

GRAY TELEVISION INC
Form 10-Q
May 05, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

**Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended March 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: 1-13796

Gray Television, Inc.

(Exact name of registrant as specified in its charter)

Georgia

(State or other jurisdiction of incorporation or organization)

58-0285030

(I.R.S. Employer Identification Number)

4370 Peachtree Road, NE, Atlanta, Georgia

(Address of principal executive offices)

30319

(Zip code)

(404) 504-9828

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report.)

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 periods that the registrant was

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required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes
No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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 No

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.

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock (No Par Value)	Class A Common Stock (No Par Value)
66,105,514 shares outstanding as of April 30, 2015	6,244,010 shares outstanding as of April 30, 2015

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements**

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

	March 31, 2015	December 31, 2014
Assets:		
Current assets:		
Cash	\$224,613	\$30,769
Accounts receivable, less allowance for doubtful accounts of \$1,863 and \$1,667, respectively	99,388	106,692
Current portion of program broadcast rights, net	6,534	9,765
Deferred tax asset	18,855	18,855
Prepaid and other current assets	6,431	2,223
Total current assets	355,821	168,304
Property and equipment, net	213,794	221,811
Deferred loan costs, net	17,849	18,651
Broadcast licenses	1,023,580	1,023,580
Goodwill	374,980	374,390
Other intangible assets, net	46,605	47,802
Investment in broadcasting company	13,599	13,599
Other	3,112	3,443
Total assets	\$2,049,340	\$1,871,580

See notes to condensed consolidated financial statements.

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

	March 31, 2015	December 31, 2014
Liabilities and stockholders' equity:		
Current liabilities:		
Accounts payable	\$6,008	\$4,613
Employee compensation and benefits	18,281	25,160
Accrued interest	30,008	17,623
Accrued network programming fees	7,081	7,129
Other accrued expenses	7,161	6,218
Federal and state income taxes	1,748	1,894
Current portion of program broadcast obligations	6,683	9,899
Deferred revenue	2,057	7,486
Total current liabilities	79,027	80,022
Long-term debt	1,236,185	1,236,401
Program broadcast obligations, less current portion	1,759	2,000
Deferred income taxes	296,573	292,679
Accrued pension costs	45,735	43,334
Other	852	952
Total liabilities	1,660,131	1,655,388
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Common stock, no par value; authorized 100,000,000 shares, issued 70,988,090 shares and 57,326,180 shares, respectively	654,358	486,317
Class A common stock, no par value; authorized 15,000,000 shares, issued 7,855,381 shares and 7,567,868 shares, respectively	17,582	17,096
Accumulated deficit	(197,344)	(202,939)
Accumulated other comprehensive loss, net of income tax benefit	(20,812)	(20,812)
	453,784	279,662
Treasury stock at cost, common stock, 4,882,705 shares and 4,814,716 shares, respectively	(41,890)	(41,072)
Treasury stock at cost, Class A common stock, 1,611,371 shares and 1,578,554 shares, respectively	(22,685)	(22,398)
Total stockholders' equity	389,209	216,192
Total liabilities and stockholders' equity	\$2,049,340	\$1,871,580

See notes to condensed consolidated financial statements.

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

	Three Months Ended March 31,	
	2015	2014
Revenue (less agency commissions)	\$133,303	\$91,297
Operating expenses before depreciation, amortization and (gain) loss on disposal of assets, net:		
Broadcast	86,847	60,384
Corporate and administrative	6,847	6,499
Depreciation	8,798	6,384
Amortization of intangible assets	2,771	289
(Gain) loss on disposals of assets, net	(18)	331
Operating expenses	105,245	73,887
Operating income	28,058	17,410
Other income (expense):		
Miscellaneous income, net	7	-
Interest expense	(18,530)	(15,274)
Income before income taxes	9,535	2,136
Income tax expense	3,940	859
Net income	\$5,595	\$1,277
Basic per share information:		
Net income	\$0.10	\$0.02
Weighted average shares outstanding	58,224	57,847
Diluted per share information:		
Net income	\$0.10	\$0.02
Weighted average shares outstanding	58,737	58,286
Dividends declared per common share	\$-	\$-

See notes to condensed consolidated financial statements.

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

	Class A Common Stock		Common Stock		Accumulated	Class A Treasury Stock		Common Treasury Stock		
	Shares	Amount	Shares	Amount	Deficit	Shares	Amount	Shares	Amount	
Balance at December 31, 2014	7,567,868	\$17,096	57,326,180	\$486,317	\$(202,939)	(1,578,554)	\$(22,398)	(4,814,716)	\$(41,072)	\$
Net income	-	-	-	-	5,595	-	-	-	-	-
Issuance of common stock:										
Underwritten public offering	-	-	13,511,040	167,528	-	-	-	-	-	-
401(k) plan	-	-	562	6	-	-	-	-	-	-
2007 Long Term Incentive Plan - restricted stock	287,513	-	150,308							