishing and content management platforms, a digital video advertising platform and other digital media solutions to media publishers and advertisers. We are focused on new technologies and growing our portfolio of digital products and services complementary to our vision of providing local news, entertainment and sports content through broadcast and digital platforms.

Our principal offices are at 545 E. John Carpenter Freeway, Suite 700, Irving, TX 75062. Our telephone number is (972) 373-8800 and our website is http://www.nexstar.tv.

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Recent Acquisitions

Effective January 1, 2015, we acquired the outstanding equity of privately-held Communications Corporation of America ("CCA") as well as CCA's rights and obligations with respect to certain operating agreements between CCA and White Knight Broadcasting ("White Knight") for $278.1 million in cash. CCA and White Knight, collectively, owned 14 full power television stations in 10 markets. Simultaneous with our acquisition of CCA, we sold the assets of two CCA stations, KPEJ and KMSS, to Marshall Broadcasting Group, Inc. ("Marshall") for $43.3 million in cash and we entered into local service agreements with Marshall to perform certain sales and other services for these stations. Additionally, we sold the assets of a CCA station, WEVV, the CBS and FOX affiliate serving the Evansville market, to Bayou City Broadcasting Evansville, Inc. ("BCB") for $27.4 million in cash. We recognized a net loss on disposal of $0.5 million in connection with this transaction. There is no relationship between us and BCB or the stations we and BCB own after the sale.

We paid a deposit of $27.0 million to CCA in April 2013 upon signing the stock purchase agreement. The remaining purchase price was funded at closing through a combination of borrowings under our existing credit facility and cash on hand. Marshall funded the payment of the purchase price to us through borrowings under its credit facility, which we guarantee. These transactions allow the Company entrance into seven new markets and create new duopolies in four markets. The full power television stations are as follows:

Market	Market Rank	Station	Primary Affiliation
Nexstar:			
Harlingen-Weslaco-Brownsville-McAllen, TX	86	KVEO	NBC
Waco-Temple-Bryan, TX	87	KWKT	FOX
		KYLE	MyNetworkTV
El Paso, TX	91	KTSM	NBC
Baton Rouge, LA	93	WGMB	FOX
Tyler-Longview, TX	108	KETK	NBC
Lafayette, LA	124	KADN	FOX
Alexandria, LA	179	WNTZ	FOX
Marshall:			
Shreveport, LA	83	KMSS	FOX
Odessa-Midland, TX	146	KPEJ	FOX
White Knight:			
Baton Rouge, LA	93	WVLA	NBC
Tyler-Longview, TX	108	KFXK	FOX
Shreveport, LA	83	KSHV	MyNetworkTV

Effective January 29, 2015, we acquired the assets of KASW, the CW affiliate in the Phoenix, Arizona market for $70.8 million in cash. This acquisition allows us entrance into the Phoenix market and we funded the purchase price through a portion of the proceeds from our $275.0 million 6.125% Senior Unsecured Notes issued on January 29, 2015 ("6.125% Notes") and borrowings under our existing credit facility.

On February 2, 2015, we acquired the outstanding equity of Yashi, Inc. ("Yashi"), a local digital video advertising and targeted programmatic technology platform for $33.4 million in cash. This acquisition broadens our digital media portfolio with technologies and offerings that are complementary to our digital and multi-screen strategies. The purchase price was funded through a portion of the proceeds of our offering of 6.125% Notes and borrowings under our existing credit facility.

On February 13, 2015, we acquired the outstanding equity of the owner of KLAS, the CBS affiliate serving the Las Vegas, Nevada market for $150.8 million in cash. This acquisition allows us entrance into the Las Vegas market and the purchase price was funded through a portion of the proceeds of our offering of 6.125% Notes and borrowings under our existing credit facility.

Effective October 1, 2015, we acquired the outstanding equity of Kixer, Inc. ("Kixer") for $8.5 million in cash, funded by a combination of cash on hand and borrowings under our revolving credit facility. Additionally, the sellers could receive up to $7.0 million in cash payments if certain revenue targets are met during the year 2016 in accordance with the purchase agreement (the "Earnout Payments"). We expect to fund the Earnout Payments through a combination of cash to be generated from operations and borrowings under our senior secured credit facility. Kixer is an advertising technology platform focused on optimizing and driving new mobile revenue streams for content publishers and this acquisition broadens our digital media portfolio with technologies and offerings that are complementary to our digital and multi-screen strategies.

On February 1, 2016, we acquired the assets of four full power television stations in the Minot-Bismarck-Dickinson, North Dakota market for $44.0 million in cash, subject to adjustments for working capital, funded by a combination of cash on hand and borrowings under our revolving credit facility. The stations, all affiliated with CBS, are KXMC, KXMB, KXMA and KXMD. This acquisition allows us entrance into this North Dakota market.

Pending Acquisitions

On January 27, 2016, we entered into a definitive merger agreement with Media General, Inc., a Virginia corporation (“Media General”), to acquire Media General’s outstanding equity for $10.55 per share in cash and 0.1249 of a share our Class A common stock for each Media General share. The terms of the agreement also include potential additional consideration to Media General shareholders in the form of a non-transferable contingent value right (“CVR”) entitling Media General shareholders to net cash proceeds from any sale of Media General’s spectrum in the Federal Communications Commission’s (“FCC”) upcoming spectrum auction. Depending on the timing of the FCC auction, the CVR may be issued before or at the time of the merger. Each unvested Media General stock option outstanding prior to the completion of the merger will become fully vested and will be converted into an option to purchase our Class A common stock, pursuant to the terms of the merger agreement. Additionally, unless the CVR has been issued prior to the completion of the merger, the holders of Media General stock options will also be entitled to one CVR for each share subject to the Media General stock option immediately prior to the completion of the merger. All other equity-based awards of Media General that are outstanding prior to the merger will vest in full and will be converted into the right to receive the cash, stock and contingent consideration described above, subject to the terms of the merger agreement. The total consideration for this proposed acquisition is approximately $2.0 billion in cash and stock, estimated based on the $39.08 market price per share of our Class A Common Stock on February 17, 2016 and Media General’s diluted common shares outstanding, plus the potential CVR. Media General currently owns, operates or provides services to 71 television stations in 48 markets. We and Media General plan to divest certain of our stations in connection with the proposed merger in order to comply with the FCC media ownership rules.

The merger agreement contains certain termination rights for both us and Media General. If the merger agreement is terminated in connection with Media General entering into a definitive agreement for a superior proposal, as well as under certain other circumstances, the termination fee payable to us will be $80.0 million. If the merger agreement is terminated because the required Media General shareholder vote is not obtained at a shareholder meeting duly held for such purpose, the amount of the termination fee payable to us will be $20.0 million. The merger agreement also provides that we will be required to pay a termination fee to Media General of $80.0 million if the merger agreement is terminated under certain circumstances and a termination fee of $20.0 million if the required Nexstar shareholder vote is not obtained at a shareholder meeting duly held for such purpose. Either party may terminate the merger agreement if the merger is not consummated on or before January 27, 2017, with an automatic extension to April 27, 2017, if necessary to obtain regulatory approval under circumstances specified in the merger agreement.

The merger is subject to a vote by stockholders of Nexstar and Media General, FCC approval and other regulatory approvals (including expiration of the applicable Hart-Scott-Rodino waiting period) and other customary closing conditions. The merger is not subject to any financing condition and we have received committed financing up to a maximum of $4.7 billion from a group of commercial banks to provide the debt financing to consummate the merger and the refinancing of certain of the existing indebtedness of Nexstar, Media General and certain of their variable interest entities. With respect to Nexstar and certain of its variable interest entities, the debt refinancing will include

the outstanding obligations under the revolving credit facilities and term loans.

Upon completion of the merger, which is expected to occur late in the third quarter/early in the fourth quarter of 2016, the combined company will be named Nexstar Media Group, Inc.

On November 16, 2015, we entered into a definitive agreement to acquire the assets of four full power television stations in four markets in West Virginia for $130.0 million in cash, subject to adjustments for working capital. The stations are as follows:

Market	Market Rank	Station	Primary Affiliation
Charleston-Huntington, WV	67	WOWK	CBS
Wheeling, WV-Steubenville, OH	157	WTRF	CBS
Bluefield-Beckley-Oak Hill, WV	160	WVNS	CBS
Clarksburg-Weston, WV	169	WBOY	NBC

This acquisition will allow us entrance into these markets. Effective December 1, 2015, we began providing programming and sales services to these stations pursuant to a Time Brokerage Agreement (“TBA”) which will terminate upon final closing or upon termination of the purchase agreement. On January 4, 2016, we acquired certain of the stations’ assets and paid $65.0 million of the purchase price funded through a combination of cash on hand and borrowings under our revolving credit facility. The acquisition is subject to FCC approval and other customary conditions and the remaining purchase price of $65.0 million is expected to be funded through cash generated from operations prior to the second closing and borrowings under our senior secured credit facility. We project the final closing to occur in December 2016.

On October 24, 2014, we entered into a definitive agreement to acquire the assets of KCWI, the CW affiliate in the Des Moines-Ames, Iowa market for $3.5 million, which we expect to fund through cash on hand. This acquisition is subject to bankruptcy approval and other customary conditions and we expect it to close in 2016.

On May 27, 2014, Mission Broadcasting, Inc. (“Mission”) assumed the rights, title and interest to an existing purchase agreement to acquire Parker Broadcasting of Colorado, LLC (“Parker”), the owner of television station KFQX, the FOX affiliate in the Grand Junction, Colorado market, for $4.0 million in cash, subject to adjustments for working capital. Mission paid a deposit of $3.2 million on June 13, 2014. Mission expects to fund the remaining purchase price through cash generated from operations prior to closing. The acquisition is subject to FCC approval and other customary conditions and Mission expects it to close in 2016. The acquisition will allow Mission entrance into this market. In June 2014, Nexstar assumed the contractual obligations under a TBA with Parker to perform certain sales and other services for KFQX. Parker is consolidated into the Company’s Consolidated Financial Statements.

Operating Strategy

We seek to generate revenue and broadcast cash flow growth through the following strategies:

Develop Leading Local Franchises. Each of the stations that we own, operate, program, or provide sales and other services to creates a highly recognizable local brand, primarily through the quality of local news programming and community presence. Based on internally generated analysis, we believe that in over 78.0% of our markets in which we produce local newscasts, we rank among the top two stations in local news viewership. Strong local news typically generates higher ratings among attractive demographic profiles and enhances audience loyalty, which may result in higher ratings for programs both preceding and following the news. High ratings and strong community identity make the stations that we own, operate, program, or provide sales and other services to more attractive to local advertisers. For the year ended December 31, 2015, we earned approximately 30% of our advertising revenue from spots aired during local news programming. Currently, our stations and the stations we provide services to that produce local newscasts provide between 15 and 25 hours per week of local news programming. Extensive local sports coverage and active sponsorship of community events further differentiate us from our competitors and strengthen our community relationships and our local advertising appeal.

Invest in Digital Media. We are focused on new technologies and growing our portfolio of digital products and services. Our websites provide access to our local news and information, as well as community centric business and services. We delivered a record audience across all of our web sites in 2015, with 115 million unique visitors, who utilized over 848 million page views. Also in 2015, our mobile platform accounted for 46% of our overall page views by year end. We also launched redesigned web sites, ready for the emerging touch oriented platforms. We have also invested in additional digital media product lines, including a content management solution and a targeted video advertising platform. We are committed to serving our local markets by providing local content to both online and mobile users wherever and whenever they want.

Emphasize Local Sales. We employ a high-quality local sales force in each of our markets to increase revenue from local advertisers by capitalizing on our investment in local programming and community websites. We believe that local advertising is attractive because our sales force is more effective with local advertisers, giving us a greater ability to influence this revenue source. Additionally, local advertising has historically been a more stable source of revenue than national advertising for television broadcasters. For the year ended December 31, 2015, revenue generated from local advertising represented 70.6% of our consolidated spot revenue (total of local and national advertising revenue, excluding political advertising revenue). In most of our markets, we have increased the size and quality of our local sales force. We also invest in our sales efforts by implementing comprehensive training programs and employing a

sophisticated inventory tracking system to help maximize advertising rates and the amount of inventory sold in each time period.

Operate Duopoly Markets. Owning or providing services to more than one station in a given market enables us to broaden our audience share, enhance our revenue share and achieve significant operating efficiencies. Duopoly markets broaden audience share by providing programming from multiple networks with different targeted demographics. These markets increase revenue share by capitalizing on multiple sales forces. Additionally, we achieve significant operating efficiencies by consolidating physical facilities, eliminating redundant management and leveraging capital expenditures between stations. We derived approximately 70.0% of our net revenue, excluding trade and barter revenue, for the year ended December 31, 2015 from our duopoly markets.

Maintain Strict Cost Controls. We emphasize strict controls on operating and programming costs in order to increase broadcast cash flow. We continually seek to identify and implement cost savings at each of our stations and the stations we provide services to and our overall size benefits each station with respect to negotiating favorable terms with programming suppliers and other vendors. By leveraging our size and corporate management expertise, we are able to achieve economies of scale by providing programming, financial, sales and marketing support to our stations and the stations we provide services to.

Capitalize on Diverse Network Affiliations. We currently own, operate, program, or provide sales and other services to a balanced portfolio of television stations with diverse network affiliations, including ABC, NBC, CBS and FOX affiliated stations which represented approximately 20.0%, 25.0%, 24.0% and 18.0%, respectively, of our 2015 combined local, national and political revenue. The networks provide these stations with quality programming and numerous sporting events such as NBA basketball, Major League baseball, NFL football, NCAA sports, PGA golf and the Olympic Games. Because network programming and ratings change frequently, the diversity of our station portfolio's network affiliations reduces our reliance on the quality of programming from a single network.

Attract and Retain High Quality Management. We seek to attract and retain station general managers with proven track records in larger television markets by providing equity incentives not typically offered by other station operators in our markets. Most of our station general managers have been granted stock options and have an average of over 20 years of experience in the television broadcasting industry.

Acquisition Strategy

We selectively pursue acquisitions of television stations primarily in medium-sized markets where we believe we can improve revenue and cash flow through active management. When considering an acquisition, we evaluate the target audience share, revenue share, overall cost structure and proximity to our regional clusters. Additionally, we seek to acquire or enter into local service agreements with stations to create duopoly markets.

Relationship with VIEs

Through various local service agreements, we provide sales, programming and other services to 25 full power television stations owned by consolidated VIEs as of December 31, 2015 and five full power television stations owned by VIEs which are not consolidated. All of the VIEs and their stations are 100% owned by independent third parties. In compliance with FCC regulations for all the parties, the VIEs maintain complete responsibility for and control over programming, finances, personnel and operations of their stations. However, for the consolidated VIEs, we are deemed under U.S. GAAP to have controlling financial interests in these entities because of (1) the local service agreements Nexstar has with the consolidated VIEs' stations, (2) Nexstar's guarantee of the obligations incurred under Mission's and Marshall's senior secured credit facilities, (3) Nexstar having power over significant activities affecting the consolidated VIEs' economic performance, including budgeting for advertising revenue, advertising sales and, for Mission, White Knight and Parker, hiring and firing of sales force personnel and (4) purchase options granted by Mission and White Knight that permit Nexstar to acquire the assets and assume the liabilities of each Mission or White Knight station, subject to FCC consent. The Mission purchase options are freely exercisable or assignable by Nexstar without consent or approval by Mission or its shareholders for consideration equal to the greater of (1) seven times the station's cash flow, as defined in the option agreement, less the amount of its indebtedness, as defined in the option agreement, or (2) the amount of its indebtedness. Additionally, on November 29, 2011, Mission's shareholders granted Nexstar an option to purchase any or all of Mission's stock, subject to FCC consent, for a price equal to the pro rata portion of the greater of (1) five times the stations' cash flow, as defined in the agreement, reduced by the amount of indebtedness, as defined in the agreement, or (2) $100,000. The White Knight option agreements also are freely exercisable or assignable by Nexstar without consent or approval by White Knight or its shareholder for consideration equal to the greater of (i) an amount equal to six (6) times the annual Net Income (as defined in the option) of the Station or (ii) $100,000. These option agreements expire on various dates between 2017 and 2024. We expect our option agreements with Mission and White Knight to be renewed upon expiration. Therefore, these VIEs are consolidated into these financial statements.

The Stations

The following chart sets forth general information about the television stations (full power, low power and multicast channels) we currently own, operate, program or provide sales and other services to:

Market Rank[1]	Market	Station	Affiliation	Status[2]	Commercial Stations in Market[3]	FCC License Expiration Date[5]
7	Washington, DC[4]/Hagerstown, MD	WHAG	NBC	O&O	[4]	10/1/20
12	Phoenix, AZ	KASW/D2	CW/Decades	O&O	13	10/1/22
34	Salt Lake City, UT	KTVX/D2/D3	ABC/Me-TV/WNU	O&O	13	10/1/22
		KUCW/D2	The CW/Movies!	O&O		10/1/22
		KUWB-LD	CMT	O&O		10/1/22
40	Las Vegas, NV	KLAS/D2/D3	CBS/Me-TV/Movies!	O&O	9	10/1/22
47	Jacksonville, FL	WCWJ/D2	The CW/Bounce TV	O&O	7	2/1/21
50	Memphis, TN	WATN	ABC	O&O	6	8/1/21
		WLMT/D2	The CW/Me-TV	O&O		8/1/21
54	Fresno-Visalia, CA	KSEE/D2	NBC/LATV	O&O	10	12/1/22
		KGPE	CBS	O&O		12/1/22
55	Wilkes Barre-Scranton, PA	WBRE	NBC	O&O	7	8/1/23
		WYOU	CBS	LSA[6]		8/1/23
57	Little Rock-Pine Bluff, AR	KARK	NBC	O&O	7	[5]
		KARZ/D2	MyNetworkTV/Bounce TV	O&O		6/1/21
		KLRT	FOX	LSA[6]		6/1/21
		KASN	The CW	LSA[6]		6/1/21
67	Charleston-Huntington, WV	WOWK	CBS	LSA[12]	6	10/1/20
68	Green Bay-Appleton, WI	WFRV	CBS	O&O	6	12/1/21
69	Roanoke, VA	WFXR/D2	FOX/Bounce TV	O&O	7	10/1/20
		WWCW/D2	The CW/Bounce TV	O&O		10/1/20
72	Des Moines-Ames, IA	WOI	ABC	O&O	7	2/1/22
75	Springfield, MO	KOLR	CBS	LSA[6]	5	2/1/22
		KOZL	MyNetworkTV	O&O		2/1/22
76	Rochester, NY	WROC/D2	CBS/Bounce TV	O&O	4	4/1/21
79	Huntsville, AL	WZDX/D2/D3	FOX/ MyNetworkTV/Me-TV	O&O	5	4/1/21
83	Shreveport, LA	KTAL	NBC	O&O	6	8/1/22

		KMSS	FOX	LSA(7)		6/1/21
		KSHV	MyNetworkTV	LSA(10)		6/1/21
84	Syracuse, NY	WSYR/D2/D3	ABC/Me-TV/ Bounce TV	O&O	6	6/1/23
85	Champaign-Springfield-Decatur, IL	WCIA	CBS	O&O	7	12/1/21
		WCIX	MyNetworkTV	O&O		12/1/21
86	Harlingen-Weslaco-Brownsville-McAllen, TX	KVEO/D2	NBC/Estrella	O&O	9	8/1/22
87	Waco-Temple-Bryan, TX	KWKT/D2	FOX/Estrella	O&O	5	8/1/22
		KYLE/D2	MyNetworkTV/Estrella	O&O		8/1/22
92	El Paso, TX	KTSM/D2	NBC/Estrella	O&O	9	8/1/22
93	Baton Rouge, LA	WBRL-CD	The CW	O&O	4	6/1/21
		WGMB	FOX	O&O		6/1/21
		KZUP-CD	Independent	LSA(10)		6/1/21
		WVLA/D2	NBC/News Weather	LSA(10)		6/1/21
98	Burlington-Plattsburgh, VT	WFFF	FOX	O&O	6	4/1/23
		WVNY	ABC	LSA(6)		4/1/23
100	Ft. Smith-Fayetteville- Springdale-Rogers, AR	KFTA	FOX/NBC	O&O	5	6/1/21
		KNWA	NBC/FOX	O&O		6/1/21
101	Davenport-Rock Island- Moline, IL	WHBF	CBS	O&O	5	12/1/21
		KGCW/D2	The CW/ This TV	O&O		12/1/21
		KLJB/D2	FOX/Me-TV	LSA(7)		12/1/21
103	Evansville, IN	WEHT	ABC	O&O	4	8/1/21
		WTVW/D2	The CW/ Bounce TV	LSA(6)		8/1/21

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Market Rank[1]	Market	Station	Affiliation	Status[2]	Commercial Stations in Market[3]	FCC License Expiration Date[5]
104	Johnstown-Altoona, PA	WTAJ	CBS	O&O	4	8/1/23
109	Tyler-Longview, TX	KETK	NBC	O&O	5	8/1/22
		KFXK	FOX	LSA[10]		8/1/22
		KFXL-LD	FOX	LSA[10]		8/1/22
		KLPN-LD	MyNetworkTV	LSA[10]		8/1/22
		KTPN-LD	MyNetworkTV	LSA[10]		8/1/22
111	Ft. Wayne, IN	WFFT/D2	FOX/Bounce TV	O&O	4	8/1/21
117	Peoria-Bloomington, IL	WMBD/D2	CBS/Bounce TV	O&O	5	12/1/21
		WYZZ	FOX	LSA[11]		12/1/21
121	Lafayette, LA	KADN/D2	FOX/ MyNetworkTV	O&O	5	6/1/21
		KLAF-LD	NBC	O&O		6/1/21
126	Bakersfield, CA	KGET/D2	NBC/The CW	O&O	4	[5]
		KKEY-LP	Telemundo	O&O		[5]
128	La Crosse, WI	WLAX/D2	FOX/Me-TV	O&O	4	12/1/21
		WEUX[14]/D2[14]	FOX/Me-TV	O&O		12/1/21
131	Amarillo, TX	KAMR	NBC	O&O	5	8/1/22
		KCIT	FOX	LSA[6]		8/1/22
		KCPN-LP	MyNetworkTV	LSA[6]		8/1/22
136	Rockford, IL	WQRF/D2	FOX/Bounce TV	O&O	4	12/1/21
		WTVO/D2	ABC/MyNetworkTV	LSA[6]		12/1/21
137	Monroe, LA- El Dorado, AR	KARD/D2	FOX/Bounce TV	O&O	4	6/1/21
		KTVE	NBC	LSA[6]		6/1/21
139	Minot-Bismarck-Dickinson (Williston), ND	KXMA	CBS	O&O[13]	4	4/1/22
		KXMB	CBS	O&O[13]		4/1/22
		KXMC	CBS	O&O[13]		4/1/22
		KXMD	CBS	O&O[13]		4/1/22
144	Lubbock, TX	KLBK	CBS	O&O	5	[5]
		KAMC	ABC	LSA[6]		8/1/22
145	Odessa-Midland, TX	KMID	ABC	O&O	6	8/1/22

		KPEJ/D2	FOX/ Estrella	LSA[7]		8/1/22
147	Wichita Falls, TX- Lawton, OK	KFDX	NBC	O&O	4	[5]
		KJTL	FOX	LSA[6]		8/1/22
		KJBO-LP	MyNetworkTV	LSA[6]		8/1/22
149	Sioux City, IA	KCAU	ABC	O&O	4	2/1/22
150	Erie, PA	WJET	ABC	O&O	4	8/1/23
		WFXP	FOX	LSA[6]		8/1/23
151	Joplin, MO-Pittsburg, KS	KSNF	NBC	O&O	4	2/1/22
		KODE	ABC	LSA[6]		2/1/22
154	Panama City, FL	WMBB/D2	ABC/Me-TV	O&O	4	2/1/21
155	Terre Haute, IN	WTWO	NBC	O&O	3	8/1/21
		WAWV	ABC	LSA[6]		8/1/21
157	Wheeling, WV-Steubenville, OH	WTRF/D2/D3	CBS/MyNetworkTV/ABC	LSA[12]	2	10/1/20
159	Binghamton, NY	WBGH-CD	NBC	O&O	3	6/1/23
		WIVT	ABC	O&O		6/1/23
160	Bluefield-Beckley-Oak Hill, WV	WVNS/D2	CBS/FOX	LSA[12]	3	10/1/20
165	Abilene-Sweetwater, TX	KTAB/D2	CBS/Telemundo	O&O	4	8/1/22
		KRBC	NBC	LSA[6]		8/1/22
167	Billings, MT	KSVI	ABC	O&O	5	4/1/22
		KHMT	FOX	LSA[6]		4/1/22
169	Clarksburg-Weston, WV	WBOY/D2	NBC/ABC	LSA[12]	3	10/1/20
172	Utica, NY	WFXV	FOX	O&O	3	6/1/23
		WPNY-LP	MyNetworkTV	O&O		[5]
		WUTR	ABC	LSA[6]		6/1/23
173	Dothan, AL	WDHN	ABC	O&O	4	4/1/21
175	Elmira, NY	WETM/D2	NBC/Independent	O&O	3	6/1/23

Market Rank[1]	Market	Station	Affiliation	Status[2]	Commercial Stations in Market[3]	FCC License Expiration Date[5]
176	Jackson, TN	WJKT	FOX	O&O	2	8/1/21
177	Watertown, NY	WWTI/D2	ABC/The CW	O&O	2	[5]
179	Alexandria, LA	WNTZ/D2	FOX/ MyNetworkTV	O&O	4	6/1/21
180	Marquette, MI	WJMN	CBS	O&O	5	10/1/21
185	Grand Junction, CO	KREX	CBS	O&O	4	4/1/22
		KREG [9]/KREY[9]	CBS	O&O		4/1/22
		KGJT	MyNetworkTV	O&O		4/1/22
		KFQX	FOX	LSA[8]		4/1/22
198	San Angelo, TX	KSAN	NBC	LSA[6]	3	8/1/22
		KLST	CBS	O&O		8/1/22
201	St. Joseph, MO	KQTV	ABC	O&O	1	8/1/22

(1) Market rank refers to ranking the size of the Designated Market Area ("DMA") in which the station is located in relation to other DMAs. Source: Investing in Television Market Report 2015 4th Edition, as published by BIA Financial Network, Inc.

(2) O&O refers to stations that we own and operate. LSA, or local service agreement, is the general term we use to refer to a contract under which we provide services utilizing our employees to a station owned and operated by independent third parties. Local service agreements include time brokerage agreements, shared services agreements, joint sales agreements and outsourcing agreements. For further information regarding the LSAs to which we are party, see Note 2 to our Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K.

(3) The term "commercial station" means a full power television broadcast station and excludes non-commercial stations and religious stations, cable program services or networks. Source: Investing in Television Market Report 2015 4th Edition, as published by BIA Financial Network, Inc.

(4) Although WHAG is located within the Washington, DC DMA, its signal does not reach the entire Washington, DC metropolitan area. WHAG serves the Hagerstown, MD sub-market within the DMA. WHAG is the only commercial station licensed in the city of Hagerstown.

(5) Application for renewal of license was submitted timely to the FCC. Under the FCC's rules, the license expiration date is automatically extended pending review of and action on the renewal application by the FCC.

(6) These stations are owned by Mission.

(7) These stations are owned by Marshall.

(8) KFQX is owned by Parker.

(9) KREG and KREY operate as satellite stations of KREX.

(10) These stations are owned by White Knight.

(11) WYZZ is owned by Cunningham Broadcasting Corporation.

(12) In connection with a proposed acquisition of assets of stations owned by West Virginia Media Holdings, LLC, Nexstar began providing programming and sales services to these stations pursuant to a time brokerage agreement effective December 1, 2015. Refer to Pending Acquisitions for additional information.

(13) On February 1, 2016, Nexstar completed the acquisition of these stations from Reiten Television, Inc. KXMA, KXMB and KXMD operate as satellite stations of KXMC.
(14) WEUX operates as a satellite station of WLAX.

Industry Background

Commercial television broadcasting began in the United States on a regular basis in the 1940s. Currently, a limited number of channels are available for over-the-air broadcasting in any one geographic area and a license to operate a television station must be granted by the FCC. All television stations in the country are grouped by Nielsen Corporation, a national audience measuring service, into 210 generally recognized television markets, known as designated market areas (“DMAs”) that are ranked in size according to various metrics based upon actual or potential audience. Each DMA is an exclusive geographic area consisting of all counties in which the home-market commercial stations receive the greatest percentage of total viewing hours. Nielsen Corporation periodically publishes data on estimated audiences for the television stations in the DMA. The estimates are expressed in terms of a “rating,” which is a station’s percentage of the total potential audience in the market, or a “share,” which is the station’s percentage of the audience actually watching television. A station’s rating in the market can be a factor in determining advertising rates.

Most television stations are affiliated with networks and receive a significant part of their programming, including prime-time hours, from networks. Whether or not a station is affiliated with one of the four major networks (NBC, CBS, FOX or ABC) has a significant impact on the composition of the station’s revenue, expenses and operations. Network programming is provided to the affiliate by the network in exchange for network affiliation fees and the network’s retention of a substantial majority of the advertising time during network programs. The network then sells this advertising time and retains the revenue. The affiliate retains the revenue from the remaining advertising time it sells during network programs and from advertising time it sells during non-network programs.

Broadcast television stations compete for advertising revenue primarily with other commercial broadcast television stations, cable and satellite television systems, the Internet and, to a lesser extent, with newspapers and radio stations serving the same market. Non-commercial, religious and Spanish-language broadcasting stations in many markets also compete with commercial stations for viewers. In addition, the Internet and other leisure activities may draw viewers away from commercial television stations.

Advertising Sales

General

Television station revenue is primarily derived from the sale of local and national advertising. All network-affiliated stations are required to carry advertising sold by their networks which reduces the amount of advertising time available for sale by stations. Our stations sell the remaining advertising to be inserted in network programming and the advertising in non-network programming, retaining all of the revenue received from these sales. A national syndicated program distributor will often retain a portion of the available advertising time for programming it supplies in exchange for no fees or reduced fees charged to stations for such programming. These programming arrangements are referred to as barter programming.

Advertisers wishing to reach a national audience usually purchase time directly from the networks or advertise nationwide on a case-by-case basis. National advertisers who wish to reach a particular region or local audience often buy advertising time directly from local stations through national advertising sales representative firms. Local businesses purchase advertising time directly from the station's local sales staff.

Advertising rates are based upon a number of factors, including:

- a program's popularity among the viewers that an advertiser wishes to target;
- the number of advertisers competing for the available time;
- the size and the demographic composition of the market served by the station;
- the availability of alternative advertising media in the market;
- the effectiveness of the station's sales force;
- development of projects, features and programs that tie advertiser messages to programming; and
- the level of spending commitment made by the advertiser.

Advertising rates are also determined by a station's overall ability to attract viewers in its market area, as well as the station's ability to attract viewers among particular demographic groups that an advertiser may be targeting. Advertising revenue is positively affected by strong local economies. Conversely, declines in advertising budgets of advertisers, particularly in recessionary periods, adversely affect the broadcast industry and, as a result, may contribute to a decrease in the revenue of broadcast television stations.

Seasonality

Advertising revenue is positively affected by national and regional political election campaigns, and certain events such as the Olympic Games or the Super Bowl. Stations' advertising revenue is generally highest in the second and fourth quarters of each year, due in part to increases in consumer advertising in the spring and retail advertising in the period leading up to, and including, the holiday season. In addition, advertising revenue is generally higher during even-numbered years when state, congressional and presidential elections occur and advertising is aired during the Olympic Games.

Local Sales

Local advertising time is sold by each station's local sales staff who call upon advertising agencies and local businesses, which typically include car dealerships, retail stores and restaurants. Compared to revenue from national advertising accounts, revenue from local advertising is generally more stable and more predictable. We seek to attract new advertisers to our television stations and websites and to increase the amount of advertising time sold to existing local advertisers by relying on experienced local sales forces with strong community ties, producing news and other programming with local advertising appeal and sponsoring or co-promoting local events and activities. We place a strong emphasis on the experience of our local sales staff and maintain an on-going training program for sales

personnel.

National Sales

National advertising time is sold through national sales representative firms which call upon advertising agencies, whose clients typically include automobile manufacturers and dealer groups, telecommunications companies, fast food franchisers, and national retailers (some of which may advertise locally).

Compensation for Retransmission Consent

We receive compensation from cable, satellite and other MVPDs in our markets in return for our consent to the retransmission of the signals of our television stations. The revenues primarily represent payments from the MVPDs and are typically based on the number of subscribers they have. Our successful negotiations with MVPDs have created agreements that now produce meaningful sustainable revenue streams.

Network Affiliations

All of the full power television stations that we own and operate, program or provide sales and other services to as of December 31, 2015 are affiliated with a network pursuant to an affiliation agreement. The agreements with ABC, FOX, NBC, and CBS are the most significant to our operations. The terms of these agreements expire as discussed below:

Network Affiliations	Expiration Date
ABC	Of the 20 agreements, two expire in December 2016, 17 expire in December 2017 and one expires in June 2019.
FOX	Of the 26 agreements, 25 expire in December 2016 and one expires in December 2017.
NBC	Of the 20 agreements, one expires in June 2016, one expires in December 2018 and 18 expire in December 2019.
CBS	Of the 20 agreements, three expire in February 2017, one expires in January 2018, nine expire in December 2018 and seven expire in June 2020.

Each affiliation agreement provides the affiliated station with the right to broadcast all programs transmitted by the network with which it is affiliated. In exchange, the network receives affiliation fees and has the right to sell a substantial majority of the advertising time during these broadcasts. We expect the network affiliation agreements listed above to be renewed upon expiration.

Competition

Competition in the television industry takes place on several levels: competition for audience, competition for programming and competition for advertising.

Audience. We compete for audience share specifically on the basis of program popularity. The popularity of a station's programming has a direct effect on the advertising rates it can charge its advertisers. A portion of the daily programming on the stations that we own or provide services to is supplied by the network with which each station is affiliated. In those periods, the stations are dependent upon the performance of the network programs in attracting viewers. Stations program non-network time periods with a combination of self-produced news, public affairs and other entertainment programming, including movies and syndicated programs. The major television networks have also begun to sell their programming directly to the consumer via portable digital devices such as tablets and cell phones, which presents an additional source of competition for television broadcaster audience share. Other sources of competition for audience include home entertainment systems (such as VCRs, DVDs and DVRs), video-on-demand and pay-per-view, the Internet (including network distribution of programming through websites) and gaming devices.

Although the commercial television broadcast industry historically has been dominated by the ABC, NBC, CBS and FOX television networks, other newer television networks and the growth in popularity of subscription systems, such as local cable and direct broadcast satellite ("DBS") systems which air exclusive programming not otherwise available in a market, have become significant competitors for the over-the-air television audience.

Programming. Competition for programming involves negotiating with national program distributors or syndicators that sell first-run and rerun packages of programming. Stations compete against in-market broadcast station operators for exclusive access to off-network reruns (such as Two and a Half Men) and first-run product (such as Entertainment Tonight) in their respective markets. Cable systems generally do not compete with local stations for programming, although various national cable networks from time to time have acquired programs that would have otherwise been offered to local television stations. Time Warner, Inc., Comcast Corporation, Viacom Inc., CBS Corporation, The News Corporation Limited and the Walt Disney Company each owns a television network and multiple cable networks and also owns or controls major production studios, which are the primary sources of programming for the networks. It is uncertain whether in the future such programming, which is generally subject to short-term agreements between the studios and the networks, will be moved to the networks. Television broadcasters also compete for non-network programming unique to the markets they serve. As such, stations strive to provide exclusive news stories and unique features such as investigative reporting and coverage of community events and to secure broadcast rights for regional and local sporting events.

Advertising. Stations compete for advertising revenue with other television stations in their respective markets and other advertising media such as newspapers, radio stations, magazines, outdoor advertising, transit advertising, yellow page directories, direct mail, local cable systems, DBS systems and the Internet. Competition for advertising dollars in the broadcasting industry occurs primarily within individual markets. Generally, a television broadcast station in a particular market does not compete with stations in other market areas.

The broadcasting industry is continually faced with technological change and innovation which increase the popularity of competing entertainment and communications media. Further advances in technology may increase competition for household audiences and advertisers. The increased use of digital technology by cable systems and DBS, along with video compression techniques, will reduce the bandwidth required for television signal transmission. These technological developments are applicable to all video delivery systems, including over-the-air broadcasting, and have the potential to provide vastly expanded programming to highly targeted audiences. Reductions in the cost of creating additional channel capacity could lower entry barriers for new channels and encourage the development of increasingly specialized "niche" programming. This ability to reach very narrowly defined audiences is expected to alter the competitive dynamics for advertising expenditures. We are unable to predict the effect that these or other technological changes will have on the broadcast television industry or on the future results of our operations or the operations of the stations to which we provide services.

Federal Regulation

Television broadcasting is subject to the jurisdiction of the FCC under the Communications Act of 1934, as amended (the "Communications Act"). The following is a brief discussion of certain (but not all) provisions of the Communications Act and the FCC's regulations and policies that affect the business operations of television broadcast stations. Over the years, the U.S. Congress and the FCC have added, amended and deleted statutory and regulatory requirements to which station owners are subject. Some of these changes have a minimal business impact whereas others may significantly affect the business or operation of individual stations or the broadcast industry as a whole. For more information about the nature and extent of FCC regulation of television broadcast stations, you should refer to the Communications Act and the FCC's rules, case precedent, public notices and policies.

License Grant and Renewal. The Communications Act prohibits the operation of broadcast stations except under licenses issued by the FCC. Television broadcast licenses are granted for a maximum term of eight years and are subject to renewal upon application to the FCC. The FCC is required to grant an application for license renewal if during the preceding term the station served the public interest, the licensee did not commit any serious violations of the Communications Act or the FCC's rules, and the licensee committed no other violations of the Communications Act or the FCC's rules which, taken together, would constitute a pattern of abuse. A majority of renewal applications are routinely granted under this standard. If a licensee fails to meet this standard the FCC may still grant renewal on terms and conditions that it deems appropriate, including a monetary forfeiture or renewal for a term less than the normal eight-year period.

After a renewal application is filed, interested parties, including members of the public, may file petitions to deny the application, to which the licensee/renewal applicant is entitled to respond. After reviewing the pleadings, if the FCC determines that there is a substantial and material question of fact whether grant of the renewal application would serve the public interest, the FCC is required to hold a hearing on the issues presented. If, after the hearing, the FCC determines that the renewal applicant has met the renewal standard, the FCC will grant the renewal application. If the licensee/renewal applicant fails to meet the renewal standard or show that there are mitigating factors entitling it to renewal subject to appropriate sanctions, the FCC can deny the renewal application. In the vast majority of cases where a petition to deny is filed against a renewal application, the FCC ultimately grants the renewal without a hearing. No competing application for authority to operate a station and replace the incumbent licensee may be filed against a renewal application.

In addition to considering rule violations in connection with a license renewal application, the FCC may sanction a station licensee for failing to observe FCC rules and policies during the license term, including the imposition of a monetary forfeiture.

Under the Communications Act, the term of a broadcast license is automatically extended during the pendency of the FCC's processing of a timely renewal application.

Station Transfer. The Communications Act prohibits the assignment or the transfer of control of a broadcast license without prior FCC approval.

Ownership Restrictions. The Communications Act limits the extent of non-U.S. ownership of companies that own U.S. broadcast stations. Under this restriction, the holder of a U.S. broadcast license may have no more than 20% non-U.S. ownership (by vote and by equity). The Communications Act prohibits more than 25% indirect foreign ownership or control of a licensee through a parent company if the FCC determines the public interest will be served by such restriction. The FCC has interpreted this provision of the Communications Act to require an affirmative public interest finding before indirect foreign ownership of a broadcast licensee may exceed 25%, and historically the FCC has made such an affirmative finding only in limited circumstances. In November 2013, the FCC clarified that it would entertain and authorize, on a case-by-case basis and upon a sufficient public interest showing, proposals to exceed the 25% indirect foreign ownership limit in broadcast licensees. In October 2015, the FCC proposed rules to simplify and streamline the process for requesting authority to exceed the 25% indirect foreign ownership limit and solicited public comment on related matters, such as revising the methodology that broadcasters may use to assess their compliance with the 25% limit.

The FCC also has rules which establish limits on the ownership of broadcast stations. These ownership limits apply to attributable interests in a station licensee held by an individual, corporation, partnership or other entity. In the case of corporations, officers, directors and voting stock interests of 5% or more (20% or more in the case of qualified investment companies, such as insurance companies and bank trust departments) are considered attributable interests. For partnerships, all general partners and non-insulated limited partners are attributable. Limited liability companies are treated the same as partnerships. The FCC also considers attributable the holder of more than 33% of a licensee's total assets (defined as total debt plus total equity), if that person or entity also provides over 15% of the station's total weekly broadcast programming or has an attributable interest in another media entity in the same market which is subject to the FCC's ownership rules, such as a radio or television station or daily newspaper. If a shareholder of Nexstar holds a voting stock interest of 5% or more (20% or more in the case of qualified investment companies, such as insurance companies and bank trust departments), we must report that shareholder, its parent entities, and attributable individuals and entities of both, as attributable interest holders in Nexstar.

Two of Nexstar's directors currently serve on the board of directors of Radio One, Inc., which owns and operates approximately 58 radio stations in 17 markets. The FCC considers the radio stations owned by Radio One, Inc. as attributable to Nexstar, due to this common director relationship. In addition, one of Nexstar's shareholders who holds an attributable interest in Nexstar also holds attributable interests in television stations in the Seattle-Tacoma, Washington, San Francisco-Oakland-San Jose, California, Providence, RI-New Bedford, Massachusetts and Palm Springs, California television markets.

Local Television Ownership (Duopoly Rule). Under the current local television ownership, or "duopoly," rule, a single entity is allowed to own or have attributable interests in two television stations in a market if (1) the two stations do not have overlapping service areas, or (2) after the combination there are at least eight independently owned and operating full-power television stations in the DMA with overlapping service contours and one of the combining stations is not ranked among the top four stations in the DMA. The duopoly rule allows the FCC to consider waivers to permit the ownership of a second station only in cases where the second station has failed or is failing or unbuilt.

Under the duopoly rule, the FCC attributes toward the local television ownership limits another in-market station when one station owner programs that station pursuant to a time brokerage or local marketing agreement, if the programmer provides more than 15% of the second station's weekly broadcast programming. However, local marketing agreements entered into prior to November 5, 1996 are exempt attributable interests until the FCC determines otherwise. This "grandfathering," when reviewed by the FCC, is subject to possible extension or termination.

In March 2014, the FCC adopted a rule that attributes another in-market station toward the local television ownership limits when one station owner sells more than 15% of the second station's weekly advertising inventory under a joint sales agreement ("JSA"). Parties to existing JSAs that do not comply with the newly adopted rule were given two years from the effective date of the rule to modify or terminate their JSAs to come into compliance. Subsequent federal legislation extended the JSA compliance deadline until September 30, 2025. Various parties, including us (and Mission, which has intervened) have appealed the JSA attribution rule to the U.S. Court of Appeals for the District of Columbia Circuit. That appeal was transferred to the U.S. Court of Appeals for the Third Circuit in November 2015, and oral arguments will be heard in the case on April 19, 2016.

In certain markets, the Company owns and operates both full-power and low-power television broadcast stations. The FCC's duopoly rules and policies regarding ownership of television stations in the same market apply only to full-power television stations and not low-power television stations.

In a number of markets, the Company owns two stations in compliance with the duopoly rule. However, we also are permitted to own two or more stations in various other markets pursuant to waivers under the FCC's rules permitting common ownership of a "satellite" television station in a market where a licensee also owns the "primary" station. Additionally, we are permitted to own two stations in the Quad Cities, Illinois/Iowa market pursuant to a waiver allowing ownership of a second station where that station is "failing."

In all of the markets where we have entered into local service agreements, except for three, we provide programming comprising less than 15% of the second station's programming. In the three markets where we provide more programming to the second station—WFXP in Erie, Pennsylvania, KHMT in Billings, Montana, and KFQX in Grand Junction, Colorado—the local marketing agreements were entered into prior to November 5, 1996 and are considered grandfathered. Therefore, we may continue to program these stations under the terms of these agreements until the FCC determines otherwise.

With respect to our other local service agreements, the FCC's 2014 rule makes a majority of our JSAs attributable, but the December 2015 federal appropriations legislation allows us to maintain those agreements in effect through September 30, 2025. Our shared services agreements with independently owned same-market stations remain permissible for now, but the FCC has left open the possibility of additional regulations with respect to such agreements.

National Television Ownership. There is no nationwide limit on the number of television stations which a party may own. However, the FCC's rules limit the percentage of U.S. television households which a party may reach through its attributable interests in television stations to 39%. This rule further provides that when calculating a party's nationwide aggregate audience coverage, the ownership of an ultra-high frequency ("UHF") station is counted as 50% of a market's percentage of total national audience. In September 2013, the FCC issued a Notice of Proposed Rulemaking to consider whether the UHF discount should be eliminated and/or whether a VHF discount should be implemented; however, no decision has been issued yet.

The stations that Nexstar owns have a combined national audience reach of 10.7% of television households with the UHF discount.

Radio/Television Cross-Ownership Rule (One-to-a-Market Rule). In markets with at least 20 independently owned media "voices," ownership of one television station and up to seven radio stations, or two television stations (if allowed under the television duopoly rule) and six radio stations is permitted. If the number of independently owned media "voices" is fewer than 20 but greater than or equal to 10, ownership of one television station (or two if allowed) and four radio stations is permitted. In markets with fewer than 10 independent media "voices," ownership of one television station (or two if allowed) and one radio station is permitted. In calculating the number of independent media "voices" in a market, the FCC includes all radio and television stations, independently owned cable systems (counted as one voice), and independently owned daily newspapers which have circulation that exceeds 5% of the households in the market. In all cases, the television and radio components of the combination must also comply, respectively, with the local television ownership rule and the local radio ownership rule.

Because two of Nexstar's directors also currently serve on the board of directors of Radio One, Inc., which owns and operates approximately 58 radio stations in 17 markets, the FCC considers the radio stations owned by Radio One, Inc. as attributable to Nexstar. Therefore, depending on the number of radio stations owned by Radio One, Inc. in a given market, we may not be able to purchase a television station in the market.

Local Television/Newspaper Cross-Ownership Rule. Under this rule, a party is prohibited from having an attributable interest in a television station and a daily newspaper in the same market.

The FCC is required to review its media ownership rules every four years to eliminate those rules it finds no longer serve the "public interest, convenience and necessity." In March 2014, the FCC initiated its 2014 quadrennial review with the adoption of a Further Notice of Proposed Rulemaking (FNPRM). The FNPRM solicits comment on proposed changes to the media ownership rules. Among the proposals in the FNPRM are (1) retention of the current local television ownership rule (but with modifications to certain service contour definitions to conform to digital television broadcasting), (2) elimination of the radio/television cross-ownership rule, (3) elimination of the newspaper/radio cross-ownership rule, and (4) retention of the newspaper/television cross-ownership rule, while considering waivers of that rule in certain circumstances. The FNPRM also proposes to define a category of sharing agreements designated as shared services agreements ("SSAs") between television stations, and to require television stations to disclose those SSAs. Comments and reply comments on the FNPRM were filed in 2014.

Local Television/Cable Cross-Ownership. There is no FCC rule prohibiting common ownership of a cable television system and a television broadcast station in the same area.

Cable and Satellite Carriage of Local Television Signals. Broadcasters may obtain carriage of their stations' signals on cable, satellite and other MVPDs through either mandatory carriage or through "retransmission consent." Every three years all stations must formally elect either mandatory carriage ("must-carry" for cable distributors and "carry one-carry all" for satellite television providers) or retransmission consent. The next election must be made by October 1, 2017, and will be effective January 1, 2018. Must-carry elections require that the MVPD carry one station programming

stream and related data in the station's local market. However, MVPDs may decline a must-carry election in certain circumstances. MVPDs do not pay a fee to stations that elect mandatory carriage.

A broadcaster that elects retransmission consent waives its mandatory carriage rights, and the broadcaster and the MVPD must negotiate in good faith for carriage of the station's signal. Negotiated terms may include channel position, service tier carriage, carriage of multiple program streams, compensation and other consideration. If a broadcaster elects to negotiate retransmission terms, it is possible that the broadcaster and the MVPD will not reach agreement and that the MVPD will not carry the station's signal.

MVPD operators are actively seeking to change the regulations under which retransmission consent is negotiated before both the U.S. Congress and the FCC in order to increase their bargaining leverage with television stations. On March 3, 2011, the FCC initiated a Notice of Proposed Rulemaking to reexamine its rules (i) governing the requirements for good faith negotiations between MVPDs and broadcasters, including implementing a prohibition on one station negotiating retransmission consent terms for another station under a local service agreement; (ii) for providing advance notice to consumers in the event of dispute; and (iii) to extend certain cable-only obligations to all MVPDs. The FCC also asked for comment on eliminating the network non-duplication and syndicated exclusivity protection rules, which may permit MVPDs to import out-of-market television stations during a retransmission consent dispute.

In March 2014, the FCC amended its rules governing "good faith" retransmission consent negotiations to provide that it is a per se violation of the statutory duty to negotiate in good faith for a television broadcast station that is ranked among the top-four stations in a market (as measured by audience share) to negotiate retransmission consent jointly with another top-four station in the same market if the stations are not commonly owned. Under the new rules, top-four stations may not (1) delegate authority to negotiate or approve a retransmission consent agreement to another non-commonly owned top-four station located in the same DMA or to a third party that negotiates on behalf of another non-commonly owned top-four station in the same DMA; or (2) facilitate or agree to facilitate coordinated negotiation of retransmission consent terms between themselves, including through the sharing of information. This new rule took effect on June 18, 2014. On December 5, 2014, the U.S. Congress extended the joint negotiation prohibition to all non-commonly owned television stations in a market. Retransmission consent agreements jointly negotiated prior to June 18, 2014 remain enforceable until the end of their current terms; however, contractual provisions between separately owned top-four stations to consult or jointly negotiate retransmission consent agreements are now effectively void. Accordingly, in most markets the VIEs with which we have sharing agreements must separately negotiate their respective retransmission consent agreements with MVPDs. Concurrently with its adoption of the prohibition on certain joint retransmission consent negotiations, the FCC also adopted a further notice of proposed rulemaking which seeks additional comment on the elimination or modification of the network non-duplication and syndicated exclusivity rules. Comments and reply comments on the further notice were filed in the second and third quarters of 2014.

In addition, in the STELA Reauthorization Act of 2014, which was adopted and signed into law in December 2014, the U.S. Congress directed the FCC to commence a rulemaking to "review its totality of the circumstances test for good faith [retransmission consent] negotiations." The FCC commenced this proceeding in September 2015, and comments and reply comments were filed in the fourth quarter of 2015 and first quarter of 2016. We cannot predict the proceeding's outcome.

The FCC's rules also govern which local television signals a satellite subscriber may receive. The U.S. Congress and the FCC have also imposed certain requirements relating to satellite distribution of local television signals to "unserved" households that do not receive a useable signal from a local network-affiliated station and to cable and satellite carriage of out-of-market signals.

In addition, certain online video distributors and other over-the-top video distributors ("OTTDs") have begun streaming broadcast programming over the Internet. In June 2014, the U.S. Supreme Court held that an OTTD's transmissions of broadcast television signals without the consent of the broadcast station violate copyright holders' exclusive right to perform their works publicly as provided under the Copyright Act. In December 2014, the FCC issued a Notice of Proposed Rulemaking proposing to interpret the term "MVPD" to encompass OTTDs that make available for purchase multiple streams of video programming distributed at a prescheduled time, and seeking comment on the effects of applying MVPD rules to such OTTDs. Comments and reply comments were filed in the first and second quarters of 2015.

The Company has elected to exercise retransmission consent rights for all of the stations where it has legal rights to do so. The Company negotiated retransmission consent agreements with the majority of MVPDs serving its markets to carry the stations' signals.

Programming and Operation. The Communications Act requires broadcasters to serve “the public interest.” Since the late 1970s, the FCC gradually has relaxed or eliminated many of the more formalized procedures it had developed to promote the broadcast of certain types of programming responsive to the needs of a station’s community of license. However, television station licensees are still required to present programming that is responsive to community problems, needs and interests and to maintain certain records demonstrating such responsiveness. The FCC may consider complaints from viewers concerning programming when it evaluates a station’s license renewal application, although viewer complaints also may be filed and considered by the FCC at any time. Stations also must follow various rules promulgated under the Communications Act that regulate, among other things:

- political advertising (its price and availability);
- sponsorship identification;
- contest and lottery advertising;
- obscene and indecent broadcasts;
- technical operations, including limits on radio frequency radiation;
- discrimination and equal employment opportunities;
- closed captioning and video description;
- children’s programming;
- program ratings guidelines; and
- network affiliation agreements.

Technical Regulation. FCC rules govern the technical operating parameters of television stations, including permissible operating channel, power and antenna height and interference protections between stations. Under various FCC rules and procedures, full power television stations completed the transition from analog to digital television (DTV) broadcasting in June 2009. The FCC has adopted rules with respect to the final conversion of existing low power and television translator stations to digital operation, which must be completed within 51 months after the completion of the broadcast television incentive auction.

Employees

As of December 31, 2015, the Company had a total of 4,422 employees, comprised of 3,915 full-time and 507 part-time employees. As of December 31, 2015, 263 of our employees were covered by collective bargaining agreements. We believe that our employee relations are satisfactory, and we have not experienced any work stoppages at any of our facilities. However, we cannot assure you that our collective bargaining agreements will be renewed in the future, or that we will not experience a prolonged labor dispute, which could have a material adverse effect on our business, financial condition or results of operations.

Legal Proceedings

From time to time, we are involved in litigation that arises from the ordinary operations of business, such as contractual or employment disputes or other general actions. In the event of an adverse outcome of these proceedings, we believe the resulting liabilities would not have a material adverse effect on our financial condition or results of operations.

Available Information

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any reports, statements and other information filed by us at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549-0102. Please call (800) SEC-0330 for further information on the Public Reference Room. The SEC maintains an Internet website that contains reports, proxy and information statements and other information regarding issuers, including us, that file electronically with the SEC. The address for the SEC’s website is http://www.sec.gov. Due to the availability of our filings on the SEC website, we do not currently make available our filings on our Internet website. Upon request, we will provide copies of our annual reports on Form 10-K, quarterly

reports on Form 10-Q, and any other filings with the SEC. Requests can be sent to Nexstar Broadcasting Group, Inc., Attn: Investor Relations, 545 E. John Carpenter Freeway, Suite 700, Irving, TX 75062. Additional information about us, our stations and the stations we program or provide services to can be found on our website at http://www.nexstar.tv. We do not incorporate the information contained on or accessible through our corporate web site into this Annual Report on Form 10-K.

Item 1A. Risk Factors

You should carefully consider the risks described below and all of the information contained in this document. The risks and uncertainties described below are not the only risks and uncertainties that the Company faces. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations. If any of those risks actually occurs, the Company's business, financial condition and results of operations could suffer. The risks discussed below also include forward-looking statements, and the Company's actual results may differ substantially from those discussed in these forward-looking statements. See "Cautionary Note Regarding Forward-Looking Statements" on page one of this document.

Risks Related to Our Operations

General trends in the television industry could adversely affect demand for television advertising as consumers migrate to alternative media, including the Internet, for entertainment.

Television viewing among consumers has been negatively impacted by the increasing availability of alternative media, including the Internet. As a result, in recent years demand for television advertising has been declining and demand for advertising in alternative media has been increasing, and we expect this trend to continue.

The networks may stream their programming on the Internet and other distribution platforms simultaneously with, or in close proximity to, network programming broadcast on local television stations, including those we own or provide services to. These and other practices by the networks dilute the exclusivity and value of network programming originally broadcast by the local stations and may adversely affect the business, financial condition and results of operations of our stations.

The Company's substantial debt could limit its ability to grow and compete.

As of December 31, 2015, the Company had $1.5 billion of debt, which represented 94.8% of the total combined capitalization. In January and February 2016, we borrowed a net amount of $54.0 million under our revolving credit facility to finance certain acquisitions (see Item 1, "Business—Recent Acquisitions"). The Company's high level of debt could have important consequences to our business. For example, it could:

- limit the Company's ability to borrow additional funds or obtain additional financing in the future;
- limit the Company's ability to pursue acquisition opportunities;
- expose the Company to greater interest rate risk since the interest rate on borrowings under the senior secured credit facilities is variable;
- limit the Company's flexibility to plan for and react to changes in our business and our industry; and
- impair our ability to withstand a general downturn in our business and place us at a disadvantage compared to our competitors that are less leveraged.

See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Contractual Obligations" for disclosure of the approximate aggregate amount of principal indebtedness scheduled to mature.

The Company could also incur additional debt in the future. The terms of the Company's senior secured credit facilities, as well as the indentures governing our 6.875% Senior Unsecured Notes ("6.875% Notes") and 6.125% Notes, limit, but do not prohibit the Company from incurring substantial amounts of additional debt. To the extent the Company incurs additional debt we would become even more susceptible to the leverage-related risks described above.

The agreements governing the Company's debt contain various covenants that limit management's discretion in the operation of our business.

The terms of the Company's senior secured credit facilities and the indentures governing our 6.875% Notes and our 6.125% Notes contain various restrictive covenants customary for arrangements of these types that restrict our ability to, among other things:

- incur additional debt and issue preferred stock;
- pay dividends and make other distributions;
- make investments and other restricted payments;
- make acquisitions;
- merge, consolidate or transfer all or substantially all of our assets;
- enter into sale and leaseback transactions;
- create liens;
- sell assets or stock of our subsidiaries; and
- enter into transactions with affiliates.

In addition, the Company's senior secured credit facilities require us to maintain or meet certain financial ratios, including maximum total and first-lien leverage ratios and a minimum fixed charge coverage ratio. Future financing agreements may contain similar, or even more restrictive, provisions and covenants. As a result of these restrictions and covenants, management's ability to operate our business at its discretion is limited, and we may be unable to compete effectively, pursue acquisitions or take advantage of new business opportunities, any of which could harm our business.

If we fail to comply with the restrictions in present or future financing agreements, a default may occur. A default could allow creditors to accelerate the related debt as well as any other debt to which a cross-acceleration or cross-default provision applies. A default could also allow creditors to foreclose on any collateral securing such debt.

The credit agreement governing our obligations under our senior secured credit facility contains covenants that require us to comply with certain financial ratios, including maximum total and first-lien ratios and a minimum fixed charge coverage ratio. The covenants, which are calculated on a quarterly basis, include the combined results of the Company. The credit agreements governing Mission's and Marshall's obligations under their senior secured credit facilities do not contain financial covenant ratio requirements; however, they include events of default if we do not comply with all covenants contained in the credit agreement governing our senior secured credit facility.

The Company may not be able to generate sufficient cash flow to meet its debt service requirements.

The Company's ability to service its debt depends on its ability to generate the necessary cash flow. Generation of the necessary cash flow is partially subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond the Company's control. The Company cannot assure you that its business will generate cash flow from operations, that future borrowings will be available to the Company under its current or any replacement credit facilities, or that it will be able to complete any necessary financings, in amounts sufficient to enable the Company to fund its operations or pay its debts and other obligations, or to fund its liquidity needs. If the Company is not able to generate sufficient cash flow to service its debt obligations, it may need to refinance or restructure its debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. Additional financing may not be available in sufficient amounts, at times or on terms acceptable to the Company, or at all. If the Company is unable to meet its debt service obligations, its lenders may determine to stop making loans to the Company, and/or the Company's lenders or other holders of its debt could accelerate and declare due all outstanding obligations due under the respective agreements, all of which could have a material adverse effect on the Company.

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The owners of the VIEs may make decisions regarding the operation of their respective stations that could reduce the amount of cash we receive under our local service agreements.

The VIEs are each 100% owned by independent third parties. As of December 31, 2015, these entities own and operate 30 full power television stations. We have entered into local service agreements with these VIEs, pursuant to which we provide services to their respective stations. In return for the services we provide, we receive substantially all of their available cash, after satisfaction of their operating costs and any debt obligations.

On December 3, 2012, Mission entered into a fourth amended and restated credit agreement with Bank of America, N.A., as administrative agent and collateral agent, UBS Securities LLC, as syndication agent, joint lead arranger and joint book manager, RBC Capital Markets, as documentation agent, joint lead arranger and joint book manager, Merrill Lynch, Pierce, Fenner & Smith Incorporated, as joint lead arranger and joint book manager, and a syndicate of other lenders, which provides for a first-lien credit facility (the “Mission Facility”). As of December 31, 2015, the Mission Facility consisted of a term loan with an outstanding balance of approximately $225.6 million maturing on October 1, 2020 and a maximum revolving credit facility of $8.0 million maturing on December 3, 2017.

On December 1, 2014, Marshall entered into a credit agreement with a syndicate of lenders led by Bank of America, N.A., as administrative agent, collateral agent and L/C issuer (the “Marshall Facility”). As of December 31, 2015, the Marshall Facility consisted of a term loan with an outstanding balance of $55.5 million maturing on June 28, 2018 and an outstanding loan under its revolving credit facility of $2.0 million maturing on December 3, 2017.

We guarantee all of the obligations incurred under the Mission Facility and the Marshall Facility.

Mission has granted to us purchase options to acquire the assets and assume the liabilities of each of Mission’s stations, subject to FCC consent, for consideration equal to the greater of (i) seven times the station’s cash flow, as defined in each option agreement, less the amount of its indebtedness as defined in each option agreement or (ii) the amount of its indebtedness. Additionally, Mission’s shareholders have granted Nexstar an option to purchase any or all of Mission’s stock, subject to FCC consent, for a price equal to the pro rata portion of the greater of (i) five times the stations’ cash flow, as defined in each option agreement, reduced by the amount of indebtedness, as defined in each option agreement, or (ii) $100,000.

White Knight has granted us purchase options to acquire the assets and assume the liabilities of each of Mission’s stations, subject to FCC consent, for consideration equal to the greater of (i) an amount equal to six (6) times the annual Net Income (as defined in the option) and (ii) $100,000.

We do not own the VIEs or any of their respective television stations. However, we are deemed under U.S. GAAP to have controlling financial interests in the consolidated VIEs because of (1) the local service agreements Nexstar has with the VIEs’ stations, (2) Nexstar’s guarantee of the obligations incurred under the Mission Facility and the Marshall Facility, (3) Nexstar having power over significant activities affecting the VIEs’ economic performance, including budgeting for advertising revenue, advertising sales and, for Mission, White Knight and Parker, hiring and firing of sales force personnel and (4) purchase options granted by Mission and White Knight which permit Nexstar to acquire the assets and assume the liabilities of each of Mission’s or White Knight’s stations, subject to FCC consent.

In compliance with FCC regulations, the VIEs maintain complete responsibility for and control over programming, finances and personnel for their respective stations. As a result, the VIEs’ boards of directors and officers can make decisions with which we disagree and which could reduce the cash flow generated by these stations and, as a consequence, the amounts we receive under our local service agreements with the VIEs. For instance, the VIEs may decide to obtain and broadcast programming which, in our opinion, would prove unpopular and/or would generate less advertising revenue.

The recording of deferred tax asset valuation allowances in the future or the impact of tax law changes on such deferred tax assets could affect our operating results.

The Company currently has significant net deferred tax assets resulting from tax credit carryforwards, net operating losses and other deductible temporary differences that are available to reduce taxable income in future periods. Based on our assessment of the Company's deferred tax assets, we determined that as of December 31, 2015, based on projected future income, approximately $93.2 million of the Company's deferred tax assets will more likely than not be realized in the future, and no valuation allowance is currently required for these deferred tax assets. Should we determine in the future that these assets will not be realized, the Company will be required to record a valuation allowance in connection with these deferred tax assets and the Company's operating results would be adversely affected in the period such determination is made. In addition, tax law changes could negatively impact the Company's deferred tax assets.

The Company's ability to use net operating loss carry-forwards ("NOLs") to reduce future tax payments may be limited if taxable income does not reach sufficient levels or there is a change in ownership of Nexstar, Mission, Marshall or White Knight.

At December 31, 2015, the Company had NOLs of approximately $222.0 million for U.S. federal tax purposes and $105.8 million for state tax purposes. These NOLs expire at varying dates from 2018 through 2033. To the extent available, we intend to use these NOLs to reduce the corporate income tax liability associated with our operations. Section 382 of the Internal Revenue Code of 1986 ("Section 382") generally imposes an annual limitation on the amount of NOLs that may be used to offset taxable income when a corporation has undergone significant changes in stock ownership. In general, an ownership change, as defined by Section 382, results from a transaction or series of transactions over a three-year period resulting in an ownership change of more than 50 percentage points of the outstanding stock of a company by certain stockholders or public groups, which are generally outside of our control.

In May 2013, our former principal stockholder, ABRY Partners, LLC ("ABRY"), sold the remainder of its common stock holdings in Nexstar and no longer holds an ownership interest in us. As a result of this sale, an ownership change has occurred resulting in a Section 382 limitation on the use of Nexstar's NOLs. Additionally, any subsequent ownership changes in us, Mission, Marshall, or White Knight could result in additional limitations.

The ability to use NOLs is also dependent upon the Company's ability to generate taxable income. The NOLs could expire before the Company generates sufficient taxable income to use them. To the extent the Company's use of NOLs is significantly limited, the Company's income could be subject to corporate income tax earlier than it would if it were able to use NOLs, which could have a negative effect on the Company's financial results and operations. Changes in ownership are largely beyond the Company's control and the Company can give no assurance that it will continue to have realizable NOLs.

The revenue generated by stations we operate or provide services to could decline substantially if they fail to maintain or renew their network affiliation agreements on favorable terms, or at all.

Due to the quality of the programming provided by the networks, stations that are affiliated with a network generally have higher ratings than unaffiliated independent stations in the same market. As a result, it is important for stations to maintain their network affiliations. Most of the stations that we operate or provide services to have network affiliation agreements. As of December 31, 2015, 20 full power television stations have primary affiliation agreements with ABC, 20 with NBC, 26 with FOX, 20 with CBS, eight with The CW and five with MyNetworkTV. Each of ABC, NBC and CBS generally provides affiliated stations with up to 22 hours of prime time programming per week, while each of FOX, MyNetworkTV and The CW provides affiliated stations with up to 15 hours of prime time programming per week. In return, affiliated stations broadcast the respective network's commercials during the network programming.

All of the network affiliation agreements of the stations that we own, operate, program or provide sales and other services to are scheduled to expire at various times through June 2020. In order to renew certain of our affiliation agreements we may be required to make cash payments to the network and to accept other material modifications of existing affiliation agreements. If any of our stations cease to maintain affiliation agreements with their networks for any reason, we would need to find alternative sources of programming, which may be less attractive to our audiences and more expensive to obtain. In addition, a loss of a specific network affiliation for a station may affect our retransmission consent payments resulting in us receiving less retransmission consent fees. Further, some of our network affiliation agreements are subject to earlier termination by the networks under specified circumstances.

For more information regarding these network affiliation agreements, see Item 1, "Business—Network Affiliations."

The loss of or material reduction in retransmission consent revenues or further regulatory change in the current retransmission consent regulations could have an adverse effect on our business, financial condition, and results of

operations.

Nexstar's retransmission consent agreements with cable operators, DBS systems, and other MVPDs permit the MVPDs to retransmit our stations' signals to their subscribers in exchange for the payment of compensation to us from the system operators as consideration. If we are unable to renegotiate these agreements on favorable terms, or at all, the failure to do so could have an adverse effect on our business, financial condition, and results of operations.

The television networks have taken the position that they, as the owners or licensees of programming we broadcast and provide for retransmission, are entitled to a portion of the compensation we receive under the retransmission consent agreements and are including provisions for these payments to them in their network affiliation agreements. In addition, our affiliation agreements with some broadcast networks include terms that affect our ability to grant MVPDs the right to retransmit network programming, and in some cases, we may lose the right to grant retransmission consent to such providers. Inclusion of these or similar provisions in our network affiliation agreements could materially reduce this revenue source to the Company and could have an adverse effect on its business, financial condition, and results of operations.

In addition, MVPDs are actively seeking to change the regulations under which retransmission consent is negotiated before both the U.S. Congress and the FCC in order to increase their bargaining leverage with television stations. On March 3, 2011, the FCC initiated a Notice of Proposed Rulemaking to reexamine its rules (1) governing the requirements for good faith negotiations between MVPDs and broadcasters, including implementing a prohibition on one station negotiating retransmission consent terms for another station under a local service agreement; (2) for providing advance notice to consumers in the event of dispute; and (3) to extend certain cable-only obligations to all MVPDs. The FCC also asked for comment on eliminating the network non-duplication and syndicated exclusivity protection rules, which may permit MVPDs to import out-of-market television stations during a retransmission consent dispute.

On March 31, 2014, the FCC amended its rules governing “good faith” retransmission consent negotiations to provide that it is a per se violation of the statutory duty to negotiate in good faith for a television broadcast station that is ranked among the top-four stations in a market (as measured by audience share) to negotiate retransmission consent jointly with another top-four station in the same market if the stations are not commonly owned. Under the new rule, top-four stations may not (1) delegate authority to negotiate or approve a retransmission consent agreement to another non-commonly owned top-four station located in the same DMA or to a third party that negotiates on behalf of another non-commonly owned top-four television station in the same DMA; or (2) facilitate or agree to facilitate coordinated negotiation of retransmission consent terms between themselves, including through the sharing of information.

This new rule took effect on June 18, 2014. On December 5, 2014, the U.S. Congress extended the joint negotiation prohibition to all non-commonly owned television stations in a market. Retransmission consent agreements jointly negotiated prior to June 18, 2014 remain enforceable until the end of their current terms; however, contractual provisions between separately owned top-four stations to consult or jointly negotiate retransmission agreements are now effectively void. Accordingly, the VIEs with which we have sharing agreements must separately negotiate their respective retransmission consent agreements with MVPDs. We cannot predict what effect, if any, this requirement for separate negotiations will have on the Company’s revenues and expenses.

Concurrently with its adoption of the prohibition on certain joint retransmission consent negotiations, the FCC also adopted a further notice of proposed rulemaking which seeks additional comment on the elimination or modification of the network non-duplication and syndicated exclusivity rules. The FCC’s prohibition on certain joint retransmission consent negotiations and its possible elimination or modification of the network non-duplication and syndicated exclusivity protection rules may affect the Company’s ability to sustain its current level of retransmission consent revenues or grow such revenues in the future and could have an adverse effect on the Company’s business, financial condition and results of operations. The Company cannot predict the resolution of the FCC’s network non-duplication and syndicated exclusivity proposals, or the impact of these proposals or the FCC’s new prohibition on certain joint negotiations, on its business.

In addition, in the STELA Reauthorization Act of 2014, which was adopted and signed into law in December 2014, the U.S. Congress directed the FCC to commence a rulemaking to “review its totality of the circumstances test for good faith [retransmission consent] negotiations.” The FCC commenced this proceeding in September 2015, and comments and reply comments were filed in the fourth quarter of 2015 and the first quarter of 2016. We cannot predict the proceeding’s outcome or its impact on our business.

Further, certain online video distributors and OTTDs have begun streaming broadcast programming over the Internet. In June 2014, the U.S. Supreme Court held that an OTTD’s transmissions of television broadcast signals without the consent of the broadcast station violate copyright holders’ exclusive right to perform their works publicly as provided under the Copyright Act. In December 2014, the FCC issued a Notice of Proposed Rulemaking proposing to interpret the term “MVPD” to encompass OTTDs that make available for purchase multiple streams of video programming distributed at a prescheduled time, and seeking comment on the effects of applying MVPD rules to such OTTDs. Comments and reply comments were filed in the first and second quarters of 2015 and we cannot predict the outcome

of the proceeding. However, if the FCC ultimately determines that an OTTD is not an MVPD, or declines to apply certain rules governing MVPDs to OTTDs, our business and results of operations could be materially and adversely affected.

The FCC could decide not to grant renewal of the FCC license of any of the stations we operate or provide services to which would require that station to cease operations.

Television broadcast licenses are granted for a maximum term of eight years and are subject to renewal upon application to the FCC. The FCC is required to grant an application for license renewal if, during the preceding term, the station served the public interest, the licensee did not commit any serious violations of the Communications Act or the FCC's rules, and the licensee committed no other violations of the Communications Act or the FCC's rules which, taken together, would constitute a pattern of abuse. A majority of renewal applications are routinely granted under this standard. If a licensee fails to meet this standard the FCC may still grant renewal on terms and conditions that it deems appropriate, including a monetary forfeiture or renewal for a term less than the normal eight-year period. However, in an extreme case, the FCC may deny a station's license renewal application, resulting in termination of the station's authority to broadcast. Under the Communications Act, the term of a broadcast license is automatically extended during the pendency of the FCC's processing of a timely renewal application.

The Company filed renewal applications for its stations in the most recent license renewal cycle, the majority of which have been granted for an additional eight-year term. Some of the Company's renewal applications remain pending with the FCC. The Company expects the FCC to grant these renewals in due course but cannot provide any assurances that the FCC will do so. The time period in which third parties are permitted to submit objections to these applications has expired; however, such parties may continue to submit informal objections until an application is granted.

The loss of the services of our chief executive officer could disrupt management of our business and impair the execution of our business strategies.

We believe that our success depends upon our ability to retain the services of Perry A. Sook, our founder and President and Chief Executive Officer. Mr. Sook has been instrumental in determining our strategic direction and focus. The loss of Mr. Sook's services could adversely affect our ability to manage effectively our overall operations and successfully execute current or future business strategies.

The Company's growth may be limited if it is unable to implement its acquisition strategy.

The Company has achieved much of its growth through acquisitions. The Company intends to continue its growth by selectively pursuing acquisitions of television stations. The television broadcast industry is undergoing consolidation, which may reduce the number of acquisition targets and increase the purchase price of future acquisitions. Some of the Company's competitors may have greater financial or management resources with which to pursue acquisition targets. Therefore, even if the Company is successful in identifying attractive acquisition targets, it may face considerable competition and its acquisition strategy may not be successful.

FCC rules and policies may also make it more difficult for the Company to acquire additional television stations. Television station acquisitions are subject to the approval of the FCC and, potentially, other regulatory authorities. FCC rules limit the number of television stations a company may own and define the types of local service agreements that "count" as ownership by the party providing the services. Those rules are subject to change; for instance, rules and processing policies that the FCC adopted in 2014 with respect to local service agreements impacted certain of our and Mission's previously announced acquisitions. The need for FCC and other regulatory approvals could restrict the Company's ability to consummate future transactions, including the acquisition of Media General, if, for example, the FCC or other government agencies believe that a proposed transaction would result in excessive concentration or other public interest detriment in a market, even if the proposed combination may otherwise comply with FCC ownership limitations. Additionally, the acquisition of Media General will significantly increase the Company's national audience reach to a level that approaches national television ownership limits imposed by the Communications Act and FCC rules. This may restrict future television station acquisitions by the Company and may require the Company to divest current stations in connection with any acquisition in order to comply with national television ownership limits.

Growing the Company's business through acquisitions involves risks and if it is unable to manage effectively its growth, its operating results will suffer.

During the three years ended December 31, 2015, the Company acquired 35 full power television stations. In February 2016, we completed the acquisition of four full power television stations, and we currently have various signed agreements to acquire an additional five full power television stations. Additionally, we have entered into a definitive merger agreement to acquire Media General's outstanding equity for cash and stock consideration, plus potential additional consideration in the form of a CVR entitling Media General shareholders to net cash proceeds from the sale of Media General's spectrum in the FCC's upcoming spectrum auction. Media General currently owns, operates or provides services to 71 television stations in 48 markets. To manage effectively its growth and address the increased reporting requirements and administrative demands that will result from future acquisitions, the Company will need, among other things, to continue to develop its financial and management controls and management information systems. The Company will also need to continue to identify, attract and retain highly skilled finance and management personnel. Failure to do any of these tasks in an efficient and timely manner could seriously harm its business.

There are other risks associated with growing our business through acquisitions. For example, with any past or future acquisition, there is the possibility that:

- we may not be able to successfully reduce costs, increase advertising revenue or audience share or realize anticipated synergies and economies of scale with respect to any acquired station;
- an acquisition may increase our leverage and debt service requirements or may result in our assuming unexpected liabilities;
- our management may be reassigned from overseeing existing operations by the need to integrate the acquired business;
- we may experience difficulties integrating operations and systems, as well as company policies and cultures;
- we may fail to retain and assimilate employees of the acquired business; and
- problems may arise in entering new markets in which we have little or no experience.

The occurrence of any of these events could have a material adverse effect on our operating results, particularly during the period immediately following any acquisition.

FCC actions have restricted our ability to create duopolies under local service agreements, which may harm our existing operations and impair our acquisition strategy.

In a number of our markets, we have created duopolies by entering into what we refer to as local service agreements. While these agreements take varying forms, a typical local service agreement is an agreement between two separately owned television stations serving the same market, whereby the owner of one station provides operational assistance to the other station, subject to ultimate editorial and other controls being exercised by the latter station's owner. By operating or entering into local service agreements with same-market stations, we (and the other station) achieve significant operational efficiencies. We also broaden our audience reach and enhance our ability to capture more advertising spending in a given market.

The FCC is required to review its media ownership rules every four years and eliminate those rules it finds no longer serve the "public interest, convenience and necessity." In March 2014, the FCC initiated its 2014 quadrennial review with the adoption of a Further Notice of Proposed Rulemaking ("FNPRM"). The FNPRM solicits comment on proposed changes to the media ownership rules. Among the proposals in the FNPRM are (1) retention of the current local television ownership rule (but with modifications to certain service contour definitions to conform to digital television broadcasting), (2) elimination of the radio/television cross-ownership rule, (3) elimination of the newspaper/radio cross-ownership rule, and (4) retention of the newspaper/television cross-ownership rule, while considering waivers of that rule in certain circumstances. The FNPRM also proposes to define a category of sharing agreements designated as SSAs between television stations, and to require television stations to disclose those SSAs. Comments and reply comments on the FNPRM were filed in 2014.

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Concurrent with its adoption of the FNPRM, the FCC adopted a rule making television JSAs attributable ownership interests to the seller of advertising time in certain circumstances. Under this rule, where a party owns a full-power television station in a market and sells more than 15% of the weekly advertising time for another, non-owned station in the same market under a JSA, that party is deemed to have an attributable ownership interest in the latter station for purposes of the local television ownership rule. Parties to existing JSAs that do not comply with the newly adopted rule were given two years from the effective date of this new rule to modify or terminate their JSAs to come into compliance. Subsequent federal legislation in late 2014 extended this compliance period for an additional six months. Most recently, appropriations legislation adopted by Congress and signed into law in late December 2015 extended the JSA compliance deadline until September 30, 2025. In addition, the FCC required our JSAs for the independently owned Marshall stations to cover 15% or less of the weekly advertising inventory of those stations and approved Marshall's station acquisitions specifically in reliance on certain commitments regarding our relationship with Marshall, including a commitment that the term of the Marshall debt financing that we guarantee will not extend beyond five years from Marshall's acquisition of its stations. Our SSAs with Mission, Marshall and other parties remain permissible for now, but the FNPRM leaves open the possibility of additional regulation with respect to SSAs.

Various parties, including Nexstar (and Mission, which has intervened), have appealed the television JSA attribution rule to the U.S. Court of Appeals for the District of Columbia Circuit. That appeal was transferred to the U.S. Court of Appeals for the Third Circuit in November 2015, and oral argument is scheduled for April 19, 2016. If we are required to terminate or modify our JSAs or other local service agreements, our business could be affected in the following ways: (1) Loss of revenues — we could lose some or all of the revenues generated from those arrangements due to the reduction in audience reach to our advertisers and receipt of less revenues from them. During the years ended December 31, 2014 and 2013, the Company's net revenue included $78.6 million and $68.5 million, respectively, of revenue recognized by Mission, which is comprised of its revenue from local service agreements with Nexstar and revenue from other sources. See the notes to the Company's and Mission's financial statements for further information; (2) Increased costs — our cost structure would increase due to loss of operating synergies associated with the addition of redundant management and overlapping sales force costs and (3) Alternative arrangements — we may need to enter into alternative agreements which may be on terms that are less beneficial to us than existing agreements.

Also in March 2014, the FCC's Media Bureau issued a public notice announcing "processing guidelines" for certain pending and future applications for FCC approval of television acquisitions. The public notice indicates that the FCC will "closely scrutinize" applications which propose a JSA, SSA or local marketing agreement between television stations, combined with an option, a similar "contingent interest," or a loan guarantee. These processing guidelines have impacted the Company's previously announced acquisitions and may affect the Company's acquisition of additional stations in the future. We cannot predict what additional rules the FCC will adopt or when they will be adopted. In addition, uncertainty about media ownership regulations and adverse economic conditions have dampened the acquisition market from time to time, and changes in the regulatory approval process may make materially more expensive, or may materially delay, the Company's ability to close upon currently pending acquisitions or consummate further acquisitions in the future.

The FCC may decide to terminate "grandfathered" time brokerage agreements.

The FCC attributes TBAs and local marketing agreements to the programmer under its ownership limits if the programmer provides more than 15% of a station's weekly broadcast programming. However, TBAs entered into prior to November 5, 1996 are exempt from attribution for now.

The FCC will review these "grandfathered" TBAs in the future. During this review, the FCC may determine to terminate the "grandfathered" period and make all TBAs fully attributable to the programmer. If the FCC does so, we and Mission will be required to terminate the TBAs for stations WFXP and KHMT and we and Parker will be required to terminate the TBA for station KFQX unless the FCC simultaneously changes its duopoly rules to allow ownership of two stations in the applicable markets.

We are subject to foreign ownership limitations which limits foreign investments in us.

The Communications Act limits the extent of non-U.S. ownership of companies that own U.S. broadcast stations. Under this restriction, the holder of a U.S. broadcast license may have no more than 20% non-U.S. ownership (by vote and by equity). The Communications Act prohibits more than 25% indirect foreign ownership or control of a licensee through a parent company if the FCC determines the public interest will be served by such restriction, and the FCC has interpreted this provision to require an affirmative public interest showing before indirect foreign ownership of a broadcast licensee may exceed 25%. Therefore, certain investors may be prevented from investing in us if our foreign ownership is at or near the FCC limits.

The FCC's multiple ownership rules may limit our ability to acquire television stations in particular markets, restricting our ability to execute our acquisition strategy.

The number of television stations we may acquire in any market is limited by FCC rules and may vary depending upon whether the interests in other television stations or other media properties of persons affiliated with us are attributable under FCC rules. The broadcast and certain other media interests of our officers, directors and most stockholders with 5% or greater voting power are attributable under the FCC's rules, which may limit us from acquiring or owning television stations in particular markets while those officers, directors or stockholders are associated with us. In addition, the holder of otherwise non-attributable equity and/or debt in a licensee in excess of 33% of the total debt and equity of the licensee will be attributable where the holder is either a major program supplier to that licensee or the holder has an attributable interest in another broadcast station or daily newspaper in the same market.

Two of Nexstar's directors also currently serve on the board of directors of Radio One, Inc., which owns and operates approximately 58 radio stations in 17 markets. The FCC considers the radio stations owned by Radio One, Inc. as attributable to Nexstar, due to this common director relationship. Therefore, depending on the number of stations owned by Radio One, Inc. in a given market, we may not be able to purchase a television station in that market. In addition, one of Nexstar's stockholders who holds an attributable interest in Nexstar also holds an attributable interest in other full power television stations located in the Seattle-Tacoma, Washington, San Francisco-Oakland-San Jose, California, Providence, RI-New Bedford, Massachusetts and Palm Springs, California television markets. Therefore, Nexstar may be unable to acquire stations in these markets.

The Company has a material amount of goodwill and intangible assets, and therefore the Company could suffer losses due to future asset impairment charges.

As of December 31, 2015, $1.3 billion, or 68.4%, of the Company's combined total assets consisted of goodwill and intangible assets, including FCC licenses and network affiliation agreements. The Company tests goodwill and FCC licenses annually, and on an interim date if factors or indicators become apparent that would require an interim test of these assets, in accordance with accounting and disclosure requirements for goodwill and other intangible assets. The Company tests network affiliation agreements whenever circumstances or indicators become apparent the asset may not be recoverable through expected future cash flows. The methods used to evaluate the impairment of the Company's goodwill and intangible assets would be affected by a significant reduction in operating results or cash flows at one or more of the Company's television stations, or a forecast of such reductions, a significant adverse change in the advertising marketplaces in which the Company's television stations operate, the loss of network affiliations, or by adverse changes to FCC ownership rules, among others, which may be beyond the Company's control. If the carrying amount of goodwill and intangible assets is revised downward due to impairment, such non-cash charge could materially affect the Company's financial position and results of operations.

There can be no assurances concerning continuing dividend payments and any decrease or suspension of the dividend could cause our stock price to decline.

Our common stockholders are only entitled to receive the dividends declared by our board of directors. Our board of directors has declared in 2016 a total cash dividend with respect to the outstanding shares of our Class A common stock of $0.96 per share in equal quarterly installments of $0.24 per share. We expect to continue to pay quarterly cash dividends at the rate set forth in our current dividend policy. However, future cash dividends, if any, will be at the discretion of our board of directors and can be changed or discontinued at any time. Dividend determinations (including the amount of the cash dividend, the record date and date of payment) will depend upon, among other things, our future operations and earnings, targeted future acquisitions, capital requirements and surplus, general financial condition, contractual restrictions and other factors as our board of directors may deem relevant. In addition, the senior secured credit facilities and the indentures governing our existing notes limit our ability to pay dividends. Given these considerations, our board of directors may increase or decrease the amount of the dividend at any time

and may also decide to suspend or discontinue the payment of cash dividends in the future.

Risks Related to Our Industry

Our operating results are dependent on advertising revenue and as a result, we may be more vulnerable to economic downturns and other factors beyond our control than businesses not dependent on advertising.

We derive a majority of our revenue from the sale of advertising time on our stations and community portal websites. Our ability to sell advertising time depends on numerous factors that may be beyond our control, including:

- the health of the economy in the local markets where our stations are located and in the nation as a whole;
- the popularity of our station and website programming;
- fluctuations in pricing for local and national advertising;
- the activities of our competitors, including increased competition from other forms of advertising-based media, particularly newspapers, cable television, Internet and radio;
- the decreased demand for political advertising in non-election years; and
- changes in the makeup of the population in the areas where our stations are located.

Because businesses generally reduce their advertising budgets during economic recessions or downturns, the reliance upon advertising revenue makes our operating results susceptible to prevailing economic conditions. Our programming may not attract sufficient targeted viewership, and we may not achieve favorable ratings. Our ratings depend partly upon unpredictable and volatile factors beyond our control, such as viewer preferences, competing programming and the availability of other entertainment activities. A shift in viewer preferences could cause our programming not to gain popularity or to decline in popularity, which could cause our advertising revenue to decline. In addition, we and the programming providers upon which we rely may not be able to anticipate, and effectively react to, shifts in viewer tastes and interests in our markets.

Because a high percentage of our operating expense is fixed, a relatively small decrease in advertising revenue could have a significant negative impact on our financial results.

Our business is characterized generally by high fixed costs, primarily for debt service, broadcast rights and personnel. Other than commissions paid to our sales staff and outside sales agencies, our expenses do not vary significantly with the increase or decrease in advertising revenue. As a result, a relatively small change in advertising prices could have a disproportionate effect on our financial results. Accordingly, a minor shortfall in expected revenue could have a significant negative impact on our financial results.

Preemption of regularly scheduled programming by news coverage may affect our revenue and results of operations.

The Company may experience a loss of advertising revenue and incur additional broadcasting expenses due to preemption of our regularly scheduled programming by network coverage of a major global news event such as a war or terrorist attack or by local coverage of local disasters, such as tornados and hurricanes. As a result, advertising may not be aired and the revenue for such advertising may be lost unless the station is able to run the advertising at agreed-upon times in the future. Advertisers may not agree to run such advertising in future time periods, and space may not be available for such advertising. The duration of any preemption of programming cannot be predicted if it occurs. In addition, our stations and the stations we provide services to may incur additional expenses as a result of expanded news coverage of a war or terrorist attack or local disaster. The loss of revenue and increased expenses could negatively affect our results of operations.

If we are unable to respond to changes in technology and evolving industry trends, our television businesses may not be able to compete effectively.

New technologies may adversely affect our television stations. Information delivery and programming alternatives such as cable, direct satellite-to-home services, pay-per-view, video on demand, over-the-top distribution of programming, the Internet, telephone company services, mobile devices, digital video recorders and home video and

entertainment systems have fractionalized television viewing audiences and expanded the numbers and types of distribution channels for advertisers to access. Over the past decade, cable television programming services, other emerging video distribution platforms and the Internet have captured an increasing market share, while the aggregate viewership of the major television networks has declined. In addition, the expansion of cable and satellite television, the digital and other technological changes has increased, and may continue to increase, the competitive demand for programming. Such increased demand, together with rising production costs, may increase our programming costs or impair our ability to acquire or develop desired programming.

In addition, video compression techniques now in use with MVPDs are expected to permit greater numbers of channels to be carried within existing bandwidth. These compression techniques and other technological developments are applicable to all video delivery systems, including over-the-air broadcasting, and have the potential to provide vastly expanded programming to targeted audiences. Reduction in the cost of creating additional channel capacity could lower entry barriers for new channels and encourage the development of increasingly specialized niche programming, resulting in more audience fractionalization. This ability to reach very narrowly defined audiences may alter the competitive dynamics for advertising expenditures. We are unable to predict the effect that these and other technological changes will have on the television industry or our results of operations.

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

The FCC may impose substantial fines, to a maximum of $325,000 per violation, on television broadcasters for the broadcast of indecent material in violation of the Communications Act and its rules. Because the Company's programming is in large part comprised of programming provided by the networks with which the stations are affiliated, the Company does not have full control over what is broadcast on its stations and may be subject to the imposition of fines if the FCC finds such programming to be indecent.

In June 2012, the U.S. Supreme Court decided a challenge to the FCC's indecency enforcement without resolving the constitutionality of such enforcement, and the FCC thereafter requested public comment on the appropriate substance and scope of its indecency enforcement policy. The FCC has issued very few further decisions or rules in this area, and the courts may in the future have further occasion to review the FCC's current policy or any modifications thereto. The outcomes of these proceedings could affect future FCC policies in this area, and could have a material adverse effect on our business.

Intense competition in the television industry could limit our growth and profitability.

As a television broadcasting company, we face a significant level of competition, both directly and indirectly. Generally we compete for our audience against all the other leisure activities in which one could choose to engage rather than watch television. Specifically, stations we own or provide services to compete for audience share, programming and advertising revenue with other television stations in their respective markets and with other advertising media, including newspapers, radio stations, cable television, DBS systems and the Internet.

The entertainment and television industries are highly competitive and are undergoing a period of consolidation. Many of our current and potential competitors have greater financial, marketing, programming and broadcasting resources than we do. The markets in which we operate are also in a constant state of change arising from, among other things, technological improvements and economic and regulatory developments. Technological innovation and the resulting proliferation of television entertainment, such as cable television, wireless cable, satellite-to-home distribution services, pay-per-view, home video and entertainment systems and Internet and mobile distribution of video programming have fractionalized television viewing audiences and have subjected free over-the-air television broadcast stations to increased competition. We may not be able to compete effectively or adjust our business plans to meet changing market conditions. We are unable to predict what forms of competition will develop in the future, the extent of the competition or its possible effects on our business.

The FCC could implement regulations or the U.S. Congress could adopt legislation that might have a significant impact on the operations of the stations we own and the stations we provide services to or the television broadcasting industry as a whole.

The FCC has open proceedings to examine shared services agreements between television stations; to determine whether to standardize TV stations' reporting of programming responsive to local needs and interests; to determine whether to modify or eliminate certain of its broadcast ownership rules, including the radio-television cross-ownership rule and the newspaper-television cross-ownership rule; whether to modify its network non-duplication and syndicated

exclusivity rules; whether to modify its standards for “good faith” retransmission consent negotiations; and whether to broaden the definition of “MVPD” to include “over-the-top” video programming distributors.

The FCC also has sought comment on whether there are alternatives to the use of DMAs to define local markets such that certain viewers whose current DMAs straddle multiple states would be provided with more in-state broadcast programming. If the FCC determines to modify the use of existing DMAs to determine a station’s local market, such change might materially alter current station operations and could have an adverse effect on our business, financial condition and results of operations.

The FCC also may decide to initiate other new rule making proceedings on its own or in response to requests from outside parties, any of which might have such an impact. The U.S. Congress may also act to amend the Communications Act in a manner that could impact our stations and the stations we provide services to or the television broadcast industry in general.

The FCC intends to reallocate some portion of the spectrum available for use by television broadcasters to wireless broadband use, which could substantially impact our future operations and may reduce viewer access to our programming.

The FCC is seeking to make additional spectrum available to meet future wireless broadband needs. In February 2012, the U.S. Congress adopted legislation authorizing the FCC to conduct an incentive auction whereby television broadcasters could voluntarily relinquish all or part of their spectrum in exchange for consideration. The FCC has released various orders and public notices which set forth procedures that the FCC will follow in the incentive auction and the subsequent "repacking" of broadcast television spectrum, establish opening prices for television stations to relinquish their spectrum, and resolve various technical and other issues related to the incentive auction, the possible sharing of channels by television stations, and the repurposing of television spectrum for broadband use. The FCC has announced March 29, 2016 as the commencement date for the incentive auction. January 12, 2016 was the deadline for potentially interested television licensees to file applications to participate in the incentive auction, and we and certain of our local service agreement partners filed such applications. The reallocation of television spectrum for wireless broadband use will require many television stations to change channel or otherwise modify their technical facilities. The reallocation of television spectrum to broadband use may be to the detriment of our investment in digital facilities, could require substantial additional investment to continue our current operations, and may require viewers to invest in additional equipment or subscription services to continue receiving broadcast television signals. We cannot predict the results of television spectrum reallocation efforts or its impact to our business.

We have made investments in digital media businesses.

We have invested in various digital media businesses as well as digital offerings for each of our broadcast stations. Due to the intense competition, limited operating history and rapidly evolving nature of these digital media businesses, the actual future operating results could be volatile and negatively impact the year-to-year trends of our operations.

Cybersecurity risks could affect the Company's operating effectiveness.

The Company uses computers in substantially all aspects of its business operations. Its revenues are increasingly dependent on digital products. Such use exposes the Company to potential cyber incidents resulting from deliberate attacks or unintentional events. These incidents can include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data or causing operational disruption. The results of these incidents could include, but are not limited to, business interruption, disclosure of nonpublic information, decreased advertising revenues, misstated financial data, liability for stolen assets or information, increased cybersecurity protection costs, litigation and reputational damage adversely affecting customer or investor confidence.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We have office space for our corporate headquarters in Irving, TX, which is leased through 2024. Each of our markets has facilities consisting of offices, studios, sales offices and tower and transmitter sites. We own over 70% of our office and studio locations and approximately one-third of our tower and transmitter locations. The remaining properties that we utilize are leased. We consider all of our properties, together with equipment contained therein, to be adequate for our present needs. We continually evaluate our future needs and from time to time will undertake

significant projects to replace or upgrade facilities.

While none of our owned or leased properties are individually material to our operations, if we were required to relocate any towers, the cost could be significant. This is because the number of sites in any geographic area that permit a tower of reasonable height to provide good coverage of the market is limited, and zoning and other land use restrictions, as well as Federal Aviation Administration and FCC regulations, limit the number of alternative locations or increase the cost of acquiring them for tower sites. See Item 1, "Business—The Stations" for a complete list of stations by market.

Item 3. Legal Proceedings

From time to time, the Company is involved in litigation that arises from the ordinary course of business, such as contractual or employment disputes or other general actions. In the event of an adverse outcome of these legal proceedings, the Company believes the resulting liabilities would not have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Item 4. Mine Safety Disclosures

None.

PART II

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

Market Prices; Record Holders and Dividends

Our Class A Common Stock trades on The NASDAQ Global Market ("NASDAQ") under the symbol "NXST."

The following were the high and low sales prices of our Class A Common Stock for the periods indicated, as reported by NASDAQ:

	High	Low
1st Quarter 2014	$55.93	$32.20
2nd Quarter 2014	$52.03	$34.65
3rd Quarter 2014	$53.66	$38.96
4th Quarter 2014	$53.55	$36.41
1st Quarter 2015	$59.45	$45.97
2nd Quarter 2015	$60.21	$53.82
3rd Quarter 2015	$60.31	$42.01
4th Quarter 2015	$61.79	$45.02

As of February 22, 2016, there were approximately 8,800 shareholders of record of our Class A Common Stock, including shares held in nominee names by brokers and other institutions.

Pursuant to our current dividend policy, our board of directors declared in 2014 a total annual cash dividend with respect to Nexstar's outstanding shares of Class A Common Stock of $0.60 per share in equal quarterly installments of $0.15 per share and declared in 2015 a total annual cash dividend with respect to Nexstar's outstanding shares of Class A Common Stock of $0.76 per share in equal quarterly installments of $0.19 per share. On January 21, 2016, our board of directors approved a 26.3% increase in the quarterly cash dividend to $0.24 per share of outstanding Class A Common Stock beginning with the first quarter of 2016. Dividend determinations will depend upon, among other things, our future operations and earnings, targeted future acquisitions, capital requirements and surplus, general financial condition, contractual restrictions and other factors as our board of directors may deem relevant. Additionally, the Company's senior secured credit facilities and the indentures governing our existing notes limit our ability to pay dividends. Given these considerations, our board of directors may increase or decrease the amount of dividends at any time and may also decide to suspend or discontinue the payment of cash dividends in the future.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

In August 2015, our board of directors approved a share repurchase program which authorizes us to purchase up to $100.0 million of our outstanding shares of Class A common stock. Share repurchases may be made from time to time in open market transactions, block trades or in private transactions. There is no minimum number of shares that is required to be repurchased and the repurchase program may be suspended or discontinued at any time without prior notice. We had no stock repurchases during the fourth quarter of 2015.

Securities Authorized for Issuance Under Equity Compensation Plans as of December 31, 2015

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted average exercise price of outstanding options (b)	Number of securities remaining available for future issuance excluding securities reflected in column (a) (c)
Equity compensation plans approved by security holders	2,443,591	$21.54	2,525,000
Equity compensation plans not approved by security holders	—	—	—
Total	2,443,591	$21.54	2,525,000

For a more detailed description of our equity plans and grants, we refer you to Note 10 to the Consolidated Financial Statements included in Part IV, Item 15(a) of this Annual Report on Form 10-K.

Comparative Stock Performance Graph

The following graph compares the total return of our Class A Common Stock based on closing prices for the period from December 31, 2010 through December 31, 2015 with the total return of the NASDAQ Composite Index and our peer index of pure play television companies. Our peer index consists of the following publicly traded companies: Gray Television, Inc., Media General, Inc. and Sinclair Broadcast Group, Inc. (the "Peer Group"). The graph assumes the investment of $100 in our Class A Common Stock and in both of the indices on December 31, 2010. The performance shown is not necessarily indicative of future performance.

	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15
Nexstar Broadcasting Group, Inc. (NXST)	$100.00	$130.88	$176.79	$947.87	$893.50	$1,027.14
NASDAQ Composite Index	$100.00	$99.17	$116.48	$163.21	$187.27	$200.31
Peer Group	$100.00	$127.75	$161.54	$562.35	$434.33	$495.33

Item 6. Selected Financial Data

We derived the following statements of operations and cash flows data for the years ended December 31, 2015, 2014 and 2013 and balance sheet data as of December 31, 2015 and 2014 from our Consolidated Financial Statements included herein. We derived the following statements of operations and cash flows data for the years ended December 31, 2012 and 2011 and balance sheet data as of December 31, 2013, 2012 and 2011 from our Consolidated Financial Statements included in our Annual Reports on Form 10-K for the years ended December 31, 2013 and 2012, respectively. The period-to-period comparability of our consolidated financial statements is affected by acquisitions of digital media businesses and television stations, and related consolidations of VIEs. In 2015, we acquired 14 full power television stations, including consolidated VIEs, net, and two digital media businesses. In 2014, we acquired 12 full power television stations, including consolidated VIEs, and 2 digital media businesses. In 2013, we acquired 9 full power television stations, including consolidated VIEs, net. For more information, refer to Notes 2 and 3 to our Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K. This information should be read in conjunction with Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our Consolidated Financial Statements and related Notes included herein. Amounts below are presented in thousands, except per share amounts.

	2015	2014	2013	2012	2011
Statements of Operations Data, for the years ended December 31:					
Net revenue	$896,377	$631,311	$502,330	$378,632	$306,491
Operating expenses:					
Corporate expenses	44,856	35,174	26,339	24,636	19,780
Direct operating expenses, net of trade	293,288	178,781	139,807	84,743	73,829
Selling, general and administrative expenses, excluding corporate	187,624	140,255	125,874	93,367	85,848
Trade and barter expense	46,651	31,333	30,730	20,841	21,270
Depreciation	47,222	35,047	33,578	23,555	21,845
Amortization of intangible assets	48,475	25,850	30,148	22,994	25,979
Amortization of broadcast rights, excluding barter	22,154	11,634	12,613	8,591	9,947
Income from continuing operations(1)	206,107	173,237	103,241	99,905	47,993
Interest expense, net	(80,520)	(61,959)	(66,243)	(51,559)	(53,004)
Loss on extinguishment of debt, net(2)	-	(71)	(34,724)	(3,272)	(1,155)
Other expenses	(517)	(556)	(1,459)	-	-
Income (loss) from continuing operations before income tax expense	125,070	110,651	815	45,074	(6,166)
Income tax (expense) benefit(3)	(48,687)	(46,101)	(2,600)	132,279	(5,725)
Income (loss) from continuing operations	76,383	64,550	(1,785)	177,353	(11,891)
Gain on disposal of station, net of income tax expense(4)	-	-	-	5,139	-
Net income (loss)	76,383	64,550	(1,785)	182,492	(11,891)
Net loss attributable to noncontrolling interests	1,301	-	-	-	-
Net income (loss) attributable to Nexstar Broadcasting Group, Inc.	$77,684	$64,550	$(1,785)	$182,492	$(11,891)
Net income per common share attributable to					

Nexstar Broadcasting Group, Inc.:					
Basic	$2.50	$2.10	$(0.06)	$6.31	$(0.42)
Diluted	$2.42	$2.02	$(0.06)	$5.94	$(0.42)
Weighted average common shares outstanding:					
Basic	31,100	30,774	29,897	28,940	28,626
Diluted	32,091	32,003	29,897	30,732	28,626
Dividends declared per common share	$0.76	$0.60	$0.48	-	-

(1) Income from operations is generally higher during even-numbered years, when advertising revenue is increased due to the occurrence of state and federal elections and the Olympic Games. However, due to the accretive acquisitions in 2012 through 2015, the income from operations increased over time.
(2) In 2013, the Company retired the $325.0 million outstanding principal balance under its 8.875% Senior Second Lien Notes. The retirement resulted in a loss on extinguishment of debt of $34.3 million.
(3) In the fourth quarter of 2012, the Company decreased its valuation allowance by $151.4 million resulting in an income tax benefit for the year.
(4) The Company recognized a $5.1 million gain on disposal of KBTV, net of $3.1 million income tax expense, during the year ended December 31, 2012.

	2015	2014	2013	2012	2011
Balance Sheet data, as of December 31:					
Cash and cash equivalents	$43,416	$131,912	$40,028	$68,999	$7,546
Working capital[(1)]	113,967	178,661	78,659	96,462	39,605
Net intangible assets and goodwill	1,255,358	772,660	649,793	491,096	335,602
Total assets[(1)]	1,835,134	1,414,102	1,146,971	931,799	576,340
Total debt[(1)]	1,476,214	1,220,369	1,054,368	843,626	636,314
Total stockholders' equity (deficit)	86,373	56,537	(13,231)	2,239	(184,119)
Statements of Cash Flows data, for the years ended December 31:					
Net cash provided by (used in):					
Operating activities	$197,266	$166,527	$27,339	$79,888	$40,340
Investing activities	(474,341)	(230,033)	(248,118)	(238,617)	(54,579)
Financing activities	188,579	155,390	191,808	220,182	(1,873)
Capital expenditures, net of proceeds from asset sales	25,397	20,300	18,736	17,250	13,316
Cash payments for broadcast rights	22,473	12,025	14,191	9,169	10,149

(1) As discussed in Note 2 to our Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K, the Company retrospectively adopted the FASB issued guidance related to: (i) the presentation of debt financing costs which requires costs paid to third parties that are directly attributable to issuing a debt instrument to be presented as a direct deduction from the carrying value of the debt as opposed to an asset, and (ii) the presentation of deferred tax assets and liabilities which requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent in the balance sheet. Thus, the Company decreased its working capital, total assets and total debt by $41.7 million, $48.1 and $15.8 million, respectively, in 2014, $38.6 million, $16.8 million and $16.8 million, respectively, in 2013, $8.9 million, $14.0 million and $14.0 million, respectively, in 2012, and $14 thousand, $4.6 million and $4.0 million, respectively, in 2011.

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

The following discussion and analysis should be read in conjunction with Item 6. "Selected Financial Data" and our Consolidated Financial Statements and related Notes included in Part IV, Item 15(a) of this Annual Report on Form 10-K.

As a result of our deemed controlling financial interests in Mission, White Knight, Marshall and Parker in accordance with U.S. GAAP, we consolidate the financial position, results of operations and cash flows of these consolidated VIEs as if they were wholly-owned entities. We believe this presentation is meaningful for understanding our financial performance. Refer to Note 2 to our Consolidated Financial Statements for a discussion of our determinations of VIE consolidation under the related authoritative guidance. Therefore, the following discussion of our financial position and results of operations includes the consolidated VIEs' financial position and results of operations.

Executive Summary

2015 Highlights

- Net revenue during 2015 increased by $265.1 million, or 42.0% compared to the same period in 2014. The increase in net revenue was primarily due to incremental revenue from our newly acquired stations and entities of $239.3 million and an increase in retransmission compensation on our legacy stations of $70.7 million, primarily related to the 2014 and 2015 renewals of contracts providing for higher rates per subscriber. These increases were partially offset by decreases in advertising revenue as 2015 is not a political year or an Olympic year.
- During 2015, our Board of Directors declared quarterly dividends of $0.19 per share of our outstanding common stock, or total dividend payments of $23.7 million.
- In August 2015, we announced a share repurchase program which authorizes us to purchase up to $100.0 million of our outstanding shares of Class A Common Stock. In 2015, we repurchased a total of 1,010,565 shares of Class A common stock for $48.7 million, funded by cash on hand.

Acquisitions

	Acquisition Date	Purchase Price	
CCA	January 1, 2015	$278.1 million in cash	Acquired and consolidated 13 NBC, FOX and MyNetworkTV affiliated full power television stations in nine markets, net of a station disposal
KASW	January 29, 2015	$70.8 million in cash	The CW affiliate in the Phoenix, AZ market
Yashi	February 2, 2015	$33.4 million in cash	A local digital video advertising and targeted programmatic technology platform
KLAS	February 13, 2015	$150.8 million in cash	The CBS affiliate in the Las Vegas, NV market
Kixer	October 1, 2015	$8.5 million in cash, plus Earnout Payments of up to $7.0 million	An advertising technology platform focused on optimizing and driving new mobile revenue streams for content publishers
North Dakota	February 1, 2016	$44.9 million in cash, plus working capital adjustments	Four CBS affiliated full power television stations in the Minot-Bismarck-Dickinson, ND market
Media General	Late in the 3rd quarter/early in the 4th quarter of 2016	Estimated $2.0 billion in cash and stock consideration, plus the potential CVR	Media General currently owns, operates or provides services to 71 television stations in 48 markets
West Virginia	December 2016	$130.0 million in cash, plus working capital adjustments	Four CBS and NBC affiliated full power television stations in four markets.

The Media General merger is subject to a vote by stockholders of Nexstar and Media General, FCC approval and other regulatory approvals (including expiration of the applicable Hart-Scott-Rodino waiting period) and other

customary closing conditions. We must divest certain of our and Media General's stations in connection with the proposed merger in order to comply with the FCC media ownership rules.

The Media General merger is not subject to any financing condition and we have received committed financing up to a maximum of $4.7 billion from a group of commercial banks to provide the debt financing to consummate the merger and the refinancing of certain of the existing indebtedness of Nexstar, Media General and certain of their variable interest entities. With respect to Nexstar and certain of its variable interest entities, the debt refinancing will include the outstanding obligations under the revolving credit facilities and term loans.

The West Virginia acquisition is subject to FCC approval and other customary conditions. We paid a total deposit of $65.0 million for this acquisition and the remaining $65.0 million is expected to be funded through cash generated from operations prior to closing and borrowings under our senior secured credit facility.

For additional information with respect to the above acquisitions, refer to Item 1, “Business—Recent Acquisitions”.

Debt Transactions

- In January 2015, we completed the issuance and sale of $275.0 million 6.125% Notes due 2022, at par. The proceeds were used in part to finance the Company’s acquisitions.

- In 2015, the Company made net repayments of $19.4 million under its senior secured credit facilities primarily attributable to contractual maturities under its term loans.

- In January and February 2016, we borrowed a net amount of $54.0 million under our revolving credit facility to fund certain of our acquisitions.

Overview of Operations

As of December 31, 2015, we owned, operated, programmed or provided sales and other services to 99 full power television stations, including those owned by the VIEs, in 61 markets in the states of Alabama, Arizona, Arkansas, California, Colorado, Florida, Illinois, Indiana, Iowa, Louisiana, Maryland, Michigan, Missouri, Montana, Nevada, New York, Pennsylvania, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia and Wisconsin. The stations we serve are affiliates of ABC, NBC, FOX, CBS, The CW, MyNetworkTV and other broadcast television networks. Through various local service agreements, we provided sales, programming and other services to 30 full power television stations owned and/or operated by independent third parties, including stations owned by Mission, Marshall, White Knight and Parker. See Note 2 to our Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K for a discussion of the local service agreements we have with these entities.

The operating revenue of our stations is derived primarily from broadcast and website advertising revenue, which is affected by a number of factors, including the economic conditions of the markets in which we operate, the demographic makeup of those markets and the marketing strategy we employ in each market. Most advertising contracts are short-term and generally run for a few weeks. For the years ended December 31, 2015 and 2014, revenue generated from local broadcast advertising represented 70.6% and 71.7%, respectively, of our consolidated spot revenue (total of local and national broadcast advertising revenue, excluding political advertising revenue). The remaining broadcast advertising revenue represents inventory sold for national or political advertising. All national and political revenue is derived from advertisements placed through advertising agencies. The agencies receive a commission rate of 15.0% of the gross amount of advertising schedules placed by them. While the majority of local spot revenue is placed by local agencies, some advertisers place their schedules directly with the stations’ local sales staff, thereby eliminating the agency commission. Each station also has an agreement with a national representative

firm that provides for sales representation outside the particular station's market. Advertising schedules received through the national representative firm are for national or large regional accounts that advertise in several markets simultaneously. National commission rates vary within the industry and are governed by each station's agreement.

Another source of revenue for the Company that has been growing significantly in recent years relates to retransmission of our station signals by cable, satellite and other MVPDs. MVPDs generally pay for retransmission rights on a rate per subscriber basis. The growth of this revenue stream has primarily related to increases in the subscriber rates paid by MVPDs.

Most of our stations have a network affiliation agreement pursuant to which the network provides programming to the station during specified time periods, including prime time, in exchange for network affiliation fees and the right to sell a portion of the advertising time during these broadcasts. Network affiliation fees have been increasing industry wide and will continue to increase over the next several years.

Each station acquires licenses to broadcast programming in non-news and non-network time periods. The licenses are either purchased from a program distributor for cash and/or the program distributor is allowed to sell some of the advertising inventory as compensation to eliminate or reduce the cash cost for the license. The latter practice is referred to as barter broadcast rights. Barter broadcast rights are recorded at management's estimate of the value of the advertising time exchanged using historical advertising rates, which approximates the fair value of the program material received. The programming expense is recognized over the license period or period of usage, whichever ends earlier.

Our primary operating expenses include employee salaries, commissions and benefits, newsgathering and programming costs. A large percentage of the costs involved in the operation of our stations and the stations we provide services to remains relatively fixed.

Regulatory Developments

As a television broadcaster, the Company is highly regulated and its operations require that it retain or renew a variety of government approvals and comply with changing federal regulations. In 2014, the FCC modified its television ownership rules such that a television station licensee that sells more than 15 percent of the weekly advertising inventory of another television station in the same Designated Market Area is deemed to have an attributable ownership interest in that station. Parties to existing JSAs that were deemed attributable interests and do not comply with the FCC's local television ownership rule have until September 30, 2025 to come into compliance. The Company expects ultimately to incur additional costs in complying with this new rule, although, given recent legislation extending the compliance deadline until September 30, 2025, the Company does not expect the 2014 rule change to impact its JSA revenue in the near term. If the Company is ultimately unable to obtain waivers from the FCC and is required to amend or terminate its existing agreements, however, the Company could have a reduction in revenue and increased costs if it is unable to successfully implement alternative arrangements that are as beneficial as the existing JSAs. Various parties, including us (and Mission, which has intervened), have appealed this new rule to the U.S. Court of Appeals for the D.C. Circuit, which has recently transferred the appeal to the U.S. Court of Appeals for the Third Circuit, which has scheduled oral argument for April 19, 2016.

In March 2014, the FCC's Media Bureau issued a public notice announcing "processing guidelines" for certain pending and future applications for FCC approval of television station acquisitions. The public notice indicates that the FCC will "closely scrutinize" applications which propose a JSA, SSA or local marketing agreement ("LMA") between television stations, combined with an option, a similar "contingent interest," or a loan guarantee. These new processing guidelines have impacted the Company's previously announced acquisitions and may affect the Company's acquisition of additional stations in the future.

Also in March 2014, the FCC amended its rules governing retransmission consent negotiations. The amended rule initially prohibited two non-commonly owned stations ranked in the top four in viewership in a market from negotiating jointly with MVPDs. On December 5, 2014, federal legislation extended the joint negotiation prohibition to all non-commonly owned television stations in a market. Mission, Marshall, Parker and White Knight are now required to separately negotiate their future retransmission consent agreements with MVPDs for certain of their stations. We cannot predict at this time the impact this amended rule will have on future negotiations with MVPDs and the impact, if any, it will have on the Company's revenues and expenses.

Seasonality

Advertising revenue is positively affected by national and regional political election campaigns and certain events such as the Olympic Games or the Super Bowl. The Company’s stations’ advertising revenue is generally highest in the second and fourth quarters of each year, due in part to increases in consumer advertising in the spring and retail advertising in the period leading up to, and including, the holiday season. In addition, advertising revenue is generally higher during even-numbered years, when state, congressional and presidential elections occur and from advertising aired during the Olympic Games. 2015 was not an election year or an Olympic year.

Historical Performance

Revenue

The following table sets forth the amounts of the Company’s principal types of revenue (in thousands) and each type of revenue (other than trade and barter) and agency commissions as a percentage of total gross revenue for the years ended December 31:

	2015 Amount	%	2014 Amount	%	2013 Amount	%
Local	$369,313	39.8	$279,150	42.3	$265,376	51
National	153,607	16.5	109,930	16.7	113,423	21.8
Political	12,716	1.4	64,294	9.7	5,152	1
Retransmission compensation	298,023	32.1	154,963	23.5	101,119	19.4
Digital media revenue	89,902	9.7	46,692	7.1	30,846	5.9
Other	5,384	0.5	4,514	0.7	4,280	0.9
Total gross revenue	928,945	100	659,543	100	520,196	100
Less: Agency commissions	(79,668)		(59,446)		(49,395)	
Net broadcast revenue	849,277		600,097		470,801	
Trade and barter revenue	47,100		31,214		31,529	
Net revenue	$896,377		$631,311		$502,330	

Results of Operations

The following table sets forth a summary of the Company’s operations (in thousands) and each component of operating expense as a percentage of net revenue:

	2015 Amount	%	2014 Amount	%	2013 Amount	%
Net revenue	$896,377	100	$631,311	100	$502,330	100
Operating expenses:						
Corporate expenses	44,856	5	35,174	5.6	26,339	5.2
Direct operating expenses, net of trade	293,288	32.7	178,781	28.3	139,807	28.1
Selling, general and administrative expenses, excluding corporate	187,624	20.9	140,255	22.2	125,874	24.8
Trade and barter expense	46,651	5.2	31,333	5	30,730	6.1
Depreciation	47,222	5.3	35,047	5.6	33,578	6.7
Amortization of intangible assets	48,475	5.4	25,850	4.1	30,148	6
Amortization of broadcast rights, excluding barter	22,154	2.5	11,634	1.8	12,613	2.5
Income from operations	$206,107		$173,237		$103,241	

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

The period-to-period comparability of our consolidated operating results is affected by acquisitions. For each quarter we present, our legacy stations include those stations that we owned or provided services to for the complete quarter in the current and prior years. For our annual and year to date presentations, we combine the legacy stations' amounts presented in each quarter.

Revenue

Gross local advertising revenue was $369.3 million for the year ended December 31, 2015, compared to $279.2 million for the same period in 2014, an increase of $90.2 million, or 32.3%. Gross national advertising revenue was $153.6 million for the year ended December 31, 2015, compared to $109.9 million for the same period in 2014, an increase of $43.7 million, or 39.7%. The increase in local and national advertising revenue was primarily attributable to incremental revenue from our newly acquired stations of $135.8 million. Our legacy stations' local and national advertising revenue were relatively flat during the year ended December 31, 2015 compared to the same period in 2014. Our largest advertiser category, automobile, represented approximately 24.8% and 25.3% of our local and national advertising revenue for the years ended December 31, 2015 and 2014, respectively. Overall, including past results of our newly acquired stations, automobile revenues decreased during the year. The other categories representing our top five were fast food/restaurants which declined this year, furniture and medical/healthcare, which increased in 2015, and radio/TV/cable/newspaper, which remained flat.

Gross political advertising revenue was $12.7 million for the year ended December 31, 2015, compared to $64.3 million for the same period in 2014, a decrease of $51.6 million, as 2015 was not an election year.

Retransmission compensation was $298.0 million for the year ended December 31, 2015, compared to $155.0 million for the same period in 2014, an increase of $143.1 million, or 92.3%. The increase in retransmission compensation was attributable to a $70.7 million increase on our legacy stations, primarily related to the 2014 and 2015 renewals of contracts providing for higher rates per subscriber, and incremental revenue from our newly acquired stations of $72.4 million.

Digital media revenue, representing advertising revenue on our stations' web and mobile sites and revenue from our other digital operations, was $89.9 million for the year ended December 31, 2015, compared to $46.7 million for the same period in 2014, an increase of $43.2 million or 92.5%. The increase was primarily attributable to the $39.3 million in incremental revenue from our newly acquired stations and entities, and a $2.9 million increase in revenue from our legacy stations.

Operating Expenses

Corporate expenses, related to costs associated with the centralized management of our stations, were $44.9 million for the year ended December 31, 2015, compared to $35.2 million for the same period in 2014, an increase of $9.7 million, or 27.5%. This was primarily attributable to an increase in stock-based compensation expense of $3.8 million due to equity incentive awards in 2015, an increase in payroll expense of $1.6 million related to the increased number of stations, an increase in legal and professional fees of $2.4 million primarily associated with our acquisitions of stations and entities, and costs incurred attributable to the management of new VIEs of $1.2 million.

Station direct operating expenses, consisting primarily of news, engineering, programming and selling, general and administrative expenses (net of trade expense) were $477.3 million for the year ended December 31, 2015, compared to $318.4 million for the same period in 2014, an increase of $161.9 million, or 50.7%. The increase was primarily due to expenses of our newly acquired stations and entities of $119.3 million and an increase in programming costs for our legacy stations of $34.3 million primarily related to recently enacted network affiliation agreements. Network affiliation fees have been increasing industry wide and will continue to increase over the next several years.

Depreciation of property and equipment was $47.2 million for the year ended December 31, 2015, compared to $35.0 million for the same period in 2014, an increase of $12.2 million, or 34.7%, primarily due to the incremental depreciation of fixed assets from newly acquired stations and entities of $6.9 million and incremental depreciation from newly capitalized assets of $5.3 million.

Amortization of intangible assets was $48.5 million for the year ended December 31, 2015, compared to $25.9 million for the same period in 2014, an increase of $22.6 million, or 87.5%. The increase was primarily attributable to incremental amortization of other intangible assets from our newly acquired stations and entities of $22.4 million, partially offset by decreases in amortization from certain fully amortized intangible assets.

Amortization of broadcast rights, excluding barter was $22.2 million for the year ended December 31, 2015, compared to $11.6 million for the same period in 2014, an increase of $10.5 million, or 90.4%, primarily attributable to incremental amortization from the Company's newly acquired stations of $11.5 million. This was partially offset by decreases in amortization from our legacy stations.

Interest Expense, net

Interest expense, net was $80.5 million for the year ended December 31, 2015, compared to $62.0 million for the same period in 2014, an increase of $18.6 million, or 30.0%, primarily attributable to increased borrowings during 2015 and 2014 to fund the Company's acquisitions.

Income Taxes

Income tax expense was $48.7 million for the year ended December 31, 2015, compared to $46.1 million for the same period in 2014, an increase of $2.6 million, or 5.6%. The effective tax rates during the years ended December 31, 2015 and 2014 were 38.9% and 41.7%, respectively. Our station acquisitions reduced our blended state tax rate resulting in an income tax benefit in 2015 of $2.4 million, or a 1.9% impact to the effective tax rate and additional income tax expense in 2014 of $0.6 million, or a 0.6% impact to the effective tax rate.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenue

Gross local advertising revenue was $279.2 million for the year ended December 31, 2014, compared to $265.4 million for the same period in 2013, an increase of $13.8 million, or 5.2%. Gross national advertising revenue was $109.9 million for the year ended December 31, 2014, compared to $113.4 million for the same period in 2013, a decrease of $3.5 million, or 3.1%. The net increase in local and national advertising revenue was primarily attributable to incremental revenue from our newly acquired stations of $12.7 million, net of a terminated outsourcing agreement of one station. During 2014, our legacy stations' local and national advertising revenue decreased by $2.4 million compared to the same period in 2013, which reflected the changes in the mix between our legacy stations' local, national and political advertising revenue, partially offset by increases in advertising revenue from the Olympics in our NBC affiliate stations during the first quarter of 2014. Our largest advertiser category, automobile, represented approximately 25.3% and 25.0% of our local and national advertising revenue for the years ended December 31, 2014 and 2013, respectively. Overall, including past results of our newly acquired stations, automobile revenues were relatively flat. The other categories representing our top five were fast food/restaurants and furniture, which declined this year, and attorneys and radio/TV/cable/newspaper, which increased in 2014.

Gross political advertising revenue was $64.3 million for the year ended December 31, 2014, compared to $5.2 million for the same period in 2013, an increase of $59.1 million, due to 2014 being an election year.

Retransmission compensation was $155.0 million for the year ended December 31, 2014, compared to $101.1 million for the same period in 2013, an increase of $53.8 million, or 53.2%. The increase in retransmission compensation was primarily attributable to the result of contracts providing for higher rates per subscriber during the year on our legacy stations and $10.8 million incremental revenue from our newly acquired stations.

Digital media revenue, representing advertising revenue on our stations' web and mobile sites and revenue from our digital business, was $46.7 million for the year ended December 31, 2014, compared to $30.8 million for the same period in 2013, an increase of $15.8 million or 51.4%. The increase was primarily attributable to the $19.4 million incremental revenue from our newly acquired stations and entities, and a $3.1 million increase in revenue from our legacy stations primarily attributable to increased advertising revenue from new product offerings during the year and from the Olympics in the first quarter of 2014. This was partially offset by a $6.3 million decrease in revenue due to the termination of certain customer contracts.

Operating Expenses

Corporate expenses, related to costs associated with the centralized management of the Company's stations, were $35.2 million for the year ended December 31, 2014, compared to $26.3 million for the same period in 2013, an increase of $8.8 million, or 33.5%. This was primarily attributable to an increase in stock-based compensation expense of $5.5 million due to equity incentive awards during 2014, and an increase in payroll and bonus expense of $2.5 million related to the increased number of stations and higher revenue. These increases were partially offset by a decrease in legal and professional fees of $0.4 million primarily associated with our and Mission's acquisitions of television stations in the prior year.

Station direct operating expenses, consisting primarily of news, engineering, programming and selling, general and administrative expenses (net of trade expense) were $318.4 million for the year ended December 31, 2014, compared to $264.4 million for the same period in 2013, an increase of $54.0 million, or 20.4%. The increase was primarily due to expenses of our newly acquired stations and entities of $31.2 million, net of a terminated outsourcing agreement of one station, and an increase in programming costs of our legacy stations of $20.3 million related to recently enacted network affiliation agreements. Network affiliation fees have been increasing industry wide and will continue to increase over the next several years.

Depreciation of property and equipment was $35.0 million for the year ended December 31, 2014, compared to $33.6 million for the same period in 2013, an increase of $1.5 million, or 4.4%, primarily due to the incremental depreciation of fixed assets from our newly acquired stations and entities and an increase in depreciation of purchased software during 2014, partially offset by decreases in depreciation from certain fully depreciated property and equipment.

Amortization of intangible assets was $25.9 million for the year ended December 31, 2014, compared to $30.1 million for the same period in 2013, a decrease of $4.3 million, or 14.3%. This was primarily attributable to decreases in amortization of other intangible assets from certain fully amortized assets, partially offset by incremental amortization of our newly acquired intangible assets.

Amortization of broadcast rights, excluding barter was $11.6 million for the year ended December 31, 2014, compared to $12.6 million for the same period in 2013, a decrease of $1.0 million, or 7.8%. The decrease was primarily attributable to nonrecurring adjustments to the net realizable value of broadcast rights during 2013, partially offset by incremental amortization from our newly acquired stations.

Interest Expense, net

Interest expense, net was $62.0 million for the year ended December 31, 2014, compared to $66.3 million for the same period in 2013, a decrease of $4.3 million, or 6.5%. The decrease was primarily attributable to lower interest rates on the Company's outstanding debt as a result of refinancing the $325.0 million 8.875% Notes ("8.875% Notes") into a combination of $275.0 million 6.875% Notes and borrowings under our and Mission's amended credit facilities during the fourth quarter of 2013. This decrease was partially offset by additional interest on increased borrowings during 2013 and 2014 under the Company's senior secured credit facilities.

Loss on Extinguishment of Debt

In 2014, we and Mission recognized a $0.1 million loss on extinguishment of debt related to the amendment of the terms of Term Loan A and a $3.2 million partial prepayment of outstanding principal balance therein. In 2013, we and Mission recognized a $34.7 million loss on extinguishment of debt, which consisted of $34.3 million related to the retirement of the 8.875% Notes and $0.4 million related to the refinancing of senior secured credit facilities.

Other Expenses

In 2014, other expenses of $0.6 million were attributable to our equity in losses of unconsolidated tower joint ventures. Other expenses during 2013 were attributable to $1.0 million of underwriting fees we and Mission incurred to refinance term loans that allowed favorable interest rates and extended debt maturity date and our equity in losses of unconsolidated tower joint ventures of $0.5 million.

Income Taxes

Income tax expense was $46.1 million for the year ended December 31, 2014, compared to $2.6 million for the same period in 2013, an increase of $43.5 million. The effective tax rates for the years ended December 31, 2014 and 2013

were 41.7% and 319.0%, respectively. The effective tax rate variance primarily relates to the tax impact of state taxes net of federal benefit, and permanent items including meals and entertainment, nondeductible acquisition costs, and the limitation on officer compensation under Internal Revenue Code (“IRC”) section 162(m), true-ups adjustments for 2013 tax return filings completed during 2014 and an overall reduction in the effective state tax rate from 2013 to 2014.

Liquidity and Capital Resources

The Company is highly leveraged, which makes it vulnerable to changes in general economic conditions. The Company's ability to meet the future cash requirements described below depends on its ability to generate cash in the future, which is subject to general economic, financial, competitive, legislative, regulatory and other conditions, many of which are beyond the Company's control. Based on current operations and anticipated future growth, the Company believes that its available cash, anticipated cash flow from operations and available borrowings under the senior secured credit facilities will be sufficient to fund working capital, capital expenditure requirements, interest payments and scheduled debt principal payments for at least the next twelve months. In order to meet future cash needs the Company may, from time to time, borrow under its existing senior secured credit facilities or issue other long- or short-term debt or equity, if the market and the terms of its existing debt arrangements permit. We will continue to evaluate the best use of our operating cash flow among our capital expenditures, acquisitions and debt reduction.

Overview

The following tables present summarized financial information management believes is helpful in evaluating the Company's liquidity and capital resources (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Net cash provided by operating activities	$197,266	$166,527	$27,339
Net cash used in investing activities	(474,341)	(230,033)	(248,118)
Net cash provided by financing activities	188,579	155,390	191,808
Net (decrease) increase in cash and cash equivalents	$(88,496)	$91,884	$(28,971)
Cash paid for interest	$70,430	$59,227	$75,074
Cash paid for income taxes, net of refunds[1]	$29,060	$3,131	$2,129

(1) The cash paid for income taxes, net of refunds, during the year ended December 31, 2015 includes payments totaling $23.0 million in tax liabilities assumed in or resulting from various acquisitions and sales.

	As of December 31,	
	2015	2014
Cash and cash equivalents	$ 43,416	$ 131,912
Long-term debt including current portion[1]	1,476,214	1,220,369
Unused revolving loan commitments under senior secured credit facilities[2]	103,000	99,500

(1) As discussed in Note 2 to our Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K, the Company retrospectively adopted the FASB issued guidance related to the presentation of debt financing costs, which requires costs paid to third parties that are directly attributable to issuing a debt instrument to be presented as a direct deduction from the carrying value of the debt as opposed to an asset. As such, the amount previously reported as other noncurrent assets and debt in our Consolidated Balance Sheet as of December 31, 2014 related to term loans and publicly-held notes were decreased by $15.8 million.

(2) Based on the covenant calculations as of December 31, 2015, all of the $103.0 million total unused revolving loan commitments under the Company's senior secured credit facilities were available for borrowing.

Cash Flows – Operating Activities

Net cash flows provided by operating activities increased by $30.7 million during the year ended December 31, 2015 compared to the same period in 2014. This was primarily due to an increase in net revenue (excluding trade and barter) of $249.2 million less an increase in station and corporate operating expenses (excluding stock compensation) of $166.2 million, and sources of cash resulting from the timing of payments to vendors of $10.7 million. These transactions were partially offset by a $19.9 million use of cash resulting from the timing of collections of accounts receivable, an increase in payments for income taxes of $25.9 million, an increase in payments for broadcast rights of $10.4 million and an increase in cash paid for interest of $11.2 million.

Cash paid for interest increased by $11.2 million during the year ended December 31, 2015 compared to the same period in 2014. The increase was primarily due to increased borrowings during 2015 and 2014 to fund the Company's acquisitions.

Net cash flows provided by operating activities increased by $139.2 million during the year ended December 31, 2014 compared to the same period in 2013. This was primarily due to an increase in net revenue of $129.0 million less an increase in station and corporate operating expenses (excluding stock compensation) of $57.3 million, an increase in net collections of accounts receivable of $27.7 million, a $15.8 million decrease in cash paid for interest and a $28.4 million decrease in premium paid on retirement of the 8.875% Notes in 2013.

Cash paid for interest decreased by $15.8 million during the year ended December 31, 2014 compared to the same period in 2013. The decrease was primarily attributable to lower interest rates on the Company's outstanding debt as a result of refinancing the 8.875% Notes into a combination of $275.0 million 6.875% Notes and borrowings under our and Mission's amended credit facilities during the fourth quarter of 2013. This decrease was partially offset by additional interest on increased borrowings during 2013 and 2014 under the Company's senior secured credit facilities.

Cash Flows – Investing Activities

Net cash flows used in investing activities increased by $244.3 million during the year ended December 31, 2015 compared to the same period in 2014. During the year ended December 31, 2015, deposits and payments for acquisitions, net of proceeds from station disposals, were $448.9 million, compared to $209.7 million for the same period in 2014. During the year ended December 31, 2015, capital expenditures, net of proceeds from disposals, increased by $5.1 million compared to the same period in 2014, primarily due to capital expenditures for newly acquired stations and entities.

Net cash flows used in investing activities decreased by $18.1 million during the year ended December 31, 2014 compared to the same period in 2013. During the year ended December 31, 2014, deposits and payments for acquisitions were $209.7 million, compared to $229.4 million for the same period in 2013. Capital expenditures during the year ended December 31, 2014 increased by $1.4 million compared to the same period in 2013, primarily due to capital expenditures for newly acquired stations and entities.

Cash Flows – Financing Activities

Net cash flows provided by financing activities increased by $33.2 million during the year ended December 31, 2015 compared to the same period in 2014.

In 2015, we completed the sale and issuance of $275.0 million 6.125% Notes, due 2022, at par. We also borrowed a total amount of $144.9 million under our revolving credit facility. These borrowings were used to partially finance the CCA, KASW, Yashi, KLAS and Kixer acquisitions and to pay for related fees and expenses. We also received $3.4 million proceeds from stock option exercises. Additionally, Marshall borrowed $2.0 million under its revolving credit facility. These cash flow increases were partially offset by repurchases of our Class A common stock of $48.7 million, scheduled repayments of $15.8 million of outstanding principal balance under our, Mission's and Marshall's term loans, repayments of outstanding obligations under the Company's revolving credit facilities of $150.4 million, payments of dividends to our common stockholders of $23.7 million ($0.19 per share each quarter), payments for debt financing costs of $3.2 million and payments for capital lease obligations of $3.0 million.

Net cash flows provided by financing activities decreased by $36.4 million during the year ended December 31, 2014 compared to the same period in 2013.

During 2014, we and Marshall borrowed $231.8 million in term loans, net of discount. In addition, Mission borrowed $5.5 million from its revolving credit facility in order to pay us for amounts due under service agreements. Additionally, we received $2.0 million proceeds from stock option exercises. These transactions were partially offset by debt repayments of $72.4 million of outstanding principal under the Company's term loans (including a prepayment of $60.0 million principal balance under our term loans), dividends to our stockholders of $18.4 million ($0.15 per share each quarter), payments for debt financing costs of $1.6 million and payments for capital lease obligations of $1.5 million. The total net term loan borrowings of $171.8 million were used to partially finance the acquisition of Gray TV (June 2014), Grant (December 2014) and CCA (January 2015).

During 2013, we and Mission borrowed a total of $379.0 million in term loans and revolving loans under our and Mission's senior secured credit facilities. On October 1, 2013, we also completed the sale and issuance of the $275.0 million 6.875% Notes. The proceeds from these borrowings were used to partially finance deposits and payments for

acquisition of stations, retirement of the 8.875% Notes and for general corporate purposes. We also received $7.0 million proceeds from stock option exercises. The cash flow increases were partially offset by repayments of $122.0 million outstanding obligations under our and Mission's senior secured facilities, retirement of the 8.875% Notes for $316.8 million, quarterly dividend payments to our common stockholders of $14.3 million, purchase of treasury stock for $8.4 million and payments for debt financing costs of $7.2 million.

Future Sources of Financing and Debt Service Requirements

As of December 31, 2015, the Company had total combined debt of $1.5 billion, which represented 94.8% of the Company's combined capitalization. The Company's high level of debt requires that a substantial portion of cash flow be dedicated to pay principal and interest on debt, which reduces the funds available for working capital, capital expenditures, acquisitions and other general corporate purposes.

The Company had $103.0 million of total unused revolving loan commitments under the senior secured credit facilities, all of which were available for borrowing, based on the covenant calculations as of December 31, 2015. The Company's ability to access funds under its senior secured credit facilities depends, in part, on our compliance with certain financial covenants. Any additional drawings under the senior secured credit facilities will reduce the Company's future borrowing capacity and the amount of total unused revolving loan commitments.

The following table summarizes the approximate aggregate amount of principal indebtedness scheduled to mature for the periods referenced as of December 31, 2015 (in thousands):

	Total	2016	2017-2018	2019-2020	Thereafter
Nexstar senior secured credit facility	$406,761	$15,154	$140,738	$250,869	$-
Mission senior secured credit facility	228,227	2,335	4,670	221,222	-
Marshall senior secured credit facility	57,950	4,650	53,300	-	-
6.875% senior unsecured notes due 2020	525,000	-	-	525,000	-
6.125% senior unsecured notes due 2022	275,000	-	-	-	275,000
	$1,492,938	$22,139	$198,708	$997,091	$275,000

In August 2015, we announced a share repurchase program which authorizes us to purchase up to $100.0 million of our outstanding shares of Class A Common Stock. In 2015, we repurchased a total of 1,010,565 shares of Class A common stock for $48.7 million, funded by cash on hand.

On January 21, 2016, our Board of Directors declared a quarterly dividend of $0.24 per share of our Class A common stock. The dividend was paid on February 26, 2016 to stockholders of record on February 12, 2016.

On January 27, 2016, we entered into a definitive merger agreement with Media General, whereby we will acquire Media General's outstanding equity for approximately $2.0 billion in cash and stock consideration, estimated based on the $39.08 market price per share of our Class A Common Stock on February 17, 2016 and Media General's diluted common shares outstanding, plus the potential CVR entitling Media General shareholders to net cash proceeds from the sale of Media General's spectrum in the FCC's upcoming spectrum auction. The merger is not subject to any financing condition and we have received committed financing up to a maximum of $4.7 billion from a group of commercial banks to provide the debt financing to consummate the merger and the refinancing of certain of the existing indebtedness of Nexstar, Media General and certain of their variable interest entities. With respect to Nexstar and certain of its variable interest entities, the debt refinancing will include the outstanding obligations under the revolving credit facilities and term loans. We expect the merger and the debt refinancing to be completed late in the third quarter/early in the fourth quarter of 2016, subject to a vote by stockholders of Nexstar and Media General, FCC approval and other regulatory approvals (including expiration of the applicable Hart-Scott-Rodino waiting period) and other customary closing conditions.

The merger agreement contains certain termination rights for both us and Media General. If the merger agreement is terminated in connection with Media General entering into a definitive agreement for a superior proposal, as well as under certain other circumstances, the termination fee payable to us will be $80.0 million. If the merger agreement is terminated because the required Media General shareholder vote is not obtained at a shareholder meeting duly held for such purpose, the amount of the termination fee payable to us will be $20.0 million. The merger agreement also

provides that we will be required to pay a termination fee to Media General of $80.0 million if the merger agreement is terminated under certain circumstances and a termination fee of $20.0 million if the required Nexstar shareholder vote is not obtained at a shareholder meeting duly held for such purpose. Either party may terminate the merger agreement if the merger is not consummated on or before January 27, 2017, with an automatic extension to April 27, 2017, if necessary to obtain regulatory approval under circumstances specified in the merger agreement.

In January 2016, we acquired certain assets of four full power stations in four markets in West Virginia for $65.0 million in cash. In February 2016, we completed the acquisition of the assets of four full power television stations for $41.8 million in cash, subject to adjustments for working capital. These acquisitions were funded by a combination of cash on hand and $54.0 million net borrowings under our revolving credit facility in January and February 2016. We expect to acquire the remaining assets of the four stations in West Virginia at the end of 2016 and the remaining purchase price of $65.0 million will be funded through cash on hand upon closing and borrowings under our existing credit facility.

We have also signed agreements to acquire one full power station in the Des Moines-Ames, Iowa market. Subject to working capital adjustments, we will fund the remaining purchase price of $3.3 million through cash on hand upon closing which we expect to occur in 2016.

In connection with our acquisition of the outstanding equity of Kixer, we have committed to pay the sellers up to $7.0 million in Earnout Payments if certain revenue targets are met during the year 2016. We expect to fund the Earnout Payments through a combination of cash to be generated from operations and borrowings under our senior secured credit facility.

We make semiannual interest payments on our 6.875% Notes on May 15 and November 15 of each year. We make semiannual interest payments on our 6.125% Notes on February 15 and August 15 of each year. Interest payments on our, Mission's and Marshall's senior secured credit facilities are generally paid every one to three months and are payable based on the type of interest rate selected.

The terms of our, Mission's and Marshall's senior secured credit facilities, as well as the indentures governing our 6.875% Notes and 6.125% Notes, limit, but do not prohibit us, Mission or Marshall from incurring substantial amounts of additional debt in the future.

We do not have any rating downgrade triggers that would accelerate the maturity dates of our debt. However, a downgrade in our credit rating could adversely affect our ability to renew existing credit facilities, obtain access to new credit facilities or otherwise issue debt in the future and could increase the cost of such debt.

Debt Covenants

Our senior secured credit facility contains covenants that require us to comply with certain financial ratios, including: (a) a maximum consolidated total net leverage ratio, (b) a maximum consolidated first lien net leverage ratio, and (c) a minimum consolidated fixed charge coverage ratio. The covenants, which are calculated on a quarterly basis, include the combined results of the Company. Mission's and Marshall's senior secured credit facilities do not contain financial covenant ratio requirements; however, they do include events of default if Nexstar does not comply with all covenants contained in its credit agreement. The 6.875% Notes and the 6.125% Notes contain restrictive covenants customary for arrangements of these types. We believe Nexstar, Mission and Marshall will be able to maintain compliance with all covenants contained in the credit agreements governing the senior secured facilities and the indentures governing our 6.875% Notes and 6.125% Notes for a period of at least the next twelve months from December 31, 2015.

No Off-Balance Sheet Arrangements

As of December 31, 2015, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. All of our arrangements with our VIEs in which we are the primary beneficiary are all on-balance sheet arrangements. Our variable interests in other entities are obtained through local service agreements, which have valid business purposes and transfer certain station activities from the station owners to us. We are, therefore, not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Contractual Obligations

The following summarizes the Company’s contractual obligations as of December 31, 2015, and the effect such obligations are expected to have on the Company’s liquidity and cash flow in future periods (in thousands):

	Total	2016	2017-2018	2019-2020	Thereafter
Nexstar senior secured credit facility	$406,761	$15,154	$140,738	$250,869	$-
Mission senior secured credit facility	228,227	2,335	4,670	221,222	-
Marshall senior secured credit facility	57,950	4,650	53,300	-	-
6.875% senior unsecured notes due 2020	525,000	-	-	525,000	-
6.125% senior unsecured notes due 2022	275,000	-	-	-	275,000
Cash interest on debt(1)	381,824	76,878	149,046	135,547	20,353
Broadcast rights current cash commitments(2)	18,891	8,026	8,652	1,907	306
Broadcast rights future cash commitments	31,871	12,313	14,288	3,832	1,438
Executive employee contracts(3)	35,474	14,954	18,596	1,924	-
Operating lease obligations	66,488	10,459	19,975	15,548	20,506
Capital lease obligations	8,009	361	646	669	6,333
Other long-term liabilities	7,803	3,228	4,502	73	-
	$2,043,298	$148,358	$414,413	$1,156,591	$323,936

(1) Estimated interest payments due, as if all debt outstanding as of December 31, 2015 remained outstanding until maturity, based on interest rates in effect at December 31, 2015.

(2) Excludes broadcast rights barter payable commitments recorded on the Consolidated Financial Statements as of December 31, 2015 in the amount of $39.2 million.

(3) Includes the employment contracts for all corporate executive employees and general managers of our stations.

As of December 31, 2015, we had $3.7 million of unrecognized tax benefits. This liability represents an estimate of tax positions that the Company has taken in its tax returns which may ultimately not be sustained upon examination by the tax authorities. The resolution of these tax positions may not require cash settlement due to the existence of NOLs.

Critical Accounting Policies and Estimates

Our Consolidated Financial Statements have been prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the Consolidated Financial Statements and reported amounts of revenue and expenses during the period. On an ongoing basis, we evaluate our estimates, including those related to business acquisitions, goodwill and intangible assets, property and equipment, bad debts, broadcast rights, retransmission revenue, trade and barter and income taxes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates.

For an overview of our significant accounting policies, we refer you to Note 2 to our Consolidated Financial Statements in Part IV, Item 15 of this Annual Report on Form 10-K. We believe the following critical accounting policies are those that are the most important to the presentation of our Consolidated Financial Statements, affect our more significant estimates and assumptions, and require the most subjective or complex judgments by management.

Consolidation of Variable Interest Entities

We regularly evaluate our local service agreements and other arrangements where we may have variable interests to determine whether we are the primary beneficiary of a VIE. Under U.S. GAAP, a company must consolidate an entity when it has a "controlling financial interest" resulting from ownership of a majority of the entity's voting rights. Accounting rules expand the definition of controlling financial interest to include factors other than equity ownership and voting rights.

In applying accounting and disclosure requirements, we must base our decision to consolidate an entity on quantitative and qualitative factors that indicate whether or not we are absorbing a majority of the entity's economic risks or receiving a majority of the entity's economic rewards. Our evaluation of the "risks and rewards" model must be an ongoing process and may alter as facts and circumstances change.

Mission, Marshall, White Knight and Parker are included in our Consolidated Financial Statements because we are deemed to have controlling financial interests in these entities as VIEs for financial reporting purposes as a result of (1) local service agreements we have with the stations they own, (2) our guarantee of the obligations incurred under Mission's and Marshall's senior secured credit facilities, (3) our power over significant activities affecting Mission's, Marshall's, White Knight's and Parker's economic performance, including budgeting for advertising revenue, advertising sales and, for Mission, White Knight and Parker, hiring and firing of sales force personnel and (4) purchase options granted by Mission which will permit us to acquire the assets and assume the liabilities of each Mission station, subject to FCC consent. Additionally, on November 29, 2011, Mission's shareholders granted us an option to purchase any or all of Mission's stock, subject to FCC consent, for a price equal to the pro rata portion of the greater of (1) five times the stations' cash flow, as defined in the agreement, reduced by the amount of indebtedness, as defined in the agreement, or (2) $100,000. These option agreements expire on various dates between 2017 and 2024 and are freely exercisable or assignable without the consent of Mission or its shareholders.

Parker, Marshall and White Knight are included in our Consolidated Financial Statements as of June 13, 2014, December 1, 2014 and January 1, 2015, respectively.

Valuation of Goodwill and Intangible Assets

Intangible assets represented $1.3 billion, or 68.4%, of our total assets as of December 31, 2015. Intangible assets consist primarily of goodwill, FCC licenses, network affiliation agreements, developed technology and customer relationships arising from acquisitions. The purchase prices of acquired businesses are allocated to the assets and liabilities acquired at estimated fair values at the date of acquisition using various valuation techniques, including discounted projected cash flows, the cost approach and the income approach. The excess of the purchase price over the fair value of net assets acquired is recorded as goodwill. If the fair value of these assets is less than the carrying value, we may be required to record an impairment charge.

We aggregate our broadcast stations and related websites by market (a total of 55 reporting units) for purposes of our goodwill and FCC licenses impairment testing because we view, manage and evaluate our stations and the related websites on a market basis. We also have two digital media reporting units, a digital content management solution and a digital targeted video advertising platform. We test our goodwill and FCC licenses in our fourth quarter each year, or whenever events or changes in circumstances indicate that such assets might be impaired. We first assess the qualitative factors to determine the likelihood of our goodwill and FCC licenses being impaired. Our qualitative analysis includes, but is not limited to, assessing the changes in macroeconomic conditions, regulatory environment, industry and market conditions, and the financial performance versus budget of the reporting units, as well as any other events or circumstances specific to the reporting unit or the FCC licenses. If it is more likely than not that the fair value of a reporting unit or an FCC license is greater than their respective carrying amounts, no further testing will be required. Otherwise, we will apply the quantitative impairment test method.

The quantitative impairment test for FCC licenses consists of a market-by-market comparison of the carrying amount with the fair value, using a discounted cash flow valuation method, assuming a hypothetical startup scenario. The quantitative impairment test for goodwill utilizes a two-step fair value approach. The first step of the goodwill quantitative impairment test compares the fair value of the reporting unit to its carrying amount, including goodwill. The fair value of a reporting unit is determined through the use of a discounted cash flow analysis. The valuation assumptions used in the discounted cash flow model reflect historical performance of the reporting unit and the prevailing values in the markets for broadcasters. If the fair value of the reporting unit exceeds its carrying amount, goodwill is not considered impaired. If the carrying amount of the reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed to measure the amount of impairment loss, if any. The second step of the goodwill impairment test compares the implied fair value of goodwill with the carrying amount of that goodwill. The implied fair value of goodwill is determined by performing an assumed purchase price allocation, using the reporting unit's fair value (as determined in the first step described above) as the purchase price. If the carrying amount of goodwill exceeds the implied fair value, an impairment loss is recognized in an amount equal to that excess but not

more than the carrying value of goodwill.

We test our finite-lived intangible assets whenever events or circumstances indicate that their carrying amount may not be recoverable, relying on a number of factors including operating results, business plans, economic projections and anticipated future cash flows. Impairment in the carrying amount of a finite-lived intangible asset is recognized when the expected future operating cash flow derived from the operations to which the asset relates is less than its carrying value.

We performed our annual impairment tests on intangible assets attributable to our broadcast markets using the qualitative analysis approach and concluded that it was more likely than not that the fair value of the reporting units and the fair value of FCC licenses would sufficiently exceed the carrying amounts. Thus, it was not necessary to perform the quantitative test method. We also performed a qualitative analysis on one of our digital reporting units. This unit was acquired in 2015 and its projected operating results do not indicate that the carrying value would exceed the fair value of this unit. As it is a recent acquisition, we will continue to closely monitor its operating results in future quarters. There were no indicators that our finite-lived intangible assets attributable to broadcast markets and this recently acquired digital reporting unit will not be recoverable.

We elected to perform quantitative goodwill impairment tests on our other digital reporting unit due to current operating losses, anticipated termination of certain customers in 2016 and lower short-term future earnings expectations. This Step 1 was performed using a combination of a discounted cash flows analysis and other valuation techniques. The key assumptions included in our discounted cash flows analysis were: compound annual growth rate of 5.4% based on management projections for this unit and industry trends, operating profit margins in the initial year of 7.3% driven by planned development activities with increases to 20.6% reflecting a mature operating model, discount rate of 17.0% based on an analysis of digital media companies, income tax rate of 40.5% based on statutory federal and blended state tax rates, and terminal growth rate of 3.5% estimated based on a mature company in the digital media industry. The results of our first step analysis indicated potential impairment as the reporting unit's book value of $28.2 million exceeded its estimated fair value of $26.1 million. Thus, we performed the second step to quantify any goodwill impairment.

The estimated fair value of the reporting unit was allocated to the respective assets and liabilities in order to determine the implied value of goodwill, in a manner similar to the calculations performed in accounting for a business combination. The results of our step two analysis indicated that the implied value of goodwill of $10.8 million exceeded its book value of $10.4 million, or a margin of approximately 4%. Therefore, no goodwill impairment charge was required as of December 31, 2015. Our quantitative goodwill impairment test is sensitive to changes in key assumptions used in our analysis, such as expected future cash flows and market trends. Given the slim margin between the implied value and the carrying value of goodwill, if the assumptions used in our analysis are not realized, it is possible that an impairment charge may need to be recorded in the future. We cannot accurately predict the amount and timing of any impairment of goodwill or other intangible assets. Further, we will need to continue to evaluate the carrying value of our goodwill and any additional impairment charges that we may take in the future could have an impact on our results of operations and financial condition. We will actively monitor the results of this reporting unit in future quarters.

We also performed quantitative tests to determine whether this digital reporting unit's finite-lived assets are recoverable. Based on our estimate of undiscounted future pre-tax cash flows expected to result from the use of these assets, we determined that the carrying amounts are recoverable by a substantial margin as of December 31, 2015.

Allowance for Doubtful Accounts

We maintain allowances for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. We evaluate the collectability of our accounts receivable based on a combination of factors. In circumstances where we are aware of a specific customer's inability to meet its financial obligations, we record a specific reserve to reduce the amounts recorded to what we believe will be collected. If the financial condition of our customers were to deteriorate, resulting in their inability to make payments, additional allowances may be required. The allowance for doubtful accounts was $5.4 million and $3.0 million as of December 31, 2015 and 2014, respectively.

Broadcast Rights Carrying Amount

We record broadcast rights contracts as an asset and a liability when the license period has begun, the cost of each program is known or reasonably determinable, we have accepted the program material, and the program is produced and available for broadcast. Cash broadcast rights are initially recorded at the contract cost. Barter broadcast rights are recorded at fair value, which is estimated by using average historical advertising rates for the time periods where the programming will air. Broadcast rights are amortized on a straight-line basis over the period the programming airs. The current portion of broadcast rights represents those rights available for broadcast which will be amortized in the succeeding year. At least quarterly, we evaluate the net realizable value, calculated using the average historical rates for the programs or the time periods the programming will air, of our broadcast rights and adjust amortization in that quarter for any deficiency calculated. As of December 31, 2015, the carrying amounts of our current broadcast rights were $16.3 million and non-current broadcast rights were $10.9 million.

Retransmission Revenue

We earn revenues from local cable providers, DBS services and other MVPDs for the retransmission of our broadcasts. These revenues are generally earned based on a price per subscriber of the MVPD within the retransmission area. The MVPDs report their subscriber numbers to us generally on a 30 to 60 day lag, generally upon payment of the fees due to us. Prior to receiving the MVPD reporting, we record revenue based on management's estimate of the number of subscribers, utilizing historical levels and trends of subscribers for each MVPD.

Trade and Barter Transactions

We trade certain advertising time for various goods and services. These transactions are recorded at the estimated fair value of the goods or services received. We barter advertising time for certain program material. These transactions, except those involving exchange of advertising time for network programming, are recorded at management's estimate of the fair value of the advertising time exchanged, which approximates the fair value of the program material received. The fair value of advertising time exchanged is estimated by applying average historical advertising rates for specific time periods. We recorded barter revenue of $37.7 million, $22.7 million and $22.8 million for the years ended December 31, 2015, 2014 and 2013, respectively. Trade revenue of $9.4 million, $8.5 million and $8.7 million was recorded for the years ended December 31, 2015, 2014 and 2013, respectively. We incurred trade and barter expense of $46.7 million, $31.3 million and $30.7 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Income Taxes

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities. A valuation allowance is applied against net deferred tax assets if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. While we have considered future taxable income in assessing the need for a valuation allowance, in the event that we were to determine that we would not be able to realize all or part of our deferred tax assets in the future, an adjustment to the valuation allowance would be charged to income in the period such a determination was made. Section 382 of the Internal Revenue Code of 1986, as amended, generally imposes an annual limitation on the amount of NOLs that may be used to offset taxable income when a corporation has undergone significant changes in stock ownership. Ownership changes are evaluated as they occur and could limit the ability to use NOLs. In May 2013, our former principal stockholder, ABRY, sold the remainder of its common stock holdings in Nexstar and no longer has any ownership interest in us. As a result of this sale, an ownership change occurred resulting in a Section 382 limitation on the use of our NOLs. The sale of common stock by ABRY is not expected to impact Mission. The Company expects to be able to utilize the existing NOLs prior to their expiration. Our estimated annual Section 382 limitation following the ownership change is $181.8 million for 2016, $91.2 million for 2017, $45.4 million for 2018 and $20.9 million for 2019 and annually thereafter.

In addition, any subsequent ownership changes could result in additional limitations. The ability to use NOLs is also dependent upon the Company's ability to generate taxable income. The NOLs could expire prior to their use. To the extent the Company's use of NOLs is significantly limited, the Company's income could be subject to corporate income tax earlier than it would if it were able to use NOLs, which could have a negative effect on the Company's financial results and operations. Changes in ownership are largely beyond our control and we can give no assurance that we will continue to have realizable NOLs.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities. The determination is based on the technical merits of the position and presumes that each uncertain tax position will be examined by the relevant taxing authority that has full knowledge of all relevant information. We recognize interest and penalties relating to income taxes as components of income tax expense.

Recent Accounting Pronouncements

Refer to Note 2 of our Consolidated Financial Statements in Part IV, Item 15(a) of this Annual Report on Form 10-K for a discussion of recently issued accounting pronouncements, including our expected date of adoption and effects on results of operations and financial position.

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Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our exposure to market risk for changes in interest rates relates primarily to our long-term debt obligations.

The term loan borrowings under the Company’s senior credit facilities bear interest at rates ranging from 2.2% to 3.8% as of December 31, 2015, which represented the base rate, or LIBOR, plus the applicable margin, as defined. The revolving loans bear interest at LIBOR plus the applicable margin, which totaled 2.2% at December 31, 2015. Interest is payable in accordance with the credit agreements.

Including the impact of the LIBOR floor on certain of the Company’s term loans, an increase in LIBOR of 100 basis points (one percentage point) from the December 31, 2015 level would increase the Company’s annual interest expense and decrease cash flow from operations by $4.1 million, based on the outstanding balance of its credit facilities as of December 31, 2015. An increase in LIBOR of 50 basis points (one-half of a percentage point) would result in a $1.0 million increase in the Company’s annual interest expense and decrease in cash flows from operations. If LIBOR were to decrease either by 100 basis points or 50 basis points, the Company’s annual interest would decrease and cash flows from operations would increase by $0.9 million. Our 6.875% Notes and 6.125% Notes are fixed rate debt obligations and therefore are not exposed to market interest rate changes. As of December 31, 2015, we have no financial instruments in place to hedge against changes in the benchmark interest rates on our senior credit facilities.

Impact of Inflation

We believe that our results of operations are not affected by moderate changes in the inflation rate.

Item 8. Financial Statements and Supplementary Data

Our Consolidated Financial Statements are filed with this report. The Consolidated Financial Statements and Supplementary Data are included in Part IV, Item 15(a) of this Annual Report on Form 10-K.

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

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Nexstar's management, with the participation of its President and Chief Executive Officer along with its Chief Financial Officer, conducted an evaluation as of the end of the period covered by this annual report of the effectiveness of the design and operation of Nexstar's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act.

Based upon that evaluation, Nexstar's President and Chief Executive Officer and its Chief Financial Officer concluded that as of December 31, 2015, Nexstar's disclosure controls and procedures were effective in providing reasonable assurance that information required to be disclosed in the reports that it files or submits under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to Nexstar's management, including its President and Chief Executive Officer and its Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

During the quarterly period as of the end of the period covered by this report, there have been no changes in Nexstar's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Nexstar's management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. GAAP. Management assesses the effectiveness of our internal control over financial reporting as of December 31, 2015 based upon the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control—Integrated Framework (2013).

We have excluded KASW, KLAS, the CCA stations and the related consolidated VIEs, Yashi and Kixer from our assessment of internal control over financial reporting as of December 31, 2015, because either they were acquired in purchase business combinations or we became the primary beneficiary of variable interests in these entities in 2015. These acquired businesses and consolidated VIEs represented collectively 6.0% of our consolidated total assets and 20.0% of our consolidated total net revenues as of and for the year ended December 31, 2015.

Based on management's assessment, we have concluded that our internal control over financial reporting was effective as of December 31, 2015.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2015 as stated in their report which appears herein.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information concerning directors that is required by this Item 10 will be set forth in the Proxy Statement to be provided to stockholders in connection with our 2016 Annual Meeting of Stockholders (the "Proxy Statement") or in an amendment to this Annual Report on Form 10-K under the headings "Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance," which information is incorporated herein by reference.

Item 11. Executive Compensation

Information required by this Item 11 will be set forth in the Proxy Statement under the headings "Compensation of Named Executive Officers" and "Compensation of Directors," which information is incorporated herein by reference. Information specified in Items 402(k) and 402(l) of Regulation S-K and set forth in the Proxy Statement is incorporated by reference.

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

Information required by this Item 12 will be set forth in the Proxy Statement under the headings "Beneficial Ownership of Nexstar Common Stock," and "Compensation of Named Executive Officers," which information is incorporated herein by reference.

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

Information required by this Item 13 will be set forth in the Proxy Statement under the heading "Certain Relationships and Related Person Transactions," which information is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

Information required by this Item 14 will be set forth in the Proxy Statement under the heading "Ratification of the Selection of Independent Registered Public Accounting Firm," which information is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this report:

(1) Consolidated Financial Statements. The Consolidated Financial Statements of Nexstar Broadcasting Group, Inc. listed on the index on page F-1 have been included beginning on page F-3 of this Annual Report on Form 10-K. The audited Financial Statements of Mission Broadcasting, Inc. as of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015, as filed in Mission Broadcasting, Inc.'s Annual Report on Form 10-K, are incorporated by reference in this report.

(2) Financial Statement Schedules. The schedule of Valuation and Qualifying Accounts appears in Note 18 to the Consolidated Financial Statements filed as part of this report.

(3) Exhibits. The exhibits filed in response to Item 601 of Regulation S-K are listed in the Exhibit Index beginning on page E-1 of this Annual Report on Form 10-K.

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SIGNATURES

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

NEXSTAR BROADCASTING GROUP, INC.

By: /s/ PERRY A. SOOK
Perry A. Sook
President and Chief Executive Officer

By: /s/ THOMAS E. CARTER
Thomas E. Carter
Chief Financial Officer

Dated: February 26, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities indicated on February 26, 2016.

Name	Title
/s/ PERRY A. SOOK Perry A. Sook	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ THOMAS E. CARTER Thomas E. Carter	Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ JAY M. GROSSMAN Jay M. Grossman	Director
/s/ GEOFF ARMSTRONG Geoff Armstrong	Director
/s/ I. MARTIN POMPADUR I. Martin Pompadur	Director
/s/ LISBETH MCNABB Lisbeth McNabb	Director

/s/ Dennis A. Miller Dennis A. Miller	Director
/s/ C. Thomas McMillen C. Thomas McMillen	Director

NEXSTAR BROADCASTING GROUP, INC.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Nexstar Broadcasting Group, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of stockholders' equity (deficit) and of cash flows present fairly, in all material respects, the financial position of Nexstar Broadcasting Group, Inc. and its subsidiaries (the "Company") at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it classifies deferred income taxes and the manner in which it classifies debt issuance costs in 2015.

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

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

As described in Management's Report on Internal Control over Financial Reporting, management has excluded KASW, KLAS, the CCA stations and the related consolidated VIEs, Yashi and Kixer from its assessment of internal

control over financial reporting as of December 31, 2015 because they were either acquired by the Company in purchase business combinations or the Company became the primary beneficiary of variable interests in these entities during 2015. We have also excluded the CCA and the related consolidated VIEs stations, KASW, KLAS, Yashi and Kixer from our audit of internal control over financial reporting. The CCA and the related consolidated VIEs stations', KASW's, KLAS's, Yashi's and Kixer's total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent 6.0% and 20.0% respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2015.

/s/ PricewaterhouseCoopers LLP

Dallas, Texas

February 26, 2016

NEXSTAR BROADCASTING GROUP, INC.

CONSOLIDATED BALANCE SHEETS

(in thousands, except share information)

	December 31,	
	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	$43,416	$131,912
Accounts receivable, net of allowance for doubtful accounts of $5,369 and $3,002, respectively	192,991	127,878
Broadcast rights	16,297	10,873
Prepaid expenses and other current assets	7,324	5,264
Total current assets	260,028	275,927
Property and equipment, net	266,583	237,739
Goodwill	451,662	256,491
FCC licenses	489,335	322,040
Other intangible assets, net	314,361	194,129
Other noncurrent assets, net	53,165	127,776
Total assets[(1)]	$1,835,134	$1,414,102
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of debt	$22,139	$15,840
Current portion of broadcast rights payable	17,510	11,935
Accounts payable	25,936	17,231
Accrued expenses	60,484	36,807
Taxes payable	75	4,899
Interest payable	10,939	4,601
Other current liabilities	8,978	5,953
Total current liabilities	146,061	97,266
Debt	1,454,075	1,204,529
Deferred tax liabilities	101,764	11,876
Other noncurrent liabilities	46,861	43,894
Total liabilities[(1)]	1,748,761	1,357,565
Commitments and contingencies		
Stockholders' equity:		
Preferred stock - $0.01 par value, 200,000 shares authorized; none issued and outstanding at each of December 31, 2015 and 2014	-	-
Class A Common stock - $0.01 par value, 100,000,000 shares authorized; 31,621,369 shares issued and 30,627,804 shares outstanding at December 31, 2015, and 31,172,060 shares issued and	316	312

outstanding at December 31, 2014		
Class B Common stock - $0.01 par value, 20,000,000 shares authorized; none issued and outstanding at each of December 31, 2015 and 2014	-	-
Class C Common stock - $0.01 par value, 5,000,000 shares authorized; none issued and outstanding at each of December 31, 2015 and 2014	-	-
Additional paid-in capital	396,224	398,029
Accumulated deficit	(268,120)	(345,804)
Treasury stock - at cost; 993,565 shares at December 31, 2015	(47,746)	-
Total Nexstar Broadcasting Group, Inc. stockholders' equity	80,674	52,537
Noncontrolling interests in consolidated variable interest entities	5,699	4,000
Total stockholders' equity	86,373	56,537
Total liabilities and stockholders' equity	$1,835,134	$1,414,102

The accompanying Notes are an integral part of these Consolidated Financial Statements.

(1) The consolidated total assets as of December 31, 2015 and 2014 include certain assets held by consolidated VIEs of $119.9 million and $49.1 million, respectively, which are not available to be used to settle the obligations of Nexstar. The consolidated total liabilities as of December 31, 2015 and 2014 include certain liabilities of consolidated VIEs of $40.7 million and $17.9 million, respectively, for which the creditors of the VIEs have no recourse to the general credit of Nexstar. See Note 2 for additional information.

NEXSTAR BROADCASTING GROUP, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share information)

	Years Ended December 31,		
	2015	2014	2013
Net revenue	$896,377	$631,311	$502,330
Operating expenses:			
Direct operating expenses, excluding depreciation and amortization	302,257	187,432	147,711
Selling, general, and administrative expenses, excluding depreciation and amortization	232,480	175,429	152,213
Amortization of broadcast rights	59,836	34,316	35,439
Amortization of intangible assets	48,475	25,850	30,148
Depreciation	47,222	35,047	33,578
Total operating expenses	690,270	458,074	399,089
Income from operations	206,107	173,237	103,241
Interest expense, net	(80,520)	(61,959)	(66,243)
Loss on extinguishment of debt	-	(71)	(34,724)
Other expenses	(517)	(556)	(1,459)
Income before income taxes	125,070	110,651	815
Income tax expense	(48,687)	(46,101)	(2,600)
Net income (loss)	76,383	64,550	(1,785)
Net loss attributable to noncontrolling interests	1,301	-	-
Net income (loss) attributable to Nexstar Broadcasting Group, Inc.	$77,684	$64,550	$(1,785)
Net income (loss) per common share attributable to Nexstar Broadcasting Group, Inc.:			
Basic	$2.50	$2.10	$(0.06)
Diluted	$2.42	$2.02	$(0.06)
Weighted average number of common shares outstanding:			
Basic	31,100	30,774	29,897
Diluted	32,091	32,003	29,897
Dividends declared per common share	$0.76	$0.60	$0.48

The accompanying Notes are an integral part of these Consolidated Financial Statements.

NEXSTAR BROADCASTING GROUP, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

For the Three Years Ended December 31, 2015

(in thousands, except share information)

	Preferred Stock		Common Stock						Additional				Non inte in con
			Class A		Class B		Class C		Paid-In	Accumulated	Treasury Stock		vari
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount	Capital	Deficit	Shares	Amount	inte
ecember 31, 2012	-	$-	21,677,248	$217	7,702,471	$77	-	$-	$410,514	$(408,569)	-	$-	$-
npensation	-	-	-	-	-	-	-	-	2,080	-	-	-	-
lass B common stock mon stock	-	-	7,702,471	77	(7,702,471)	(77)	-	-	-	-	-	-	-
sury stock	-	-	-	-	-	-	-	-		-	(365,384)	(8,422)	-
k options	-	-	1,218,816	12	-	-	-	-	(1,475)	-	365,384	8,422	-
lividends declared	-	-	-	-	-	-	-	-	(14,302)	-	-	-	-
	-	-	-	-	-	-	-	-	-	(1,785)	-	-	-
ecember 31, 2013	-	-	30,598,535	306	-	-	-		396,817	(410,354)	-	-	-
npensation	-	-	-	-	-	-	-	-	7,598	-	-	-	-
k options	-	-	573,525	6	-	-	-	-	2,025	-	-	-	-
it from ercises	-	-	-	-	-	-	-	-	10,034	-	-	-	-
lividends declared	-	-	-	-	-	-	-	-	(18,445)	-	-	-	-
a variable	-	-	-	-	-	-	-	-	-	-	-	-	4,(
	-	-	-	-	-	-	-	-	-	64,550	-	-	-
ecember 31, 2014	-	-	31,172,060	312	-	-	-	-	398,029	(345,804)	-	-	4,(
npensation	-	-	-	-	-	-	-	-	11,400	-	-	-	-
sury stock	-	-	-	-	-	-	-	-	-	-	(1,010,565)	(48,660)	-
k options and cted stock units	-	-	449,309	4	-	-	-	-	2,439	-	17,000	914	-

it from ercises	-	-	-	-	-	-	-	-	8,042	-	-	-	-
lividends declared	-	-	-	-	-	-	-	-	(23,686)	-	-	-	-
' a st entity	-	-	-	-	-	-	-	-	-	-	-	-	2,9
m a interest	-	-	-	-	-	-	-	-	-	-	-	-	10
	-	-	-	-	-	-	-	-	-	77,684	-	-	(1
ecember 31, 2015	-	$-	31,621,369	$316	-	$-	-	$-	$396,224	$(268,120)	(993,565)	$(47,746)	$5,(

The accompanying Notes are an integral part of these Consolidated Financial Statements.

NEXSTAR BROADCASTING GROUP, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Years Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net income (loss)	$76,383	$64,550	$(1,785)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Provision for bad debt	3,180	2,310	2,697
Amortization of broadcast rights, excluding barter	22,154	11,634	12,613
Depreciation of property and equipment	47,222	35,047	33,578
Amortization of intangible assets	48,475	25,850	30,148
Loss on asset disposal, net	2,109	638	1,280
Amortization of debt financing costs and debt discounts	3,752	2,792	3,280
Loss on extinguishment of debt	-	71	34,724
Stock-based compensation expense	11,400	7,598	2,080
Deferred income taxes	43,675	43,491	2,667
Payments for broadcast rights	(22,473)	(12,025)	(14,191)
Deferred gain recognition	(437)	(436)	(436)
Amortization of deferred representation fee incentive	(1,169)	(845)	(820)
Non-cash representation contract termination fee	1,516	353	-
Issue discount paid upon debt extinguishment	-	-	(8,161)
Premium on debt extinguishment	-	-	(28,364)
Excess tax benefit from stock option exercises	(8,042)	(10,034)	-
Changes in operating assets and liabilities, net of acquisitions and dispositions:			