

Edgar Filing: NEXSTAR MEDIA GROUP, INC. - Form 10-Q

NEXSTAR MEDIA GROUP, INC.

Form 10-Q

August 08, 2018

false 2018 Q2 NXST 0001142417 --12-31 Large Accelerated Filer P3M P3Y P15Y P15Y P1Y P20Y P1Y P20Y
0001142417 2018-01-01 2018-06-30 xbrli:shares 0001142417 2018-08-08 iso4217:USD 0001142417 2018-06-30
0001142417 2017-12-31 0001142417 us-gaap:CommonClassAMember 2018-06-30 0001142417
us-gaap:CommonClassAMember 2017-12-31 0001142417 us-gaap:VariableInterestEntityPrimaryBeneficiaryMember
2018-06-30 0001142417 us-gaap:VariableInterestEntityPrimaryBeneficiaryMember 2017-12-31 iso4217:USD
xbrli:shares 0001142417 us-gaap:CommonClassBMember 2018-06-30 0001142417 us-gaap:CommonClassBMember
2017-12-31 0001142417 us-gaap:CommonClassCMember 2018-06-30 0001142417 us-gaap:CommonClassCMember
2017-12-31 0001142417 2018-04-01 2018-06-30 0001142417 2017-04-01 2017-06-30 0001142417 2017-01-01
2017-06-30 0001142417 us-gaap:AdditionalPaidInCapitalMember 2017-12-31 0001142417
us-gaap:RetainedEarningsMember 2017-12-31 0001142417
us-gaap:AccumulatedOtherComprehensiveIncomeMember 2017-12-31 0001142417 us-gaap:TreasuryStockMember
2017-12-31 0001142417 us-gaap:NoncontrollingInterestMember 2017-12-31 0001142417
us-gaap:TreasuryStockMember 2018-01-01 2018-06-30 0001142417 us-gaap:AdditionalPaidInCapitalMember
2018-01-01 2018-06-30 0001142417 us-gaap:RetainedEarningsMember 2018-01-01 2018-06-30 0001142417
us-gaap:NoncontrollingInterestMember 2018-01-01 2018-06-30 0001142417
us-gaap:AdditionalPaidInCapitalMember 2018-06-30 0001142417 us-gaap:RetainedEarningsMember 2018-06-30
0001142417 us-gaap:AccumulatedOtherComprehensiveIncomeMember 2018-06-30 0001142417
us-gaap:TreasuryStockMember 2018-06-30 0001142417 us-gaap:NoncontrollingInterestMember 2018-06-30
0001142417 2016-12-31 0001142417 2017-06-30 0001142417
us-gaap:VariableInterestEntityPrimaryBeneficiaryMember 2018-01-01 2018-06-30 0001142417
nxst:AccountingStandardsUpdate201615AndAccountingStandardsUpdate201618Member 2018-01-01 2018-06-30
0001142417 nxst:LKQDTechnologiesIncorporationMember 2018-01-01 2018-06-30 0001142417
us-gaap:AccountingStandardsUpdate201409Member 2018-01-01 2018-06-30 nxst:TelevisionStation nxst:Market
0001142417 nxst:CurrentAssetsMember us-gaap:VariableInterestEntityPrimaryBeneficiaryMember 2017-12-31
0001142417 nxst:CurrentAssetsMember us-gaap:VariableInterestEntityPrimaryBeneficiaryMember 2018-06-30
0001142417 nxst:PropertyAndEquipmentNetMember us-gaap:VariableInterestEntityPrimaryBeneficiaryMember
2018-06-30 0001142417 nxst:PropertyAndEquipmentNetMember
us-gaap:VariableInterestEntityPrimaryBeneficiaryMember 2017-12-31 0001142417
nxst:BalanceSheetLocationGoodwillMember us-gaap:VariableInterestEntityPrimaryBeneficiaryMember 2018-06-30
0001142417 nxst:BalanceSheetLocationGoodwillMember us-gaap:VariableInterestEntityPrimaryBeneficiaryMember
2017-12-31 0001142417 nxst:FccLicensesMember us-gaap:VariableInterestEntityPrimaryBeneficiaryMember
2018-06-30 0001142417 nxst:FccLicensesMember us-gaap:VariableInterestEntityPrimaryBeneficiaryMember
2017-12-31 0001142417 nxst:OtherIntangibleAssetsNetMember
us-gaap:VariableInterestEntityPrimaryBeneficiaryMember 2018-06-30 0001142417
nxst:OtherIntangibleAssetsNetMember us-gaap:VariableInterestEntityPrimaryBeneficiaryMember 2017-12-31
0001142417 us-gaap:OtherNoncurrentAssetsMember us-gaap:VariableInterestEntityPrimaryBeneficiaryMember
2018-06-30 0001142417 us-gaap:OtherNoncurrentAssetsMember
us-gaap:VariableInterestEntityPrimaryBeneficiaryMember 2017-12-31 0001142417 nxst:CurrentLiabilitiesMember
us-gaap:VariableInterestEntityPrimaryBeneficiaryMember 2017-12-31 0001142417 nxst:CurrentLiabilitiesMember
us-gaap:VariableInterestEntityPrimaryBeneficiaryMember 2018-06-30 0001142417
nxst:NoncurrentLiabilitiesMember us-gaap:VariableInterestEntityPrimaryBeneficiaryMember 2018-06-30
0001142417 nxst:NoncurrentLiabilitiesMember us-gaap:VariableInterestEntityPrimaryBeneficiaryMember
2017-12-31 0001142417 nxst:TradeRevenueMember 2018-04-01 2018-06-30 0001142417
nxst:TradeRevenueMember 2018-01-01 2018-06-30 0001142417 nxst:TradeRevenueMember 2017-04-01 2017-06-30
0001142417 nxst:TradeRevenueMember 2017-01-01 2017-06-30 0001142417 nxst:TradeAndBarterRevenueMember
us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member
us-gaap:AccountingStandardsUpdate201409Member 2017-04-01 2017-06-30 0001142417
nxst:TradeAndBarterRevenueMember us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member

Edgar Filing: NEXSTAR MEDIA GROUP, INC. - Form 10-Q

us-gaap:AccountingStandardsUpdate201409Member 2017-01-01 2017-06-30 0001142417
nxst:TradeAndBarterRevenueMember us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member
us-gaap:AccountingStandardsUpdate201409Member 2017-12-31 0001142417
us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member
us-gaap:AccountingStandardsUpdate201409Member nxst:TradeAndBarterRevenueMember 2018-04-01 2018-06-30
0001142417 us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member
us-gaap:AccountingStandardsUpdate201409Member nxst:TradeAndBarterRevenueMember 2018-01-01 2018-06-30
0001142417 us-gaap:CalculatedUnderRevenueGuidanceInEffectBeforeTopic606Member
us-gaap:AccountingStandardsUpdate201409Member nxst:TradeAndBarterRevenueMember 2018-06-30 0001142417
2018-01-01 0001142417 2018-01-01 2018-03-31 0001142417 2018-07-01 2018-06-30 0001142417
nxst:AccountingStandardUpdates201707Member 2018-04-01 2018-06-30 0001142417
nxst:AccountingStandardUpdates201707Member 2018-01-01 2018-06-30 0001142417
nxst:AccountingStandardUpdates201707Member 2017-04-01 2017-06-30 0001142417
nxst:AccountingStandardUpdates201707Member 2017-01-01 2017-06-30 0001142417
nxst:FivePointSixTwoFivePercentDueTwoThousandTwentyFourMember us-gaap:SeniorSubordinatedNotesMember
us-gaap:AccountingStandardsUpdate201618Member 2016-07-31 xbrli:pure 0001142417
nxst:FivePointSixTwoFivePercentDueTwoThousandTwentyFourMember us-gaap:SeniorSubordinatedNotesMember
us-gaap:AccountingStandardsUpdate201618Member 2016-07-01 2016-07-31 0001142417
nxst:FivePointSixTwoFivePercentDueTwoThousandTwentyFourMember us-gaap:SeniorSubordinatedNotesMember
us-gaap:AccountingStandardsUpdate201618Member 2018-01-01 2018-06-30 0001142417
nxst:MediaGeneralIncMember us-gaap:AccountingStandardsUpdate201618Member
srt:ScenarioPreviouslyReportedMember 2016-12-31 0001142417
nxst:FivePointSixTwoFivePercentDueTwoThousandTwentyFourMember nxst:MediaGeneralIncMember
us-gaap:AccountingStandardsUpdate201618Member srt:ScenarioPreviouslyReportedMember 2017-01-31 2017-02-01
0001142417 nxst:MediaGeneralIncMember us-gaap:AccountingStandardsUpdate201618Member
srt:ScenarioPreviouslyReportedMember 2017-01-01 2017-06-30 0001142417
nxst:FivePointSixTwoFivePercentDueTwoThousandTwentyFourMember nxst:MediaGeneralIncMember
us-gaap:AccountingStandardsUpdate201618Member srt:ScenarioPreviouslyReportedMember 2017-01-01 2017-06-30
0001142417 us-gaap:AccountingStandardsUpdate201615Member 2017-01-01 2017-06-30 0001142417
srt:ScenarioPreviouslyReportedMember 2017-01-01 2017-06-30 0001142417 srt:RestatementAdjustmentMember
2017-01-01 2017-06-30 0001142417 us-gaap:AccountingStandardsUpdate201618Member 2017-01-01 2017-06-30
0001142417 srt:ScenarioPreviouslyReportedMember 2016-12-31 0001142417
us-gaap:AccountingStandardsUpdate201618Member 2016-12-31 0001142417
nxst:LKQDTechnologiesIncorporationMember 2018-01-16 2018-01-16 0001142417
nxst:LKQDTechnologiesIncorporationMember 2018-01-01 2018-01-31 0001142417
nxst:LKQDTechnologiesIncorporationMember 2018-04-27 2018-04-27 0001142417
us-gaap:SubsequentEventMember nxst:LKQDTechnologiesIncorporationMember 2019-12-31 0001142417
nxst:LKQDTechnologiesIncorporationMember 2018-06-30 0001142417
nxst:LKQDTechnologiesIncorporationMember 2018-01-16 0001142417
nxst:LKQDTechnologiesIncorporationMember us-gaap:OtherIntangibleAssetsMember 2018-01-16 0001142417
nxst:LKQDTechnologiesIncorporationMember us-gaap:OtherIntangibleAssetsMember 2018-01-16 2018-01-16
0001142417 nxst:LKQDTechnologiesIncorporationMember 2018-01-16 2018-06-30 0001142417
us-gaap:SubsequentEventMember nxst:WHDFMember 2018-07-15 2018-07-15 0001142417
us-gaap:SubsequentEventMember nxst:KRBKMember 2018-08-01 2018-08-01 0001142417
us-gaap:ContractBasedIntangibleAssetsMember 2018-01-01 2018-06-30 0001142417
us-gaap:ContractBasedIntangibleAssetsMember 2017-01-01 2017-12-31 0001142417
us-gaap:ContractBasedIntangibleAssetsMember 2018-06-30 0001142417
us-gaap:ContractBasedIntangibleAssetsMember 2017-12-31 0001142417 us-gaap:OtherIntangibleAssetsMember
srt:MinimumMember 2018-01-01 2018-06-30 0001142417 us-gaap:OtherIntangibleAssetsMember
srt:MaximumMember 2018-01-01 2018-06-30 0001142417 us-gaap:OtherIntangibleAssetsMember
srt:MinimumMember 2017-01-01 2017-12-31 0001142417 us-gaap:OtherIntangibleAssetsMember

Edgar Filing: NEXSTAR MEDIA GROUP, INC. - Form 10-Q

srt:MaximumMember 2017-01-01 2017-12-31 0001142417 us-gaap:OtherIntangibleAssetsMember 2018-06-30
 0001142417 us-gaap:OtherIntangibleAssetsMember 2017-12-31 0001142417
 us-gaap:PensionPlansDefinedBenefitMember 2018-04-01 2018-06-30 0001142417
 us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-04-01 2018-06-30 0001142417
 us-gaap:PensionPlansDefinedBenefitMember 2018-01-01 2018-06-30 0001142417
 us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2018-01-01 2018-06-30 0001142417
 us-gaap:PensionPlansDefinedBenefitMember 2017-04-01 2017-06-30 0001142417
 us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2017-04-01 2017-06-30 0001142417
 us-gaap:PensionPlansDefinedBenefitMember 2017-01-01 2017-06-30 0001142417
 us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2017-01-01 2017-06-30 0001142417
 srt:MaximumMember 2018-06-30 0001142417 us-gaap:NotesPayableToBanksMember nxst:TermLoansMember
 2018-06-30 0001142417 us-gaap:NotesPayableToBanksMember nxst:TermLoansMember 2017-12-31 0001142417
 us-gaap:LineOfCreditMember 2017-12-31 0001142417 us-gaap:SeniorSubordinatedNotesMember
 nxst:SixPointOneTwoFivePercentDueTwoThousandTwentyTwoMember 2018-06-30 0001142417
 us-gaap:SeniorSubordinatedNotesMember nxst:SixPointOneTwoFivePercentDueTwoThousandTwentyTwoMember
 2017-12-31 0001142417 us-gaap:SeniorSubordinatedNotesMember
 nxst:FivePointEightSevenFivePercentDueTwoThousandTwentyTwoMember 2018-06-30 0001142417
 us-gaap:SeniorSubordinatedNotesMember
 nxst:FivePointEightSevenFivePercentDueTwoThousandTwentyTwoMember 2017-12-31 0001142417
 us-gaap:SeniorSubordinatedNotesMember nxst:FivePointSixTwoFivePercentDueTwoThousandTwentyFourMember
 2018-06-30 0001142417 us-gaap:SeniorSubordinatedNotesMember
 nxst:FivePointSixTwoFivePercentDueTwoThousandTwentyFourMember 2017-12-31 0001142417
 nxst:LKQDTechnologiesIncorporationMember us-gaap:RevolvingCreditFacilityMember 2018-01-16 2018-01-16
 0001142417 us-gaap:RevolvingCreditFacilityMember 2018-01-16 2018-06-30 0001142417
 nxst:MarshallBroadcastingGroupIncMember nxst:TermLoansMember 2018-06-28 0001142417
 us-gaap:RevolvingCreditFacilityMember nxst:MarshallBroadcastingGroupIncMember 2018-06-28 0001142417
 nxst:MarshallBroadcastingGroupIncMember nxst:NewTermLoanMember 2018-06-28 0001142417
 nxst:MarshallBroadcastingGroupIncMember nxst:TermLoansMember 2018-01-01 2018-06-30 0001142417
 nxst:MarshallBroadcastingGroupIncMember nxst:TermLoansMember 2018-06-30 0001142417
 nxst:TermLoansBMember 2018-04-01 2018-06-30 0001142417 nxst:TermLoansBMember 2018-01-01 2018-06-30
 0001142417 srt:ParentCompanyMember us-gaap:NotesPayableToBanksMember nxst:TermLoansMember
 2018-01-01 2018-06-30 0001142417 us-gaap:RevolvingCreditFacilityMember
 nxst:MarshallBroadcastingGroupIncMember us-gaap:SubsequentEventMember 2018-07-27 0001142417
 us-gaap:RevolvingCreditFacilityMember nxst:MarshallBroadcastingGroupIncMember
 us-gaap:SubsequentEventMember 2018-07-27 2018-07-27 0001142417 nxst:TermLoansMember
 us-gaap:SubsequentEventMember 2018-07-02 2018-07-02 0001142417 nxst:TermLoansMember
 us-gaap:SubsequentEventMember 2018-08-01 2018-08-01 0001142417 us-gaap:LineOfCreditMember 2018-06-30
 0001142417 nxst:SeniorSecuredCreditFacilityMember 2018-01-01 2018-06-30 0001142417
 us-gaap:NotesPayableToBanksMember nxst:TermLoansMember
 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:FairValueInputsLevel3Member 2018-06-30
 0001142417 us-gaap:SeniorSubordinatedNotesMember
 nxst:SixPointOneTwoFivePercentDueTwoThousandTwentyTwoMember
 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:FairValueInputsLevel2Member 2018-06-30
 0001142417 us-gaap:SeniorSubordinatedNotesMember
 nxst:FivePointEightSevenFivePercentSeniorNotesDueTwoThousandTwentyTwoMember
 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:FairValueInputsLevel2Member 2018-06-30
 0001142417 us-gaap:SeniorSubordinatedNotesMember
 nxst:FivePointSixTwoFivePercentDueTwoThousandTwentyFourMember
 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:FairValueInputsLevel2Member 2018-06-30
 0001142417 us-gaap:NotesPayableToBanksMember nxst:TermLoansMember
 us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:FairValueInputsLevel3Member 2018-06-30

Edgar Filing: NEXSTAR MEDIA GROUP, INC. - Form 10-Q

0001142417 us-gaap:SeniorSubordinatedNotesMember
nxst:SixPointOneTwoFivePercentDueTwoThousandTwentyTwoMember
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:FairValueInputsLevel2Member 2018-06-30
0001142417 us-gaap:SeniorSubordinatedNotesMember
nxst:FivePointEightSevenFivePercentSeniorNotesDueTwoThousandTwentyTwoMember
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:FairValueInputsLevel2Member 2018-06-30
0001142417 us-gaap:SeniorSubordinatedNotesMember
nxst:FivePointSixTwoFivePercentDueTwoThousandTwentyFourMember
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:FairValueInputsLevel2Member 2018-06-30
0001142417 us-gaap:NotesPayableToBanksMember nxst:TermLoansMember
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:FairValueInputsLevel3Member 2017-12-31
0001142417 us-gaap:LineOfCreditMember us-gaap:CarryingReportedAmountFairValueDisclosureMember
us-gaap:FairValueInputsLevel3Member 2017-12-31 0001142417 us-gaap:SeniorSubordinatedNotesMember
nxst:SixPointOneTwoFivePercentDueTwoThousandTwentyTwoMember
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:FairValueInputsLevel2Member 2017-12-31
0001142417 us-gaap:SeniorSubordinatedNotesMember
nxst:FivePointEightSevenFivePercentSeniorNotesDueTwoThousandTwentyTwoMember
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:FairValueInputsLevel2Member 2017-12-31
0001142417 us-gaap:SeniorSubordinatedNotesMember
nxst:FivePointSixTwoFivePercentDueTwoThousandTwentyFourMember
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:FairValueInputsLevel2Member 2017-12-31
0001142417 us-gaap:NotesPayableToBanksMember nxst:TermLoansMember
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:FairValueInputsLevel3Member 2017-12-31
0001142417 us-gaap:LineOfCreditMember us-gaap:EstimateOfFairValueFairValueDisclosureMember
us-gaap:FairValueInputsLevel3Member 2017-12-31 0001142417 us-gaap:SeniorSubordinatedNotesMember
nxst:SixPointOneTwoFivePercentDueTwoThousandTwentyTwoMember
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:FairValueInputsLevel2Member 2017-12-31
0001142417 us-gaap:SeniorSubordinatedNotesMember
nxst:FivePointEightSevenFivePercentSeniorNotesDueTwoThousandTwentyTwoMember
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:FairValueInputsLevel2Member 2017-12-31
0001142417 us-gaap:SeniorSubordinatedNotesMember
nxst:FivePointSixTwoFivePercentDueTwoThousandTwentyFourMember
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:FairValueInputsLevel2Member 2017-12-31
0001142417 us-gaap:CommonClassAMember 2018-04-26 0001142417 us-gaap:CommonClassAMember 2018-04-01
2018-06-30 0001142417 us-gaap:CommonClassAMember 2018-01-01 2018-06-30 0001142417
us-gaap:RestrictedStockUnitsRSUMember 2018-04-01 2018-06-30 0001142417
us-gaap:RestrictedStockUnitsRSUMember 2018-01-01 2018-06-30 0001142417 srt:MaximumMember
us-gaap:RestrictedStockUnitsRSUMember 2018-04-01 2018-06-30 0001142417 srt:MinimumMember
us-gaap:RestrictedStockUnitsRSUMember 2018-04-01 2018-06-30 0001142417 srt:ParentCompanyMember
2017-04-12 2017-04-13 0001142417 srt:ParentCompanyMember 2017-11-01 2017-11-30 0001142417 2017-04-12
2017-04-13 0001142417 2017-11-01 2017-11-30 0001142417 srt:ParentCompanyMember 2018-06-30 0001142417
2018-03-06 2018-03-07 0001142417 nxst:FinancialGuaranteeMissionDebtMember srt:ParentCompanyMember
2018-06-30 0001142417 nxst:FinancialGuaranteeMarshallDebtMember srt:ParentCompanyMember 2018-06-30
0001142417 nxst:FinancialGuaranteeShieldDebtMember srt:ParentCompanyMember 2018-06-30 0001142417
nxst:FinancialGuaranteeMarshallDebtMember srt:ParentCompanyMember 2018-06-27 2018-06-28 0001142417
nxst:BroadcastMember 2018-04-01 2018-06-30 0001142417 us-gaap:CorporateAndOtherMember 2018-04-01
2018-06-30 0001142417 nxst:BroadcastMember 2017-04-01 2017-06-30 0001142417
us-gaap:CorporateAndOtherMember 2017-04-01 2017-06-30 0001142417 nxst:BroadcastMember 2018-01-01
2018-06-30 0001142417 us-gaap:CorporateAndOtherMember 2018-01-01 2018-06-30 0001142417
nxst:BroadcastMember 2017-01-01 2017-06-30 0001142417 us-gaap:CorporateAndOtherMember 2017-01-01
2017-06-30 0001142417 nxst:BroadcastMember 2018-06-30 0001142417 us-gaap:CorporateAndOtherMember

Edgar Filing: NEXSTAR MEDIA GROUP, INC. - Form 10-Q

2018-06-30 0001142417 nxst:BroadcastMember 2017-12-31 0001142417 us-gaap:CorporateAndOtherMember
2017-12-31 0001142417 nxst:LocalMember nxst:BroadcastMember 2018-04-01 2018-06-30 0001142417
nxst:LocalMember 2018-04-01 2018-06-30 0001142417 nxst:NationalMember nxst:BroadcastMember 2018-04-01
2018-06-30 0001142417 nxst:NationalMember 2018-04-01 2018-06-30 0001142417 nxst:PoliticalMember
nxst:BroadcastMember 2018-04-01 2018-06-30 0001142417 nxst:PoliticalMember 2018-04-01 2018-06-30
0001142417 nxst:RetransmissionCompensationMember nxst:BroadcastMember 2018-04-01 2018-06-30 0001142417
nxst:RetransmissionCompensationMember 2018-04-01 2018-06-30 0001142417 nxst:DigitalMember
nxst:BroadcastMember 2018-04-01 2018-06-30 0001142417 nxst:DigitalMember
us-gaap:CorporateAndOtherMember 2018-04-01 2018-06-30 0001142417 nxst:DigitalMember 2018-04-01
2018-06-30 0001142417 nxst:OtherMember nxst:BroadcastMember 2018-04-01 2018-06-30 0001142417
nxst:OtherMember us-gaap:CorporateAndOtherMember 2018-04-01 2018-06-30 0001142417 nxst:OtherMember
2018-04-01 2018-06-30 0001142417 nxst:TradeRevenueMember nxst:BroadcastMember 2018-04-01 2018-06-30
0001142417 nxst:LocalMember nxst:BroadcastMember 2017-04-01 2017-06-30 0001142417 nxst:LocalMember
2017-04-01 2017-06-30 0001142417 nxst:NationalMember nxst:BroadcastMember 2017-04-01 2017-06-30
0001142417 nxst:NationalMember 2017-04-01 2017-06-30 0001142417 nxst:PoliticalMember
nxst:BroadcastMember 2017-04-01 2017-06-30 0001142417 nxst:PoliticalMember 2017-04-01 2017-06-30
0001142417 nxst:RetransmissionCompensationMember nxst:BroadcastMember 2017-04-01 2017-06-30 0001142417
nxst:RetransmissionCompensationMember 2017-04-01 2017-06-30 0001142417 nxst:DigitalMember
nxst:BroadcastMember 2017-04-01 2017-06-30 0001142417 nxst:DigitalMember
us-gaap:CorporateAndOtherMember 2017-04-01 2017-06-30 0001142417 nxst:DigitalMember 2017-04-01
2017-06-30 0001142417 nxst:OtherMember nxst:BroadcastMember 2017-04-01 2017-06-30 0001142417
nxst:OtherMember us-gaap:CorporateAndOtherMember 2017-04-01 2017-06-30 0001142417 nxst:OtherMember
2017-04-01 2017-06-30 0001142417 nxst:TradeAndBarterRevenueMember nxst:BroadcastMember 2017-04-01
2017-06-30 0001142417 nxst:TradeAndBarterRevenueMember 2017-04-01 2017-06-30 0001142417
nxst:LocalMember nxst:BroadcastMember 2018-01-01 2018-06-30 0001142417 nxst:LocalMember 2018-01-01
2018-06-30 0001142417 nxst:NationalMember nxst:BroadcastMember 2018-01-01 2018-06-30 0001142417
nxst:NationalMember 2018-01-01 2018-06-30 0001142417 nxst:PoliticalMember nxst:BroadcastMember 2018-01-01
2018-06-30 0001142417 nxst:PoliticalMember 2018-01-01 2018-06-30 0001142417
nxst:RetransmissionCompensationMember nxst:BroadcastMember 2018-01-01 2018-06-30 0001142417
nxst:RetransmissionCompensationMember 2018-01-01 2018-06-30 0001142417 nxst:DigitalMember
nxst:BroadcastMember 2018-01-01 2018-06-30 0001142417 nxst:DigitalMember
us-gaap:CorporateAndOtherMember 2018-01-01 2018-06-30 0001142417 nxst:DigitalMember 2018-01-01
2018-06-30 0001142417 nxst:OtherMember nxst:BroadcastMember 2018-01-01 2018-06-30 0001142417
nxst:OtherMember us-gaap:CorporateAndOtherMember 2018-01-01 2018-06-30 0001142417 nxst:OtherMember
2018-01-01 2018-06-30 0001142417 nxst:TradeRevenueMember nxst:BroadcastMember 2018-01-01 2018-06-30
0001142417 nxst:LocalMember nxst:BroadcastMember 2017-01-01 2017-06-30 0001142417 nxst:LocalMember
2017-01-01 2017-06-30 0001142417 nxst:NationalMember nxst:BroadcastMember 2017-01-01 2017-06-30
0001142417 nxst:NationalMember 2017-01-01 2017-06-30 0001142417 nxst:PoliticalMember
nxst:BroadcastMember 2017-01-01 2017-06-30 0001142417 nxst:PoliticalMember 2017-01-01 2017-06-30
0001142417 nxst:RetransmissionCompensationMember nxst:BroadcastMember 2017-01-01 2017-06-30 0001142417
nxst:RetransmissionCompensationMember 2017-01-01 2017-06-30 0001142417 nxst:DigitalMember
nxst:BroadcastMember 2017-01-01 2017-06-30 0001142417 nxst:DigitalMember
us-gaap:CorporateAndOtherMember 2017-01-01 2017-06-30 0001142417 nxst:DigitalMember 2017-01-01
2017-06-30 0001142417 nxst:OtherMember nxst:BroadcastMember 2017-01-01 2017-06-30 0001142417
nxst:OtherMember us-gaap:CorporateAndOtherMember 2017-01-01 2017-06-30 0001142417 nxst:OtherMember
2017-01-01 2017-06-30 0001142417 nxst:TradeAndBarterRevenueMember nxst:BroadcastMember 2017-01-01
2017-06-30 0001142417 nxst:TradeAndBarterRevenueMember 2017-01-01 2017-06-30 0001142417
nxst:FivePointSixTwoFivePercentDueTwoThousandTwentyFourMember 2018-06-30 0001142417
nxst:SixPointOneTwoFivePercentDueTwoThousandTwentyTwoMember 2018-06-30 0001142417
nxst:FivePointEightSevenFivePercentSeniorNotesDueTwoThousandTwentyTwoMember 2018-06-30 0001142417
srt:SubsidiaryIssuerMember srt:ReportableLegalEntitiesMember 2018-06-30 0001142417

Edgar Filing: NEXSTAR MEDIA GROUP, INC. - Form 10-Q

us-gaap:SubsequentEventMember nxst:WHDFAndKRBKMember 2018-07-15 2018-08-01 0001142417
us-gaap:CommonClassAMember us-gaap:SubsequentEventMember 2018-07-26 2018-07-26
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2018

OR

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

For the transition period from _____ to _____.

Commission File Number: 000-50478

NEXSTAR MEDIA GROUP, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware 23-3083125
(State of Incorporation or Organization) (I.R.S. Employer Identification No.)

545 E. John Carpenter Freeway, Suite 700, Irving, Texas 75062
(Address of Principal Executive Offices) (Zip Code)
(972) 373-8800

(Registrant's Telephone Number, Including Area Code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of August 8, 2018, the registrant had 45,555,310 shares of Class A Common Stock outstanding.

TABLE OF CONTENTS

	Page
PART I FINANCIAL INFORMATION	
ITEM 1. <u>Financial Statements (Unaudited)</u>	
<u>Condensed Consolidated Balance Sheets as of June 30, 2018 and December 31, 2017</u>	1
<u>Condensed Consolidated Statements of Operations for the three and six months ended June 30, 2018 and 2017</u>	2
<u>Condensed Consolidated Statement of Changes in Stockholders' Equity for the six months ended June 30, 2018</u>	3
<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2018 and 2017</u>	4
<u>Notes to Condensed Consolidated Financial Statements</u>	5
ITEM 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	34
ITEM 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	47
ITEM 4. <u>Controls and Procedures</u>	47
PART II OTHER INFORMATION	
ITEM 1. <u>Legal Proceedings</u>	48
ITEM 1A. <u>Risk Factors</u>	48
ITEM 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	48
ITEM 3. <u>Defaults Upon Senior Securities</u>	48
ITEM 4. <u>Mine Safety Disclosures</u>	48
ITEM 5. <u>Other Information</u>	48
ITEM 6. <u>Exhibits</u>	49

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

NEXSTAR MEDIA GROUP, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share information, unaudited)

	June 30, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 147,681	\$ 115,652
Accounts receivable, net of allowance for doubtful accounts of \$14,635 and \$13,358, respectively	524,078	562,943
Spectrum asset	-	305,764
Prepaid expenses and other current assets	45,329	71,859
Total current assets	717,088	1,056,218
Property and equipment, net	720,464	734,138
Goodwill	2,184,982	2,142,846
FCC licenses	1,767,638	1,767,638
Other intangible assets, net	1,557,277	1,581,626
Other noncurrent assets, net	172,045	199,181
Total assets ⁽¹⁾	\$ 7,119,494	\$ 7,481,647
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of debt	\$ 41,722	\$ 92,808
Current portion of broadcast rights payable	5,027	16,659
Accounts payable	66,128	31,136
Accrued expenses	126,352	159,281
Interest payable	40,322	39,563
Liability to surrender spectrum asset	-	314,087
Other current liabilities	15,019	17,169
Total current liabilities	294,570	670,703
Debt	4,245,924	4,269,652
Deferred tax liabilities	633,016	619,441
Other noncurrent liabilities	303,530	340,541
Total liabilities ⁽¹⁾	\$ 5,477,040	\$ 5,900,337
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock - \$0.01 par value, 200,000 shares authorized; none issued and outstanding at each		
of June 30, 2018 and December 31, 2017	-	-
	473	473

Edgar Filing: NEXSTAR MEDIA GROUP, INC. - Form 10-Q

Class A Common stock - \$0.01 par value, 100,000,000 shares authorized; 47,291,463 shares issued,

45,522,035 shares outstanding as of June 30, 2018 and 47,291,463 shares issued, 45,966,414 shares

outstanding as of December 31, 2017

Class B Common stock - \$0.01 par value, 20,000,000 shares authorized; none issued and outstanding

at each of June 30, 2018 and December 31, 2017

Class C Common stock - \$0.01 par value, 5,000,000 shares authorized; none issued and

outstanding at each of June 30, 2018 and December 31, 2017

Additional paid-in capital	1,337,738	1,342,541
Accumulated other comprehensive income	6,140	6,140
Retained earnings	400,934	299,523
Treasury stock - at cost; 1,769,428 and 1,325,049 shares at June 30, 2018 and December 31, 2017, respectively	(111,846)	(78,063)
Total Nexstar Media Group, Inc. stockholders' equity	1,633,439	1,570,614
Noncontrolling interests in consolidated variable interest entities	9,015	10,696
Total stockholders' equity	1,642,454	1,581,310
Total liabilities and stockholders' equity	\$7,119,494	\$7,481,647

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

⁽¹⁾The consolidated total assets as of June 30, 2018 and December 31, 2017 include certain assets held by consolidated variable interest entities ("VIEs") of \$378.0 million and \$426.9 million, respectively, which are not available to be used to settle the obligations of Nexstar. The consolidated total liabilities as of June 30, 2018 and December 31, 2017 include certain liabilities of consolidated VIEs of \$38.1 million and \$81.8 million, respectively, for which the creditors of the VIEs have no recourse to the general credit of Nexstar. See Note 2 for additional information.

NEXSTAR MEDIA GROUP, INC.**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands, except per share information, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net revenue	\$660,323	\$626,115	\$1,275,659	\$1,166,432
Operating expenses (income):				
Direct operating expenses, excluding depreciation and amortization	274,439	252,610	553,402	471,339
Selling, general and administrative expenses, excluding depreciation and amortization	138,903	147,441	280,808	324,374
Amortization of broadcast rights	15,913	25,686	32,013	50,153
Amortization of intangible assets	37,181	38,557	73,483	86,715
Depreciation	25,090	26,292	50,904	48,518
Reimbursement from the FCC related to station repack	(5,697)	-	(7,061)	-
Gain on disposal of stations, net	-	-	-	(57,716)
Total operating expenses	485,829	490,586	983,549	923,383
Income from operations	174,494	135,529	292,110	243,049
Interest expense, net	(56,281)	(55,685)	(110,870)	(134,922)
Loss on extinguishment of debt	(481)	(1,323)	(1,486)	(33,127)
Pension and other postretirement plans credit, net	2,950	3,156	5,900	5,787
Other expenses	(812)	(900)	(939)	(1,007)
Income before income taxes	119,870	80,777	184,715	79,780
Income tax expense	(33,264)	(32,322)	(50,768)	(26,381)
Net income	86,606	48,455	133,947	53,399
Net loss (income) attributable to noncontrolling interests	1,126	(4,463)	1,907	(3,358)
Net income attributable to Nexstar Media Group, Inc.	\$87,732	\$43,992	\$135,854	\$50,041
Net income per common share attributable to Nexstar Media Group, Inc.:				
Basic	\$1.92	\$0.94	\$2.96	\$1.10
Diluted	\$1.86	\$0.91	\$2.87	\$1.07
Weighted average number of common shares outstanding:				
Basic	45,631	46,931	45,852	45,573
Diluted	47,147	48,195	47,414	46,815
Dividends declared per common share	\$0.375	\$0.30	\$0.75	\$0.60

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

NEXSTAR MEDIA GROUP, INC.**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY**

For the Six Months Ended June 30, 2018

(in thousands, except share information, unaudited)

	Class A Common Stock Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock Shares	Amount	Noncon- trolling interest
Balances as of December 31, 2017	47,291,463	\$473	\$1,342,541	\$299,523	\$6,140	(1,325,049)	\$(78,063)	\$10,690
Purchase of treasury stock	-	-	-	-	-	(751,920)	(50,524)	-
Stock-based compensation expense	-	-	14,595	-	-	-	-	-
Vesting of restricted stock units and exercise of stock options	-	-	(19,398)	-	-	307,541	16,741	-
Common stock dividends declared	-	-	-	(34,443)	-	-	-	-
Contribution from a noncontrolling interest	-	-	-	-	-	-	-	226
Net income (loss)	-	-	-	135,854	-	-	-	(1,900)
Balances as of June 30, 2018	47,291,463	\$473	\$1,337,738	\$400,934	\$6,140	(1,769,428)	\$(111,846)	\$9,016

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

NEXSTAR MEDIA GROUP, INC.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands, unaudited)

	Six Months Ended	
	June 30,	
	2018	2017
Cash flows from operating activities:		
Net income	\$ 133,947	\$ 53,399
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for bad debt	6,344	4,081
Amortization of broadcast rights, excluding barter	32,013	29,997
Depreciation of property and equipment	50,904	48,518
Amortization of intangible assets	73,483	86,715
Gain on asset disposal, net	(391)	(58,595)
Amortization of debt financing costs and debt discounts	5,236	5,157
Loss on extinguishment of debt	1,486	33,127
Stock-based compensation expense	14,595	11,309
Deferred income taxes	5,472	(185,535)
Payments for broadcast rights	(32,787)	(29,479)
Non-cash compensation expense related to an acquisition's contingent consideration	1,233	-
Payments for contingent consideration in connection with an acquisition	-	(4,044)
Other noncash credits, net	(1,249)	(1,325)
Changes in operating assets and liabilities, net of acquisitions and dispositions:		
Accounts receivable	56,939	13,005
Prepaid expenses and other current assets	1,504	10,522
Other noncurrent assets	(719)	(660)
Accounts payable, accrued expenses and other current liabilities	(27,683)	(29,685)
Taxes payable	12,493	154,291
Interest payable	759	(22,331)
Other noncurrent liabilities	(9,444)	(7,618)
Net cash provided by operating activities	324,135	110,849
Cash flows from investing activities:		
Purchases of property and equipment	(36,390)	(27,691)
Payments for acquisitions, net of cash acquired	(85,867)	(2,971,194)
Proceeds from sale of stations	-	481,944
Proceeds from disposals of property and equipment	3,874	14,575
Proceeds received from settlement of corporate-owned life insurance policies	387	253
Net cash used in investing activities	(117,996)	(2,502,113)
Cash flows from financing activities:		
Proceeds from long-term debt, net of debt discounts	95,759	3,081,861
Repayments of long-term debt	(176,916)	(1,390,798)
Premium paid on debt extinguishment	-	(18,050)
Payments for debt financing costs	-	(51,357)
Contribution from (distributions to) a noncontrolling interest, net	226	(243)
Purchase of treasury stock	(50,524)	(58,294)
Proceeds from exercise of stock options	2,059	3,303

Edgar Filing: NEXSTAR MEDIA GROUP, INC. - Form 10-Q

Common stock dividends paid	(34,443)	(28,268)
Purchase of noncontrolling interests	-	(66,901)
Payments for contingent consideration in connection with an acquisition	-	(956)
Cash paid for shares withheld for taxes	(4,716)	(4,032)
Payments for capital lease obligations	(5,555)	(4,578)
Net cash (used in) provided by financing activities	(174,110)	1,461,687
Net increase (decrease) in cash, cash equivalents and restricted cash	32,029	(929,577)
Cash, cash equivalents and restricted cash at beginning of period	115,652	1,015,479
Cash, cash equivalents and restricted cash at end of period	\$147,681	\$85,902
Supplemental information:		
Interest paid	\$104,874	\$143,521
Income taxes paid, net of refunds	\$32,781	\$51,972
Non-cash investing and financing activities:		
Accrued purchases of property and equipment	\$14,376	\$3,325
Noncash purchases of property and equipment	\$-	\$9,937
Debt assumed in connection with a merger	\$-	\$434,269
Issuance/reissuance of Class A Common Stock in connection with a merger	\$-	\$1,031,443
Stock option replacement awards in connection with a merger	\$-	\$10,702
Relinquishment of spectrum asset and derecognition of liability to surrender spectrum asset	\$314,086	\$-
Contingent consideration payable in connection with a merger	\$-	\$275,352

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

NEXSTAR MEDIA GROUP, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Business Operations

As of June 30, 2018, Nexstar Media Group, Inc. and its wholly-owned subsidiaries (“Nexstar”) owned, operated, programmed or provided sales and other services to 169 full power television stations, including those owned by VIEs, in 100 markets in the states of Alabama, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nevada, New Mexico, New York, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia and Wisconsin. The stations are affiliates of ABC, NBC, FOX, CBS, The CW, MNTV, and other broadcast television networks. Through various local service agreements, Nexstar provided sales, programming, and other services to 36 full power television stations owned and/or operated by independent third parties.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The Condensed Consolidated Financial Statements include the accounts of Nexstar and the accounts of independently-owned VIEs for which Nexstar is the primary beneficiary (See Note 2—Variable Interest Entities). Nexstar and the consolidated VIEs are collectively referred to as the “Company.” Noncontrolling interests represent the VIE owners’ share of the equity in the consolidated VIEs and are presented as a component separate from Nexstar Media Group, Inc. stockholders’ equity. All intercompany account balances and transactions have been eliminated in consolidation. Nexstar management evaluates each arrangement that may include variable interests and determines the need to consolidate an entity where it determines Nexstar is the primary beneficiary of a VIE in accordance with related authoritative literature and interpretive guidance.

The following are assets of consolidated VIEs that are not available to settle the obligations of Nexstar and the liabilities of consolidated VIEs for which their creditors do not have recourse to the general credit of Nexstar (in thousands):

	June 30,	December
	2018	31, 2017
Current assets		
Spectrum asset	\$-	\$26,695
Other current assets	17,304	22,038
Total current assets	17,304	48,733
Property and equipment, net	7,059	7,517
Goodwill	121,601	130,362
FCC licenses	151,808	151,808

Edgar Filing: NEXSTAR MEDIA GROUP, INC. - Form 10-Q

Other intangible assets, net	78,587	81,916
Other noncurrent assets, net	1,647	6,543
Total assets	\$378,006	\$426,879

Current Liabilities

Liability to surrender spectrum asset	\$-	\$27,347
Other current liabilities	13,402	24,146
Total current liabilities	13,402	51,493
Noncurrent liabilities	24,746	30,339
Total liabilities	\$38,148	\$81,832

Liquidity

Nexstar is leveraged, which makes it vulnerable to changes in general economic conditions. Nexstar's ability to repay or refinance its debt will depend on, among other things, financial, business, market, competitive and other conditions, many of which are beyond Nexstar's control.

Interim Financial Statements

The Condensed Consolidated Financial Statements as of June 30, 2018 and for the three and six months ended June 30, 2018 and 2017 are unaudited. However, in the opinion of management, such financial statements include all adjustments (consisting solely of normal recurring adjustments) necessary for the fair statement of the financial information included herein in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”). The preparation of the Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Results of operations for interim periods are not necessarily indicative of results for the full year. These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and related Notes included in Nexstar’s Annual Report on Form 10-K for the year ended December 31, 2017. The balance sheet as of December 31, 2017 has been derived from the audited financial statements as of that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

Variable Interest Entities

The Company may determine that an entity is a VIE as a result of local service agreements entered into with an entity. The term local service agreement generally refers to a contract between two separately owned television stations serving the same market, whereby the owner-operator of one station contracts with the owner-operator of the other station to provide it with administrative, sales and other services required for the operation of its station. Nevertheless, the owner-operator of each station retains control and responsibility for the operation of its station, including ultimate responsibility over all programming broadcast on its station. A local service agreement can be (1) a time brokerage agreement (“TBA”) or a local marketing agreement (“LMA”) which allows Nexstar to program most of a station’s broadcast time, sell the station’s advertising time and retain the advertising revenue generated in exchange for monthly payments, based on the station’s monthly operating expenses, (2) a shared services agreement (“SSA”) which allows the Nexstar station in the market to provide services including news production, technical maintenance and security, in exchange for Nexstar’s right to receive certain payments as described in the SSA, or (3) a joint sales agreement (“JSA”) which permits Nexstar to sell certain of the station’s advertising time and retain a percentage of the related revenue, as described in the JSA.

Consolidated VIEs

Nexstar consolidates entities in which Nexstar is deemed under U.S. GAAP to have controlling financial interests for financial reporting purposes as a result of (1) local service agreements Nexstar has with the stations owned by these entities, (2) Nexstar’s guarantees of the obligations incurred under certain VIEs’ senior secured credit facilities (see Note 7), (3) Nexstar having power over significant activities affecting these VIEs’ economic performance, including budgeting for advertising revenue, certain advertising sales and, in some cases, hiring and firing of sales force personnel and (4) purchase options granted by each VIE, exclusive of Marshall Broadcasting Group, Inc. (“Marshall”), which permit Nexstar to acquire the assets and assume the liabilities of each of the VIEs’ stations, subject to Federal Communications Commission (“FCC”) consent.

The following table summarizes the various local service agreements Nexstar had in effect as of June 30, 2018 with its consolidated VIEs:

Edgar Filing: NEXSTAR MEDIA GROUP, INC. - Form 10-Q

Service Agreements	Owner	Full Power Stations
TBA Only	Mission Broadcasting, Inc. (“Mission”)	WFXP, KHMT and KFQX
LMA Only	WNAC, LLC 54 Broadcasting, Inc. (“54 Broadcasting”)	WNAC KNVA
SSA & JSA	Mission	KJTL, KLRT, KASN, KOLR, KCIT, KAMC, KRBC, KSAN, WUTR, WAWV, WYOU, KODE, WTVO, KTVE, WTVW and WVNY
	White Knight Broadcasting (“White Knight”)	WVLA, KFXK, KSHV
	Shield Media, LLC (“Shield”)	WXXA and WLAJ
	Vaughan Media, LLC (“Vaughan”)	WBDT, WYTV and KTKA
	Marshall	KLJB, KPEJ and KMSS
SSA Only	Tamer Media, LLC (“Tamer”)	KWBQ, KASY and KRWB

Nexstar’s ability to receive cash from its VIEs is governed by the local service agreements. Under these agreements, Nexstar has received substantially all of the consolidated VIEs’ available cash, after satisfaction of operating costs and debt obligations. Nexstar anticipates it will continue to receive substantially all of the consolidated VIEs’ available cash, after satisfaction of operating costs and debt obligations. In compliance with FCC regulations for all the parties, each VIE maintains complete responsibility for and control over programming, finances, personnel and operations of its stations.

Edgar Filing: NEXSTAR MEDIA GROUP, INC. - Form 10-Q

The carrying amounts and classification of the assets and liabilities of the VIEs which have been included in the Condensed Consolidated Balance Sheets were as follows (in thousands):

	June 30, 2018	December 31, 2017
Current assets:		
Cash and cash equivalents	\$12,495	\$17,180
Accounts receivable, net	21,883	24,407
Spectrum asset	-	26,695
Prepaid expenses and other current assets	3,645	6,762
Total current assets	38,023	75,044
Property and equipment, net	25,423	25,971
Goodwill	154,788	163,549
FCC licenses	151,808	151,808
Other intangible assets, net	93,344	97,757
Other noncurrent assets, net	5,216	9,443
Total assets	\$468,602	\$523,572
Current liabilities:		
Current portion of debt	\$5,479	\$56,565
Interest payable	985	994
Liability to surrender spectrum asset	-	27,347
Other current liabilities	13,402	24,146
Total current liabilities	19,866	109,052
Debt	294,415	245,523
Other noncurrent liabilities	24,746	30,594
Total liabilities	\$339,027	\$385,169

Non-Consolidated VIEs

Nexstar has an outsourcing agreement with Cunningham Broadcasting Corporation (“Cunningham”), which continues through December 30, 2020. Under the outsourcing agreement, Nexstar provides certain engineering, production, sales and administrative services for WYZZ, the FOX affiliate in the Peoria, Illinois market, through WMBD, the Nexstar television station in that market. During the term of the outsourcing agreement, Nexstar retains the broadcasting revenue and related expenses of WYZZ and is obligated to pay a monthly fee to Cunningham based on the combined operating cash flow of WMBD and WYZZ, as defined in the agreement.

Nexstar has determined that it has a variable interest in WYZZ. Nexstar has evaluated its arrangements with Cunningham and has determined that it is not the primary beneficiary of the variable interest in this station because it does not have the ultimate power to direct the activities that most significantly impact the station’s economic performance, including developing the annual operating budget, programming and oversight and control of sales management personnel. Therefore, Nexstar has not consolidated WYZZ under authoritative guidance related to the consolidation of VIEs. Under the local service agreement for WYZZ, Nexstar pays for certain operating expenses, and therefore may have unlimited exposure to any potential operating losses. Nexstar’s management believes that Nexstar’s minimum exposure to loss under the WYZZ agreement consists of the fees paid to Cunningham. Additionally, Nexstar indemnifies the owners of Cunningham from and against all liability and claims arising out of or resulting from Nexstar’s activities, acts or omissions in connection with the agreement. The maximum potential amount of

future payments Nexstar could be required to make for such indemnification is undeterminable at this time. There were no significant transactions arising from Nexstar's outsourcing agreement with Cunningham.

7

Revenue Recognition

As discussed in Recent Accounting Pronouncements below, the Company adopted the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) and all related amendments. ASC 606 establishes a comprehensive new revenue recognition model designed to depict the transfer of goods or services to a customer in an amount that reflects the consideration the entity expects to be entitled to receive in exchange for those goods or services and requires significantly enhanced revenue disclosures. The Company adopted this standard effective January 1, 2018 using the modified retrospective method as applied to customer contracts that were not completed as of January 1, 2018. As a result, financial information for reporting periods beginning after January 1, 2018 is presented under ASC 606, while comparative financial information has not been adjusted and continues to be reported in accordance with the Company's historical accounting policy for revenue recognition prior to the adoption of ASC 606.

The Company's revenue is primarily derived from the sale of advertising and the compensation received from cable, satellite and other multichannel video programming distributors ("MVPDs") in its markets in return for the Company's consent to the retransmission of the signals of its television stations. Total revenue includes advertising revenue, retransmission compensation, digital revenue and other broadcast related revenues. The Company's contracts with customers may include multiple performance obligations. For such arrangements, the Company allocates revenue to each performance obligation based on its relative standalone selling price, which is generally determined based on the price charged to customers. The Company also determines whether gross or net presentation is appropriate based on its relationship in the applicable transaction with its ultimate customer. Any amounts paid by customers but not earned as of the balance sheet date are recorded as a contract liability (deferred revenue). The lag between billing the customers and when the payment is due is not significant.

The stations' advertising contracts are short-term in nature and include a number of spots that are delivered over the term of the arrangement. Advertising revenue is recognized, for the amount the Company is entitled to receive, when the advertisements are broadcast on its stations (local, national and political revenue) or delivered on the stations' websites (digital revenue).

The Company's retransmission consent agreements with MVPDs generally have a three-year term and provides revenue based on a monthly amount the Company is entitled to receive per subscriber. Under ASC 606, these revenues are considered arising from the licensing of functional intellectual property. As such, the Company applies the exception for sales- or usage- based royalty for the accounting of variable consideration and recognizes revenue (retransmission compensation) at the point in time the broadcast signal is delivered to the MVPDs. The MVPDs report their subscriber numbers to the Company on a 30- to 60-day lag, which coincides with their payment of the fees due to the Company. Prior to receiving the report from the MVPDs, the Company records revenue based on estimated number of subscribers and the monthly amount the Company is entitled to receive per subscriber. The impact of the lag in the number of subscribers is not significant.

Revenue from the Company's other digital businesses includes revenue from digital publishing and content management platforms, digital video advertising platform, social media advertising platform and related services. Revenue is recognized at the time advertising is delivered or upon performance of services. The Company applies the right to invoice practical expedient to certain transactions where the invoice amount corresponds directly with the value to its customers. Most of the arrangements with customers are short-term in nature.

The Company trades certain advertising time for various goods and services. These transactions are short-term in nature and are recorded at the estimated fair value of the goods or services received. Revenue from trade transactions is recognized when the related advertisement spots are broadcast. The Company recorded \$4.0 million and \$6.9 million of trade revenue during the three and six months ended June 30, 2018 and \$3.5 million and \$5.7 million of trade revenue during the three and six months ended June 30, 2017.

The above revenue recognition policies are consistent with the Company's historical accounting policies prior to the adoption of ASC 606.

Effective on January 1, 2018, the Company no longer recognizes barter revenue (and the related barter expense) resulting from the exchange of advertising time for certain program material. During the three months ended June 30, 2017, barter revenue (and the related barter expense) were \$9.9 million. During the six months ended June 30, 2017, barter revenue (and the related barter expense) were \$20.1 million. Barter expense was included in amortization of broadcast rights in the accompanying Condensed Consolidated Statement of Operations. As of December 31, 2017, the current barter assets (and the related current barter liabilities) were \$9.7 million, and the noncurrent barter assets (and the related noncurrent barter liabilities) were \$12.5 million. On January 1, 2018, the Company recorded an adjustment to remove the offsetting balances of barter assets and barter liabilities.

Under the Company's historical accounting policy prior to the adoption of ASC 606, barter revenue (and the related barter expense) would have been \$10.2 million during the three months ended June 30, 2018, and barter revenue (and the related barter expense) would have been \$21.2 million during the six months then ended. In addition, the current barter assets (and the related current barter liabilities) would have been \$8.1 million, and the noncurrent barter assets (and the related noncurrent barter liabilities) would have been \$8.4 million as of June 30, 2018.

The Company elected to utilize the practical expedient around costs incurred to obtain contracts for television advertising and digital advertising due to their short-term nature. Additionally, the incremental benefit from efforts in acquiring these contracts is considered not significant. Thus, the Company continued to expense sales commissions when incurred.

The Company did not disclose the value of unsatisfied performance obligations on its contracts with customers because they are either (i) contracts with an original expected term of one year or less, (ii) contracts for which the sales- or usage- based royalty exception was applied, or (iii) contracts for which revenue is recognized in proportion to the amount the Company has the right to invoice for services performed.

The Company's contract liabilities, which are reflected in its Consolidated Financial Statements as accrued expenses and other liabilities, consist primarily of customer payments for products or services received before the transfer of control to the customer occurs (deferred revenue). The Company's performance obligations related to contract liabilities of \$5.4 million as of January 1, 2018 were recognized as revenue during the first quarter of 2018. The Company's performance obligations related to contract liabilities of \$5.0 million as of June 30, 2018 are expected to be recognized as revenue in the third quarter of 2018.

See Note 13 for disaggregated revenue information.

Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, broadcast rights, accounts payable, broadcast rights payable and accrued expenses approximate fair value due to their short-term nature.

See Note 3 for fair value disclosures of contingent consideration in connection with the acquisition of Likqid Media Inc. ("LKQD"). See Note 7 for fair value disclosures related to the Company's debt.

Pension Plans and Postretirement Benefits

A determination of the liabilities and cost of the Company's pension and other postretirement plans requires the use of assumptions. The actuarial assumptions used in the Company's pension and postretirement reporting are reviewed annually with independent actuaries and are compared with external benchmarks, historical trends and the Company's own experience to determine that its assumptions are reasonable. The assumptions used in developing the required estimates include the following key factors: discount rates, expected return on plan assets, mortality rates, health care cost trends, retirement rates and expected contributions. The amount by which the projected benefit obligation exceeds the fair value of the pension plan assets is recorded in other noncurrent liabilities in the accompanying Condensed Consolidated Balance Sheet.

As discussed under Recent Accounting Pronouncements, as of January 1, 2018 the Company adopted ASU No. 2017-07 and ASU No. 2016-15. Under ASU No. 2017-07, entities are required to (1) disaggregate the current-service-cost component from the other components of net benefit cost (the "other components") and present such current-service-costs in the same income statement line item as other compensation costs for services rendered by the pertinent employees during the period and (2) present the other components in the income statement separately from the service cost component and outside a subtotal of income from operations. The Company had no service costs during the three and six months ended June 30, 2018 and 2017. In accordance with this adoption, the net periodic benefit cost, which consists of interest costs and expected return on plan assets, is disclosed on a separate line below income from operations in the Condensed Consolidated Statements of Operations. Under ASU No. 2016-15, payments received for the settlement of corporate-owned life insurance claims are now required to be disclosed within investing activities. Accordingly, balances previously reported as a source of cash from operating activities have been reclassified to investing activities in the Condensed Consolidated Statements of Cash Flows.

Income Per Share

Basic income per share is computed by dividing the net income attributable to Nexstar by the weighted-average number of common shares outstanding during the period. Diluted income per share is computed using the weighted-average number of common shares and potentially dilutive common shares outstanding during the period. Potentially dilutive common shares are calculated using the treasury stock method. They consist of stock options and restricted stock units outstanding during the period and reflect the potential dilution that could occur if common stock were issued upon exercise of stock options and vesting of restricted stock units. The following table shows the amounts used in computing the Company's diluted shares (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Weighted average shares outstanding - basic	45,631	46,931	45,852	45,573
Dilutive effect of equity incentive plan instruments	1,516	1,264	1,562	1,242
Weighted average shares outstanding - diluted	47,147	48,195	47,414	46,815

Stock options and restricted stock units to acquire a weighted average of 27,000 shares for the three months ended June 30, 2017 and 38,000 and 289,000 during the six months ended June 30, 2018 and 2017, respectively, of Class A common stock were excluded from the computation of diluted earnings per share, because their impact would have been anti-dilutive. There were no anti-dilutive stock options or restricted stock units for the three months ended June 30, 2018.

Basis of Presentation

Certain prior year financial statement amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on net income or stockholders' equity as previously reported.

Recent Accounting Pronouncements

New Accounting Standards Adopted

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). The Company adopted this standard and all related amendments effective January 1, 2018 using the modified retrospective method as applied to customer contracts that were not completed as of January 1, 2018. Upon adoption of this standard, the cumulative adjustment to the Company's retained earnings as of January 1, 2018 for the cumulative effect of initially applying the new standard is not material. See Revenue Recognition above for the Company's updated accounting policy and for expanded disclosures.

In August 2016, the FASB issued ASU No. 2016-15, Statement of Cash Flows (Topic 230) Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force) ("ASU 2016-15"). The amendments in ASU 2016-15 address eight specific cash flow issues and apply to all entities that are required to present a statement of cash flows under FASB Accounting Standards Codification 230, Statement of Cash Flows. The amendments in ASU 2016-15 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2017. The Company has applied the change in accounting as of January 1, 2018 on a retrospective basis. This adoption impacted Nexstar's previous financing activity classification of payments for contingent consideration in 2017 related to an acquisition. The payment was not made soon after the consummation of a business combination and includes an amount that is more than the acquisition date fair value of the contingent consideration liability. Under ASU 2016-15, this portion of the transaction should be classified as an operating activity in the Condensed Consolidated Statement of Cash Flows. The adoption also impacted Nexstar's disclosure of payments received for the settlement of corporate-owned life insurance claims within the Condensed Consolidated Statement of Cash Flows during the six months ended June 30, 2017. The payments were previously reported as a source of cash from operating activities and are now required to be disclosed within investing activities. As such, the amounts previously reported as net cash provided by operating activities and net cash used in investing activities decreased, as indicated in the below table.

In November 2016, the FASB issued ASU No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash, a consensus of the FASB Emerging Issues Task Force ("ASU 2016-18"), which provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. ASU 2016-18 is effective for public business entities in fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company has applied the change in accounting as of January 1, 2018 on a retrospective basis. This adoption impacted the release of a restricted escrow deposit into Nexstar's operating cash during the six months ended

June 30, 2017. In July 2016, Nexstar issued its \$900.0 million 5.625% Senior Unsecured Notes (the “5.625% Notes”) at par, the gross proceeds of which were directly deposited into a restricted escrow account. Interest on these notes is payable semiannually but Nexstar was required to pre-fund interest on such notes monthly from July 2016 to December 2016, all of which was also deposited in the restricted escrow account. As of December 31, 2016, the restricted escrow account had a balance of \$927.8 million. In January 2017, Nexstar completed its merger with Media General, Inc. (“Media General”). As a result, the funds previously deposited in the restricted escrow account, including the pre-funded interests, were released to Nexstar’s operating cash. On February 1, 2017, Nexstar paid the first interest due to the lenders of the 5.625% Notes of \$25.9 million. During the six months ended June 30, 2017, Nexstar previously classified the effects of these transactions in its Condensed Consolidated Statement of Cash Flows as follows: (i) \$21.6 million source of cash from change in prepaid expenses and other current assets, (ii) \$1.1 million source of cash from change in other noncurrent assets, (iii) \$5.1 million source of cash from investing activities, (iv) \$900.0 million proceeds from long-term debt, and (v) no cash flow reported in 2017 for the payment of interest on the 5.625% Notes as the cash flow impact was reported in 2016, when the pre-funding was made. Under ASU 2016-18, transfers between cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents are not part of an entity’s operating, investing, and financing activities, and details of those transfers are not reported as cash flow activities in the statement of cash flows. As such, the previous classifications in the 2017 Condensed Consolidated Statement of Cash Flows related to these transactions were reversed. Additionally, the cash, cash equivalents and restricted cash at the beginning of the period in 2017 increased and the supplemental cash flow information for interest paid also increased.

Edgar Filing: NEXSTAR MEDIA GROUP, INC. - Form 10-Q

The following table summarizes the line items in the Condensed Consolidated Statement of Cash Flows that were impacted by the adoption of ASU 2016-15 and ASU 2016-18 along with reclassifications to conform with current year presentation (in thousands):

	Six Months Ended June 30, 2017				Current Presentation
	Previously Reported	Adjustments for adoption of ASU		Reclassifications	
		2016-15	2016-18		
Cash flows from operating activities:					
Payments for contingent consideration in connection with an acquisition	\$-	\$(4,044)	\$-	\$ -	\$(4,044)
Deferred gain recognition	(241)	-	-	241	-
Amortization of deferred representation fee incentive	(594)	-	-	594	-
Other non-cash credits	-	-	-	(1,325)	(1,325)
Prepaid expenses and other current assets	32,178	-	(21,656)	-	10,522
Accounts receivable	13,258	(253)	-	-	13,005
Other noncurrent assets	(70)	-	(1,080)	490	(660)
Net cash provided by operating activities	137,882	(4,297)	(22,736)	-	110,849
Cash flows from investing activities:					
Withdrawal of interest previously deposited in escrow	5,063	-	(5,063)	-	-
Proceeds received from corporate-owned life insurance policies	-	253	-	-	253
Net cash used in investing activities	(2,497,303)	253	(5,063)	-	(2,502,113)
Cash flows from financing activities:					
Proceeds from long-term debt	3,981,861	-	(900,000)	-	3,081,861
Payments for contingent consideration in connection with an acquisition	(5,000)	4,044	-	-	(956)
Net cash provided by financing activities	2,357,643	4,044	(900,000)	-	1,461,687
Net decrease in cash, cash equivalents and restricted cash	(1,778)	-	(927,799)	-	(929,577)
Cash, cash equivalents and restricted cash at beginning of period	87,680	-	927,799	-	1,015,479
Supplemental information:					
Interest paid	\$117,646	\$-	\$25,875	\$ -	\$143,521

In January 2017, the FASB issued ASU No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business (“ASU 2017-01”). ASU 2017-01 provides clarification on the definition of a business and adds guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. To be considered a business under the new guidance, it must include an input and a substantive process that together significantly contribute to the ability to create output. The amendment removes the evaluation of whether a market participant could replace missing elements. The amendments in this update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, and will be applied prospectively. The Company has applied the change in accounting as of January 1, 2018. The adoption of this ASU did not impact the Company's Consolidated Financial Statements.

In March 2017, the FASB issued ASU No. 2017-07, Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost (“ASU 2017-07”). ASU 2017-07 requires entities to (1) disaggregate the current-service-cost component from the other components and present it with other current compensation costs for related employees in the income statement and (2) present the other components elsewhere in the income statement and outside of income from operations if that subtotal is presented. In addition, ASU 2017-07 requires entities to disclose the income statement lines that contain the other components if they are not presented on appropriately described separate lines. The amendment should be applied retrospectively for the presentation of the service cost component and prospectively for the capitalization of the service cost component. ASU 2017-07 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company has applied the change in accounting as of January 1, 2018. Accordingly, net periodic benefit income, excluding service costs, of \$3.2 million and \$5.8 million for the three and six months ended June 30, 2017, respectively, were adjusted out of selling, general, and administrative expenses and separately stated below income from operations.

In May 2017, the FASB issued ASU No. 2017-09, Compensation—Stock Compensation (Topic 718) – Scope of Modification Accounting (“ASU 2017-09”). ASU 2017-09 clarifies when changes to the terms or conditions of a share-based payment award must be accounted for as modifications. The new guidance will reduce diversity in practice and result in fewer changes to the terms of an award being accounted for as modifications. Under ASU 2017-09, an entity will not apply modification accounting to a share-based payment award if the award’s fair value, vesting conditions and classification as an equity or liability instrument are the same immediately before and after the change. ASU 2017-09 will be applied prospectively to awards modified on or after the adoption date. ASU 2017-09 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Company has applied the change in accounting as of January 1, 2018. The adoption of this ASU did not impact the Company's Consolidated Financial Statements.

In February 2018, the FASB issued ASU No. 2018-02, Reporting Comprehensive Income: Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income (“ASU 2018-02”). ASU 2018-02 provides the option to reclassify stranded tax effects related to the U.S. Tax Cuts and Jobs Act of 2017 (“Tax Act”) in accumulated other comprehensive income to retained earnings. The adjustment relates to the change in the U.S. corporate income tax rate. The adoption of this ASU did not impact the Company's Consolidated Financial Statements.

New Accounting Standards Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842) (“ASU 2016-02”). The new guidance requires the recording of assets and liabilities arising from leases on the balance sheet accompanied by enhanced qualitative and quantitative disclosures in the notes to the financial statements. The new guidance is expected to provide transparency of information and comparability among organizations. In January 2018, the FASB issued ASU No. 2018-01 to address the accounting treatment of land easements within the context of ASU No. 2016-02. ASU 2018-01 provides an optional transition practical expedient to not evaluate under Topic 842 existing or expired land easements that were not previously accounted for as leases under the current leases guidance in Topic 840. In July 2018, the FASB issued ASU No. 2018-10 to provide additional clarity on specific aspects of the new lease guidance. ASU 2016-02 is effective for interim and annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the impact of the provisions of the accounting standard update.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments - Credit Losses (Topic 326) (“ASU 2016-13”). The standard requires entities to estimate loss of financial assets measured at amortized cost, including trade receivables, debt securities and loans, using an expected credit loss model. The expected credit loss differs from the previous incurred losses model primarily in that the loss recognition threshold of “probable” has been eliminated and that expected loss should consider reasonable and supportable forecasts in addition to the previously considered past events and current conditions. Additionally, the guidance requires additional disclosures related to the further disaggregation of information related to the credit quality of financial assets by year of the asset’s origination for as many as five years. Entities must apply the standard provision as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The standard is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted for annual periods beginning after December 15, 2018, and interim periods within those fiscal years. The Company is currently evaluating the impact of adopting ASU 2016-13 on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07, Compensation—Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting (“ASU 2018-07”). The standard aligns the accounting for share-based payment awards issued to employees and nonemployees. Changes to the accounting for nonemployee awards include: (1) equity-classified share-based payment awards issued to nonemployees will now be measured on the grant date, instead of the previous requirement to remeasure the awards through the performance completion date; (2) for performance conditions, compensation cost associated with the award will be recognized when achievement of the performance condition is probable, rather than upon achievement of the performance condition; and (3) the current requirement to reassess the classification (equity or liability) for nonemployee awards upon vesting will be eliminated, except for awards in the form of convertible instruments. The guidance should be applied to all new awards granted after the date of adoption. In addition, the modified retrospective approach should be used on all liability-classified

awards that have not been settled and equity-classified awards for which a measurement date has not been established by the adoption date by remeasurement at fair value as of the adoption date with a cumulative effect adjustment to opening retained earnings in the fiscal year of adoption. The standard is effective for fiscal years beginning after December 15, 2018, and interim periods within those fiscal years. Early adoption is permitted, but no earlier than an entity's adoption of ASC 606. The Company is currently evaluating the impact of adopting ASU 2018-07 on its consolidated financial statements.

3. Acquisitions

LKQD

On January 16, 2018, Nexstar Digital LLC (“Nexstar Digital”), a wholly-owned subsidiary of Nexstar, acquired the outstanding equity of LKQD, a video advertising infrastructure company, for \$97.0 million. In January 2018, \$94.0 million of the purchase price was paid, funded by a combination of borrowing under the revolving credit facility portion of Nexstar’s senior secured credit facility (Note 7) and cash on hand. The remaining purchase price of \$3.0 million (working capital adjustment) was paid to the former owners on April 27, 2018, funded by cash on hand.

The sellers are also entitled to receive up to \$35.0 million in additional cash payments if a certain earnings target is achieved during the fiscal year 2019 and if certain employees have continued their employment with Nexstar Digital on the date of payment (the “Earnout Payments”). The Earnout Payments are considered compensation to employees for their services and will be incurred from the acquisition date through December 31, 2019. As of June 30, 2018, Nexstar Digital accrued \$1.2 million, representing the portion of the estimated fair value of the Earnout Payments that is incurred. The estimated fair value of the Earnout Payments was determined by applying a weighted probability of potential outcomes to the maximum possible payout of \$35.0 million. The calculation of these potential outcomes is dependent on past financial performance, management assumptions about future performance and industry trends and any changes to these assumptions could impact the final settlement. This fair value measurement is considered Level 3 as significant inputs are unobservable to the market.

The acquisition of LKQD broadens and diversifies Nexstar Digital’s portfolio with technologies that are complementary to its current offerings of digital solutions and services for media publishers, and multi-platform marketing solutions for local and national advertisers. Transaction costs relating to this acquisition, including legal and professional fees of \$0.4 million, were expensed as incurred during the six months ended June 30, 2018. No significant transaction costs were incurred during the three months ended June 30, 2018.

Subject to final determination, which is expected to occur within 12 months of the acquisition date, the provisional fair values of the assets acquired and liabilities assumed in the acquisition are as follows (in thousands):

Cash and cash equivalents	\$11,167
Accounts receivable	24,712
Prepays	13
Property and equipment	210
Other intangible assets	45,320
Goodwill	42,136
Total assets acquired and consolidated	123,558
Less: Accounts payable and accrued expenses	(18,816)
Less: Taxes payable	(1,065)
Less: Deferred tax liabilities	(6,645)
Net assets acquired and consolidated	\$97,032

The fair value assigned to goodwill is attributable to future expense reductions utilizing management’s leverage in operating costs. The goodwill and other intangible assets are not deductible for tax purposes. Other intangible assets are amortized over an estimated weighted average useful life of approximately three years.

During 2018, Nexstar Digital recorded measurement period adjustments including a decrease in accounts receivable of \$1.2 million, resulting from changes in the estimate of collectability of accounts receivable. This adjustment increased goodwill by \$1.0 million, along with other measurement period adjustments.

LKQD's net revenue of \$15.9 million and operating loss of \$1.1 million from the date of acquisition to June 30, 2018 have been included in the accompanying Condensed Consolidated Statements of Operations.

KRBK and WHDF

On July 15, 2018, Nexstar entered into a definitive agreement to acquire the assets of WHDF television station from Huntsville TV, LLC ("Huntsville TV"). On August 1, 2018, Nexstar entered into a definitive agreement to acquire the assets of KRBK television station from KRBK LLC. See Note 15 for additional information.

4. Intangible Assets and Goodwill

Intangible assets subject to amortization consisted of the following (in thousands):

	Estimated useful life, in years	June 30, 2018			December 31, 2017		
		Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Network affiliation agreements	15	\$1,971,170	\$(519,228)	\$1,451,942	\$1,971,170	\$(461,345)	\$1,509,825
Other definite-lived intangible assets	1-20	242,223	(136,888)	105,335	193,089	(121,288)	71,801
Other intangible assets		\$2,213,393	\$(656,116)	\$1,557,277	\$2,164,259	\$(582,633)	\$1,581,626

The following table presents the Company's estimate of amortization expense for the remainder of 2018, each of the five succeeding years ended December 31 and thereafter for definite-lived intangible assets as of June 30, 2018 (in thousands):

Remainder of 2018	\$73,211
2019	139,335
2020	129,801
2021	119,048
2022	113,665
2023	112,464
Thereafter	869,753
	\$1,557,277

The amounts recorded to goodwill and FCC licenses were as follows (in thousands):

	Goodwill			FCC Licenses		
	Gross	Accumulated Impairment	Net	Gross	Accumulated Impairment	Net
Balances as of December 31, 2017	\$2,212,755	\$(69,909)	\$2,142,846	\$1,815,048	\$(47,410)	\$1,767,638
Acquisitions (See Note 3)	42,136	-	42,136	-	-	-
Balances as of June 30, 2018	\$2,254,891	\$(69,909)	\$2,184,982	\$1,815,048	\$(47,410)	\$1,767,638

Indefinite-lived intangible assets are not subject to amortization but are tested for impairment annually or whenever events or changes in circumstances indicate that such assets might be impaired. During the three and six months ended June 30, 2018, the Company did not identify any events that would trigger impairment assessment.

5. Accrued Expenses

Accrued expenses consisted of the following (in thousands):

	June 30, 2018	December 31, 2017
Compensation and related taxes	\$38,824	\$44,775
Network affiliation fees	32,666	68,197
Other	54,862	46,309
	\$126,352	\$159,281

6. Retirement and Postretirement Plans

The Company has a funded, qualified non-contributory defined benefit retirement plan which covers certain employees and former employees. Additionally, there are non-contributory unfunded supplemental executive retirement and ERISA excess plans which supplement the coverage available to certain executives. All of these retirement plans are frozen. The Company also has a retiree medical savings account plan which reimburses eligible retired employees for certain medical expenses and an unfunded plan that provides certain health and life insurance benefits to retired employees who were hired prior to 1992. Nexstar recognizes the underfunded status of these plan liabilities on its Condensed Consolidated Balance Sheet. The funded status of a plan represents the difference between the fair value of plan assets and the related plan projected benefit obligation. Changes in the funded status are recognized through comprehensive income in the year in which the changes occur.

The following table provides the components of net periodic benefit (income) cost for the Company's pension and other postretirement benefit plans ("OPEB") (in thousands):

	Three Months Ended June 30, 2018		Six Months Ended June 30, 2018	
	Pension Benefits OPEB		Pension Benefits OPEB	
Interest cost	\$3,350	\$ 150	\$6,700	\$ 300
Expected return on plan assets	(6,450)	-	(12,900)	-
Net periodic benefit (income) cost	\$(3,100)	\$ 150	\$(6,200)	\$ 300

	Three Months Ended June 30, 2017		Six Months Ended June 30, 2017	
	Pension Benefits OPEB		Pension Benefits OPEB	
Interest cost	\$3,913	\$ 157	\$7,174	\$ 287
Expected return on plan assets	(7,226)	-	(13,248)	-
Net periodic benefit (income) cost	\$(3,313)	\$ 157	\$(6,074)	\$ 287

The Company has no required contributions to its qualified retirement plan in 2018. Payments to fund the obligations under the remaining plans are considered contributions and are expected to be less than \$6.0 million in 2018.

7. Debt

Long-term debt consisted of the following (in thousands):

	June 30, 2018	December 31, 2017
Term loans, net of financing costs and discount of \$51,323 and \$57,547, respectively	\$2,719,941	\$2,791,875
Revolving loans	-	3,000
6.125% Senior unsecured notes due 2022, net of financing costs of \$1,777 and \$1,992, respectively	 273,223	 273,008
5.875% Senior unsecured notes due 2022, plus premium of \$7,153 and \$8,102, respectively	407,153	408,102
5.625% Senior unsecured notes due 2024, net of financing costs of \$12,671 and \$13,525, respectively	 887,329	 886,475
	4,287,646	4,362,460
Less: current portion	(41,722)	(92,808)
	\$4,245,924	\$4,269,652

2018 Transactions

Nexstar prepaid a total of \$20.0 million and \$60.0 million in principal balance under its Term Loan B, during the three and six months ended June 30, 2018, respectively, funded by cash on hand. This resulted in losses on extinguishment of debt of \$0.5 million and \$1.5 million for the three and six months ended June 30, 2018, respectively, representing write-offs of unamortized debt financing costs and discounts.

During the six months ended June 30, 2018, the Company repaid scheduled maturities of \$21.2 million of its term loans.

On July 2, 2018, Nexstar prepaid \$50.0 million of the outstanding principal under its term loans, funded by cash on hand.

On July 27, 2018, Nexstar reallocated \$5.6 million of its unused revolving loan credit facility to Marshall. On the same day, Marshall drew the full \$5.6 million revolving loan facility reallocated from Nexstar and used the funds to partially repay its outstanding term loans.

On August 1, 2018, Nexstar prepaid \$35.0 million of the outstanding principal under its term loans, funded by cash on hand.

Unused Commitments and Borrowing Availability

The Company had \$172.0 million of total unused revolving loan commitments under its senior secured credit facilities, all of which was available for borrowing, based on the covenant calculations as of June 30, 2018. The Company's ability to access funds under its senior secured credit facilities depends, in part, on its compliance with certain financial covenants. As of June 30, 2018, the Company was in compliance with its financial covenants.

Collateralization and Guarantees of Debt

The Company's credit facilities described above are collateralized by a security interest in substantially all the combined assets, excluding FCC licenses and the other assets of consolidated VIEs unavailable to creditors of Nexstar (See Note 2). Nexstar guarantees full payment of all obligations incurred under the Mission, Marshall and Shield senior secured credit facilities in the event of their default. Mission and Nexstar Digital, a wholly-owned subsidiary of Nexstar, are guarantors of Nexstar's senior secured credit facility. Mission is also a guarantor of Nexstar's 6.125% senior secured notes due 2022 ("6.125% Notes") and the 5.625% Notes due 2024 but does not guarantee Nexstar's 5.875% Senior Notes due 2022 (the "5.875% Notes"). Nexstar Digital does not guarantee any of the notes. Marshall and Shield are not guarantors of any debt within the group.

In consideration of Nexstar's guarantee of the Mission senior secured credit facility, Mission has granted Nexstar purchase options to acquire the assets and assume the liabilities of each Mission station, subject to FCC consent. These option agreements (which expire on various dates between 2018 and 2027) are freely exercisable or assignable by Nexstar without consent or approval by Mission. The Company expects these option agreements to be renewed upon expiration.

Debt Covenants

The Nexstar amended credit agreement (senior secured credit facility) contains a covenant which requires Nexstar to comply with a maximum consolidated first lien net leverage ratio of 4.50 to 1.00. The financial covenant, which is formally calculated on a quarterly basis, is based on the combined results of the Company. The Mission, Marshall and Shield amended credit agreements do not contain financial covenant ratio requirements but do provide for default in the event Nexstar does not comply with all covenants contained in its credit agreement. As of June 30, 2018, the Company was in compliance with its financial covenant.

Fair Value of Debt

The aggregate carrying amounts and estimated fair values of the Company's debt were as follows (in thousands):

	June 30, 2018		December 31, 2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Term loans ⁽¹⁾	\$2,719,941	\$2,761,153	\$2,791,875	\$2,852,199
Revolving loans ⁽¹⁾	-	-	3,000	2,985
6.125% Senior unsecured notes ⁽²⁾	273,223	278,438	273,008	284,625
5.875% Senior unsecured notes ⁽²⁾	407,153	406,000	408,102	415,500
5.625% Senior unsecured notes ⁽²⁾	887,329	861,750	886,475	925,875

(1) The fair value of senior secured credit facilities is computed based on borrowing rates currently available to the Company for bank loans with similar terms and average maturities. These fair value measurements are considered Level 3, as significant inputs to the fair value calculation are unobservable in the market.

(2) The fair value of the Company's fixed rate debt is estimated based on bid prices obtained from an investment banking firm that regularly makes a market for these financial instruments. These fair value measurements are considered Level 2, as quoted market prices are available for low volume trading of these securities.

8. Common Stock

On April 26, 2018, Nexstar's Board of Directors approved an additional \$200 million increase in Nexstar's share repurchase authorization to repurchase its Class A common stock. The expansion brought the total capacity under Nexstar's share repurchase program to approximately \$218.6 million when combined with the remaining balance under its prior authorization.

During the three and six months ended June 30, 2018, Nexstar repurchased a total of 250,000 shares for \$16.7 million and 751,920 shares for \$50.5 million, respectively, of Class A common stock funded by cash on hand. As of June 30, 2018, the remaining available amount under the share repurchase authorization was \$201.9 million.

Share repurchases may be made from time to time in open market transactions, block trades or in private transactions. There is no minimum number of shares that Nexstar is required to repurchase and the repurchase program may be suspended or discontinued at any time without prior notice.

9. Stock-Based Compensation Plans

During the three months ended June 30, 2018, Nexstar granted 224,000 restricted stock units to employees with an estimated fair value of \$13.6 million. During the six months ended June 30, 2018, Nexstar granted 651,500 restricted stock units to employees and non-employee directors with an estimated fair value of \$42.2 million. The restricted stock units vest over a range of three to four years from the date of the award.

10. Income Taxes

Income tax expense was \$33.3 million for the three months ended June 30, 2018 compared to \$32.3 million for the same period in 2017. The effective tax rates were 27.8% and 40.0% for each of the respective periods. In December 2017, the Tax Act was signed into law, which reduced the federal corporate income tax rate from 35% to 21%, or a 14.0% decrease in the effective tax rate. A \$1.5 million decrease in permanent differences between the two periods contributed an additional 2.3% decrease in the effective tax rate. These decreases were partially offset by a decrease in nontaxable earnings of \$1.3 million, or a 1.6% increase in the effective tax rate. In 2017, the Company released an uncertain tax position resulting in an income tax benefit of \$1.6 million, contributing a further 2.0% increase in the effective tax rate between the two periods.

Income tax expense was \$50.8 million for the six months ended June 30, 2018 compared to \$26.4 million for the same period in 2017. The effective tax rates were 27.5% and 33.1% for each of the respective periods. Decreases between the two periods were primarily attributable to (i) the Tax Act, effecting a 14.0% decrease in the effective tax rate, (ii) the liquidation of Media General legal entities that merged with Nexstar in 2017 and resulted in an income tax expense of \$1.5 million in 2017, or a 1.9% decrease in the 2018 effective tax rate compared to prior year, (iii) transaction costs attributable to Nexstar's merger with Media General that were determined to be nondeductible for tax purposes and resulted in an income tax expense of \$1.7 million in 2017, or a 2.1% decrease in the 2018 effective tax rate compared to prior year, and (iv) a \$1.0 million decrease in permanent differences, resulting in a 2.3% decrease in the 2018 effective tax rate compared to prior year.

These decreases were partially offset by (i) a \$7.7 million income tax benefit in 2017 that resulted from divestiture of stations previously owned by Nexstar, or a 9.6% increase in the 2018 effective tax rate compared to prior year, (ii) a release of an uncertain tax position in 2017 that resulted in an income tax benefit of \$1.6 million, or a 2.0% increase in the 2018 effective tax rate compared to prior year, (iii) a decrease in nontaxable earnings of \$1.4 million that contributed a 1.6% increase in the 2018 effective tax rate compared to prior year, and (iv) higher excess tax benefits related to stock-based compensation in 2017 amounting to \$0.3 million, or a 0.9% increase in the 2018 effective tax rate compared to prior year.

In December 2017, the Tax Act was signed into law which reduced the federal corporate income tax rate from 35% to 21%. The Tax Act requires complex computations not previously provided in U.S. tax law. As such, the application of accounting guidance for such items is currently uncertain. Further, compliance with the Tax Act and the accounting for such provisions require accumulation of information not previously required or regularly produced. As a result, we provided a provisional estimate on the effect of the Tax Act within the Consolidated Financial Statements and related Notes included in Nexstar's Annual Report on Form 10-K for the year ended December 31, 2017. As additional regulatory guidance is issued by the applicable taxing authorities, as accounting treatment is clarified, as we perform additional analysis on the application of the law, and as we refine estimates in calculating the effect, our final analysis, which will be recorded in the period completed, may be different from our current provisional amounts, which could materially affect our tax obligations and effective tax rate. As of June 30, 2018, there has been no change to the provisional estimates. The Company expects to complete its analysis of the provisional items during the second half of 2018.

11. FCC Regulatory Matters

Television broadcasting is subject to the jurisdiction of the FCC under the Communications Act of 1934, as amended (the “Communications Act”). The Communications Act prohibits the operation of television broadcasting stations except under a license issued by the FCC, and empowers the FCC, among other things, to issue, revoke and modify broadcasting licenses, determine the location of television stations, regulate the equipment used by television stations, adopt regulations to carry out the provisions of the Communications Act and impose penalties for the violation of such regulations. The FCC’s ongoing rule making proceedings could have a significant future impact on the television industry and on the operation of the Company’s stations and the stations to which it provides services. In addition, the U.S. Congress may act to amend the Communications Act or adopt other legislation in a manner that could impact the Company’s stations, the stations to which it provides services and the television broadcast industry in general.

The FCC has adopted rules with respect to the final conversion of existing low power and television translator stations to digital operations, which must be completed by July 2021.

Media Ownership

The FCC is required to review its media ownership rules every four years and to eliminate those rules it finds no longer serve the “public interest, convenience and necessity.”

In August 2016, the FCC adopted a Second Report and Order (the “2016 Ownership Order”) concluding the agency’s 2010 and 2014 quadrennial reviews. The 2016 Ownership Order (1) retained the then-existing local television ownership rule and radio/television cross-ownership rule with minor technical modifications, (2) extended the ban on common ownership of two top-four television stations in a market to network affiliation swaps, (3) retained the then-existing ban on newspaper/broadcast cross-ownership in local markets while considering waivers and providing an exception for failed or failing entities, (4) retained the dual network rule, (5) made JSA relationships attributable interests and (6) defined a category of sharing agreements designated as SSAs between stations and required public disclosure of those SSAs (while not considering them attributable).

The 2016 Ownership Order reinstated a rule that attributed another in-market station toward the local television ownership limits when one station owner sells more than 15% of the second station’s weekly advertising inventory under a JSA (this rule had been previously adopted in 2014, but was vacated by the U.S. Court of Appeals for the Third Circuit). Parties to JSAs entered into prior to March 31, 2014 were permitted to continue to operate under those JSAs until September 30, 2025.

Nexstar and other parties filed petitions seeking reconsideration of various aspects of the 2016 Ownership Order. On November 16, 2017, the FCC adopted an order (the “Reconsideration Order”) addressing the petitions for reconsideration. The Reconsideration Order (1) eliminated the rules prohibiting newspaper/broadcast cross-ownership and limiting television/radio cross-ownership, (2) eliminated the requirement that eight or more independently-owned television stations remain in a local market for common ownership of two television stations in that market to be permissible, (3) retained the general prohibition on common ownership of two “top four” stations in a local market but

provided for case-by-case review, (4) eliminated the television JSA attribution rule, and (5) retained the SSA definition and disclosure requirement for television stations. These rule modifications took effect on February 7, 2018, when the U.S. Court of Appeals for the Third Circuit denied a mandamus petition which had sought to stay their effectiveness. The Reconsideration Order remains subject to appeals before the Third Circuit.

On February 3, 2017, the FCC terminated in full its guidance (issued on March 12, 2014) requiring careful scrutiny of broadcast television applications which propose sharing arrangements and contingent interests.

The FCC's media ownership rules limit the percentage of U.S. television households which a party may reach through its attributable interests in television stations to 39% on a nationwide basis. Historically, the FCC has counted the ownership of an ultra-high frequency ("UHF") station as reaching only 50% of a market's percentage of total national audience. On August 24, 2016, the FCC adopted a Report and Order abolishing the UHF discount for the purposes of a licensee's determination of compliance with the 39% national cap, and that rule change became effective in October 2016. On April 20, 2017, the FCC adopted an order on reconsideration that reinstated the UHF discount. That order stated that the FCC would launch a comprehensive rulemaking later in 2017 to evaluate the UHF discount together with the national ownership limit. The FCC initiated that proceeding in December 2017, and comments and reply comments were filed in the first and second quarters of 2018. The FCC's April 2017 reinstatement of the UHF discount became effective on June 15, 2017. A petition for review of the FCC's order reinstating the UHF discount was filed pending in a federal appeals court, and Nexstar intervened in the litigation in support of the FCC. On July 25, 2018, the federal court dismissed the appeal for lack of standing. Nexstar is in compliance with the 39% national cap limitation without the UHF discount and, therefore, with the UHF discount as well.

Spectrum

The FCC is in the process of repurposing a portion of the broadcast television spectrum for wireless broadband use. Pursuant to federal legislation enacted in 2012, the FCC conducted an incentive auction for the purpose of making additional spectrum available to meet future wireless broadband needs. Under the auction statute and rules, certain television broadcasters accepted bids from the FCC to voluntarily relinquish all or part of their spectrum in exchange for consideration, and certain wireless broadband providers and other entities submitted successful bids to acquire the relinquished television spectrum. Over the next several years, television stations that are not relinquishing their spectrum will be “repacked” into the frequency band still remaining for television broadcast use.

The incentive auction commenced on March 29, 2016 and officially concluded on April 13, 2017. Ten of Nexstar’s stations and one station owned by Vaughan accepted bids to relinquish their spectrum. Of these 11 total stations, one station went off the air in November 2017, resulting in the Company now owning 169 full power television stations. The station that went off the air is not expected to have a significant impact on the Company’s future financial results because it is located in a remote rural area of the country and the Company has other stations which serve the same area. The Company derecognized the spectrum asset and liability to surrender spectrum of this station in the fourth quarter of 2017. Of the remaining ten stations, eight have ceased broadcasting on their current channels and implemented channel sharing agreements. As a result, the associated spectrum asset and liability to surrender spectrum, both amounting to \$314.1 million, were derecognized in the second quarter of 2018. The remaining two stations will move to VHF channels and must vacate their current channels by September 2019 and May 2020, respectively.

The majority of the Company’s television stations did not accept bids to relinquish their television channels. Of those stations, 61 full power stations owned by Nexstar and 17 full power stations owned by VIEs have been assigned to new channels in the reduced post-auction television band. These “repacked” stations are required to construct and license the necessary technical modifications to operate on their new assigned channels and will need to cease operating on their existing channels by deadlines which the FCC has established and which are no later than July 13, 2020. Congress has allocated up to an industry-wide total of \$2.75 billion to reimburse television broadcasters, multichannel video program distributors (“MVPDs”), and other parties for costs reasonably incurred due to the repack. This allocation includes \$1 billion added to the TV Broadcaster Relocation Fund as part of the Consolidated Appropriations Act, 2018. This fund is not available to reimburse repacking costs for stations which are surrendering their spectrum and entering into channel sharing relationships. Broadcasters and MVPDs have submitted estimates to the FCC of their reimbursable costs. As of March 7, 2018, these costs were approximately \$1.95 billion, and the FCC has indicated that it expects those costs to rise. The Company cannot determine if the FCC will be able to fully reimburse its repacking costs as this is dependent on certain factors, including the Company’s ability to incur repacking costs that are equal to or less than the FCC’s allocation of funds to the Company and whether the FCC will have available funds to reimburse the Company for additional repacking costs that it previously may not have anticipated. Whether the FCC will have available funds for additional reimbursements will also depend on the repacking costs that will be incurred by other broadcasters and MVPDs that are also seeking reimbursements.

The reallocation of television spectrum to broadband use may be to the detriment of the Company’s investment in digital facilities, could require substantial additional investment to continue current operations, and may require viewers to invest in additional equipment or subscription services to continue receiving broadcast television signals. The Company cannot predict the impact of the incentive auction and subsequent repacking on its business.

Retransmission Consent

On March 3, 2011, the FCC initiated a Notice of Proposed Rulemaking which among other things asked for comment on eliminating the network non-duplication and syndicated exclusivity protection rules, which may permit MVPDs to import out-of-market television stations in certain circumstances. In March 2014, the FCC adopted a further notice of proposed rulemaking which sought additional comment on the elimination or modification of the network non-duplication and syndicated exclusivity rules. The FCC's possible elimination or modification of the network non-duplication and syndicated exclusivity protection rules may affect the Company's ability to sustain its current level of retransmission consent revenues or grow such revenues in the future and could have an adverse effect on the Company's business, financial condition and results of operations. The Company cannot predict the resolution of the FCC's network non-duplication and syndicated exclusivity proposals, or the impact of these proposals.

On December 5, 2014 federal legislation directed the FCC to commence a rulemaking to "review its totality of the circumstances test for good faith [retransmission consent] negotiations." The FCC commenced this proceeding in September 2015 and comments and reply comments were submitted. In July 2016, the then-Chairman of the FCC publicly announced that the agency would not adopt additional rules in this proceeding. However, the proceeding remains open.

Further, certain online video distributors and other over-the-top video distributors (“OTTDs”) have begun streaming broadcast programming over the Internet. In June 2014, the U.S. Supreme Court held that an OTTD’s retransmissions of broadcast television signals without the consent of the broadcast station violate copyright holders’ exclusive right to perform their works publicly as provided under the Copyright Act. In December 2014, the FCC issued a Notice of Proposed Rulemaking proposing to interpret the term “MVPD” to encompass OTTDs that make available for purchase multiple streams of video programming distributed at a prescheduled time and seeking comment on the effects of applying MVPD rules to such OTTDs. Comments and reply comments were filed in 2015. Although the FCC has not classified OTTDs as MVPDs to date, several OTTDs have signed agreements for retransmission of local stations within their markets and others are actively seeking to negotiate such agreements.

12. Commitments and Contingencies

Guarantees of Mission, Marshall and Shield Debt

Nexstar and its subsidiaries guarantee full payment of all obligations incurred under the Mission, Marshall and Shield senior secured credit facilities. In the event that Mission, Marshall or Shield are unable to repay amounts due, Nexstar will be obligated to repay such amounts. The maximum potential amount of future payments that Nexstar would be required to make under these guarantees would be generally limited to the borrowings outstanding. As of June 30, 2018, Mission had a maximum commitment of \$228.0 million under its senior secured credit facility, of which \$225.0 million of debt was outstanding, Marshall had used all of its commitment and had outstanding debt obligations of \$51.7 million and Shield had also used all of its commitment and had outstanding obligations of \$23.2 million. On June 28, 2018, Marshall amended its senior secured credit facility which extended the maturity date of its outstanding debt to December 1, 2019. As a result of the amendment, Marshall has \$1.9 million of short-term debt in current liabilities and \$49.8 million of long-term debt included in long-term liabilities in the accompanying June 30, 2018 condensed consolidated balance sheet. The other debts guaranteed by Nexstar are long-term debt obligations of Mission and Shield.

Indemnification Obligations

In connection with certain agreements that the Company enters into in the normal course of its business, including local service agreements, business acquisitions and borrowing arrangements, the Company enters into contractual arrangements under which the Company agrees to indemnify the third-party to such arrangement from losses, claims and damages incurred by the indemnified party for certain events as defined within the particular contract. Such indemnification obligations may not be subject to maximum loss clauses and the maximum potential amount of future payments the Company could be required to make under these indemnification arrangements may be unlimited. Historically, payments made related to these indemnifications have been insignificant and the Company has not incurred significant costs to defend lawsuits or settle claims related to these indemnification agreements.

Litigation

From time to time, the Company is involved with claims that arise out of the normal course of its business. In the opinion of management, any resulting liability with respect to these claims would not have a material adverse effect on the Company’s financial position or results of operations.

On July 30, 2018, Clay, Massey & Associates, PC filed an antitrust class action complaint in the U.S. District Court for the Northern District of Illinois on behalf of itself and all others similarly situated against Gray Television, Inc., Hearst Communications, Nexstar Media Group, Inc., Tegna Inc., Tribune Media Company and Sinclair Broadcast Group, Inc. The lawsuit alleges unlawful coordination between advertising sales teams of independent local television station owners to artificially inflate prices of local TV advertisements in violation of Section 1 of the Sherman Act (15

U.S.C. §1). The Company denies the allegations against it and will defend its advertising practices as necessary.

13. Segment Data

The Company evaluates the performance of its operating segments based on net revenue and operating income. The Company's broadcast segment includes television stations and related community-focused websites that Nexstar owns, operates, programs or provides sales and other services to in various markets across the United States. The other activities of the Company include corporate functions, eliminations and other insignificant operations.

Segment financial information is included in the following tables for the periods presented (in thousands):

Three Months Ended June 30, 2018	Broadcast	Other	Consolidated
Net revenue	\$622,888	\$37,435	\$ 660,323
Depreciation	20,961	4,129	25,090
Amortization of intangible assets	31,876	5,305	37,181
Income (loss) from operations	207,543	(33,049)	174,494

Three Months Ended June 30, 2017	Broadcast	Other	Consolidated
Net revenue	\$594,489	\$31,626	\$ 626,115
Depreciation	24,702	1,590	26,292
Amortization of intangible assets	33,274	5,283	38,557
Income (loss) from operations	167,181	(31,652)	135,529

Six Months Ended June 30, 2018	Broadcast	Other	Consolidated
Net revenue	\$1,199,873	\$75,786	\$ 1,275,659
Depreciation	42,361	8,543	50,904
Amortization of intangible assets	63,929	9,554	73,483
Income (loss) from operations	360,110	(68,000)	292,110

Six Months Ended June 30, 2017	Broadcast	Other	Consolidated
Net revenue	\$1,105,656	\$60,776	\$ 1,166,432
Depreciation	41,644	6,874	48,518
Amortization of intangible assets	79,207	7,508	86,715
Income (loss) from operations	354,258	(111,209)	243,049

As of June 30, 2018	Broadcast	Other	Consolidated
Goodwill	\$2,122,935	\$62,047	\$ 2,184,982
Assets	6,578,321	541,173	7,119,494

As of December 31, 2017	Broadcast	Other	Consolidated
Goodwill	\$2,122,935	\$19,911	\$ 2,142,846
Assets	6,723,685	757,962	7,481,647

Edgar Filing: NEXSTAR MEDIA GROUP, INC. - Form 10-Q

The following table presents the disaggregation of the Company's revenue for the three and six months ended June 30, 2018 under ASC 606. Comparative 2017 revenues are presented in accordance with the Company's historical accounting standard prior to the adoption of ASC 606 (in thousands):

Three Months Ended June 30, 2018	Broadcast	Other	Consolidated
Local	\$198,560	\$-	\$ 198,560
National	71,633	-	71,633
Political	31,636	-	31,636
Retransmission compensation	276,273	-	276,273
Digital	26,578	37,421	63,999
Other	14,191	14	14,205
Trade revenue	4,017	-	4,017
Net revenue	\$622,888	\$37,435	\$ 660,323

Three Months Ended June 30, 2017	Broadcast	Other	Consolidated
Local	\$209,594	\$-	\$ 209,594
National	77,256	-	77,256
Political	5,488	-	5,488
Retransmission compensation	253,099	-	253,099
Digital	30,753	32,292	63,045
Other	4,938	(666)	4,272
Trade and barter revenue	13,361	-	13,361
Net revenue	\$594,489	\$31,626	\$ 626,115

Six Months Ended June 30, 2018	Broadcast	Other	Consolidated
Local	\$391,828	\$-	\$ 391,828
National	138,678	-	138,678
Political	40,902	-	40,902
Retransmission compensation	552,214	-	552,214
Digital	51,046	75,757	126,803
Other	18,345	29	18,374
Trade revenue	6,860	-	6,860
Net revenue	\$1,199,873	\$75,786	\$ 1,275,659

Six Months Ended June 30, 2017	Broadcast	Other	Consolidated
Local	\$388,070	\$-	\$ 388,070
National	143,238	-	143,238
Political	7,184	-	7,184
Retransmission compensation	484,994	-	484,994
Digital	47,702	60,708	108,410
Other	8,665	68	8,733
Trade and barter revenue	25,803	-	25,803
Net revenue	\$1,105,656	\$60,776	\$ 1,166,432

The Company is a television broadcasting and digital media company focused on the acquisition, development and operation of television stations and interactive community websites and digital media services in medium-sized markets in the United States.

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

The Company receives compensation from MVPDs in return for the consent to the retransmission of the signals of its television stations. Retransmission compensation is recognized at the point in time the broadcast signal is delivered to the MVPDs and is based on a price per subscriber.

Beginning in 2018, the Company no longer recognizes barter revenue (and the related barter expense) resulting from the exchange of advertising time for certain program material. During the three months ended June 30, 2017, the Company recognized barter revenue (and barter expense) of \$9.9 million. During the six months ended June 30, 2017, the Company recognized barter revenue (and barter expense) of \$20.1 million. These are included in the trade and barter revenue line in the tables above.

14. Condensed Consolidating Financial Information

The following condensed consolidating financial information presents the financial position, results of operations and cash flows of the Company, including its wholly-owned subsidiaries and its consolidated VIEs. This information is presented in lieu of separate financial statements and other related disclosures pursuant to Regulation S-X Rule 3-10 of the Securities Exchange Act of 1934, as amended, "Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered."

The Nexstar column presents the parent company's financial information, excluding consolidating entities. The Nexstar Broadcasting column presents the financial information of Nexstar Broadcasting, Inc. ("Nexstar Broadcasting"), a wholly-owned subsidiary of Nexstar and issuer of the 5.625% Notes, the 6.125% Notes and the 5.875% Notes. The Mission column presents the financial information of Mission, an entity which Nexstar Broadcasting is required to consolidate as a VIE (See Note 2). The Non-Guarantors column presents the combined financial information of Nexstar Digital, a wholly-owned subsidiary of Nexstar, and other VIEs consolidated by Nexstar Broadcasting (See Note 2).

Nexstar Broadcasting's outstanding 5.625% Notes and 6.125% Notes are fully and unconditionally guaranteed, jointly and severally, by Nexstar and Mission, subject to certain customary release provisions. These notes are not guaranteed by any other entities.

Nexstar Broadcasting's outstanding 5.875% Notes are fully and unconditionally guaranteed, jointly and severally, by Nexstar, subject to certain customary release provisions. These notes are not guaranteed by any other entities.

The indentures governing the 5.625% Notes and the 6.125% Notes are not registered but require consolidating information that presents the guarantor information.

As discussed in Note 2, the Company adopted ASU No. 2016-15 on a retrospective basis which reclassified the cash flow classification of certain payments for contingent consideration related to an acquisition in 2017 from financing activities to operating activities and payments received for the settlement of corporate-owned life insurance claims from operating activities to investing activities. The Company also adopted ASU No. 2016-18 on a retrospective basis which impacted the cash flow treatment of transfers between cash, cash equivalents and restricted cash in 2017. Further, the Company adopted ASU No. 2017-07 on a retrospective basis which requires the presentation of the net periodic benefit costs, other than the current service costs, in the income statement separately from the service cost component and outside the subtotal of income from operations. The effects of these adoptions were reflected in the accompanying Condensed Consolidating Statement of Operations and Condensed Consolidating Statement of Cash Flows during the three and six months ended June 30, 2017.

CONDENSED CONSOLIDATING BALANCE SHEET

As of June 30, 2018

(in thousands)

	Nexstar	Nexstar Broadcasting	Mission	Non- Guarantors	Eliminations	Consolidated Company
ASSETS						
Current assets:						
Cash and cash equivalents	\$-	\$ 126,362	\$6,557	\$ 14,762	\$-	\$ 147,681
Accounts receivable	-	435,598	12,943	75,537	-	524,078
Amounts due from consolidated entities	-	74,146	84,872	-	(159,018)	-
Other current assets	-	39,570	1,219	4,996	(456)	45,329
Total current assets	-	675,676	105,591	95,295	(159,474)	717,088
Investments in subsidiaries	857,802	108,884	-	-	(966,686)	-
Amounts due from consolidated entities	800,691	13,218	-	-	(813,909)	-
Property and equipment, net	-	687,789	18,364	14,386	(75)	720,464
Goodwill	-	1,968,147	33,187	183,648	-	2,184,982
FCC licenses	-	1,615,830	43,102	108,706	-	1,767,638
Other intangible assets, net	-	1,416,778	14,757	125,742	-	1,557,277
Other noncurrent assets	-	166,214	3,569	15,480	(13,218)	172,045
Total assets	\$ 1,658,493	\$ 6,652,536	\$ 218,570	\$ 543,257	\$ (1,953,362)	\$ 7,119,494
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)						
Current liabilities:						
Current portion of debt	\$-	\$ 36,243	\$2,314	\$ 3,165	\$-	\$ 41,722
Accounts payable	-	51,359	1,783	12,986	-	66,128
Amounts due to consolidated entities	-	-	-	159,018	(159,018)	-
Other current liabilities	213	155,618	4,776	26,569	(456)	186,720
Total current liabilities	213	243,220	8,873	201,738	(159,474)	294,570
Debt	-	3,951,509	222,651	71,764	-	4,245,924
Amounts due to consolidated entities	-	567,341	-	246,778	(814,119)	-
Deferred tax liabilities	-	621,727	-	11,289	-	633,016
Other noncurrent liabilities	-	302,898	6,773	7,077	(13,218)	303,530
Total liabilities	213	5,686,695	238,297	538,646	(986,811)	5,477,040
Total Nexstar Media Group, Inc.						
stockholders' equity (deficit)	1,658,280	965,841	(19,727)	(4,404)	(966,551)	1,633,439
Noncontrolling interests in consolidated						
variable interest entities	-	-	-	9,015	-	9,015
	\$ 1,658,493	\$ 6,652,536	\$ 218,570	\$ 543,257	\$ (1,953,362)	\$ 7,119,494

Total liabilities and stockholders'
equity (deficit)

25

CONDENSED CONSOLIDATING BALANCE SHEET

As of December 31, 2017

(in thousands)

	Nexstar	Nexstar Broadcasting	Mission	Non- Guarantors	Eliminations	Consolidated Company
ASSETS						
Current assets:						
Cash and cash equivalents	\$-	\$ 90,860	\$9,524	\$ 15,268	\$-	\$ 115,652
Accounts receivable	-	484,096	14,717	64,130	-	562,943
Amounts due from consolidated entities	-	55,417	92,923	-	(148,340)	-
Spectrum asset	-	279,069	-	26,695	-	305,764
Other current assets	-	64,256	2,070	5,533	-	71,859
Total current assets	-	973,698	119,234	111,626	(148,340)	1,056,218
Investments in subsidiaries	617,297	109,354	-	-	(726,651)	-
Amounts due from consolidated entities	970,207	-	-	-	(970,207)	-
Property and equipment, net	-	697,898	18,454	17,861	(75)	734,138
Goodwill	-	1,959,386	33,187	150,273	-	2,142,846
FCC licenses	-	1,615,830	43,102	108,706	-	1,767,638
Other intangible assets, net	-	1,476,297	15,841	89,488	-	1,581,626
Other noncurrent assets	-	189,303	2,645	7,233	-	199,181
Total assets	\$ 1,587,504	\$ 7,021,766	\$ 232,463	\$ 485,187	\$ (1,845,273)	\$ 7,481,647
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)						
Current liabilities:						
Current portion of debt	\$-	\$ 36,243	\$2,314	\$ 54,251	\$-	\$ 92,808
Accounts payable	-	24,293	1,090	5,753	-	31,136
Liability to surrender spectrum asset	-	286,740	-	27,347	-	314,087
Amounts due to consolidated entities	-	-	-	148,340	(148,340)	-
Other current liabilities	-	192,827	13,310	26,535	-	232,672
Total current liabilities	-	540,103	16,714	262,226	(148,340)	670,703
Debt	-	4,024,129	223,428	22,095	-	4,269,652
Amounts due to consolidated entities	-	714,408	-	256,010	(970,418)	-
Deferred tax liabilities	-	613,227	-	6,214	-	619,441
Other noncurrent liabilities	-	322,572	7,626	10,343	-	340,541
Total liabilities	-	6,214,439	247,768	556,888	(1,118,758)	5,900,337
Total Nexstar Media Group, Inc.						
stockholders' equity (deficit)	1,587,504	807,327	(15,305)	(82,397)	(726,515)	1,570,614
Noncontrolling interests in consolidated	-	-	-	10,696	-	10,696

variable interest entities						
Total liabilities and stockholders' equity (deficit)	\$ 1,587,504	\$ 7,021,766	\$ 232,463	\$ 485,187	\$(1,845,273)	\$ 7,481,647

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

Three Months Ended June 30, 2018

(in thousands)

	Nexstar	Nexstar Broadcasting	Mission	Non- Guarantors	Eliminations	Consolidated Company
Net broadcast revenue (including trade)	\$-	\$ 594,056	\$ 17,606	\$ 48,661	\$ -	\$ 660,323
Revenue between consolidated entities	13,205	22,447	9,058	18,439	(63,149)	-
Net revenue	13,205	616,503	26,664	67,100	(63,149)	660,323
Operating expenses (income):						
Direct operating expenses, excluding						
depreciation and amortization	-	218,740	10,013	46,996	(1,310)	274,439
Selling, general, and administrative expenses,						
excluding depreciation and amortization	15,181	133,087	1,112	10,945	(21,422)	138,903
Local service agreement fees between						
consolidated entities	-	17,971	13,250	9,196	(40,417)	-
Amortization of broadcast rights	-	14,797	409	707	-	15,913
Amortization of intangible assets	-	29,674	540	6,967	-	37,181
Depreciation	-	22,885	504	1,701	-	25,090
Reimbursement from the FCC related to station repack	-	(5,510)	(187)	-	-	(5,697)
Total operating expenses	15,181	431,644	25,641	76,512	(63,149)	485,829
(Loss) income from operations	(1,976)	184,859	1,023	(9,412)	-	174,494
Interest expense, net	-	(52,539)	(2,739)	(1,003)	-	(56,281)
Loss on extinguishment of debt	-	(481)	-	-	-	(481)
Pension and other postretirement plans credit, net	-	2,950	-	-	-	2,950
Other expenses	-	(812)	-	-	-	(812)
Equity in income of subsidiaries	94,171	-	-	-	(94,171)	-
Income (loss) before income taxes	92,195	133,977	(1,716)	(10,415)	(94,171)	119,870
Income tax (expense) benefit	(423)	(34,455)	425	1,189	-	(33,264)
Net income (loss)	91,772	99,522	(1,291)	(9,226)	(94,171)	86,606
Net loss attributable to noncontrolling interests	-	-	-	1,126	-	1,126
Net income (loss) attributable to Nexstar	\$ 91,772	\$ 99,522	\$ (1,291)	\$ (8,100)	\$ (94,171)	\$ 87,732

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

Three Months Ended June 30, 2017

(in thousands)

	Nexstar	Nexstar Broadcasting	Mission	Non- Guarantors	Eliminations	Consolidated Company
Net broadcast revenue (including trade and barter)	\$-	\$ 544,266	\$ 17,555	\$ 64,294	\$ -	\$ 626,115
Revenue between consolidated entities	-	18,656	9,400	6,438	(34,494)	-
Net revenue	-	562,922	26,955	70,732	(34,494)	626,115
Operating expenses:						
Direct operating expenses, excluding						
depreciation and amortization	-	200,039	8,892	44,705	(1,026)	252,610
Selling, general, and administrative expenses,						
excluding depreciation and amortization	-	142,633	877	11,351	(7,420)	147,441
Local service agreement fees between						
consolidated entities	-	15,577	4,500	5,971	(26,048)	-
Amortization of broadcast rights	-	22,723	1,414	1,549	-	25,686
Amortization of intangible assets	-	33,146	638	4,773	-	38,557
Depreciation	-	24,120	587	1,585	-	26,292
Total operating expenses	-	438,238	16,908	69,934	(34,494)	490,586
Income from operations	-	124,684	10,047	798	-	135,529
Interest expense, net	-	(51,760)	(2,556)	(1,369)	-	(55,685)
Loss on extinguishment of debt	-	(1,323)	-	-	-	(1,323)
Pension and other postretirement plans credit, net	-	3,156	-	-	-	3,156
Other (expenses) income	-	(1,331)	-	431	-	(900)
Equity in income of subsidiaries	39,434	-	-	-	(39,434)	-
Income (loss) before income taxes	39,434	73,426	7,491	(140)	(39,434)	80,777
Income tax (expense)	-	(28,850)	(2,917)	(555)	-	(32,322)
Net income (loss)	39,434	44,576	4,574	(695)	(39,434)	48,455
Net income attributable to noncontrolling interests	-	-	-	(4,463)	-	(4,463)
Net income (loss) attributable to Nexstar	\$ 39,434	\$ 44,576	\$ 4,574	\$ (5,158)	\$ (39,434)	\$ 43,992

28

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

Six Months Ended June 30, 2018

(in thousands)

	Nexstar	Nexstar Broadcasting	Mission	Non- Guarantors	Eliminations	Consolidated Company
Net broadcast revenue (including trade and barter)	\$-	\$ 1,143,737	\$ 33,763	\$ 98,159	\$-	\$ 1,275,659
Revenue between consolidated entities	13,205	42,703	17,486	35,144	(108,538)	-
Net revenue	13,205	1,186,440	51,249	133,303	(108,538)	1,275,659
Operating expenses (income):						
Direct operating expenses, excluding						
depreciation and amortization	-	439,919	20,160	95,987	(2,664)	553,402
Selling, general, and administrative expenses,						
excluding depreciation and amortization	15,181	269,272				