MEDIA GENERAL INC
Form 10-K
March 02, 2015

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 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, 2014

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period _____ to _____

Commission File No. 1-6383

MEDIA GENERAL, INC.

(Exact name of registrant as specified in its charter)

Commonwealth of Virginia (State or other jurisdiction of incorporation or organization)	46-5188184 (I.R.S. Employer Identification No.)
333 E. Franklin St., Richmond, VA (Address of principal executive offices)	23219 (Zip Code)

(804) 887-5000

Registrant's telephone number, including area code

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

Voting Common Stock	New York Stock Exchange
(Title of class)	(Name of exchange on which registered)

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 __X__ No ______

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ______ No __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 the registrant 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 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 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 is not contained herein, and will not be contained, to the best of 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. [X]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. (as defined in Rule 12b-2 of the Act).

Large accelerated filer __X__ Accelerated filer ______ Non-accelerated filer _____

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ________ No ______X_____

The aggregate market value of voting and non-voting stock held by nonaffiliates of the registrant, based upon the closing price of the Company's Class A Common Stock as reported on the New York Stock Exchange, as of June 30, 2014, was $1,822,091,042.

The number of shares of Voting Common Stock (no par value) outstanding on February 27, 2015, was 130,161,950.

Part III incorporates information by reference from the proxy statement for the Annual Meeting of Stockholders to be held on April 23, 2015.

Index to Media General, Inc.

Annual Report on Form 10-K for the Year Ended December 31, 2014

Part I

Item 1. Business

General

On December 19, 2014 (the "Closing Date"), Media General, Inc., now known as MGOC, Inc. (“Old Media General”), and LIN Media LLC, a Delaware limited liability company (“LIN Media” or “LIN”) were combined in a business combination transaction (the “LIN Merger”). As a result of this merger, Media General, Inc. formerly known as Mercury New Holdco, Inc. (“New Media General” or the “Company”) became the parent public-reporting company of the combined company; LIN Television Corporation (“LIN Television”) became a direct, wholly owned subsidiary of New Media General and Old Media General became a direct, wholly owned subsidiary of LIN Television and an indirect, wholly owned subsidiary of New Media General. The Company is headquartered in Richmond, Virginia.

Also on the Closing Date, the Company, through its wholly owned subsidiaries, completed the sale of the following television stations: (i) WJAR-TV in Providence, Rhode Island, (ii) WLUK-TV and WCWF-TV in Green Bay-Appleton, Wisconsin, (iii) certain assets of WTGS-TV in Savannah, Georgia, (iv) WVTM-TV in Birmingham, Alabama, (v) WJCL-TV in Savannah, Georgia, and (vi) WALA-TV in Mobile, Alabama. It also completed the purchase of the following television stations: (i) KXRM-TV and KXTU-LD in Colorado Springs, Colorado and (ii) WTTA-TV in Tampa, Florida.

References to Media General or the Company in this Annual Report on Form 10-K that include any period at and before the effectiveness of the LIN Merger shall be deemed to refer to Old Media General as the predecessor registrant to New Media General. References to Legacy Media General refer to Old Media General prior to the merger with New Young Broadcasting Holding Co., Inc. (“Young”) as further described below.

On November 12, 2013, Legacy Media General and Young were combined in a tax-free, all-stock merger transaction (the “Young Merger”). In the Merger, Media General issued to Young’s equity holders 60.2 million shares of Media General voting common stock. The merger with Young was accounted for as a reverse acquisition in accordance with FASB Accounting Standards Codification Topic 805, *Business Combinations* (“ASC 805”). For financial reporting purposes, Young was the acquirer and the continuing reporting entity. Accordingly, financial information presented for the Company in the consolidated financial statements for the year ended December 31, 2012 reflects the historical activity of Young.

As a result of the mergers described above, the Company owns, operates or services 71 network-affiliated stations and their associated digital media and mobile platforms (22 with CBS, 14 with NBC, 12 with ABC, eight with FOX, seven with MyNetworkTV, seven with CW, and one with Telemundo), operating in 48 markets.

Legacy Media General was incorporated in Virginia and became a public company in 1969. It grew through acquisition, mostly by purchasing high-quality, privately owned local media entities in the Southeast. Legacy Media General sold all of its newspapers in 2012. Young was incorporated in 2009 for purposes of acquiring the business of Young Broadcasting Inc. in connection with Young Broadcasting Inc.'s bankruptcy filing under Chapter 11 of Title 11 of the United States Bankruptcy Code. In June of 2010, Young Broadcasting Inc. emerged from bankruptcy as a wholly owned subsidiary of Young pursuant to Young Broadcasting Inc.'s confirmed Chapter 11 plan of reorganization. Various LIN entities have owned and operated television stations since 1966. LIN Television was incorporated in 1990 and LIN TV Corp. ("LIN TV"), LIN Television's former parent, was incorporated in 1998. On July 30, 2013, LIN TV merged with and into LIN Media LLC, a wholly owned subsidiary of LIN TV, with LIN Media LLC continuing as the surviving entity. LIN TV became a public company in 2002.

Broadcast Stations and Markets

The Company's operations as of December 31, 2014, include television stations (which cover 23% of the U.S.), websites and digital operations as shown on the following map:

The following table sets forth general information for the Company's television stations as of December 31, 2014:

Market	DMA Rank (1)	Station	Network Affiliation	Status (2)	Station Rank (3)	Audience Share % (3)	Expiration Date of Primary Network Agreement	Expiration of FCC License
San Francisco, CA	6	KRON	MyTV		5	2	9/28/2016	12/1/2014 (5)
Tampa - St. Petersburg - Sarasota, FL	14	WFLA	NBC		2	6	12/31/2015	2/1/2021
Tampa - St. Petersburg - Sarasota, FL	14	WTTA	MyNet		7	1	9/28/2016	2/1/2013 (5)
Portland, OR	22	KOIN	CBS		3	8	12/31/2021	2/1/2023
Raleigh - Durham, NC	24	WNCN	NBC		3	4	12/31/2015	12/1/2020
Indianapolis, IN	26	WISH	CW		2	8	9/1/2021	8/1/2021
Indianapolis, IN	26	WNDY	MyNet		6	1	9/28/2016	8/1/2021
Nashville, TN	29	WKRN	ABC		3	9	8/31/2015	8/1/2021
Hartford-New Haven, CT	30	WTNH	ABC		3	8	8/31/2017	4/1/2015
Hartford-New Haven, CT	30	WCTX	MyNet		6	1	9/28/2016	4/1/2015
Columbus, OH	32	WCMH	NBC		2	9	12/31/2015	10/1/2021
Greenville-Spartanburg, SC, Asheville, NC	37	WSPA	CBS		2	10	8/31/2019	12/1/2020
Greenville-Spartanburg, SC, Asheville, NC	37	WYCW	CW		6	2	9/1/2021	12/1/2020
Grand Rapids-Kalamazoo-Battle Creek, MI	39	WOOD	NBC		1	15	1/1/2017	10/1/2021
Grand Rapids-Kalamazoo-Battle Creek, MI	39	WOTV	ABC		5	2	8/31/2017	10/1/2021
Grand Rapids-Kalamazoo-Battle Creek, MI	39	WXSP	MyNet		8	1	9/28/2016	10/1/2021
Austin, TX	40	KXAN	NBC		1	8	1/1/2017	8/1/2022
Austin, TX	40	KNVA+	CW	LMA	5	2	9/1/2021	8/1/2022
Austin, TX	40	KBVO	MyNet		6	1	9/28/2016	8/1/2022
Birmingham, AL	44	WIAT	CBS		3	6	8/31/2019	4/1/2021
Norfolk-Portsmouth-Newport News, VA	45	WAVY	NBC		1	10	1/1/2017	10/1/2020
Norfolk-Portsmouth-Newport News, VA	45	WVBT	FOX		5	3	12/31/2017	10/1/2020
Harrisburg, PA	45	WHTM	ABC		2	10	12/31/2017	8/1/2015

Albuquerque-Santa Fe, NM	47	KRQE+	CBS		2	9	8/31/2019	10/1/2022
Albuquerque-Santa Fe, NM	47	KASA	FOX		4	3	12/31/2017	10/1/2022
Albuquerque-Santa Fe, NM	47	KWBQ+	CW	SSA	5	2	9/1/2021	10/1/2022
Albuquerque-Santa Fe, NM	47	KASY	MyNet	SSA	6	2	9/28/2016	10/1/2022
Buffalo, NY	52	WIVB	CBS		2	11	8/31/2019	6/1/2015
Buffalo, NY	52	WNLO	CW		5	2	9/1/2021	6/1/2015
Providence, RI-New Bedford, MA	53	WPRI	CBS		2	8	8/31/2019	4/1/2015
Providence, RI-New Bedford, MA	53	WNAC	FOX	LMA	3	4	12/31/2017	4/1/2007
Richmond, VA	57	WRIC	ABC		2	9	8/31/2015	10/1/2020
Albany, NY	58	WTEN+	ABC		3	12	8/31/2015	6/1/2015
Albany, NY	58	WXXA	FOX	SSA/JSA	4	5	12/31/2017	6/1/2015
Mobile, AL - Pensacola, FL	59	WKRG	CBS		1	13	8/31/2019	4/1/2021
Mobile, AL/Pensacola, FL	59	WFNA	CW		7	1	9/1/2021	4/1/2021
Knoxville, TN	61	WATE	ABC		3	6	8/31/2015	8/1/2021
Dayton, OH	64	WDTN	NBC		2	8	1/1/2017	10/1/2021
Dayton, OH	64	WBDT	CW	SSA/JSA	5	3	9/1/2021	10/1/2021
Roanoke - Lynchburg, VA	66	WSLS	NBC		3	9	12/31/2015	10/1/2020
Wichita-Hutchinson, KS	67	KSNW+	NBC		2	13	1/1/2017	6/1/2022
Honolulu, HI	69	KHON+	FOX		2	11	12/31/2017	2/1/2015
Green Bay, WI	70	WBAY	ABC		1	16	8/31/2015	12/1/2021
Colorado Springs-Pueblo, CO	89	KXRM	FOX		4	5	12/31/2017	4/1/2014 (5)
Colorado Springs-Pueblo, CO	89	KXTU	CW		5	1	9/1/2021	4/1/2014 (5)
Savannah, GA	92	WSAV	NBC		2	11	12/31/2015	4/1/2021
Jackson, MS	94	WJTV	CBS		2	13	8/31/2019	6/1/2021
Charleston, SC	95	WCBD	NBC		2	10	12/31/2015	12/1/2020
Tri-Cities, TN/VA	97	WJHL	CBS		2	13	8/31/2019	8/1/2021
Greenville - New Bern, NC	99	WNCT	CBS		3	11	8/31/2019	12/1/2020
Davenport, IA	100	KWQC	NBC		1	21	12/31/2015	2/1/2022
Myrtle Beach - Florence, SC	102	WBTW	CBS		1	18	8/31/2019	12/1/2020
Fort Wayne, IN	109	WANE	CBS		1	21	8/31/2019	8/1/2021
Sioux Falls, SD	111	KELO+	CBS		1	25	8/31/2019	4/1/2022

Market	DMA Rank [1]	Station	Network Affiliation	Status [2]	Station Rank [3]	Audience Share % [3]	Expiration Date of Primary Network Agreement	Expiration of FCC License
Augusta, GA - Aiken, SC	112	WJBF [4]	ABC		2	15	12/31/2018	4/1/2021
Youngstown, OH	113	WKBN	CBS		2	15	12/31/2021	10/1/2021
Youngstown, OH	113	WYTV	ABC	SSA/JSA	3	7	8/31/2017	10/1/2021
Youngstown, OH	113	WYFX+	FOX		4	4	12/31/2017	10/1/2021
Springfield-Holyoke, MA	114	WWLP	NBC		1	21	1/1/2017	4/1/2015
Lansing, MI	115	WLNS	CBS		2	16	12/31/2021	10/1/2013 (5)
Lansing, MI	115	WLAJ	ABC	SSA/JSA	3	5	12/31/2015	10/1/2021
Lafayette, LA	122	KLFY	CBS		1	19	12/31/2021	6/1/2021
Columbus, GA	126	WRBL	CBS		1	12	8/31/2019	4/1/2021
Topeka, KS	134	KSNT	NBC		2	14	1/1/2017	6/1/2022
Topeka, KS	134	KTKA	ABC	SSA/JSA	3	6	12/31/2018	6/1/2022
Topeka, KS	134	KTMJ	FOX		4	4	12/31/2017	6/1/2022
Mason City, IA	153	KIMT	CBS		2	15	8/31/2019	2/1/2022
Terre Haute, IN	155	WTHI	CBS		1	21	8/31/2019	81/2021
Hattiesburg - Laurel, MS	167	WHLT	CBS		2	7	8/31/2019	6/1/2021
Rapid City, SD	173	KCLO	CBS		3	8	8/31/2019	4/1/2022
Lafayette, IN	189	WLFI	CBS		1	21	12/31/2021	8/1/2021

(1) Designated Market Area or "DMA" estimates and rankings are taken from Nielsen Local Universe Estimates for the 2014-2015 Broadcast Season, effective September 27, 2014. There are 210 DMAs in the United States. All Nielsen data included in this report represents Nielsen estimates, and Nielsen has neither reviewed nor approved the data included in this report.

(2) We own or operate all of our stations and digital channels except for those (i) noted as "LMA" which indicates stations to which we provide services under a local marketing agreement, (ii) noted as "SSA" which indicates stations to which we provide technical, engineering, promotional, administrative and other operational support services under a shared services agreement, and (iii) noted as "JSA" which indicates stations to which we provide advertising sales services under a joint sales agreement.

(3) Station Rank and Audience Share % are based on an average of February 2014, May 2014, July 2014 and November 2014 Nielsen data, Sign-On to Sign-Off (M-SU 6A-2A) TV household share.

(4) The station is also party to joint sales and shared service agreements for WAGT, a NBC affiliate, which is licensed to an independent third party.

(5) Broadcast licenses are granted by the FCC for maximum terms of eight years and are subject to renewal upon application to the FCC. The licenses remain in effect until action on the renewal applications has been completed. The Company has filed all of its applications for renewal in a timely manner prior to the applicable expiration dates and expects its applications will be approved when the FCC works though its backlog, as is routine in the industry.

Revenues, Cyclicality and Seasonality

The Company's primary source of revenue is the sale of advertising time on its television stations. Advertising revenue is recognized when advertisements are aired. Agency commissions related to advertising are recorded as a reduction of revenue. Advertising rates are influenced by a variety of factors including demand, the size of a station's market, the station's overall rating, economic conditions and the popularity of the station's local, network and syndicated programming. Broadcast advertising revenue represented approximately 73%, 77% and 84% of gross operating revenues for the years ended December 31, 2014, 2013 and 2012, respectively.

Broadcast advertising revenue is generally higher in even-numbered years due to political election spending and advertising revenue generated from the Olympic Games on the Company's fourteen NBC stations. Increased consumer advertising in the spring and for the holiday season generally generates higher advertising revenue in the second and fourth quarters of each year.

The Company receives consideration from certain satellite and cable providers in return for the Company's consent to the retransmission of the signals of its television stations. Retransmission consent revenue is recognized on a per subscriber basis in accordance with terms of each contract. Retransmission consent revenue represented approximately 19%, 16% and 10% of gross operating revenues for the years ended December 31, 2014, 2013 and 2012, respectively.

As part of the merger with LIN Media in 2014, the Company has an innovative digital media portfolio that helps agencies and brands effectively and efficiently reach their target audiences. The digital media businesses use the latest in conversational marketing, video, display, mobile, social intelligence and monetization, as well as reporting across all screens. The industry-leading digital portfolio is comprised of six digital offerings: LIN Digital, LIN Mobile, Federated Media, Dedicated Media, HYFN, and BiteSize TV. LIN Digital provides premium display and premium video advertising on LIN Digital's advertising network. LIN Mobile provides premium mobile advertising, including proprietary software to optimize audience reach. Federated Media provides premium display and video advertising on a network of influential website publishers, including popular lifestyle bloggers. Dedicated Media provides performance-based marketing, data targeting and analytics and helps clients optimize digital marketing campaigns. HYFN is a full service digital agency that develops and implements mobile, social and web experiences for some of the world's largest brands. The newest investment, BiteSize TV, is a video content creator. Together with the Company's television station websites, the digital businesses described above provide an ecosystem that drives scale, synergies and opportunities to further expand the Company's national, regional and local sales channels. Digital advertising revenue is recognized when the advertisement is displayed on our websites and mobile applications, or the websites and mobile applications of the publishers and partners in our advertising network.

The Company generates revenue from other sources, which include commercial production and tower space rental income. The Company, in the ordinary course of business, also provides advertising airtime to certain customers in exchange for products or services.

Industry

All television stations in the country are grouped by Nielsen, a national audience measuring service, into approximately 210 Designated Market Areas ("DMA") that are ranked in size according to various formulae based upon actual or potential audience. Each DMA is determined as an exclusive geographic area consisting of all counties in which the home-market commercial stations receive the greatest percentage of total viewing hours. Nielsen periodically publishes data on estimated audiences for the television stations in the various television markets throughout the country. The estimates are expressed in terms of the percentage of the total potential audience in the market viewing a station, which is referred to as the station's "rating," and of the percentage of the audience actually watching television, which is referred to as the station's "share." Nielsen provides such data on the basis of total television households and selected demographic groupings in the market using three methods of determining a station's ability to attract viewers (diary markets, meter-diary adjusted markets and local people meter markets). Ratings in large DMAs are determined by meters connected directly to select television sets. In mid-sized DMAs, ratings are determined by a combination of meters connected directly to television sets and weekly diaries of television viewing, while in smaller markets only weekly diaries are used to determine viewing.

Whether a station is affiliated with one of the four major networks (ABC, CBS, NBC or FOX) has a significant impact on the composition of the station's revenue, expenses and operations. A typical network affiliate receives a significant percentage of its programming each day from the network. This programming is provided to the affiliate by the network in exchange for 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 time sold during breaks in and between network programs and programs the affiliate produces or purchases from syndicators. In addition, stations generally pay a network program fee for the right to broadcast network programs. Traditional network programming typically achieves higher audience levels than syndicated programs aired by independent stations.

In acquiring syndicated programming to supplement network programming, network affiliates compete with the other stations in their markets. Local cable systems generally do not compete with local stations for programming, but various national cable and satellite networks from time to time have acquired programs that would have otherwise been offered to local television stations.

Competition

Competition in the television industry takes place on several levels: competition for audience, competition for programming (including news) and competition for advertisers. Additional factors that are material to a television station's competitive position include signal coverage and assigned frequency.

Audience. Stations compete for audience on the basis of program popularity, which has a direct effect on advertising rates. A significant percentage of the daily programming on the Company's stations is supplied by the network with which each station is affiliated. In those periods, the stations are totally dependent upon the performance of the network programs in attracting viewers. There can be no assurance that such programming will achieve or maintain satisfactory viewership levels in the future. Non-network time periods are programmed by the station with a combination of self-produced news, public affairs and other entertainment programming, including news and syndicated programs purchased for cash, cash and barter or barter only.

Although the commercial television broadcast industry historically has been dominated by the four major broadcast networks (ABC, CBS, NBC and FOX), stations affiliated with other national networks (e.g., The CW, MyNetworkTV and ION Television), independent stations, and other video programming delivery methods, such as cable and satellite systems, are significant competitors for the television audience. In addition, certain cable operators have elected to compete for a share of the market revenue and audience with local cable news channels and regional sports networks.

Other sources of competition include home entertainment systems (including DVDs and video game devices), video-on-demand and pay-per-view, portable digital devices and the Internet. In particular, programmers, including networks and other program providers may now distribute programming directly to consumers via the Internet and portable digital devices including smartphones.

Further advances in technology may increase competition for household audiences and advertisers. Video compression techniques, applicable to all video delivery systems, reduce the bandwidth required for television signal transmission and have the potential to provide vastly expanded programming to highly targeted audiences. This ability to reach very narrowly defined audiences is expected to alter the competitive dynamics for advertising expenditures. The same compression technology, however, enables local television broadcast stations to broadcast multiple digital channels of local television programming. This technology expands the capacity of local television broadcast stations to provide more programming and potentially develop new sources of revenue. The Company is unable to predict the effect that any of these or other technological changes in which programming may be delivered will have on the broadcast television industry or the future results of the Company’s operations.

Programming. Competition for programming involves negotiating with national program distributors or syndicators, which sell first-run and rerun packages of programming. The stations compete against in-market broadcast station competitors for exclusive local access to off-network reruns and first-run products in their respective markets. As noted, cable and satellite systems compete with local stations for programming to a lesser extent, and various national cable and satellite networks from time to time have acquired exclusive rights for programs that would have otherwise been offered to local television stations.

Advertising. Advertising rates are based upon the size of the market in which the station operates, the program’s popularity among the viewers that an advertiser wishes to attract, the number of advertisers competing for the available time, the demographic makeup of the market served by the station, the availability of alternative advertising media in the market area, aggressive and knowledgeable sales forces and development of projects, features and programs that tie advertiser messages to programming. Advertising revenue comprises the primary source of revenue for commercial television stations. The Company’s stations compete for such advertising revenue with other television stations in their respective markets, as well as with other advertising media, such as the Internet, cable and satellite systems, newspapers, radio stations, magazines, outdoor advertising, transit advertising, and direct mail serving the same market. Competition for advertising dollars in the broadcasting industry occurs primarily within individual markets. Generally, a television station in the market does not compete with stations in other market areas.

8

Broadcast Regulation

The ownership, operation and sale of television stations are subject to the jurisdiction of the Federal Communications Commission (the “FCC”), which acts under the authority granted by the Communications Act of 1934, as amended (the “Communications Act”). Among other things, the FCC assigns frequency bands for broadcasting; determines the particular frequencies, locations and operating power of stations; issues, renews, revokes and modifies station licenses; regulates equipment used by stations; adopts and implements regulations and policies that directly or indirectly affect the ownership, operation and employment practices of stations; and has the power to impose penalties for violations of the Communications Act and its related rules and regulations.

The following is a brief summary of certain provisions of the Communications Act and specific FCC regulations and policies. Reference should be made to the Communications Act, FCC rules and the public notices and rulings of the FCC for further information concerning the nature and extent of federal regulation of broadcast stations.

License Renewals

Continuation of operations requires that the Company retain and, from time to time, renew a variety of governmental approvals. FCC licenses to operate broadcast television stations generally have a term of eight years. Historically, the FCC has renewed the vast majority of broadcast licenses, but there can be no assurance that the Company’s licenses will be renewed at their expiration dates or, if renewed, that the renewal terms will be for the maximum permitted period. The non-renewal or revocation of one or more of the Company’s primary FCC licenses could have a material, adverse effect on its operations.

Ownership Matters

The Communications Act prohibits the assignment or transfer of control of a broadcast license without the prior approval of the FCC. In determining whether to permit the assignment or transfer of control of, or the grant or renewal of, a broadcast license, the FCC considers a number of factors pertaining to the licensee, including compliance with various rules limiting common ownership of media properties, the “character” of the licensee and its principals and compliance with the Communications Act’s limitations on ownership by non-U.S. citizens, non-U.S. entities or representatives of foreign persons or foreign governments (collectively, “aliens”). In general, aliens may not own or vote an aggregate interest of greater than 25% in an entity that controls a broadcast licensee.

FCC rules impose limits on the ownership and cross-ownership of interests in television broadcast stations and certain other media, including:

- the ownership of multiple television stations in the same market;
- the cross-ownership of television stations and radio broadcast stations in the same market;
- the ownership of television stations and daily newspapers of general circulation in the same market; and
- the national ownership of television stations, which precludes a single entity from owning television stations reaching more than 39% of the entire population of the United States.

In applying its media ownership limits, the FCC treats persons or entities holding “attributable” interests as station “owners.” Subject to some exceptions, attributable media interests include the following:

- the direct or indirect right to vote 5% or more of the stock of a corporation (or 20% or more of such stock in the case of insurance companies, investment companies and bank trust departments that are passive investors);

a position as an officer or director;

a general partnership interest;

a limited partnership interest that is not “insulated” in accordance with FCC rules;

a time brokerage agreement for more than 15% of the airtime of another television station in the market;

a joint sales agreement (“JSA”) for more than 15% of the weekly advertising time of another television station in the market; and

any combination of debt and equity amounting to more than 33% of the total asset value (debt plus equity) of a media outlet if the holder either is a major program supplier (providing more than 15% of weekly programming) or holds another attributable media interest in the same market.

The Communications Act requires the FCC to review its ownership rules every four years to determine whether those rules are necessary in the public interest. On April 15, 2014, the FCC released an order and a notice of proposed rulemaking to close its 2010 Quadrennial Review of its ownership rules and open its 2014 Quadrennial Review. The FCC determined to treat a JSA between two same-market television stations as attributable for purposes of its multiple ownership rules if the agreement applies to more than 15% of the weekly advertising time of the brokered station. The FCC gave broadcasters a two-year grace period to bring existing agreements into compliance with the new rule, a period that Congress subsequently extended so that existing JSAs may continue in effect until December 19, 2016. This rule change affects the Company’s present agreements to sell advertising inventory for independently owned stations in Augusta, GA; Albany, NY; Lansing, MI; Springfield, OH; Youngstown, OH; Dayton, OH and Topeka, KS. In its 2014 Quadrennial Review, the FCC will continue to consider changes to the FCC’s rules regarding broadcast-newspaper cross ownership restrictions and the possible elimination of rules restricting the ownership of radio and TV stations in the same market. The FCC also is considering, among other things, whether to update the definitions of television service contours to take account of digital operations, require television broadcasters to disclose agreements with other broadcasters for shared services and to impose restrictions on these agreements, and regulate network affiliation swaps under the television duopoly rule.

In addition to the FCC, the Department of Justice and the Federal Trade Commission also may review matters related to the concentration of media ownership within markets.

Carriage of Television Broadcast Signals over Cable and Direct Broadcast Satellite Systems

Pursuant to FCC rules, local television stations may elect every three years to either (1) require cable and/or direct broadcast satellite operators to carry the stations’ signals or (2) enter into retransmission consent agreements for carriage. The Company has elected to enter into retransmission agreements with the cable and direct satellite broadcast companies serving its markets. There is no assurance, however, that the Company will be able to agree on acceptable terms for retransmission agreements when existing agreements expire.

Effective June 18, 2014, the FCC changed its rules implementing the statutory duty to negotiate retransmission consent agreements in good faith. With this change, a television broadcast station ranked among the top-four stations (as measured by audience share) in its Nielsen DMA is prohibited from negotiating retransmission consent jointly with another top-four station in the same market if the stations are not commonly owned. Under the rule changes, top-four stations may not 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 top-four television station in the same DMA; neither may top-four stations facilitate or agree to facilitate coordinated negotiation of retransmission consent terms among multiple top-four stations in the same DMA, including through the sharing of information. Retransmission consent agreements jointly negotiated prior to the effective date of the new rules remain enforceable until expiration of their terms, but contractual provisions related to separately owned top-four stations consulting or jointly negotiating retransmission agreements are no longer enforceable. The Company cannot predict what effect, if any, the new rules may have on future negotiations for retransmission consent agreements.

The FCC's syndicated exclusivity rules allow local broadcast television stations to demand that cable operators black out syndicated non-network programming carried on "distant signals" (i.e. signals of broadcast stations, including so-called "superstations," which serve areas substantially removed from the cable system's local community). The FCC's network non-duplication rules allow local network-affiliated broadcast stations to require that cable operators black out duplicate network programming carried on distant signals. In a number of markets in which the Company owns stations affiliated with a network, however, a station that is affiliated with the same network in a nearby market is carried on cable systems in the Company's markets. The carriage of two network stations on the same cable system could result in a decline of viewership, adversely affecting the revenues of the Company's stations.

By a notice of proposed rulemaking released on December 19, 2014, the FCC has sought comment on a proposed change to its rules to broaden the term "multichannel video programming distributor" ("MVPD") so that it would include within its scope—and thus within the scope of FCC rules pertaining to MVPDs—certain online video distributors. The FCC has proposed to include those services that make multiple linear streams of video programming available for purchase by subscribers at a prescheduled time, regardless of the technology of the distribution platform ("Linear Programming Interpretation"). The FCC also asked for comment on an alternate interpretation of the MVPD definition that would add to the FCC's classification entities that make available the transmission paths to the programmer ("Transmission Path Interpretation"). In addition, the FCC has proposed that its retransmission consent rules would apply to online MVPDs. We cannot predict what changes the FCC may adopt in this proceeding or the effect that any such changes may have on the business and operations of the Company.

Restrictions on Broadcast Programming

As a broadcast licensee, the Company also must comply with a variety of FCC rules regulating its operations such as political broadcasting rules, children's television rules and limitations on indecent or obscene programming. Violation of these and other FCC rules could subject the Company to significant fines or other sanctions.

Advertising of cigarettes and certain other tobacco products on broadcast stations has been banned for many years. Various states also restrict the advertising of alcoholic beverages and, from time to time, certain members of Congress have contemplated legislation to place restrictions on the advertisement of such alcoholic beverages. FCC rules also restrict the amount and type of advertising that can appear in a program broadcast primarily for an audience of children 12 years of age and younger.

Under the Communications Act and FCC rules, stations must provide "reasonable access" for the purchase of time by legally qualified candidates for federal office and "equal opportunities" for the purchase of equivalent amounts of comparable broadcast time by opposing candidates for the same elective office and must make favorable rates available to legally qualified candidates during the 45 days preceding a primary or primary run-off election and during the 60 days preceding a general or special election.

It is a violation of federal law and FCC regulations to broadcast indecent programming outside of "safe harbor" periods or to broadcast obscene programming at any time. FCC licensees are, in general, responsible for the content of their broadcast programming, including that supplied by television networks. Accordingly, there is a risk of being fined because of the Company's broadcast programming, including network programming. The maximum forfeiture amount for the broadcast of indecent material is $325,000 for each violation, with a cap of $3 million for any single act.

Programming and Operations

The Communications Act requires broadcasters to serve the "public interest." The FCC has relaxed or eliminated many of the more formalized procedures it had developed in the past to promote the broadcast of certain types of programming responsive to the needs of a station's community of license. FCC licensees continue to be required, however, to present programming responsive to the needs and interests of their communities and to maintain certain records demonstrating that responsiveness. Stations also must pay regulatory and application fees and follow various rules promulgated under the Communications Act that regulate, among other things, political advertising, sponsorship identification, obscene and indecent broadcasts and technical operations, including limits on radio frequency radiation. In addition, television licensees have obligations to create and follow employment outreach programs, provide a minimum amount of programming for children, maintain an online public inspection file and abide by regulations specifying requirements to provide closed captions for its programming.

Pending Matters

Congress has passed legislation providing the FCC with authority to conduct a so-called "incentive auction" to begin the process of auctioning and repurposing broadcast television spectrum for mobile broadband use. Incentive auction authority allows the FCC to share the proceeds of spectrum auction with incumbent television station licensees that give up their licenses, share spectrum, or, in some cases, move to a different channel to facilitate an auction of their previous channel. The legislation contemplates that the FCC will encourage broadcasters to tender their licenses for auction. The FCC would then "repack" non-tendering UHF broadcasters into the lower portions of the UHF band and auction new "flexible use" wireless licenses in the upper portion of the UHF band. By statute, television stations' participation in the "incentive auction" is voluntary. On June 2, 2014, the FCC released an order adopting rules to implement the broadcast television spectrum incentive auction, and a number of parties, including the Company, have sought reconsideration of different aspects of the order. Five of the Company's stations—WFLA-TV, WJTV(TV), WJHL-TV, WNCT-TV, and WBTW(TV)—have pending petitions for rulemaking to change their channels from the VHF to the UHF band. The FCC's report and order on incentive auction released on June 2, 2014, directed the FCC's Media Bureau to dismiss pending VHF-to-UHF rule making petitions for which issuance of a notice of proposed rulemaking would not be appropriate, to hold in abeyance any remaining petitions, and to process them once the Media Bureau lifts the filing freezes now in place. The Company's petition for reconsideration of the decision remains pending. The FCC has not yet set a date for the auction, but it is anticipated that auction applications will be due at the earliest in late 2015, with the auction to be scheduled for 2016. There is no assurance, however, that the FCC will meet that schedule.

The FCC is considering in its ongoing 2014 Quadrennial Review of its ownership rules whether to require public disclosure of or otherwise restrict shared services, news sharing and other cooperative agreements among television stations. The Company has shared services agreements in the Albuquerque, NM market and in those markets where its stations sell advertising pursuant to joint sales agreements for independently owned stations (Augusta, GA; Albany, NY; Lansing, MI; Springfield, OH; Youngstown, OH; Dayton, OH and Topeka, KS).

Congress and the FCC currently have under consideration, and may in the future adopt new laws, regulations and policies regarding a wide variety of matters that, directly or indirectly, could affect the operation, ownership and profitability of the Company's broadcast stations.

Environmental Regulation

The Company's operations are subject to laws and regulations governing the environment and the health and safety of its workers. Under certain of these laws and regulations, an owner or operator of a facility can be liable for contamination even if the contamination is the result of activities of third parties. As a result, it is possible that the Company could have environmental liability with respect to the properties it owns or operates as a result of contamination caused by prior owners or operators or operations at neighboring properties. Although the Company believes it is in compliance with applicable environmental requirements, and it has not incurred significant costs or liabilities in the past, there can be no assurance that its environmental compliance costs or liabilities will not increase in the future or that it will not become subject to new governmental regulations, including those pertaining to climate change, that may impose additional restrictions or costs on the Company. The Company presently believes that none of its properties has any condition that is likely to have a material, adverse effect on its consolidated balance sheets, consolidated statements of comprehensive income or consolidated statements of cash flows.

Employees

As of December 31, 2014, we employed approximately 5,300 full time employees, approximately 420 of which were represented by labor unions. We believe that our relations with our employees are satisfactory.

Available Information

We file annual, quarterly, and current reports, proxy statements, and other documents with the Securities and Exchange Commission ("SEC") under the Exchange Act. The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Also, the SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including our filings, which we file electronically with the SEC. The public can obtain any documents that we file with the SEC at http://www.sec.gov.

We make available free-of-charge through our Internet website (at http://www.mediageneral.com) copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and, if applicable, amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act as soon as reasonably practicable after we electronically file such material with, or furnish such material to, the SEC.

We also make available on our website our Principles of Corporate Governance, the charters for our audit committee, compensation committee, and nominating and corporate governance committee and our code of business conduct and ethics. This information is available on our website to any stockholder who is interested in reviewing this information. In addition, we intend to disclose on our website any amendments to, or waivers from, our code of business conduct and ethics that are required to be publicly disclosed pursuant to rules of the SEC and the New York Stock Exchange ("NYSE").

Item 1A. Risk Factors

Risks Related to the Company's Business

The integration of Legacy Media General and Young and of Media General and LIN Media present significant challenges that may reduce the anticipated potential benefits of these mergers.

The integration of Legacy Media General and Young and the integration of Media General and LIN present significant challenges that may reduce the anticipated potential benefits of these mergers. The integration of Legacy Media General and Young and the integration of Media General and LIN is complex and time-consuming due to the size and complexity of each organization. The Company faces significant challenges in consolidating functions and integrating organizations, procedures and operations in a timely and efficient manner, as well as retaining key personnel. The principal challenges include the following:

- integrating information systems and internal controls over accounting and financial reporting;
- integrating Legacy Media General and Young's and Media General and LIN's existing businesses;
- preserving significant business relationships;
- consolidating corporate and administrative functions;
- conforming standards, controls, procedures and policies, business cultures and compensation structures between Legacy Media General and Young and Media General and LIN; and
- retaining key employees.

The Company's management is dedicating substantial effort to integrating the businesses of Legacy Media General and Young and Media General and LIN. These efforts could divert management's focus and resources from the Company's business, corporate initiatives or strategic opportunities. If the Company is unable to integrate Legacy Media General's and Young's and Media General's and LIN's organizations, procedures and operations in a timely and efficient manner, the anticipated benefits and cost savings of these mergers may not be realized fully, or may take longer to realize than expected. An inability to realize the full extent of the anticipated benefits of these mergers, as well as any delays encountered in the integration process, could also have an adverse effect upon the Company’s revenues, expenses and operating results.

The Company’s future success depends, in part, upon its ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurances that the Company will be successful or that it will realize the expected operating efficiencies, cost savings and other benefits currently anticipated.

The Company’s advertising revenue can vary substantially from period to period based on many factors beyond the Company’s control. This volatility may have an adverse impact on the Company’s business, financial condition or results of operations.

The Company relies on sales of advertising time for most of its revenues and, as a result, its operating results depend on the amount of advertising revenue that it generates. In 2014, approximately 73% of the Company’s gross operating revenues were derived from broadcast advertising. If the Company generates less advertising revenue, it may be more difficult for it to repay its indebtedness and meet its working capital requirements, and the value of the Company’s business may decline. The Company’s ability to sell advertising depends on:

the levels of automobile advertising, which historically have represented approximately 26% of its gross advertising revenue;

the health of the economy in the areas where the Company’s television stations are located and in the nation as a whole;

- the popularity of the Company's programming and that of its competition;

- the activities of the Company's competitors, including competitors that offer other forms of advertising-based mediums, such as other broadcast television stations, radio stations, MVPDs, Internet and broadband content providers, transit advertising, direct mail, local cable systems and other print and media outlets serving in the same markets;

- the levels of political advertising, which are affected by campaign finance laws, and the ability of political candidates and political action committees to raise and spend funds, and are subject to seasonal fluctuations;

- the levels of advertising from the Olympic Games;

- changes in the makeup of the population in the areas where the Company's stations are located; and

- other factors that may be beyond the Company's control.

In addition, a high percentage of the Company's operating expenses are fixed, and a small decrease in advertising revenue could significantly impact its financial results. There can be no assurance that the Company's advertising revenue will not be volatile in the future, and such volatility may have an adverse impact on the Company's business, financial condition or results of operations.

The Company's substantial indebtedness could impair its financial condition and its ability to fulfill its debt obligations.

As of December 31, 2014, the Company had total long-term debt of approximately $2.4 billion, with $146.6 million of unused commitments under the Company's Revolving Credit Facility after giving effect to $3.4 million of outstanding (but undrawn) letters of credit. This indebtedness could:

- make it more difficult for the Company to satisfy its debt obligations which could in turn result in an event of default on its indebtedness;

- impair the Company's ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions and other general corporate purposes;

require a substantial portion of the Company’s cash flows to be dedicated to make debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;

expose the Company to the risk of increased rates as certain of its borrowings, including borrowings under the Senior Secured Credit Facilities, are at variable rates of interest;

diminish the Company’s ability to withstand a downturn in its business, the industry in which it operates or the economy generally;

limit flexibility in planning for, or reacting to, changes in the Company’s business and the industry in which it operates; and

place the Company at a competitive disadvantage compared to certain competitors that may have lower leverage.

In addition, the Indentures governing LIN Television's 6.375% Senior Notes due 2021 (the "2021 Notes") and LIN Television's 5.875% Senior Notes due 2022 (the "2022 Notes") and the credit agreement governing the Senior Secured Credit Facilities contain restrictive covenants that limit the ability of the Company (in the case of the Senior Secured Credit Facilities) and LIN Television and its subsidiaries to engage in activities that may be in the Company's long-term best interest. Failure to comply with those covenants could result in the acceleration of all of the Company's debt.

Despite the Company's level of indebtedness, the Company may still be able to incur substantial additional indebtedness in the future, which could increase the risks described above.

The Company may be able to incur substantial additional indebtedness in the future. The terms of the credit agreement governing the Senior Secured Credit Facilities and the Indentures governing the 2021 Notes and 2022 Notes limit, but do not prohibit, the Company or LIN Television and its subsidiaries from incurring additional indebtedness. In addition, as of December 31, 2014, the Company's Revolving Credit Facility provided for unused commitments of $146.6 million (after giving effect to $3.4 million of outstanding (but undrawn) letters of credit). If the Company incurs additional indebtedness, the risks described in this report relating to having substantial debt could intensify.

The Company will require a significant amount of cash to service its indebtedness. This cash may not be readily available to the Company.

The Company's ability to make payments on, or repay or refinance, its indebtedness and fund its ongoing operations and planned capital expenditures will depend largely upon the Company's financial condition and operating performance. The Company's and its subsidiaries' future performance, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control. The Company cannot be certain that sufficient cash flow from operations will be generated or that future sources of capital will be available in amounts sufficient to enable the Company to pay the principal, premium, if any, interest on, and fees related to its indebtedness or to fund our other liquidity needs.

If the Company's cash flows and capital resources are insufficient to fund its debt service obligations, the Company could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance its indebtedness. The Company may not be able to effect any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, those alternative actions may not be sufficient to allow the Company to meet its scheduled debt service obligations. The Company's ability to restructure or refinance its indebtedness will depend on the condition of the capital markets and the Company's financial condition at that time. Any refinancing of the Company's indebtedness could be at higher interest rates and may require the Company to comply with more onerous covenants, which could further restrict its business operations. The credit agreement governing the Senior Secured Credit Facilities and the Indentures governing the 2021 Notes and 2022 Notes restrict the ability of the

Company (in the case of the Senior Secured Credit Facilities) and LIN Television and its subsidiaries to dispose of assets and use the proceeds from those dispositions and may also restrict the ability of the Company and LIN Television and its subsidiaries to raise debt or equity capital to be used to repay other indebtedness when it becomes due. The Company may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due. The Company’s inability to generate sufficient cash flows to satisfy its debt obligations, or to refinance its indebtedness on commercially reasonable terms or at all, would materially adversely affect its financial position and results of operations and may restrict the Company’s current and future operations.

If the Company cannot make scheduled payments on its debt, it will be in default and holders of the 2021 Notes and 2022 Notes could declare all outstanding principal and interest to be due and payable, the lenders under the Senior Secured Credit Facilities could terminate their commitments to loan money and declare all outstanding principal, interest and other amounts owing to be due and payable, require that certain obligations be cash collateralized and foreclose against the assets securing their borrowings and the Company could be forced into bankruptcy or liquidation.

Covenants in the Company's debt agreements restrict our business in many ways.

The Indentures governing the 2021 Notes and 2022 Notes and the credit agreement governing the Senior Secured Credit Facilities contain a number of restrictive covenants that impose significant operating and financial restrictions on the Company (in the case of the Senior Secured Credit Facilities) and LIN Television and its subsidiaries and may limit the Company's ability to engage in acts that may be in the Company's long-term best interest, including restrictions on the Company's and its subsidiaries' ability to, among other things:

- incur or assume liens or additional debt or guarantee debt or other obligations;
- issue certain preferred stock or similar equity securities;
- pay dividends or distributions or redeem or repurchase capital stock;
- prepay, redeem or repurchase debt;
- make loans, investments and capital expenditures;
- enter into agreements that restrict distributions from the Company's subsidiaries;
- sell assets and capital stock of the Company's subsidiaries;
- enter into certain transactions with affiliates; and
- consolidate or merge with or into, or sell substantially all of the Company's assets to, another person.

A breach of any of the covenants or restrictions under the Indentures governing the 2021 Notes and 2022 Notes and the credit agreement governing the Senior Secured Credit Facilities could result in a default under the applicable indebtedness and could cross default to other indebtedness. Such a default may allow the creditors to accelerate the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. Upon the occurrence of an event of default under the credit agreement governing the Senior Secured Credit Facilities, the lenders could elect to declare all amounts outstanding under the Senior Secured Credit Facilities to be immediately due and payable and terminate all commitments to extend further credit under those facilities. If the Company were unable to repay the amounts due and payable under the Senior Secured Credit Facilities, the lenders thereunder could proceed against the collateral granted to them to secure that indebtedness. The Company has pledged a significant portion of its assets as collateral under the Senior Secured Credit Facilities. If the lenders under the Senior Secured Credit Facilities or note holders under indentures accelerate the repayment of the Company's borrowings, the Company may not have sufficient liquidity to repay its indebtedness and could be forced into bankruptcy or liquidation.

As a result of these restrictions, the Company may be:

- limited in how it conducts its business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect the Company's ability to grow in accordance with its strategy. In addition, the Company's financial results, substantial indebtedness and credit ratings could materially adversely affect the availability and terms of its financing.

Financial and economic conditions may have an adverse impact on the Company's industry, business, financial condition and/or results of operations.

Financial and economic conditions could have an adverse effect on the fundamentals of the Company's business, financial condition and/or results of operations. Poor economic and industry conditions could have a negative impact on the Company's industry or the industry of those customers who advertise on the Company's stations, including, among others, the automotive industry and service businesses, each of which is a significant source of its advertising revenue. Additionally, financial institutions, capital providers or other consumers may be adversely affected. Potential consequences of any financial and economic decline include:

- the financial condition of those companies that advertise on the Company's stations may be adversely affected, causing them to spend less on advertising, which could result in a significant decline in its advertising revenue;
- the Company's ability to pursue acquisitions or divestitures of certain television and non-television assets at attractive values may be limited;
- the possibility that the Company's business partners could be negatively impacted and the Company's ability to maintain these business relationships could also be impaired;
- the Company's ability to refinance its existing debt on terms and at interest rates it finds attractive, if at all, may be impaired; and
- the Company's ability to make certain capital expenditures may be significantly impaired.

If the Company is unable to secure or maintain carriage of its television stations' signals over cable, telecommunication video and/or direct broadcast satellite systems, the Company's television stations may not be able to compete effectively.

Pursuant to FCC rules, local television stations may elect every three years to either: (1) require cable and/or direct broadcast satellite operators to carry the stations' signals or (2) enter into retransmission consent agreements for carriage. Failure to reach timely retransmission consent agreements with the relevant operators may harm the

Company's business. There is no assurance that the Company will be able to agree on acceptable terms, which could lead to a reduction in its revenue from cable and satellite retransmission consent agreements. If the Company is unable to reach retransmission consent agreements with cable companies, satellite providers and telecommunication providers for the carriage of its stations' signals, the Company could lose revenues and audience share. The Company renegotiates retransmission agreements with cable and satellite providers as current contracts expire, and the Company may not be able to negotiate future agreements on terms comparable to or more favorable than its current agreements. This may cause revenues and revenue growth from its retransmission consent agreements to decrease under the renegotiated terms.

Effective June 18, 2014, the FCC changed its rules implementing the statutory duty to negotiate retransmission consent agreements in good faith. With this change, a television broadcast station ranked among the top-four stations (as measured by audience share) in its Nielsen DMA is prohibited from negotiating retransmission consent jointly with another top-four station in the same market if the stations are not commonly owned. Under the rule changes, top-four stations may not 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 top-four television station in the same DMA; neither may top-four stations facilitate or agree to facilitate coordinated negotiation of retransmission consent terms among multiple top-four stations in the same DMA, including through the sharing of information. Retransmission consent agreements jointly negotiated prior to the effective date of the new rules remain enforceable until expiration of their terms, but contractual provisions related to separately owned top-four stations consulting or jointly negotiating retransmission agreements are no longer enforceable. The Company cannot predict what effect, if any, the new rules may have on future negotiations for retransmission consent agreements.

As a television broadcaster, the Company is highly regulated, and continuation of its operations requires that it retain or renew a variety of government approvals and comply with changing federal regulations.

The FCC extensively regulates the ownership, operation and sale of broadcast television stations, including those licensed to the Company. The Communications Act requires broadcasters to serve the public interest. Among other things, the FCC assigns frequency bands; determines stations' locations and operating parameters; issues, renews, revokes and modifies station licenses; regulates and limits changes in ownership or control of station licenses; regulates equipment used by stations; regulates station employment practices; regulates certain program content and commercial matters in children's programming; has the authority to impose penalties for violations of its rules or the Communications Act; and imposes annual fees on stations. Reference should be made to the Communications Act, as well as to the FCC's rules, public notices and rulings for further information concerning the nature and extent of federal regulation of broadcast television stations.

Congress and the FCC have under consideration, and in the future may adopt, new laws, regulations and policies regarding a wide variety of matters that could affect, directly or indirectly, the operation, ownership transferability and profitability of the Company's television stations and affect the ability of the Company to acquire additional stations. In addition to the matters noted above, these may include, for example, spectrum use fees; reallocation of portions of the television broadcast spectrum to other uses or reductions in the amount of spectrum allotted to television stations; further restrictions on the ability of same-market television stations to engage in shared services, joint sales or other cooperative arrangements to reduce operating costs; political advertising rates; potential restrictions on the advertising of certain products (such as alcoholic beverages); program content; increased fines for rule violations; closed captioning requirements and ownership rule changes.

Under an order that the FCC released on April 15, 2014, a television broadcaster that agrees to sell more than 15% of the weekly advertising inventory on another television station in the same market will be deemed to have an attributable ownership interest in that station. The change effectively bans JSAs involving ad sales in excess of 15% of the weekly advertising inventory on another television station in the same market unless the brokering station could own the brokered station under the FCC's duopoly limitations or obtains a waiver of the rule. Stations with JSAs that would put them in violation of the new rules have until December 19, 2016, to amend or terminate those arrangements or to obtain waivers. Although the FCC will consider waivers of the new JSA attribution rule, the FCC thus far has provided little guidance on what factors must be present for grant of a waiver. These proposed changes will affect Media General's present agreements to sell advertising inventory for independently owned stations in Augusta, GA; Albany, NY; Lansing, MI; Springfield, OH; Youngstown, OH; and Topeka, KS. The FCC is considering in its ongoing quadrennial review of its ownership rules, and in a separate rulemaking proceeding, whether to require disclosure of or otherwise restrict shared services, news sharing and other cooperative agreements among stations. The Company has shared services agreements in the Albuquerque, NM market and in those markets where its stations sell advertising for independently owned stations (Augusta, GA; Albany, NY; Lansing, MI; Springfield, OH; Youngstown, OH; and Topeka, KS).

In addition, uncertainty about media ownership regulations and adverse economic conditions has dampened the acquisition market from time to time, and changes in the regulatory approval process may make it materially more expensive, or may materially delay, the Company's ability to consummate further acquisitions.

The Company requires licenses from the FCC for its operations, and a rejection or reconsideration of license renewals by the FCC could have a material, adverse effect on the Company's business. Typically, the FCC begins processing renewal applications over the last month of the renewal term; however, for broadcasters to obtain license renewals (a necessary prerequisite to FCC consent for certain transactions), the FCC has required licensees to enter into tolling agreements extending the time that the FCC may prosecute indecency and other alleged violations beyond the date of the license renewals. The Company has entered into tolling agreements with the FCC, including tolling agreements in connection with the Company's obtaining FCC consent for the merger with Young, consummated in 2013. The Company filed all of its pending applications for renewal in a timely manner prior to the applicable expiration dates and expects applications that remain pending to be approved as the FCC works through its backlog. In these circumstances, the Communications Act provides that the Company may continue to operate under its broadcast licenses pending final action on any pending renewal applications. Historically, the FCC renews the vast majority of broadcast licenses, but there can be no assurance that the Company's licenses will be renewed at their expiration dates or, if renewed, that the renewal terms will be for the maximum permitted period. The non-renewal or revocation of one or more of the Company's primary licenses could have an adverse effect on its operations.

The FCC is considering possible mechanisms for spectrum reallocation that could affect the spectrum for the Company's stations and adversely impact the Company's ability to compete.

The FCC is authorized to conduct a "reverse auction" at which television broadcast licensees could submit bids to receive compensation for relinquishing all or a portion of their rights in the television spectrum of their full-service and Class A stations. A licensee could bid to relinquish its channel entirely, relocate to a different channel band (UHF to VHF), or relinquish its channel and share a different channel with another broadcaster. Broadcasters choosing to share a channel would retain must-carry rights on cable systems. Under the law, the FCC may hold only one reverse auction. Concurrently with the reverse auction or after its completion, the FCC would conduct a forward auction of the newly freed spectrum. The FCC must complete both auction by 2022.

Even if a television licensee does not participate in the reverse auction, the FCC nevertheless may require that it relocate its station to another channel or make technical changes to facilitate repacking the band. The FCC will have a $1.75 billion fund to compensate broadcasters and cable systems for the reasonable costs of repacking. The legislation limits the ability of broadcasters to challenge FCC repacking decisions by denying a licensee the right to a hearing before the FCC modifies its license, a right that the Communications Act otherwise would provide. On June 2, 2014, the FCC released an order adopting rules to implement the broadcast television spectrum incentive auction to clear a portion of the television band for mobile broadband use. The FCC has not yet set a date for the auction, but it is anticipated that auction applications will be due at the earliest in late 2015, with the auction to be scheduled for 2016. There is no assurance however, that the FCC will meet this schedule. Changes in FCC and Administration policies and Congressional action could affect this schedule and the ultimate shape of the auction in ways that cannot now be predicted.

The Company further cannot predict the form of any final rules that the FCC may adopt for television spectrum reallocation or whether the rules ultimately adopted would have any adverse effect upon the Company's ability to compete. Additionally, the Company cannot predict whether the FCC or the Congress might adopt even more stringent requirements or incentives to abandon current spectrum if the initiatives now being reviewed are adopted and implemented but do not have the desired result of freeing what the agency deems to be sufficient spectrum for wireless broadband use.

Changes in FCC ownership rules through FCC action, judicial review or federal legislation may limit the Company's ability to continue providing services to stations under sharing arrangements (such as LMAs, JSAs, SSAs and other similar agreements), may require the Company to amend or terminate certain agreements and/or may preclude the Company from obtaining the full economic value of one or more of its station combinations in a DMA upon a sale, merger or other similar transaction transferring ownership of such station or stations.

FCC ownership rules currently impose significant limitations on the ability of a person or entity to have attributable interests in multiple media properties. Federal law prohibits any person or entity from having an attributable interest in broadcast television stations located in markets which collectively include more than 39% of national television households. The FCC is currently considering elimination of the 50% household discount given to owners of UHF stations in determining compliance with this national cap. While the Company has significant room for additional station acquisitions even if the UHF discount is eliminated, the proposed change, if adopted, could ultimately limit the company's ability to acquire television stations in additional markets. While this rulemaking is pending, the FCC has indicated it will not grant applications that would put the applicant above the 39% cap without application of the UHF discount.

Ownership restrictions under FCC rules also include a variety of local limits on media ownership. The restrictions include an ownership limit of one television station in most medium and smaller television markets and two stations in most larger markets, known as the television duopoly rule. The regulations also include limits on the common ownership of a newspaper and television station in the same market (newspaper-television cross-ownership), and limits on common ownership of radio and television stations in the same market (radio-television station ownership).

If the FCC should loosen its media ownership rules, attractive opportunities may arise for additional television station and other media acquisitions, but these changes also would create additional competition for the Company from other entities, such as national broadcast networks, other large station groups, and newspaper chains, which may be better positioned to take advantage of such changes and benefit from the resulting operating synergies both nationally and in specific markets.

On March 12, 2014, the FCC issued a public notice with respect to the processing of broadcast television applications proposing sharing arrangements and contingent interests. The public notice indicated that the FCC will closely scrutinize any application that proposes that two or more stations in the same market that are not commonly owned (i) enter into an agreement to share facilities, employees and/or services or to jointly acquire programming or sell advertising including through joint sales agreements, shared services agreements, or similar agreements, and (ii) enter into an option, right of first refusal, put/call arrangement or other similar contingent interest, or a loan guarantee. The Company cannot now predict what actions the FCC may require in connection with the processing of applications for FCC consent to acquire or divest stations. However, among other things, this may limit the Company’s ability to enter into contractual relationships with third-party licensees.

Under an FCC rule that became effective on June 19, 2014, a television licensee that agrees to sell more than 15% of the weekly advertising inventory of another television station in the same DMA will be deemed to have an attributable ownership interest in that station. The change will effectively ban joint sales agreements involving ad sales in excess of 15% between two stations in the same market unless the station selling the advertising time could own the other station under the FCC’s duopoly limitations or can obtain a waiver of the rule. Stations with joint sales agreements that would put them in violation of the FCC’s new ownership limits will have until December 19, 2016, to amend or terminate those arrangements or to obtain waivers of the new rule. Although the FCC will consider waivers of the new joint sales agreement attribution rule, the FCC thus far has provided little guidance on what factors must be present for a waiver to be granted. Absent further developments of the grant of waivers, these changes will affect the Company’s present agreements to sell advertising inventory for independently owned stations in Augusta, GA, Albany, NY, Lansing, MI, Dayton, OH, Youngstown, OH and Topeka, KS, and will restrict its ability to enter such agreements in the future.

Concurrent with its adoption of the rule on TV joint sales agreements, the FCC issued a notice of proposed rulemaking in which it initiated its statutorily-required Quadrennial Review of its ownership rules. The rulemaking proposes, among other things, (i) eliminating the newspaper/radio cross ownership rule and the radio/television cross ownership rule, (ii) retaining the newspaper/television cross ownership rule but allowing for waivers on a case by case basis, (iii) retaining the local television rules, and (iv) prohibiting two television stations in the same market from swapping network affiliations if it would result in a single owner having two top-four network affiliations in a market where it could not otherwise own both affiliation-swapping stations. The proposed rulemaking also seeks comment on how to define a television shared services agreement and whether television stations should be required to disclose shared services agreements and how best to achieve disclosure. In addition, the FCC proposed to adopt the overlap of digital noise-limited service contours as the trigger for applying the local television ownership rules to commonly owned television stations in the same market and to grandfather existing ownership combinations that would exceed ownership limits under the revised approach.

The Company's operating results are dependent in part on the success of programming aired by the Company's television stations, which depends in part upon factors beyond the Company's control.

The Company's advertising revenues depend in part on the success of the Company's local, network and syndicated programming. The Company makes significant commitments to acquire rights to television programs under multi-year agreements. Whether these programs succeed depends upon unpredictable factors such as audience preferences, competing programming and the availability of other entertainment activities. If a particular program is not popular, it may not be possible to sell enough advertising to cover the program's cost. In some instances, the Company may have to replace or cancel programs before fully amortizing their costs and, as a result, may have impairments that increase operating costs.

In addition, FCC rules affect the network-affiliate relationship. Among other things, these rules require network affiliation agreements to: (i) prohibit networks from requiring affiliates to clear time previously scheduled for other use, (ii) permit an affiliate to preempt network programs it believes are unsuitable for its audience and (iii) permit affiliates to substitute programs believed to be of greater local or national importance than network programming. In 2008, the FCC resolved a petition to review certain of these rules by clarifying its limitations on the extent to which the networks can exert control over the operations of their affiliates.

In recent years, the national broadcast networks have streamed their programming on the Internet and other distribution platforms in close proximity to network programming broadcast on local television stations, including those that the Company owns. These and other practices by the networks dilute the exclusivity and value of network programming originally broadcast by the local stations and could adversely affect the business, financial conditions, and results of operations of the Company's stations.

The non-renewal or termination of a network affiliation agreement or a change in network affiliations could have a material, adverse effect on the Company. The Company periodically renegotiates its major network affiliation agreements. There can be no assurance as to whether the Company's affiliation agreements will be renewed or as to what effect, if any, these renewals may have on the Company's financial condition and results of operations.

If any of the Company's stations cease to maintain affiliation agreements with networks for any reason, the Company would need to find alternative sources of programming, which may be less attractive and more expensive. A change in network affiliation in a given television market may have many short- and long-term consequences, depending upon the circumstances surrounding the change. Potential short-term consequences include: (a) increased marketing costs and increased internal operating costs, which can vary widely depending on the amount of marketing required to educate the audience regarding the change and to maintain the station's viewing audience; (b) short-term loss of market share or slower market growth due to advertiser uncertainty about the switch; (c) costs of building a new or larger news operation; (d) other increases in station programming costs, if necessary; and (e) the cost of equipment needed to conform the station's programming, equipment and logos to the new network affiliation. Long-term consequences are more difficult to assess, due to the cyclical nature of each of the major networks' share of the audiences that changes from year-to-year with programs coming to the end of their production cycle, audience acceptance of new programs in the future, and the fact that national network audience ratings do not necessarily indicate how a network's programming may fare in a particular market. The circumstances that may surround a network affiliation switch cause uncertainty as to the actual costs that will be incurred by the Company, and if these costs are significant, the switch could have a material, adverse impact on the income the Company derives from the affected station.

In addition, syndication agreements are licenses to broadcast programs that are produced by production companies. Such programming can form a significant component of a station's programming schedule. Syndication agreements are subject to cancellation, which may affect a station's programming schedule, and the Company cannot be certain that it will continue to be able to acquire rights to syndicated programs once its current contracts for these programs end.

The consummation and integration of acquisitions pose various risks and uncertainties.

The Company has pursued and intends to selectively continue to pursue strategic acquisitions, subject to market conditions, the Company's liquidity, and the availability of attractive acquisition candidates. The Company may not be successful in identifying attractive acquisition targets or have the financial capacity to complete future acquisitions. Acquisitions involve inherent risks, such as increasing leverage, debt service requirements, future performance-based purchase obligations and combining company cultures and facilities, and the Company may not be able to successfully integrate acquired entities, which could have a material adverse effect on its operating results, particularly during the period immediately following any acquisition. The Company may not be able to generate cost savings or increase revenues as a result of any acquisition. In addition, future acquisitions may result in the Company's assumption of unexpected liabilities and may result in the diversion of management's attention from the operation of the Company's core business.

Certain acquisitions, such as acquisitions of television stations, are subject to the approval of the FCC and, potentially, other regulatory authorities. The need for FCC and other regulatory approvals could restrict the Company's ability to consummate future transactions and potentially require us to divest some television stations.

The Company may not achieve all of the synergies and cost savings that it expects to obtain from its acquisitions.

In connection with the Young Merger, LIN Merger and other acquisitions, the Company has disclosed, and may from time to time disclose or announce, potential synergies and cost savings that may be obtained in the future as a result of the acquisitions, including measures of revenue and profitability that give effect to potential synergies. The Company's determination of potential synergies and cost savings (and such measures of revenue and profitability) was based upon various assumptions and estimates that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the Company's control, and are based upon specific assumptions with respect to future business decisions, some of which will change. The Company cannot guarantee that it will necessarily generate all of the anticipated synergies from acquisitions, and the actual amount of synergies and cost savings it successfully obtains could be significantly lower than the amounts expected. In addition, the Company's ability to generate synergies will be subject to governmental actions and policies which are outside of its control. All disclosures regarding anticipated synergies and cost savings (and any related measures of revenue and profitability) are forward-looking statements which should be reviewed together with the "Risk Factors" included in this report.

The Company’s pension and postretirement benefit plans are currently underfunded. A declining stock market and lower interest rates could affect the value of its retirement plan assets and increase the Company’s postretirement obligations.

The Company has qualified defined benefit retirement plans covering substantially all Legacy Media General employees hired before January 1, 2007 and the IBEW Local 45 employees of KRON-TV. The Company also acquired LIN Media’s defined benefit plans in the LIN Merger. As of December 31, 2014, these qualified retirement plans were underfunded by approximately $184.2 million after considering 2014 contributions. The qualified retirement plans had $437.6 million in total net assets available to pay benefits to participants enrolled in the Plans as of December 31, 2014. The Company made contributions of $45 million in January of 2014 to the Legacy Media General plan to reduce the funding gap. In the second half of 2014, the Company offered terminated vested participants of the Legacy Media General Retirement Plan an opportunity to receive a lump-sum payout in settlement of their retirement plan liability. Approximately half of the roughly 1,800 participants elected to do so, resulting in $70.6 million in payouts from plan assets to settle approximately $94 million in liability.

The Company also has non-contributory unfunded supplemental executive retirement and ERISA excess plans, both of which were amended and restated effective January 1, 2008, and both of which supplement the coverage available to certain Legacy Media General executives. There is also an unfunded plan that provides certain health and life insurance benefits to retired Legacy Media General employees who were hired prior to 1992 and a retirement medical savings account established as of January 1, 2007. Although the Company has frozen participation and benefits under all plans discussed in this section in either 2005 or 2009, two significant elements in determining the Company's pension expense are the expected return on plan assets and the discount rate used in projecting obligations. Large declines in the stock market (such as those seen in 2008) and lower discount rates (such as those seen in 2014) increase the Company's expense and may necessitate higher cash contributions to the qualified retirement plans.

The Company's ability to use the net operating loss carryforwards of Legacy Media General, Young and LIN Television to offset future taxable income currently is subject to limitation under Section 382 of the Code. Future transactions involving the Company and/or its shareholders could further limit the Company's ability to use net operating loss carryforwards to offset future taxable income for U.S. federal income tax purposes.

In general, under Section 382 of the Internal Revenue Code of 1986, as amended (which we refer to as the "Internal Revenue Code"), a corporation that undergoes an ownership change is subject to limitation on its ability to utilize its pre-change net operating loss carryforwards (which we refer to as "NOL carryforwards") to offset future taxable income for U.S. federal income tax purposes. In general, an ownership change occurs if the aggregate stock ownership of certain shareholders increases by more than 50 percentage points over such shareholders' lowest percentage ownership during the testing period (generally three years). An ownership change can result from, among other things, an offering of stock, the purchase or sale of stock by certain shareholders, or the issuance or exercise of rights to acquire stock.

For U.S. federal income tax purposes, as of December 31, 2014, the Company had approximately $635 million of NOL carryforwards attributable to Old Media General, Legacy Media General, Young and LIN Television. The Company's ability to use the NOL carryforwards of Legacy Media General, Young and LIN Television to offset future taxable income currently is subject to limitation under Section 382 of the Code. Future transactions involving the Company and/or its shareholders could further limit the Company's ability to use NOL carryforwards to offset future taxable income for U.S. federal income tax purposes.

Section 382 limitations may impact the timing of when cash is used to pay the Company's taxes and could cause some portion of the Company's NOL carryforwards to expire unused, in each case, reducing or eliminating the benefit of such NOL carryforwards. Similar rules and limitations may apply for state income tax purposes.