SINCLAIR
BROADCAST GROUP

2016 ANNUAL REPORT

Connecting People with Content Everywhere

Letter to our Shareholders

Our vision, "Connecting People with Content Everywhere," captures the essence of our culture and entrepreneurial spirit and reflects our willingness to embrace and guide an industry undergoing rapid transformation. Our vision reflects our ability to think beyond the traditional television broadcast model, continuing the core beliefs of our founder, Julian Sinclair Smith, to create, lead and innovate. We are at the forefront of an historic moment as emerging technologies and deregulation converge, thereby eliminating competitive barriers and restrictions and ultimately evolving our industry. At Sinclair, we see the opportunities and potential in the coming evolution of our industry's distribution platform. Our focus, therefore, has intensified on ensuring our content is broadly distributed to devices everywhere, delivering data within the flexible framework of Internet Protocols (IP), providing comprehensive marketing solutions to our clients, and advancing content development.

The media landscape continues to evolve as new technology and delivery systems compete for audiences and advertisers. Through the Internet, consumers have access to an almost infinite amount of content. The dominance of the Internet, the continued growth of the phone companies and multichannel video program distributors (MVPDs), and the emergence of over-the-top (OTT) and online content providers demonstrates why antiquated broadcast regulations that put us at a competitive disadvantage must be eliminated. Fortunately, as of this writing, a new Federal Communications Commission (FCC) has publicly supported changing the paradigm and bringing the national and local broadcast ownership rules forward to reflect today's media and communications marketplace, especially as multibillion-dollar cable, telecom, satellite, and studio companies merge. As evidence of such support, the FCC recently eliminated the joint sales agreement processing guidelines, issued a Notice of Proposed Rulemaking allowing for the Next Generation Broadcast Platform (Next Gen or ATSC 3.0), and is expected to reinstate the UHF discount. We eagerly anticipate further elimination and modifications of these obsolete broadcast regulations and finally be allowed to employ new technologies and compete in the national and local marketplaces.

The national ownership cap, which restricts television broadcasters from reaching more than 39% of the country's population, is one such rule that prevents our industry from competing at the national level. This regulation is a barrier, limiting our ability to access the $40 billion national advertising marketplace available to many network and Internet companies. As a company that prides itself on finding creative and innovative ways to grow, we have had success demonstrating to advertisers that our 38% reach of the country delivers not only more, but higher quality impressions, than what cable networks deliver nationally. With our impressions data in hand, in 2014 we launched Audience Network and called on those agencies buying network time. The strategy proved to be profitable and welcomed. That experience then led us to embark on OxMyx, a network sales product that automates the sales workflow process and, by partnering with other broadcasters, offers advertisers an even greater national footprint than our 38% reach. We are currently testing and installing OxMyx's programmatic gateways in our television stations and will be reaching out to partner stations and the advertising community this year.

How we transact with advertisers is also evolving as linear television converges with digital platforms such as the web, mobile OTT apps and social media. No longer do we think of ourselves as a sales organization selling only television commercials. Rather, we view ourselves as marketers, offering multiple delivery platforms and content-based solutions to help advertisers reach their customers and grow their businesses. We believe our customers are best served and generate the highest return on their advertising dollars through an omni-channel and screen-agnostic approach. At Sinclair, our premium broadcast platforms build brand awareness while our digital platforms reinforce the brand and create engagement. No other medium can offer such a comprehensive solution.

For those clients who want one stop for all their integrated marketing needs, our digital marketing services division, Compulse Integrated Marketing, fills that void. Our team of multi-media specialists offers high-quality and affordable web design complemented by advanced marketing strategies such as search engine optimization, search engine marketing, email marketing, social advertising and mobile marketing. Our digital marketing services revenues grew 69% in 2016.

There have never been more distribution channels for our programming. Not only are we able to reach consumers directly through our websites and apps, both of which stream content, but the growth of virtual MVPDs bode well for our future. Such platforms increase the competition for the right to include our signals in their products, and the design of such platforms as less expensive and more appealing to the millennial audience has the potential to increase the total number of pay TV subscribers. Moreover, the advent of services featuring fewer channels should help to improve the ratings of the more limited number of programming choices, including local broadcast stations that will be available to subscribers of such skinny bundles.

In 2016, we made an investment in Sorenson Media, a media technology company, with access currently to 21 million connected Smart TVs in the U.S. Sorenson's technology will allow us to track real-time viewer behavior and trends on a second-by-second basis, will permit us to incorporate dynamic ad insertion, and address viewers with demographic-specific ads. Addressable advertisements, unavailable to broadcasters in the past, sell at a 'cost per thousand' that is two to three times that of a regular television commercial spot. Additionally, Sorenson's robust, large sample size and real-time measurement enables us to track not just viewer trends, but the effectiveness of our programming and promotional spots. Based on that data, we can immediately respond to viewer activity. Connected TVs is a growing marketplace with third party research estimating nearly 100 million Smart TV homes across America by the end of 2020. Our utilization of Sorenson data will ensure that we can be responsive to our viewers' and advertisers' needs in ways unheard of just a few years ago.

There is no better example of our innovative culture and unique technical expertise than our significant contributions on the Next Generation Broadcast Platform (Next Gen or ATSC 3.0), a topic I have written about for many years. There is a reason we established our 3.0 technology development arm, ONE Media, to help develop Next Gen. This collection of technology capabilities will transform us into a low-cost provider in the wireless space, connect local television markets across a nationwide content delivery network, and 'super charge' the capabilities of our spectrum. There are many advantages and opportunities afforded by Next Gen driven by five main tenets: 1) Next Gen is a mobile-first and mobile-friendly technology. It allows viewers to reliably access content on portable devices, such as tablets and smart phones, and receive our signals and content out-of-home and even in moving environments such as buses and cars. The mobile offering also lets us compete in the connected car services area where we have been conducting tests on telematics and autonomous driving. 2) Next Gen is Internet Protocol (IP) end-to-end creating a converged hybrid environment, allowing over the air content to seamlessly integrate with Internet content. That same IP connectivity also provides for a robust and comprehensive measurement system to determine audience segmentation and behavior trends. 3) With Next Gen, we can target advertising and content directly to the user, device or a geolocation. Such targeting capabilities are worth two to three times more per impression to an advertiser than an untargeted spot. 4) Next Gen supports free and conditional access such as direct-to-consumer subscription models and pay-per-view. 5) Next Gen, through more robust compression and higher spectral efficiency, increases video data throughput by four to five times allowing us to deliver dramatically more content to the consumer.

Next Gen has captured the attention of many governments, including ours, and not just for its revolutionary applications or immersive viewing experience. The technology includes critical emergency alerting capabilities to portable devices, providing for a more reliable public safety service that can wake up devices and deliver video, maps and emergency instructions. Next Gen is on track to potentially become a global standard as other countries consider its use. In fact, South Korea is in process of implementing the standard and India is in early stages of evaluation. The FCC is also in the process of working towards approval of the 3.0 technology in the U.S., which is expected later this year, at which point, a new era for television broadcasting can begin.

In preparation for Next Gen's increased capacity, we are creating a multiplatform strategy around content brands. We believe creating and owning content will become even more important in the future, especially as streaming and syndication rights become more valuable. In 2015, we launched our first emerging network, COMET, a science fiction partnership with MGM. COMET, profitable since inception, is now received in approximately 80 million homes and has a loyal fan base. With that success, in early 2017 we launched two additional emerging networks: Charge! and TBD. Charge!, our second partnership with MGM, is focused on action and adventure-based content. TBD, directed at the millennial audience, brings the best of the Internet to television. Both Charge! and TBD have attracted significant excitement early on.

In 2016, we acquired Tennis Channel, a cable network and OTT provider that focuses on live events. Tennis Channel, now reaching over 50 million homes and growing, has not disappointed and is performing ahead of our expectations, becoming the fastest growing cable network in the country. In March of 2017, we acquired The Tennis Media Company, owner of Tennis.com and Tennis magazine, making us the premier provider of 'all things tennis.' The tennis acquisitions are a perfect example of developing a niche brand with compelling and monetizable content on multiple platforms.

The news cycle no longer revolves solely around the daily newscast. Consumers demand information in all time periods and on all devices. To meet those needs, we have transformed our newsrooms into 24/7 multi-screen content centers, disseminating breaking news stories on all platforms. For many years, I have written about the importance of local broadcast news to our communities and that importance is only becoming greater. The proliferation of social media and other online content has given rise to the phenomena of unreliable, biased and fake news, a form of propaganda designed to exploit the trust of online and social media news consumers. This is both unfortunate and dangerous. Our First Amendment rights are under attack and the line between real journalism and commentary has become blurred so much that news organizations and networks have become labeled as being dishonest or having political agendas that overtake accurate reporting, creating a distrust for all media. We will continue to fight the good fight to bring our viewers news they can trust, that empowers and informs. As one of the largest producers of local news in the country, we believe it is our responsibility to be a source of unbiased reliable reporting of the truth. Our commitment to factual reporting is the foundation of our credibility, now more than ever.

In 2015, we noted a void in the national and cable news landscape for traditional accountability and investigative reporting. Important stories were receiving little or no coverage from the mainstream media. In response, we launched 'Full Measure with Sharyl Attkisson,' a Sunday morning national news program that provides in depth investigative and accountability reporting. Full Measure's audience now exceeds many of the cable news networks in the same daypart; a testament to our belief that people want the truth.

We also noted that younger news audiences have an enormous appetite for news content; they just consume it differently. Armed with that data, in 2016 we launched Circa, our mobile-first, video rich news for millennials. The response to Circa has been so successful that in just over six months since its launch, Circa has more social media followers than many established online millennial-focused news sites.

As is the case in even-numbered years, 2016's financial results were positively driven by political advertising revenues. Although candidates and PACs raised and spent fewer campaign dollars in 2016 than in previous cycles, a trend we do not expect to continue, we generated $199 million of political revenues, the second highest year on record for our Company. Meanwhile, pundits are already predicting a contentious 2018 mid-term election which should bode well for broadcasters. The growth from political revenues in 2016 helped grow our Media Revenues by 24%, EBITDA by 27%, and free cash flow by 45%.

We believe the government's focus to ease regulations on small and medium-sized businesses and lower the corporate income tax rate, will result in higher consumer confidence, spur growth in local markets and bolster advertising spending. We are optimistic that such positive governmental actions, combined with deregulation and the multiplatform sales and content initiatives we are implementing at Sinclair, will drive core revenue growth beyond the low single digit growth rates experienced by the industry over the past several years.

Our 2016 financial success allowed us to opportunistically buy 4.9 million shares for $136.4 million (8% of the float at an average purchase price of $27.86). In addition, we paid $66 million in dividends, including a 9% increase in the quarterly dividend rate per share during the year. Further adding to our free cash flow were several meaningful recent events. In February of 2017, the FCC announced the results of the television broadcast spectrum auction. We anticipate receiving approximately $313 million in gross proceeds. In March of 2017, we sold our Alarm Funding business which resulted in another $56 million of after-tax net cash proceeds. Given the potential deregulatory environment, we intend to reinvest the proceeds and use our existing liquidity to expand our national footprint, strengthen our in-market presence, and build additional revenue streams from our core platform.

As I consider our accomplishments over the past several years, I am pleased by the value created for you. We have grown free cash flow per share by 18% on an annualized basis from 2014/2015 compared to what we currently expect for 2016/2017. Meanwhile, our 2-year adjusted debt to average EBITDA has declined from 4.7x to an expected high 3xs by the end of 2017, assuming our current portfolio. This would represent the strongest balance sheet in our Company's history. With our next meaningful debt maturity not until 2020 and armed with almost $750 million of liquidity at December 31, 2016, we are in a position of strength to continue to build our Company and footprint.

Our long term success will ultimately be based on how well we entertain and inform our audiences, and how effective we are in helping advertisers and distribution partners build their businesses. To that goal, it is imperative that we deliver must-have content across all platforms and devices. Our vision, "Connecting People with Content Everywhere," is achievable because of our dedicated and talented employees, who love what they do, live what they do and embrace what they do. As we embark on this next exciting and transformational chapter, we thank you, our employees and our shareholders, for your continued support and look forward to our future success.

David D. Smith

David Smith

Chairman of the Board

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Television Markets and Stations

As of December 31, 2016, we own and operate or provide programming and/or sales and other shared services to television stations in the following 81 markets:

Market	Market Rank (a)	Number of Channels	Stations	Network Affiliation (b)
Washington, DC	7	3	WJLA	ABC
Seattle / Tacoma, WA	14	5	KOMO, KUNS	ABC
Minneapolis / St. Paul, MN	15	4	WUCW	CW
St. Louis, MO	21	3	KDNL	ABC
Pittsburgh, PA	23	7	WPGH, WPNT	FOX, MNT
Raleigh / Durham, NC	24	5	WLFL, WRDC	CW, MNT
Portland, OR	25	9	KATU, KUNP, KUNP-LP	ABC
Baltimore, MD	26	10	WBFF, WUTB(d), WNUV(c)	FOX, CW, MNT
Nashville, TN	29	9	WZTV, WUXP, WNAB(d)	FOX, MNT, CW
San Antonio, TX	31	6	KABB, KMYS(d), WOAI	FOX, NBC, CW
Columbus, OH	32	9	WSYX, WWHO(d), WTTE(c)	ABC, FOX, CW, MNT
Salt Lake City, UT	34	7	KUTV, KMYU, KENV(d), KJZZ	CBS, NBC, MNT, IND
Milwaukee, WI	35	5	WCGV, WVTV	CW, MNT
Cincinnati, OH	36	7	WSTR(d), WKRC	CBS, CW, MNT
Asheville, NC / Greenville, SC	37	7	WMYA(c), WLOS	ABC, MNT
West Palm Beach / Fort Pierce, FL	38	9	WTVC, WTCN-CA, WWHB-CA, WPEC	CBS, CW, MNT
Austin, TX	39	2	KEYE	CBS
Las Vegas, NV	40	6	KSNV, KVCW	NBC, CW, MNT
Oklahoma City, OK	41	6	KOCB, KOKH	FOX, CW
Norfolk, VA	42	4	WTVZ	MNT
Harrisburg / Lancaster / Lebanon / York, PA	43	3	WHP	CBS, CW, MNT
Grand Rapids / Kalamazoo, MI	44	3	WWMT	CBS, CW
Birmingham / Tuscaloosa, AL	45	13	WTTO, WABM, WDBB(c), WBMA-LD	ABC, CW, MNT
Greensboro / High Point / Winston Salem, NC	46	6	WXLV, WMYV	ABC, MNT
Providence, RI / New Bedford, MA	52	3	WJAR	NBC
Buffalo, NY	53	7	WUTV, WNYO	FOX, MNT
Fresno / Visalia, CA	54	9	KMPH, KFRE, KMPH-CD	FOX, CW
Richmond, VA	55	3	WRLH	FOX, MNT
Wilkes Barre / Scranton, PA	56	10	WOLF(c), WQMY(c), WSWB(d)	FOX, CW, MNT
Little Rock / Pine Bluff, AR	57	3	KATV	ABC
Tulsa, OK	58	3	KTUL	ABC
Albany, NY	59	6	WRGB, WCWN	CBS, CW
Mobile, AL / Pensacola, FL	60	9	WEAR, WJTC(d), WFGX, WPMI(d)	ABC, NBC, MNT, IND
Lexington, KY	63	3	WDKY	FOX
Dayton, OH	64	7	WKEF, WRGT(d)	ABC, FOX, MNT
Wichita / Hutchinson, KS	66	17	KSAS, KMTW(c), KOCW, KAAS, KAAS-LP, KSAS-LP	FOX, MNT

Market	Market Rank (a)	Number of Channels	Stations	Network Affiliation (b)
Roanoke / Lynchburg, VA	67	4	WSET	ABC
Green Bay / Appleton, WI	68	4	WLUK, WCWF	FOX, CW
Des Moines, IA	69	3	KDSM	FOX
Charleston / Huntington, WV	70	7	WCHS, WVAH(d)	ABC, FOX
Flint / Saginaw / Bay City, MI	72	9	WSMH, WEYI(d), WBSF(d)	FOX, NBC, CW
Spokane, WA	73	3	KLEW	CBS
Omaha, NE	74	6	KPTM, KXVO(c)	FOX, CW, MNT
Rochester, NY	76	6	WUHF, WHAM(d)	ABC, FOX, CW
Columbia, SC	77	3	WACH	FOX
Toledo, OH	78	4	WNWO	NBC
Madison, WI	80	3	WMSN	FOX
Portland, ME	81	6	WGME, WPFO(d)	CBS, FOX
Paducah, KY/ Cape Girardeau, MO	83	6	KBSI, WDKA(c)	FOX, MNT
Harlingen / Weslaco / Brownsville / McAllen, TX	84	3	KGBT	CBS
Syracuse, NY	85	6	WSTM, WSTQ-LP, WTVH(d)	CBS, NBC, CW
Champaign / Springfield / Decatur, IL	86	14	WICS, WCCU(d), WICD, WRSP(d), WBUI(d)	ABC, FOX, CW
Chattanooga, TN	89	6	WTVC, WFLI(c)	ABC, FOX, CW, MNT
Cedar Rapids, IA	90	6	KGAN, KFXA(d)	CBS, FOX
Savannah, GA	91	3	WTGS	FOX
El Paso, TX	92	6	KFOX, KDBC(d)	FOX, CBS, MNT
Charleston, SC	94	3	WCIV	ABC, MNT
South Bend-Elkhart, IN	96	2	WSBT	CBS, FOX
Myrtle Beach / Florence, SC	102	6	WPDE, WWMB(c)	ABC, CW
Johnstown / Altoona, PA	104	4	WJAC	NBC
Lincoln and Hasting-Kearney, NE	105	10	KHGI, KFXL, KHGI-LD, KWNB, KHGI-CD, KWNB-LD	ABC, FOX
Boise, ID	106	6	KBOI, KYUU-LD	CBS, CW Plus
Tallahassee, FL	107	5	WTWC, WTLF(d)	FOX, NBC, CW Plus
Reno, NV	112	8	KRXI, KAME(c), KRNV(d)	FOX, MNT, NBC, CW
Eugene, OR	117	18	KVAL, KCBY, KPIC(e), KMTR(d), KMCB, KTCW	CBS, NBC
Peoria / Bloomington, IL	118	1	WHOI	Comet
Traverse City / Cadillac, MI	119	12	WPBN, WGTU(d), WTOM, WGTQ(d)	ABC, NBC
Macon, GA	121	3	WGXA	ABC, FOX
Yakima / Pasco / Richland / Kennewick, WA	122	12	KIMA, KEPR, KUNW-CD, KVVK-CD, KORX-CD	CBS, CW Plus
Bakersfield, CA	126	6	KBAK, KBFX-CD	CBS, FOX
Corpus Christi, TX	128	5	KUQI, KTOV-LP, KXPX-LP	FOX, MNT
Amarillo, TX	131	6	KVII, KVIH	ABC
Columbia / Jefferson City, MO	136	4	KRCG	CBS
Medford, OR	139	4	KTVL	CBS, CW Plus

Market	Market Rank (a)	Number of Channels	Stations	Network Affiliation (b)
Beaumont/Port Arthur/Orange, TX	141	6	KFDM, KBTV(d)	CBS, FOX, CW Plus
Sioux City, IA	149	8	KBVK-LP, KPTP-LD, KMEG(d), KPTH	CBS, FOX, MNT
Albany, GA	152	3	WFXL	FOX
Wheeling, WV / Steubenville, OH	158	3	WTOV	FOX, NBC
Gainesville, FL	161	6	WGFL(c), WYME-CD, WNBW(d)	CBS, NBC, MNT
Quincy, IL / Hannibal, MO / Keokuk, IA	170	3	KHQA	ABC, CBS
Ottumwa, IA / Kirksville, MO	200	3	KTVO	ABC, CBS
Total Television Channels		483		

(a) Rankings are based on the relative size of a station's Designated Market Area (DMA) among the 210 generally recognized DMAs in the United States as estimated by Nielsen as of September 2016.

(b) We broadcast programming from the following providers on our channels:

Affiliation	Number of Channels	Number of Markets	Expiration Dates (1)
ABC	36	25	September 30, 2017 through December 31, 2020
CBS	30	24	April 29, 2017 through December 31, 2021
NBC	22	32	December 31, 2017 through December 31, 2018
FOX	54	36	June 30, 2017 through December 31, 2019
MNT	36	26	August 31, 2018
CW	43	16	August 31, 2021
Total Major Network Affiliates	221		

Affiliation	Number of Channels	Number of Markets	Expiration Dates (1)
Antenna TV	23	19	December 31, 2017 through January 1, 2019
ASN	19	17	(f)
Azteca	3	3	February 28, 2017 through February 28, 2018
Bounce Network	4	4	August 31, 2019
COMET	84	70	(f)
Decades	1	1	May 31, 2018
Estrella TV	2	2	September 30, 2017
Get TV	22	23	June 30, 2017
Grit	47	45	December 31, 2019
Independent programming	2	2	N/A
Me TV	14	14	May 31, 2017 through February 28, 2019
MundoFox	3	3	September 30, 2015 through December 31, 2016
Retro TV	5	5	December 31, 2014 through January 7, 2017
Telemundo	1	1	January 14, 2017
This TV	12	9	November 1, 2014 through December 31, 2015
News & Weather	10	9	December 31, 2017
Univision	6	4	December 31, 2019
Zuus Country	4	4	September 30, 2014
Total Other Affiliates	262		
Total Television Channels	483		

(1) When we negotiate the terms of our network affiliations or program service arrangements, we generally negotiate on behalf of all of our stations affiliated with that entity simultaneously. This results in substantially similar terms for our stations, including the expiration date of the network affiliations or program service arrangements. If the affiliation agreement expires, we may continue to operate under the existing affiliation agreement on a temporary basis while we negotiate a new affiliation agreement.

(c) The license assets for these stations are currently owned by third parties. We provide programming, sales, operational and administrative services to these stations pursuant to certain service agreements, such as LMAs.

(d) The license and programming assets for these stations are currently owned by third parties. We provide certain non-programming related sales, operational and administrative services to these stations pursuant to service agreements, such as joint sales and shared services agreements.

(e) We provide programming, sales, operational, and administrative services to this station, of which 50% is owned by a third party.

(f) We own and operate the networks, which are carried on our multi-cast distribution platform.

FORWARD-LOOKING STATEMENTS

This report includes or incorporates forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the U.S. Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about us, including, among other things, the following risks:

General risks

- the impact of changes in national and regional economies and credit and capital markets;
- consumer confidence;
- the potential impact of changes in tax law;
- the activities of our competitors;
- terrorist acts of violence or war and other geopolitical events;
- natural disasters that impact our advertisers and our stations; and
- cybersecurity.

Industry risks

- the business conditions of our advertisers particularly in the automotive and service industries;
- competition with other broadcast television stations, radio stations, multi-channel video programming distributors (MVPDs), internet and broadband content providers and other print and media outlets serving in the same markets;
- the performance of networks and syndicators that provide us with programming content, as well as the performance of internally originated programming;
- the availability and cost of programming from networks and syndicators, as well as the cost of internally originated programming;
- our relationships with networks and their strategies to distribute their programming via means other than their local television affiliates, such as over-the-top content;
- the effects of the Federal Communications Commission's (FCC's) National Broadband Plan, the impact of the incentive auction and the potential repacking of our broadcasting spectrum within a limited timeframe and funding allocated;
- the potential for additional governmental regulation of broadcasting or changes in those regulations and court actions interpreting those regulations, including ownership regulations limiting over-the-air television's ability to compete effectively (including regulations relating to Joint Sales Agreements (JSA) and Shared Services Agreements (SSA), and the national ownership cap), arbitrary enforcement of indecency regulations, retransmission consent regulations and political or other advertising restrictions, such as payola rules;
- the impact of FCC and Congressional efforts to limit the ability of a television station to negotiate retransmission consent agreements for the same-market stations it does not own and other FCC efforts which may restrict a television station's retransmission consent negotiations;
- the impact of FCC rules requiring broadcast stations to publish, among other information, political advertising rates online;
- labor disputes and legislation and other union activity associated with film, acting, writing and other guilds and professional sports leagues;
- the broadcasting community's ability to develop and adopt a viable mobile digital broadcast television (mobile DTV) strategy and platform, such as the adoption of ATSC 3.0 broadcast standard, and the consumer's appetite for mobile television;
- the impact of programming payments charged by networks pursuant to their affiliation agreements with broadcasters requiring compensation for network programming;
- the effects of declining live/appointment viewership as reported through rating systems and local television efforts to adopt and receive credit for same day viewing plus viewing on-demand thereafter;
- changes in television rating measurement methodologies that could negatively impact audience results;
- the ability of local MVPD's to coordinate and determine local advertising rates as a consortium;
- changes in the makeup of the population in the areas where stations are located;
- the operation of low power devices in the broadcast spectrum, which could interfere with our broadcast signals;
- Over-the-top (OTT) technologies and their potential impact on cord-cutting;
- the impact of MVPD's offering "skinny" programming bundles that may not include television broadcast stations; and
- fluctuations in advertising rates and availability of inventory.

Risks specific to us

- the effectiveness of our management;
- our ability to attract and maintain local, national, and network advertising and successfully participate in new sales channels such as programmatic advertising through business partnership ventures and the development of technology;
- our ability to service our debt obligations and operate our business under restrictions contained in our financing agreements;
- our ability to successfully implement and monetize our own content management system (CMS) designed to provide our viewers significantly improved content via the internet and other digital platforms;
- our ability to successfully renegotiate retransmission consent agreements;
- our ability to renew our FCC licenses;
- our limited ability to obtain FCC approval for any future acquisitions, as well as, in certain cases, customary antitrust clearance for any future acquisitions;
- our ability to identify media business investment opportunities and to successfully integrate any acquired businesses, as well as the success of our digital initiatives in a competitive environment, such as the investment in the re-launch of Circa;
- our ability to maintain our affiliation and programming service agreements with our networks and program service providers and at renewal, to successfully negotiate these agreements with favorable terms;
- our ability to effectively respond to technology affecting our industry and to increasing competition from other media providers;
- the strength of ratings for our local news broadcasts including our news sharing arrangements;
- the successful execution of our program development and multi-channel broadcasting initiatives including American Sports Network (ASN), COMET, and other original programming, and mobile DTV; and
- the results of prior year tax audits by taxing authorities.

Other matters set forth in this report and other reports filed with the Securities and Exchange Commission (SEC), may also cause actual results in the future to differ materially from those described in the forward-looking statements. However, additional factors and risks not currently known to us or that we currently deem immaterial may also cause actual results in the future to differ materially from those described in the forward-looking statements. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, events described in the forward-looking statements discussed in this report might not occur.

SELECTED FINANCIAL DATA

The selected consolidated financial data for the years ended December 31, 2016, 2015, 2014, 2013 and 2012 have been derived from our audited consolidated financial statements.

The information below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements included elsewhere in this annual report on Form 10-K.

STATEMENTS OF OPERATIONS DATA
(In thousands, except per share data)

For the years Ended December 31,	2016	2015	2014	2013	2012
Statements of Operations Data:					
Media revenues (a)	$ 2,499,549	$ 2,011,946	$ 1,784,641	$ 1,219,091	$ 922,161
Revenues realized from station barter arrangements	135,566	111,337	122,262	88,680	86,905
Other non-media revenues	101,834	95,853	69,655	55,360	52,613
Total revenues	2,736,949	2,219,136	1,976,558	1,363,131	1,061,679
Media production expenses	953,089	733,199	578,687	386,646	257,494
Media selling, general and administrative expenses	501,589	431,728	372,220	251,294	172,628
Expenses recognized from station barter arrangements	116,954	93,204	107,716	77,349	79,834
Depreciation and amortization (b)	282,324	264,887	228,787	141,374	85,172
Amortization of program contract costs and net realizable value adjustments	127,880	124,619	106,629	80,925	60,990
Other non-media expenses	80,648	71,803	55,615	45,005	42,892
Corporate general and administrative expenses	73,556	64,246	62,495	53,126	33,391
Research and development	4,085	12,436	6,918	—	—
(Gain) loss on asset dispositions	(6,029)	278	(37,160)	3,392	(7)
Operating income	602,853	422,736	494,651	324,020	329,285
Interest expense and amortization of debt discount and deferred financing costs	(211,143)	(191,447)	(174,862)	(162,937)	(128,553)
Loss from extinguishment of debt	(23,699)	—	(14,553)	(58,421)	(335)
Income from equity and cost method investees	1,735	964	2,313	621	9,670
Other income, net	3,144	1,540	4,998	2,225	2,273
Income from continuing operations before income taxes	372,890	233,793	312,547	105,508	212,340
Income tax provision	(122,128)	(57,694)	(97,432)	(41,249)	(67,852)
Income from continuing operations	250,762	176,099	215,115	64,259	144,488
Discontinued operations:					
Income from discontinued operations, net of related income taxes	—	—	—	11,558	465
Net income	250,762	176,099	215,115	75,817	144,953
Net income attributable to noncontrolling interests	(5,461)	(4,575)	(2,836)	(2,349)	(287)
Net income attributable to Sinclair Broadcast Group	$ 245,301	$ 171,524	$ 212,279	$ 73,468	$ 144,666

Earnings Per Common Share Attributable to Sinclair Broadcast Group:

Basic earnings per share from continuing operations	**$ 2.62**	$ 1.81	$ 2.19	$ 0.66	$ 1.78
Basic earnings per share	**$ 2.62**	$ 1.81	$ 2.19	$ 0.79	$ 1.79
Diluted earnings per share from continuing operations	**$ 2.60**	$ 1.79	$ 2.17	$ 0.66	$ 1.78
Diluted earnings per share	**$ 2.60**	$ 1.79	$ 2.17	$ 0.78	$ 1.78
Dividends declared per share	**$ 0.71**	$ 0.66	$ 0.63	$ 0.60	$ 1.54

Balance Sheet Data:

Cash and cash equivalents	**$ 259,984**	$ 149,972	$ 17,682	$ 280,104	$ 22,865
Total assets (d)	**$ 5,963,168**	$ 5,432,315	$ 5,410,328	$ 4,103,417	$ 2,690,768
Total debt (c)(d)	**$ 4,203,848**	$ 3,854,360	$ 3,886,872	$ 2,989,985	$ 2,234,450
Total equity (deficit)	**$ 557,936**	$ 499,678	$ 405,343	$ 405,704	$ (100,053)

(a) Media revenues is defined as broadcast revenues, net of agency commissions, retransmission fees, and other media related revenues.

(b) Depreciation and amortization includes depreciation and amortization of property and equipment and amortization of definite-lived intangible assets and other assets.

(c) Total debt is defined as notes payable, capital leases and commercial bank financing, including the current and long-term portion.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis provides qualitative and quantitative information about our financial performance and condition and should be read in conjunction with our consolidated financial statements and the accompanying notes to those statements. This discussion consists of the following sections:

Executive Overview — a description of our business, summary of significant events and financial highlights from 2016, and information about industry trends;

Critical Accounting Policies and Estimates — a discussion of the accounting policies that are most important in understanding the assumptions and judgments incorporated in the consolidated financial statements and a summary of recent accounting pronouncements;

Results of Operations — a summary of the components of our revenues by category and by network affiliation or program service arrangement, a summary of other operating data and an analysis of our revenues and expenses for 2016, 2015 and 2014, including comparisons between years and certain expectations for 2017; and

Liquidity and Capital Resources — a discussion of our primary sources of liquidity, an analysis of our cash flows from or used in operating activities, investing activities and financing activities, a discussion of our dividend policy and a summary of our contractual cash obligations and off-balance sheet arrangements.

EXECUTIVE OVERVIEW

We are a diversified television broadcasting company with national reach with a strong focus on providing high-quality content on our local television stations and digital platforms. The content, distributed through our broadcast platform, consists of programming provided by third-party networks and syndicators, local news, our own networks, and other original programming produced by us. We also distribute our original programming, and owned and operated networks, on other third-party platforms. Additionally, we own digital and internet media products that are complementary to our extensive portfolio of television station related digital properties. We focus on offering marketing solutions to advertisers through our television and digital platforms and digital agency services. Outside of our media related businesses, we operate technical services companies focused on supply and maintenance of broadcast transmission systems as well as research and development for the advancement of broadcast technology, and we manage other non-media related investments.

We have one reportable operating segment: "Broadcast." Our Broadcast segment is comprised of all of our television stations. We also earn revenues from our original networks, original content, digital and internet services, technical services, and non-media investments. These businesses are included within "Other". Corporate and unallocated expenses primarily include our costs to operate as a public company and to operate our corporate headquarters location. Other and Corporate are not reportable segments.

STG, for which certain assets and results of operations are included in the Broadcast segment and which is a wholly owned subsidiary of Sinclair Broadcast Group, Inc. (SBG), is the primary obligor under our Bank Credit Agreement, the 5.375% Notes, 5.625% Notes, 6.125% Notes, 5.125% Notes, 5.875% Notes, and until they were redeemed, the 6.375% Notes. SBG is a guarantor under all of these debt instruments. Our Class A Common Stock and Class B Common Stock remain obligations or securities of SBG and not obligations or securities of STG.

Summary of Significant Events and Financial Highlights from 2016

Television Acquisitions

- In January 2016, we closed on the previously announced purchase of the assets of KUQI (FOX), KTOV-LP (MNT) and KXPX-LP (Retro TV) in Corpus Christi, Texas for $9.3 million.
- In February 2016, we completed the acquisition of the broadcast assets of WSBT (CBS) in South Bend-Elkhart, Indiana, owned by Schurz Communications, Inc., and sold the broadcast assets of WLUC (NBC and FOX) in Marquette, Michigan to Gray Television, Inc.
- In May 2016, we closed on the previously announced purchase of the assets of KFXL (FOX) and KHGI, KHGI-LD, KWNB and KWNB-LD (ABC), in Lincoln, Nebraska for $31.3 million.

Content and Distribution

- In March 2016, we closed on the purchase of the stock of Tennis Channel for $350.0 million.
- In July 2016, we launched the new Circa.com website. This site uses new technology designed for enhanced mobile video and new-generation news consumers.
- In July 2016, we rebranded our digital agency solutions group under the name Compulse Integrated Marketing to provide in-depth digital marketing services aimed at small and medium sized businesses.
- In July 2016, we entered into agreements with FOX for the renewal of FOX affiliations in five markets. The FOX affiliations were also renewed in three markets by the licensees of stations that we provide sales and other services to under joint sales agreements.
- In August 2016, we signed a multi-year retransmission consent agreement with Comcast Cable for carriage of our broadcast television stations.
- In September 2016, the Tennis Channel signed an eight-year rights agreement with the Volvo Car Open in Charleston, S.C., one of the largest women's-only tennis tournaments in the world.
- In January 2017, Circa launched a new user-generated platform empowering college students to provide video content about news and entertainment events on their campuses via widgets available on Circa's web site and social media pages.
- In January 2017, we announced with Metro-Goldwyn-Mayer ("MGM") the launch of "*CHARGE!*," a new 24/7 action-based network that will feature more than 2,300 hours of TV series content and more than 2,000 movie titles. CHARGE! is expected to debut during the first quarter of 2017.
- In February 2017, we launched TBD, the first multiscreen TV network in the U.S. market to bring premium internet-first content to TV homes across America. TBD will include web series, short films, fashion, comedy, lifestyle, eSports, music and viral content, through partnerships with creators.
- Effective February 1, 2017, we reached an agreement in principle to renew its retransmission consent agreement with Frontier Cable for carriage of KOMO (ABC in Seattle, Washington), KATU (ABC in Portland, Oregon), and Tennis Channel.
- In February 2017, we extended our programming agreement with MyNetwork Television through the 2017-2018 broadcast season.

ATSC 3.0

- In March 2016, we began broadcasting "NextGen" Single Frequency Network (SFN) using the base elements of the new ATSC 3.0 transmission standard through the authority granted by the Federal Communications Commission (FCC).
- In March 2016, we hosted "Plug Fest 2016," an event for "Validation and Verification" compatibility testing of the ATSC 3.0 digital TV standard.
- In March 2016, the Advanced Television Systems Committee (ATSC) developing the Next Generation Broadcast Transmission Standard (ATSC 3.0) approved as a Full Standard the key element of the Physical Layer, the so-called "Bootstrap" or the Discovery and Signaling feature of the standard. The Bootstrap includes the designs developed by ONE Media and supported by other broadcasters and equipment manufacturers.
- In April 2016, we announced the formation of ONE Media 3.0, LLC, a wholly-owned subsidiary whose purpose will be to develop business opportunities, products, and services associated with the ATSC 3.0 broadcast transmission standard approved in March 2016.

Financing and Shareholder Returns

- In March 2016, we issued $350.0 million in senior unsecured notes, which bear interest at a rate of 5.875% per annum and mature on March 15, 2026. The proceeds were used to repay amounts drawn under Sinclair Television Group's revolving credit facility and for other general corporate purposes.
- In July 2016, we extended the maturity date of certain loans and commitments under our existing bank credit facility until July 31, 2021.
- In August 2016, we issued $400 million in senior unsecured notes, which bear interest at a rate of 5.125% per annum and mature on February 15, 2027. The proceeds were used to redeem $350 million in senior unsecured notes due in 2021 and for general corporate purposes.
- In January 2017, we extended the maturity of our term B Loans from April 9, 2020 and July 31, 2021 to January 3, 2024. In connection with the extension, we added additional operating flexibility, including a reduction in certain pricing terms related to the Loans and its existing revolving credit facility and revisions to certain covenant ratio requirements.
- For the year ended December 31, 2016, we repurchased approximately 4.9 million shares of Class A Common Stock for $136.4 million. As of December 31, 2016, the total remaining repurchase authorization was $119.1 million.
- For the year ended December 31, 2016 we paid dividends of $0.705 per share.
- In February 2017, our Board of Directors declared a quarterly dividend of $0.18 per share, payable on March 15, 2017 to the holders of record at the close of business on March 1, 2017.

Other Events

- In May 2016, the Third Circuit Court ruled to vacate the rule to make Joint Sales Agreements (JSAs) attributable.
- In July 2016, we entered into a Consent Decree with the FCC resolving a number of previously disclosed matters relating to certain content broadcast on our stations, technical issues relating to LMAs, and the FCC's rule regarding retransmission consent negotiations. The FCC dismissed all pending claims against us with the Media Bureau and issued renewals for 90 television stations. In September 2016, as part of the settlement, we paid $9.5 million.
- In November 2016, we announced executive promotions and changes which became effective January 1, 2017: David Smith from Chairman, President & Chief Executive Officer to Executive Chairman; Christopher Ripley from Chief Financial Officer to President & Chief Executive Officer; Lucy Rutishauser from SVP Corporate Finance & Treasurer to SVP Chief Financial Officer & Treasurer; David Amy from EVP and Chief Operating Officer to Vice Chairman; Barry Faber from EVP & General Counsel to EVP, General Counsel, Distribution and Network Relations; Steven Pruett from Co- Chief Operating Officer, Sinclair Television Group to EVP & Chief TV Development Officer; Steven Marks from Co-Chief Operating Officer, Sinclair Television Group to EVP & Chief Operating Officer, Sinclair Television Group; and Robert Malandra from SVP Television Finance to SVP Advanced Revenue Development & Analytics.
- In February 2017, we announced that we expect to receive an estimated $313 million of gross proceeds as a result of the National Broadband Plan Spectrum Auction. The results of the auction are not expected to produce any material change in our operations or results. The proceeds are expected to be received later this year.

Industry Trends

- Political spending is significantly higher in the even-numbered years due to the cyclicality of political elections. In addition, every four years, political spending is typically elevated further due to the advertising related to the presidential election.
- The FCC has permitted broadcast television stations to use their digital spectrum for a wide variety of services including multi-channel broadcasts. The FCC "must-carry" rules only apply to a station's primary digital stream.
- Retransmission consent rules provide a mechanism for broadcasters to seek payment from MVPDs who carry broadcasters' signals. Recognition of the value of the programming content provided by broadcasters, including local news and other programming and network programming all in HD has generated increased local revenues.
- Many broadcasters are enhancing / upgrading their websites to use the internet to deliver rich media content, such as newscasts and weather updates, to attract advertisers and to compete with other internet sites and smart phone and tablet device applications and other social media outlets.
- Seasonal advertising increases occur in the second and fourth quarters due to the anticipation of certain seasonal and holiday spending by consumers.
- Broadcasters have found ways to increase returns on their news programming initiatives while continuing to maintain locally produced content through the use of news sharing arrangements.
- Advertising revenue related to the Olympics occurs in even numbered years and the Super Bowl is aired on a different network each year. Both of these popularly viewed events can have an impact on our advertising revenues.

CRITICAL ACCOUNTING POLICES AND ESTIMATES

This discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates including those related to goodwill and intangible assets, program contract costs, income taxes, and variable interest entities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. These estimates have been consistently applied for all years presented in this report and in the past we have not experienced material differences between these estimates and actual results. However, because future events and their effects cannot be determined with certainty, actual results could differ from our estimates and such differences could be material.

We consider the following accounting policies to be the most critical as they are important to our financial condition and results of operations, and require significant judgment and estimates on the part of management in their application. For a detailed discussion of the application of these and other accounting policies, see *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements.*

Valuation of Goodwill and Indefinite-Lived Intangible Assets. We evaluate our goodwill and indefinite-lived intangible assets for impairment annually, or more frequently, if events or changes in circumstances indicate an impairment may exist. As of December 31, 2016, our consolidated balance sheet includes $1,990.7 million and $156.3 million of goodwill and indefinite-lived intangible assets, respectively.

In the performance of our annual goodwill and indefinite-lived intangible asset impairment assessments we have the option to qualitatively assess whether it is more-likely-than-not that the respective asset has been impaired. If we conclude that it is more-likely-than-not that a reporting unit or an indefinite-lived intangible asset is impaired, we apply the quantitative assessment, which involves comparing the estimated fair value of the reporting unit or indefinite-lived intangible asset to its respective carrying value. See *Impairment of Goodwill, Intangibles and Other Long-Lived Assets* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Statement of Operations* for further discussion of the significant judgments and estimates inherent in both qualitatively assessing whether impairment may exist and estimating the fair values of the reporting units and indefinite-lived intangible assets. See *Note 5. Goodwill, Indefinite-Lived Intangible Assets and Other Intangible Assets* within the *Consolidated Financial Statements* for the results of our annual impairment tests during the years ended December 31, 2016, 2015 and 2014.

For our annual goodwill impairment tests in 2016, 2015 and 2014, we concluded that it was more-likely-than-not that goodwill was not impaired based on our qualitative assessments. For one reporting unit in 2016, we elected to perform a quantitative assessment and concluded that its fair value significantly exceeded the carrying value. For our annual impairment tests for indefinite-lived intangible assets in 2016, 2015 and 2014, we concluded that it was more-likely-than-not that the assets were not impaired based on our qualitative assessments, except for broadcast licenses with an aggregate carrying value of $45.2 million in 2016, $15.3 million in 2015, and $38.1 million in 2014 for which we performed the quantitative assessments. During 2014, we recorded $3.2 million of impairment, which was recorded in amortization of definite-lived intangibles and other assets in our consolidated statement of operations, primarily as a result of declines in projected future market revenues related to the radio broadcast licenses. The results of our quantitative tests of indefinite-lived intangible assets in 2016 indicated that the fair values significantly exceeded the carrying value.

We believe we have made reasonable estimates and utilized appropriate assumptions to evaluate whether the fair values of our reporting units and indefinite-lived intangible assets were less than their carrying values. If future results are not consistent with our assumptions and estimates, including future events such as a deterioration of market conditions or significant increases in discount rates, we could be exposed to impairment charges in the future. Any resulting impairment loss could have a material adverse impact on our consolidated balance sheets, consolidated statements of operations and consolidated statements of cash flows.

Program Contract Costs. As discussed under *Programming* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements*, we record an asset and corresponding liability for programming rights when the cost of each program is known or reasonably determinable, the program material has been accepted by the licensee in accordance with the conditions of the license agreement and the program is available for its first showing or telecast. These costs are expensed over the period in which an economic benefit is expected to be derived. To ensure the related assets for the programming rights are reflected in the consolidated balance sheets at the lower of unamortized cost or estimated net realizable value (NRV), management estimates future advertising revenue, net of sales commissions, to be generated by the remaining program material available under the contract terms. Management's judgment is required in determining the timing of expense for these costs, which is dependent on the economic benefit expected to be generated from the program and may significantly differ from the timing of related payments under the contractual obligation. If our estimates of future advertising revenues decline, amortization expense could be accelerated or NRV adjustments may be required.

Income Tax. As discussed under *Income Taxes* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements*, we recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax basis of assets and liabilities. We provide a valuation allowance for deferred tax assets if we determine that it is more-likely-than not that some or all of the deferred tax assets will not be realized. In evaluating our ability to realize net deferred tax assets, we consider all available evidence, both positive and negative, including our past operating results, tax planning strategies and forecasts of future taxable income. In considering these sources of taxable income, we must make certain judgments that are based on the plans and estimates used to manage our underlying businesses on a long-term basis. As of December 31, 2016 and 2015, a valuation allowance has been provided for deferred tax assets related to a substantial amount of our available state net operating loss carryforwards based on past operating results, expected timing of the reversals of existing temporary book/tax basis differences, alternative tax strategies and projected future taxable income. Future changes in operating and/or taxable income or other changes in facts and circumstances could significantly impact the ability to realize our deferred tax assets which could have a material effect on our consolidated financial statements.

Management periodically performs a comprehensive review of our tax positions and we record a liability for unrecognized tax benefits when such tax positions do not meet the "more-likely-than-not" threshold. Significant judgment is required in determining whether a tax position meets the "more-likely-than-not" threshold, and is based on a variety of facts and circumstances, including interpretation of the relevant federal and state income tax codes, regulations, case law and other authoritative pronouncements. Based on this analysis, the status of ongoing audits and the expiration of applicable statute of limitations, liabilities are adjusted as necessary. The resolution of audits is unpredictable and could result in tax liabilities that are significantly higher or lower than for what we have provided. See *Note 9. Income Taxes* within the *Consolidated Financial Statements,* for further discussion of accrued unrecognized tax benefits.

Variable Interest Entities. As discussed under *Variable Interest Entities* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements*, we have determined that certain third-party licensees of stations for which we perform services to pursuant to arrangements, including LMAs and JSAs/SSAs, are VIEs and we are the primary beneficiary of those variable interests because, subject to the ultimate control of the licensees, we have the power to direct the activities which significantly impact the economic performance of the VIE through the services we provide and because we absorb losses and returns that would be considered significant to the VIEs. Determining whether an entity is a VIE and whether we are the primary beneficiary of the variable interests requires judgment which is based on quantitative and qualitative factors that indicate whether or not we are absorbing a majority of the entity's economic risks or receiving a majority of the entity's economic rewards, based on the terms of the arrangements with the entity.

Transactions with Related Parties. We have determined that we conduct certain business related transactions with related persons or entities. See *Note 11. Related Person Transactions* within the *Consolidated Financial Statements* for discussion of these transactions.

Recent Accounting Pronouncements

See *Recent Accounting Pronouncements* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements* for discussion on recent accounting policies and impact our financial statements.

RESULTS OF OPERATIONS

In general, this discussion is related to the results of operations. The results of the acquired stations during the years ended 2014, 2015, and 2016 are included in our results of our operations for the years ended 2014, 2015, and 2016 from their respective dates of acquisition. See *Note 2. Acquisitions and Disposition of Assets* within the *Consolidated Financial Statements* for further discussion of stations acquired. Unless otherwise indicated, references in this discussion and analysis to 2016, 2015 and 2014 are to our fiscal years ended December 31, 2016, 2015 and 2014, respectively. Additionally, any references to the first, second, third or fourth quarters are to the three months ended March 31, June 30, September 30 and December 31, respectively, for the year being discussed. We have one reportable segment, "broadcast" that is disclosed separately from our other and corporate activities.

Seasonality / Cyclicality

Our operating results are usually subject to seasonal fluctuations. Usually, the second and fourth quarter operating results are higher than the first and third quarters' because advertising expenditures are increased in anticipation of certain seasonal and holiday spending by consumers.

Our operating results are usually subject to fluctuations from political advertising. In even numbered years, political spending is usually significantly higher than in odd numbered years due to advertising expenditures preceding local and national elections. Additionally, every four years, political spending is usually elevated further due to advertising expenditures preceding the presidential election.

Consolidated Operating Data

The following table sets forth certain of our consolidated operating data for the years ended December 31, 2016, 2015 and 2014 (in millions). For definitions of terms, see the footnotes to the table in *Selected Financial Data*.

	Years Ended December 31,		
	2016	**2015**	**2014**
Media revenues (a)	**$ 2,499.5**	$ 2,011.9	$ 1,784.6
Revenues realized from station barter arrangements	**135.6**	111.3	122.3
Other non-media revenues	**101.8**	95.9	69.7
Total revenues	**2,736.9**	2,219.1	1,976.6
Media production expenses (a)	**953.1**	733.2	578.7
Media selling, general and administrative expenses (a)	**501.6**	431.7	372.2
Expenses recognized from station barter arrangements	**117.0**	93.2	107.7
Depreciation and amortization	**410.0**	389.6	335.5
Other non-media expenses	**80.6**	71.8	55.6
Corporate general and administrative expenses	**73.6**	64.2	62.5
Research and development	**4.1**	12.4	6.9
(Gain) loss on asset dispositions	**(6.0)**	0.3	(37.2)
Operating income	**$ 602.9**	$ 422.7	$ 494.7
Net income attributable to Sinclair Broadcast Group	**$ 245.3**	$ 171.5	$ 212.3

(a) Our media related revenues and expenses are primarily derived from our broadcast segment, but also from our other media related business, including our networks and content such as Tennis Channel, COMET, ASN, and non-broadcast digital properties. The results of our broadcast segment and the other media businesses are discussed further below under *Broadcast Segment* and *Other*, respectively.

BROADCAST SEGMENT

Revenues

The following table presents our media revenues, net of agency commissions, for the years ended December 31, 2016, 2015 and 2014 (in millions):

				Percent Change	
	2016	**2015**	**2014**	**'16 vs. '15**	**'15 vs. '14**
Local revenues:					
Non-political	**$ 1,841.9**	$ 1,627.6	$ 1,341.5	13.2 %	21.3 %
Political	**24.2**	9.7	22.3	(b)	(b)
Total local	**1,866.1**	1,637.3	1,363.8	14.0 %	20.1 %
National revenues (a):					
Non-political	**357.2**	353.3	309.2	1.1 %	14.3 %
Political	**175.1**	16.1	109.5	(b)	(b)
Total national	**532.3**	369.4	418.7	44.1 %	(11.8)%
Total broadcast segment media revenues	**$ 2,398.4**	$ 2,006.7	$ 1,782.5	19.5 %	12.6 %

(a) National revenue relates to advertising sales sourced from our national representation firm.

(b) Political revenue is not comparable from year to year due to the cyclicality of elections. See Political Revenues below for more information.

Media Revenues. Media revenues increased $391.7 million in 2016 when compared to 2015, of which $37.6 million was related to stations not included in the same period in 2015. The remaining increase was primarily related to an increase in political net time sales as 2016 was a presidential election year, an increase in retransmission and digital revenues, and an increase in advertising revenues generated from the services, home products, automotive, direct response, media, entertainment, pharmaceutical/cosmetics, restaurant, and travel sectors. These increases were partially offset by a decrease in advertising revenues generated from the schools, telecommunications, retail, fast food, paid programing, and internet sectors. Automotive, which typically is our largest category, represented 22.5% of net time sales for the year ended December 31, 2016.

Media revenues increased $224.2 million in 2015 when compared to 2014, of which $220.5 million was related to stations not included in the same period in 2014. The remaining increase was due to an increase in retransmission revenues from MVPDs and increases in advertising revenues generated from the services, medical, and furniture sectors. These increases were partially offset by a decrease in advertising revenues generated from the political, schools, and fast food sectors. Automotive, which typically is our largest category, represented 25.5% of net time sales for the year ended December 31, 2015.

From a network affiliation or program service arrangement perspective, the following table sets forth our affiliate percentages of net time sales for the years ended December 31, 2016 and 2015:

	# of	**Percent of Net Time Sales for the Twelve Months Ended December 31,**			**Net Time Sales Percent Change**	
	Channels (a)	**2016**	**2015**	**2014**	**'16 vs. '15**	**'15 vs. '14**
ABC	**36**	**27.1%**	28.7 %	25.7 %	(5.6)%	12.5 %
FOX	**54**	**24.3%**	25.9 %	27.3 %	(6.2)%	(3.8)%
CBS	**30**	**19.7%**	17.7 %	20.0 %	11.3 %	(10.3)%
NBC	**22**	**14.2%**	11.7 %	9.4 %	21.4 %	25.7 %
CW	**43**	**7.3%**	8.0 %	8.5 %	(8.8)%	(4.3)%
MNT	**36**	**5.8%**	6.5 %	7.8 %	(10.8)%	(14.7)%
Other (b)	**262**	**1.7%**	1.5 %	1.4 %	13.3 %	16.3 %
Total	**483**					

(a) See *Television Markets and Stations* for further detail on our channels. We have acquired a significant number of television stations during 2016, 2015, and 2014, with a variety of network affiliations. This acquisition activity affects the year-over-year comparability of revenue by affiliation. See *Note 2. Acquisitions and Disposition of Assets* within the *Consolidated Financial Statements* for further discussion of stations acquired.

(b) We broadcast other programming from the following providers on our channels including: ASN, Antenna TV, Azteca, Bounce Network, COMET, Decades, Estrella TV, Get TV, Grit, Me TV, MundoFox, Retro TV, Telemundo, This TV, News & Weather, Univision and Zuus Country.

Political Revenues. Political revenues, which include time sales from political advertising, increased by $173.5 million to $199.3 million for 2016 when compared to 2015. Political revenues decreased by $106.0 million to $25.8 million for 2015 when compared to 2014. Political revenues are typically higher in election years such as 2016.

Local Revenues. Excluding political revenues, our local media revenues, which include local times sales, retransmission revenues, digital, and other local revenues, were up $214.3 million for 2016 when compared to 2015, of which $28.9 million was related to the stations not included in the same period in 2015. The remaining increase was primarily related to an increase in retransmission and digital revenues and an increase in advertising revenues generated from services, media, automotive, entertainment, furniture, and travel sectors. These increases were partially offset by lower advertising revenues generated from the schools, retail, medical, fast food, paid programming, direct response, and pharmaceutical/cosmetics sectors. Excluding political revenues, our local media revenues were up $286.1 million for 2015 when compared to 2014, of which $176.7 million related to the stations not included in the same period in 2014. The remaining increase was due to an increase in advertising spending particularly in the entertainment, direct response, and home products sectors and an increase in retransmission revenues from MVPDs. These increases were partially offset by a decline in advertising revenues from the automotive, fast food, and schools sectors.

National Revenues. Our national media revenues, excluding political revenues, which include national time sales and other national revenues, were up $3.9 million for 2016 when compared to 2015, of which $3.5 million was related to the stations not included in the same period in 2015. The remaining increase was primarily related to an increase in retransmission and digital revenues and an increase in advertising revenues generated from home products, direct response, medical, pharmaceutical/cosmetics, restaurants, and fast food. These increases were partially offset by lower advertising revenues generated from the telecommunications, retail, automotive, internet, and services sectors. Excluding political revenues, our national media revenues increased $44.1 million for 2015 when compared to 2014, which primarily related to the stations acquired in 2015. The remaining increase was due to an increase in advertising revenues generated from the pharmaceutical/cosmetics, retail/department stores, and furniture sectors. These increases were partially offset by a decrease in advertising revenues in the telecommunications, paid programs, and automotive sectors.

Expenses

The following table presents our significant operating expense categories for the years ended December 31, 2016, 2015 and 2014 (in millions):

							Percent Change (Increase/(Decrease))	
		2016		**2015**		**2014**	**‘16 vs. ‘15**	**‘15 vs. ‘14**
Media production expenses	**$**	**874.1**	$	714.1	$	572.2	22.4 %	24.8 %
Media selling, general and administrative expenses	**$**	**466.2**	$	427.2	$	369.6	9.1 %	15.6 %
Amortization of program contract costs and net realizable value adjustments	**$**	**127.9**	$	124.6	$	106.6	2.6 %	16.9 %
Corporate general and administrative expenses	**$**	**67.0**	$	55.8	$	55.8	20.1 %	— %
Depreciation and amortization expenses	**$**	**247.1**	$	251.7	$	218.5	(1.8)%	15.2 %

Media production expenses. Media production expenses increased $160.0 million during 2016 compared to 2015, of which $14.4 million related to the stations not included in the same period in 2015, net of dispositions. The remaining increase for the year was primarily due to increases in fees pursuant to network affiliation agreements mainly in relation to higher retransmission revenue, further investment in original programming content, increased costs related to sports programming content and expansion of news, an increase in costs related to viewership measurement, and increased compensation expense.

Media production expenses increased $141.9 million during 2015 compared to 2014, of which $93.0 million related to stations not included in the same period of 2014, net of dispositions. The remaining increase was primarily due to increases in fees pursuant to network affiliation agreements, increased compensation expense, and increased costs related to sports programming content.

Media selling, general and administrative expenses. Media selling, general and administrative expenses increased $39 million during 2016 compared to 2015, of which $6.0 million related to stations not included in the same period in 2015, net of dispositions. The remaining increases for the year were primarily due to an increase in information technology infrastructure costs, increased compensation expense, increased digital interactive costs, which was partially offset by the $9.3 million charge in 2015 related to settling the benefit obligation of an inherited pension plan.

Media selling, general and administrative expenses increased $57.6 million during 2015 compared to 2014, of which $41.6 million related to the stations not included in the same period in 2014, net of dispositions. The remaining increase for the year was primarily due to an increase in information technology infrastructure costs, increased compensation expense, increased insurance costs, increased digital interactive costs, and a $9.3 million charge related to settling the benefit obligation of an inherited pension plan.

Amortization of program contract costs and net realizable value adjustments. The amortization of program contract costs increased $3.3 million during 2016 compared to 2015, of which $2.1 million related to the stations not included in the same period of 2015, net of dispositions. The amortization of program contract costs increased $18.0 million during 2015 compared to 2014, of which $5.7 million related to the stations not included in the same period of 2014, net of dispositions. The remaining increases for both periods due to expanding high quality film content across our broadcast platform.

Corporate general and administrative expenses. See explanation under *Corporate and Unallocated Expenses.*

Depreciation and amortization expenses. Depreciation of property and equipment and amortization of definite-lived intangibles and other assets decreased $4.6 million during 2016 compared 2015 primarily due to the depreciation of property and equipment of assets which became fully depreciated in 2015, which was greater than the depreciation that resulted from 2016 additions, of which $1.3 million related to the stations not included in the same period of 2015, net of dispositions. Depreciation and amortization expenses increased $33.2 million during 2015 compared to 2014, of which $36.0 million related to a station not included in the same period of 2014, net of dispositions.

OTHER

Media revenues, media production expenses, and media selling, general, and administrative expense. The media revenue included within Other primarily relates to original networks and content, as well as our digital and internet businesses. For the years ended December 31, 2016, 2015 and 2014, we recorded revenue of $101.2 million, $5.2 million, and $2.1 million, respectively. The year-over-year increases in media revenues primarily relate to the recently acquired Tennis Channel as well as our science-fiction and sports networks. For the years ended December 31, 2016, 2015 and 2014, we recorded expenses of $114.4 million, $23.6 million, and $9.1 million, respectively. Our expenses relate to the programming and production, and general and administrative expenses related to the operations of our network, content, and digital and internet businesses. The year-over-year increases primarily relate to the recently acquired Tennis Channel and general and administrative costs related to the start-up of our original networks and content, production costs of new original programming, and new digital and internet initiatives such as Circa.

Other non-media revenues and expenses. The following table presents our other non-media revenues and expenses for the years ended December 31, 2016, 2015 and 2014 (in millions):

				Percent Change	
	2016	**2015**	**2014**	**'16 vs. '15**	**'15 vs. '14**
Revenues:					
Investments in real estate ventures	**$ 18.9**	$ 23.2	$ 7.9	(18.5)%	193.7%
Investments in private equity	**$ 72.3**	$ 62.5	$ 53.9	15.7 %	16.0%
Technical services	**$ 10.7**	$ 10.2	$ 7.4	4.9 %	37.8%
Expenses: (a)					
Investments in real estate ventures	**$ 28.7**	$ 27.6	$ 13.9	4.0 %	98.6%
Investments in private equity	**$ 59.8**	$ 52.3	$ 44.3	14.3 %	18.1%
Technical services	**$ 12.6**	$ 11.2	$ 9.3	12.5 %	20.4%

(a) Comprises total expenses of the entity including general and administrative, depreciation and amortization and applicable other income and expense items such as interest expense and non-cash stock-based compensation expense related to issuances of subsidiary stock awards and excludes equity method investment income.

Investments in real estate ventures. We have controlling interests in certain real estate investments owned by Keyser Capital which we consolidate. For the year ended December 31, 2016, revenues from the investments decreased $4.3 million compared to 2015, of which $4.1 million related to real estate development projects. For the year ended December 31, 2016, expenses from these investments increased $1.1 million compared to 2015. This increase was primarily composed of a $2.6 million increase in expenses related to real estate development projects partially offset by a decrease of expenses related to our rental real estate investments and gain on sale of certain real estate assets.

For the year ended December 31, 2015, revenues from these investments increased $15.3 million compared to 2014, which primarily related to real estate development projects. For the year ended December 31, 2015, expenses from these investments increased $13.7 million compared to 2014, of which $9.9 million related to real estate development projects.

Investments in private equity. We have controlling interests in certain private equity investments owned by Keyser Capital, which we consolidate, including Triangle, a sign designer and fabricator, and Alarm Funding, a regional security alarm operating and bulk acquisition company. For the year ended December 31, 2016, revenues from investments in private equity increased $9.8 million compared to 2015, primarily relating to an increase in transaction volume from our sign and alarm businesses. For the year ended December 31, 2016, expenses from investments in private equity increased $7.5 million compared to 2015, which was primarily due to an increase of $8.4 million related to transaction volume from our sign and alarm businesses.

For the year ended December 31, 2015, revenues and expenses from investments in private equity increased $8.6 million and $8 million, respectively, compared to 2014, primarily related to an increase in transaction volume from our sign and alarm businesses.

Technical Services. We own certain subsidiaries which provide service and support for broadcast transmitters, and design and manufacture broadcast systems. For the year ended December 31, 2016, revenues and expenses related to Technical Services increased $0.5 million and $1.4 million, respectively, compared to 2015. For the year ended December 31, 2015 revenues and expenses related to Technical Services increased $2.8 million and $1.9 million, respectively, compared to 2014. The increases in both revenues and expenses related to Technical Services for both 2016 and 2015 are due to increased transaction volume.

Research and development expenses. Our research and development expenses relate to our costs to create Next Gen. For the years ended December 31, 2016, 2015, and 2014, research and development costs related to ONE Media, LLC were $4.1 million, $12.4 million, and $6.9 million, respectively.

Income from Equity and Cost Method Investments. As of December 31, 2016 and 2015, the carrying value of our investments in private equity and real estate ventures, accounted for under the equity or cost method, was $44.2 million and $84.3 million and $20.8 million and $84.6 million, respectively. Results of our equity and cost method investments in private equity investments and real estate ventures are included in income from equity and cost method investments in our consolidated statements of operations. During 2016, we recorded income of $2.0 million related to certain private equity investments and a loss of $0.3 million related to our real estate ventures. During 2015, we recorded income of $3.6 million related to certain private investment funds and a loss of $2.7 million related to our real estate ventures, which included an impairment charge of $6.0 million related to one of our real estate ventures. During 2014, we recorded income of $3.1 million related to certain private equity funds and a loss of $1.0 million related to our real estate ventures.

CORPORATE AND UNALLOCATED EXPENSES

		2016		2015		2014	Percent Change (Increase/(Decrease)) '16 vs. '15	 '15 vs. '14
Corporate general and administrative expenses	**$**	**4.1**	$	5.4	$	5.3	(24.1)%	1.9 %
Interest expense	**$**	**199.1**	$	186.5	$	170.8	6.8 %	9.2 %
Loss from extinguishment of debt	**$**	**23.7**	$	—	$	14.6	n/a	n/a
Income tax provision	**$**	**122.1**	$	57.7	$	97.4	111.6 %	(40.8)%

n/a — not applicable

Corporate general and administrative expenses. We allocate most of our corporate general and administrative expenses to the broadcast segment. The explanation that follows combines corporate general and administrative expenses found in the *Broadcast Segment* section with the corporate general and administrative expenses found in this section, *Corporate and Unallocated Expenses*.

Combined corporate general and administrative expenses increased to $73.6 million in 2016 from $64.2 million in 2015. This increase primarily related to legal costs related to acquisitions and an increase in compensation costs related to merit increases. Combined corporate general and administrative expenses increased to $64.2 million in 2015 from $62.5 million in 2014.

We expect corporate general and administrative expenses to decrease in 2017 compared to 2016 primarily as a result of lower insurance costs and outside and other legal fees.

Interest expense. Interest expense increased in 2016 compared to 2015 primarily due to the issuance of the $350.0 million of 5.875% Notes in 2016. See *Note 6. Notes Payable and Commercial Bank Financing* within the *Consolidated Financial Statements* for further discussion.

Interest expense increased in 2015 compared to 2014 primarily due to the issuance of $550.0 million of 5.625% Notes in 2014 and incremental borrowings on our Bank Credit Agreement. The increase in interest expense was partially offset by a decrease in interest expense due to the redemption of 8.375% Notes during 2014.

We expect interest expense to increase in 2017 compared to 2016 as a result of fees incurred in 2017 related to the amendment and extension of our Term Loan B, partially offset by interest savings on the notes redeemed in 2016 as discussed in *Note. 6 Notes Payable and Commercial Bank Financing* within the *Consolidated Financial Statements.*

Loss from extinguishment of debt. We recognized a loss on extinguishment of debt of $23.7 million for the year ended December 31, 2016 related to the redemption of the 6.375% Notes in August 2016. See *Note 6. Notes Payable and Commercial Bank Financing* within the *Consolidated Financial Statements* for further discussion.

Income tax provision. The 2016 income tax provision for our pre-tax income (including the effects of noncontrolling interest) of $367.4 million resulted in an effective tax rate of 33.3%. The 2015 income tax provision for our pre-tax income (including the effects of the noncontrolling interest) of $229.2 million resulted in an effective tax rate of 25.2%. The increase in the effective tax rate from 2015 to 2016 is primarily due to a $12.6 million benefit related to the realization of a capital loss from the 2015 sale of the stock of a subsidiary.

The 2014 income tax provision for our pre-tax income (including the effects of the noncontrolling interest) of $309.7 million resulted in an effective tax rate of 31.5%. The decrease in the effective tax rate from 2014 to 2015 is primarily due to a $12.6 million benefit related to the realization of a capital loss from the 2015 sale of stock of a subsidiary.

As of December 31, 2016, we had a net deferred tax liability of $609.3 million as compared to a net deferred tax liability of $585.1 million as of December 31, 2015. The increase primarily relates to an increase in net deferred tax liabilities resulting from the acquisition of Tennis Channel in 2016. See *Note 2. Acquisitions and Dispositions of Assets* and *Note 9. Income Taxes* in the *Consolidated Financial Statements* for further information.

As of December 31, 2016, we had $4.7 million of gross unrecognized tax benefits. Of this total, $3.9 million (net of federal effect on state tax issues) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect our effective tax rate. As of December 31, 2015, we had $3.3 million of gross unrecognized tax benefits. Of this total, $2.6 million (net of federal effect on state tax issues) represents the amount of unrecognized tax benefits that, if recognized, would favorably affect our effective tax rate. We recognized $0.2 million of income tax expense for interest related to uncertain tax positions for each of the years ended December 31, 2016 and 2015. See *Note 9. Income Taxes* in the *Consolidated Financial Statements* for further information.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2016, we had $260.0 million in cash and cash equivalent balances, net working capital of approximately $268.6 million, and $483.3 million remaining borrowing capacity under our revolving credit facility. Cash generated by our operations and borrowing capacity under the Bank Credit Agreement are used as our primary sources of liquidity.

In January 2017, we amended and restated our existing Term B Loan under the Bank Credit Agreement extending the maturity date to January 2024. See *Bank Credit Agreement* within *Note 6. Notes Payable and Commercial Bank Financing* within the *Consolidated Financial Statements* for further discussion.

In August 2016, we issued $400 million in senior unsecured notes, which bear interest at a rate of 5.125% per annum and mature on February 15, 2027. The proceeds from the offering, were used to redeem our 6.375% Notes and for general corporate purposes. See *Note 6. Notes Payable and Commercial Bank Financing* in our consolidated financial statements for further discussion.

In March 2016, we issued $350 million in senior unsecured notes, which bear interest at a rate of 5.875% per annum and mature on March 15, 2026. The proceeds from the offering, were used to repay amounts outstanding at the time under our revolving credit facility and for other general corporate purposes. See *Note 6. Notes Payable and Commercial Bank Financing* in our consolidated financial statements for further discussion.

We anticipate that existing cash and cash equivalents, cash flow from our operations and borrowing capacity under the revolving credit facility will be sufficient to satisfy our debt service obligations, capital expenditure requirements and working capital needs for the next twelve months. For our long-term liquidity needs, in addition to the sources described above, we may rely upon the issuance of long-term debt, the issuance of equity or other instruments convertible into or exchangeable for equity, or the sale of non-core assets. However, there can be no assurance that additional financing or capital or buyers of our non-core assets will be available, or that the terms of any transactions will be acceptable or advantageous to us.

On September 6, 2016 the Board of Directors approved an additional $150.0 million share repurchase authorization. There is no expiration date, and currently management has no plans to terminate this program. For the year ended December 31, 2016, we repurchased approximately 4.9 million shares for $136.4 million. As of December 31, 2016, the total remaining repurchase authorization was $119.1 million.

For the year ended December 31, 2016, we were in compliance with all of the covenants related to our Bank Credit Agreement, 5.125% Notes, 5.375% Notes, 5.625% Notes, 5.875% Notes, and 6.125% Notes.

Sources and Uses of Cash

The following table sets forth our cash flows for the years ended December 31, 2016, 2015 and 2014 (in millions):

	2016	2015	2014
Net cash flows from operating activities	**$ 591.8**	$ 402.9	$ 432.6
Cash flows used in investing activities:			
Acquisition of property and equipment	**$ (94.5)**	$ (91.4)	$ (81.5)
Payments for acquisitions of businesses	**(425.9)**	(17.0)	(1,485.0)
Proceeds from the sale of assets	**16.4**	23.7	176.7
Purchase of alarm monitoring contracts	**(40.2)**	(39.2)	(27.7)
Decrease (increase) in restricted cash	**3.7**	(3.7)	11.6
Investments in equity and cost method investees	**(51.2)**	(44.7)	(8.1)
Distributions from equity and cost method investees	**6.8**	21.7	3.9
Proceeds from termination of life insurance policies	**—**	—	17.0
Loan to affiliates	**(19.5)**	—	—
Other, net	**(1.6)**	(0.7)	(4.3)
Net cash flows used in investing activities	**$ (606.0)**	$ (151.3)	$ (1,397.4)
Cash flows from financing activities:			
Proceeds from notes payable, commercial bank financing and capital leases	**$ 1,024.9**	$ 382.9	$ 1,500.7
Repayments of notes payable, commercial bank financing and capital leases	**(671.2)**	(395.2)	(582.8)
Dividends paid on Class A and Class B common stock	**(65.9)**	(62.7)	(61.1)
Repurchase of outstanding Class A Common Stock	**(136.3)**	(28.8)	(133.2)
Payments for deferred financing costs	**(15.7)**	(3.8)	(16.6)
Noncontrolling interest contributions	**(10.5)**	(9.9)	(8.2)
Other, net	**(1.1)**	(1.7)	3.4
Net cash flows from (used in) financing activities	**$ 124.2**	$ (119.2)	$ 702.2

Operating Activities

Net cash flows from operating activities increased during the year ended December 31, 2016 compared to the same period in 2015. This change is primarily due to an increase in cash received from customers due to businesses acquired since December 2015 and increased political advertising spending in an election year.

Net cash flows from operating activities decreased during the year ended December 31, 2015 compared to the same period in 2014. The decrease was due to higher program payments, interest payments, and income taxes, compared to the same period in 2014, offset by an increase in cash received from customers. The increase in cash received from customers and program payments is primarily related to stations acquired in the second half of 2014.

Investing Activities

Net cash flows used in investing activities increased during the year ended December 31, 2016, compared to the same period in 2015. This increase is primarily due to the acquisition of Tennis Channel.

Net cash flows used in investing activities decreased during the year ended December 31, 2015, compared to the same period in 2014. This decrease is primarily due to fewer acquisitions of broadcast assets, partially offset by higher capital expenditures, a decrease in proceeds from the sale of broadcast assets, increase in the purchase of alarm contracts, and an increase in equity and cost method investments.

Financing Activities

Net cash flows from financing activities increased during the year ended December 31, 2016, compared to the same period in 2015, due primarily to the proceeds received from the 5.875% Notes issued in March 2016 and partially offset by the increased repurchases of Class A Common Stock during 2016.

Net cash flows from financing activities decreased during the year ended December 31, 2015, compared to the same period in 2014, was primarily due to a decrease in net proceeds from notes payable from less activity in 2015 compared to 2014, partially offset by lower financing costs and less repurchases of Class A Common Stock.

During 2015, our Board of Directors declared a quarterly dividend of $0.165 per share in the months of February, May, August and November which were paid in March, June, September and December, respectively. Total dividend payments for the year ended December 31, 2015 were $0.66 per share. During 2016, our Board of Directors declared a quarterly dividend of $0.165 per share in the month of February, which was paid in March. In May, August, and November, our Board of Directors declared a quarterly dividend of $0.18 per share, which were paid in June, September and December, respectively. Total dividend payments for the year ended December 31, 2016 were $0.705 per share. In February 2017, our Board of Directors declared a quarterly dividend of $0.18 per share. Future dividends on our common shares, if any, will be at the discretion of our Board of Directors and will depend on several factors including our results of operations, cash requirements and surplus, financial condition, covenant restrictions and other factors that the Board of Directors may deem relevant. The Class A Common Stock and Class B Common Stock holders have the same rights related to dividends. Under our Bank Credit Agreement, in certain circumstances, we may make up to $200.0 million in unrestricted annual cash payments including but not limited to dividends, of which $50.0 million may carry over to the next year.

Contractual Obligations

We have various contractual obligations which are recorded as liabilities in our consolidated financial statements. Other items, such as certain purchase commitments and other executory contracts are not recognized as liabilities in our consolidated financial statements but are required to be disclosed. For example, we are contractually committed to acquire future programming and make certain minimum lease payments for the use of property under operating lease agreements.

The following table reflects a summary of our contractual cash obligations as of December 31, 2016 and the future periods in which such obligations are expected to be settled in cash (in millions):

CONTRACTUAL OBLIGATIONS (a)

	Total	2017	2018-2019	2020-2021	2022 and thereafter
Notes payable, capital leases and commercial bank financing (b), (c)	**$ 5,361.0**	$ 364.9	$ 567.4	$ 2,314.1	$ 2,114.6
Notes and capital leases payable to affiliates (b)	**24.1**	5.1	5.8	6.1	7.1
Operating leases	**196.7**	22.6	43.2	38.9	92.0
Program content (d)	**1,317.7**	534.8	582.8	194.2	5.9
Programming services (e)	**246.3**	87.4	83.7	45.3	29.9
Investments and loan commitments (f)	**13.5**	13.5	—	—	—
Other (g)	**105.0**	12.9	20.1	16.6	55.4
Total contractual cash obligations	**$ 7,264.3**	$ 1,041.2	$ 1,303.0	$ 2,615.2	$ 2,304.9

(a) Excluded from this table are $4.7 million of accrued unrecognized tax benefits. Due to inherent uncertainty, we cannot make reasonable estimates of the amount or the period payments will be made.

(b) Includes interest on debt and capital leases. Estimated interest on our variable rate debt has been calculated at an effective weighted interest rate of 3.32%. Variable rate debt represents $1.8 billion of our $4.2 billion total face value of debt as of December 31, 2016.

(c) See *Note 6. Notes Payable and Commercial Bank Financing* within the *Consolidated Financial Statements* for further discussion of the changes to notes payable, capital leases, and commercial bank financing during 2016.

(d) Our Program content includes contractual amounts owed through the expiration date of the underlying agreement for active and future program contracts, network programming and additional advertising inventory in various dayparts. Active program contracts are included in the balance sheet as an asset and liability while future program contracts are excluded until the cost is known, the program is available for its first showing or telecast and the licensee has accepted the program. Industry protocol typically enables us to make payments for program contracts on a three-month lag, which differs from the contractual timing within the table. Network programming agreements may include variable fee components such as subscriber levels, which in certain circumstances have been estimated and reflected in the table.

(e) Includes obligations related to rating service fees, music license fees, market research, weather and news services.

(f) Commitments to contribute capital to various non-media private equity investments.

(g) Other includes obligations related to post-retirement benefits, maintenance and support, other corporate contracts, other long term liabilities, and LMA and outsourcing agreements. Excluded from the table are estimated amounts due pursuant to LMAs and outsourcing agreements where we consolidate the counter-party. The fees that we are required to pay under these agreements total $5.7 million, $10.7 million, $7.6 million and $0.1 million for the periods 2017, 2018-2019, 2020-2021 and 2022 and thereafter, respectively. Certain station related operating expenses are paid by the licensee and reimbursed by us under the LMA agreements. Certain of these expenses that are in connection with contracts are included in table above.

Off Balance Sheet Arrangements

Off balance sheet arrangements as defined by the SEC means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with the registrant is a party, under which the registrant has: obligations under certain guarantees or contracts; retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangements; obligations under certain derivative arrangements; and obligations arising out of a material variable interest in an unconsolidated entity. As of December 31, 2016, we do not have any material off balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates. At times we enter into derivative instruments primarily for the purpose of reducing the impact of changing interest rates on our floating rate debt and to reduce the impact of changing fair market values on our fixed rate debt. See *Note 6. Notes Payable and Commercial Bank Financing* within the *Consolidated Financial Statements,* for further discussion. As of December 31, 2016, we did not have any outstanding derivative instruments.

We are exposed to risk from the changing interest rates of our variable rate debt, primarily related to our Bank Credit Agreement. For the year ended December 31, 2016, interest expense on our term loans and revolver related to our Bank Credit Agreement was $54.4 million. We estimate that adding 1.0% to respective interest rates would result in an increase in our interest expense of $16.7 million for the year ended December 31, 2016. We also have $135.2 million of variable rate debt associated with our other non-media related investments. We estimate that adding 1.0% to respective interest rates would result in $1.2 million of additional interest expense for the year ended December 31, 2016. Our consolidated VIEs have $23.2 million of variable rate debt associated with the stations that we provide services to pursuant to LMAs and other outsourcing arrangements. We estimate that adding 1.0% to respective interest rates would result in an increase interest expense of the VIEs by $0.2 million for the year ended December 31, 2016.

MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Class A Common Stock is listed for trading on the NASDAQ stock market under the symbol SBGI. Our Class B Common Stock is not traded on a public trading market or quotation system. The following tables set forth for the periods indicated the high and low closing sales prices on the NASDAQ stock market for our Class A Common Stock.

2016		**High**		**Low**
First Quarter	**$**	**31.25**	**$**	**30.11**
Second Quarter	**$**	**31.70**	**$**	**30.87**
Third Quarter	**$**	**29.33**	**$**	**28.67**
Fourth Quarter	**$**	**34.90**	**$**	**30.80**

2015		**High**		**Low**
First Quarter	$	32.43	$	24.20
Second Quarter	$	32.03	$	27.52
Third Quarter	$	30.23	$	24.04
Fourth Quarter	$	35.89	$	24.80

As of February 20, 2017, there are approximately 50 shareholders of record of our Class A common stock. This number does not include beneficial owners holding shares through nominee names.

See Note. 3 Stock-Based Compensation within the Consolidated Financial Statements for discussion of our stock-based compensation plans.

Dividend Policy

During 2015, our Board of Directors declared a quarterly dividend of $0.165 per share in the months of February, April, August and November, which were paid in March, June, September and December, respectively. Total dividend payments for the year ended December 31, 2015 were $0.66 per share. During 2016, our Board of Directors declared a quarterly dividend of $0.165 per share in the month of February which was paid in March. In May, August, and November our Board of Directors declared a quarterly dividend of $0.18 per share, which were paid out in June, September, and December, respectively. Total dividend payments for the year ended December 31, 2016 were $0.705 per share. In February 2017, our Board of Directors declared a quarterly dividend of $0.18 per share. Future dividends on our common shares, if any, will be at the discretion of our Board of Directors and will depend on several factors including our results of operations, cash requirements and surplus, financial condition, covenant restrictions and other factors that the Board of Directors may deem relevant. The Class A Common Stock and Class B Common Stock holders have the same rights related to dividends. Under our Bank Credit Agreement, there are certain terms that may restrict our ability to make dividend payments. See *Note 8. Common Stock* within the *Consolidated Financial Statements* for further discussion.

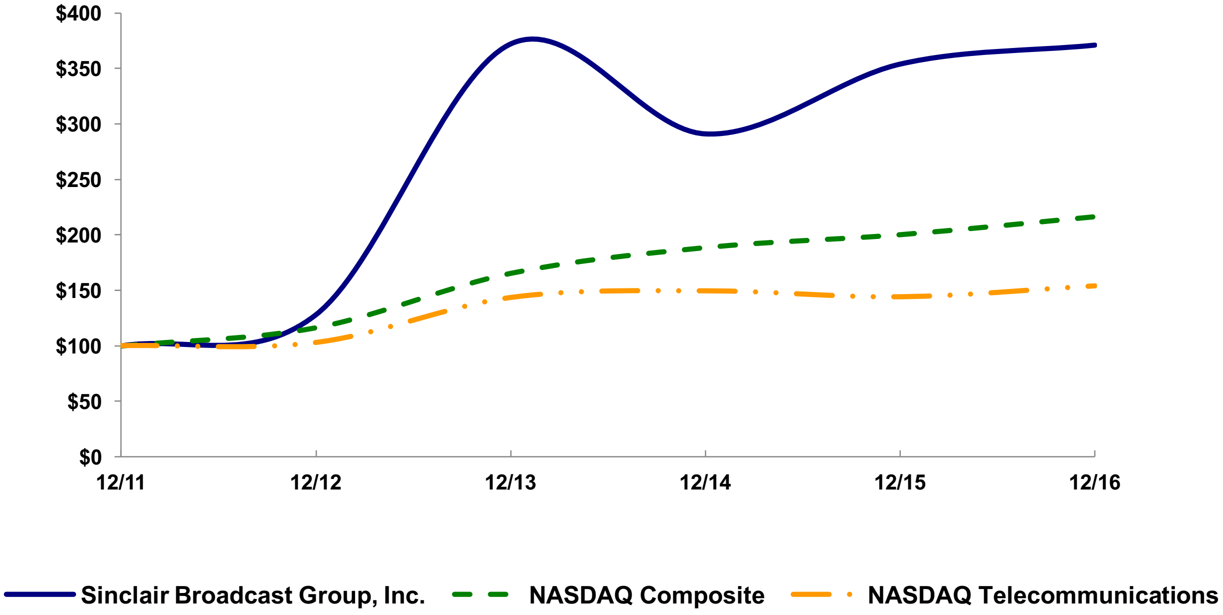
Comparative Stock Performance

The following line graph compares the yearly percentage change in the cumulative total shareholder return on our Class A Common Stock with the cumulative total return of the NASDAQ Composite Index and the cumulative total return of the NASDAQ Telecommunications Index (an index containing performance data of radio and television broadcast companies and communication equipment and accessories manufacturers) from December 31, 2011 through December 31, 2016. The performance graph assumes that an investment of $100 was made in the Class A Common Stock and in each Index on December 31, 2011 and that all dividends were reinvested. Total shareholder return is measured by dividing total dividends (assuming dividend reinvestment) plus share price change for a period by the share price at the beginning of the measurement period.

Company/Index/Market	**12/31/2011**	**12/31/2012**	**12/31/2013**	**12/31/2014**	**12/31/2015**	**12/31/2016**
Sinclair Broadcast Group, Inc.	100.00	127.97	372.10	291.11	353.97	371.10
NASDAQ Composite Index	100.00	116.41	165.47	188.69	200.32	216.54
NASDAQ Telecommunications Index	100.00	102.78	143.40	149.42	144.02	153.88

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*

Among Sinclair Broadcast Group, Inc., the NASDAQ Composite Index
and the NASDAQ Telecommunications Index



*$100 invested on 12/31/11 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

The following table summarizes repurchases of our stock in the quarter ended December 31, 2016:

Period	Total Number of Shares Purchased (1)	Average Price Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program (in millions)
Class A Common Stock : (2)				
10/01/16 – 10/31/16	876,760	28.07	876,760	129.7
11/01/16 – 11/30/16	405,500	25.99	405,500	119.1
12/01/16 – 12/31/16	—	—	—	—

(1) All repurchases were made in open-market transactions.

(2) On March 20, 2014, the Board of Directors authorized an additional $150.0 million share repurchase authorization. On September 6, 2016 the Board of Directors authorized an additional $150.0 million share repurchase authorization. There is no expiration date and currently, management has no plans to terminate this program. For the year ended December 31, 2016, we have purchased approximately 4.9 million shares of Class A Common Stock for $136.4 million. As of December 31, 2016, the total remaining authorization was $119.1 million.

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures and Internal Control over Financial Reporting

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the design and effectiveness of our disclosure controls and procedures and our internal control over financial reporting as of December 31, 2016.

The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to our management, including its principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

The term "internal control over financial reporting," as defined in Rules 13a-15d-15(f) under the Exchange Act, means a process designed by, or under the supervision of our Chief Executive and Chief Financial Officers and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles (GAAP) and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that our receipts and expenditures are being made in accordance with authorizations of management or our Board of Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material adverse effect on our financial statements.

Assessment of Effectiveness of Disclosure Controls and Procedures

Based on the evaluation of our disclosure controls and procedures as of December 31, 2016, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Report of Management on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2016 based on the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO). Based on our assessment, management has concluded that, as of December 31, 2016, our internal control over financial reporting was effective based on those criteria.

Management has excluded the Tennis Channel and certain television stations (KUQI, KTOV, KXPX, WTVH, WSBT, KHGI, KWNB, KFXL, KJZZ, WSJV) from its assessment of internal control over financial reporting as of December 31, 2016 because they were acquired by the Company in purchase business combinations during 2016. The Tennis Channel and these television stations (KUQI, KTOV, KXPX, WTVH, WSBT, KHGI, KWNB, KFXL, KJZZ, and WSJV) are wholly-owned subsidiaries whose total assets and total revenues represent 8% and 5%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2016.

The effectiveness of our internal control over financial reporting as of December 31, 2016 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2016, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management's override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

As of December 31,	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	**$ 259,984**	$ 149,972
Accounts receivable, net of allowance for doubtful accounts of $2,124 and $4,495, respectively	**513,954**	424,608
Current portion of program contract costs	**83,601**	91,466
Income taxes receivable	**5,500**	823
Prepaid expenses and other current assets	**36,267**	26,903
Deferred barter costs	**5,782**	7,991
Total current assets	**905,088**	701,763
PROGRAM CONTRACT COSTS, less current portion	**8,919**	18,996
PROPERTY AND EQUIPMENT, net	**717,576**	717,137
RESTRICTED CASH	**—**	3,725
GOODWILL	**1,990,746**	1,931,093
INDEFINITE-LIVED INTANGIBLE ASSETS	**156,306**	132,465
DEFINITE-LIVED INTANGIBLE ASSETS, net	**1,944,403**	1,751,570
NOTES RECEIVABLE FROM AFFILIATES	**19,500**	—
OTHER ASSETS	**220,630**	175,566
Total assets (a)	**$ 5,963,168**	$ 5,432,315
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	**$ 322,505**	$ 251,313
Income taxes payable	**23,491**	—
Current portion of notes payable, capital leases and commercial bank financing	**171,131**	164,184
Current portion of notes payable and capital leases payable to affiliates	**3,604**	3,166
Current portion of program contracts payable	**109,702**	108,260
Deferred barter revenues	**6,040**	8,080
Total current liabilities	**636,473**	535,003
LONG-TERM LIABILITIES:		
Notes payable, capital leases and commercial bank financing, less current portion	**4,014,932**	3,669,160
Notes payable and capital leases to affiliates, less current portion	**14,181**	17,850
Program contracts payable, less current portion	**53,836**	56,921
Deferred tax liabilities	**609,317**	585,072
Other long-term liabilities	**76,493**	68,631
Total liabilities (a)	**5,405,232**	4,932,637
COMMITMENTS AND CONTINGENCIES (See *Note 10*)		
EQUITY:		
SINCLAIR BROADCAST GROUP SHAREHOLDERS' EQUITY:		
Class A Common Stock, $.01 par value, 500,000,000 shares authorized, 64,558,207 and 68,792,483 shares issued and outstanding, respectively	**646**	688
Class B Common Stock, $.01 par value, 140,000,000 shares authorized, 25,670,684 and 25,928,357 shares issued and outstanding, respectively, convertible into Class A Common Stock	**257**	259
Additional paid-in capital	**843,691**	962,726
Accumulated deficit	**(255,804)**	(437,029)
Accumulated other comprehensive loss	**(807)**	(834)
Total Sinclair Broadcast Group shareholders' equity	**587,983**	525,810
Noncontrolling interests	**(30,047)**	(26,132)
Total equity	**557,936**	499,678
Total liabilities and equity	**$ 5,963,168**	$ 5,432,315

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

(a) Our consolidated total assets as of December 31, 2016 and 2015 include total assets of variable interest entities (VIEs) of $142.3 million and $152.4 million, respectively, which can only be used to settle the obligations of the VIEs. Our consolidated total liabilities as of December 31, 2016 and 2015 include total liabilities of the VIEs of $40.9 million and $35.6 million, respectively, for which the creditors of the VIEs have no recourse to us. See *Note 1. Nature of Operations and Summary of Significant Accounting Policies.*

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(In thousands, except share and per share data)

	2016	2015	2014
REVENUES:			
Media revenues	$ **2,499,549**	$ 2,011,946	$ 1,784,641
Revenues realized from station barter arrangements	**135,566**	111,337	122,262
Other non-media revenues	**101,834**	95,853	69,655
Total revenues	**2,736,949**	2,219,136	1,976,558
OPERATING EXPENSES:			
Media production expenses	**953,089**	733,199	578,687
Media selling, general and administrative expenses	**501,589**	431,728	372,220
Expenses recognized from station barter arrangements	**116,954**	93,204	107,716
Amortization of program contract costs and net realizable value adjustments	**127,880**	124,619	106,629
Other non-media expenses	**80,648**	71,803	55,615
Depreciation of property and equipment	**98,529**	103,433	103,291
Corporate general and administrative expenses	**73,556**	64,246	62,495
Amortization of definite-lived intangible and other assets	**183,795**	161,454	125,496
Research and development expenses	**4,085**	12,436	6,918
(Gain) loss on asset dispositions	**(6,029)**	278	(37,160)
Total operating expenses	**2,134,096**	1,796,400	1,481,907
Operating income	**602,853**	422,736	494,651
OTHER INCOME (EXPENSE):			
Interest expense and amortization of debt discount and deferred financing costs	**(211,143)**	(191,447)	(174,862)
Loss from extinguishment of debt	**(23,699)**	—	(14,553)
Income from equity and cost method investments	**1,735**	964	2,313
Other income, net	**3,144**	1,540	4,998
Total other expense	**(229,963)**	(188,943)	(182,104)
Income before income taxes	**372,890**	233,793	312,547
INCOME TAX PROVISION	**(122,128)**	(57,694)	(97,432)
NET INCOME	**250,762**	176,099	215,115
Net income attributable to the noncontrolling interests	**(5,461)**	(4,575)	(2,836)
NET INCOME ATTRIBUTABLE TO SINCLAIR BROADCAST GROUP	$ **245,301**	$ 171,524	$ 212,279
Dividends declared per share	$ **0.71**	$ 0.66	$ 0.63
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO SINCLAIR BROADCAST GROUP:			
Basic earnings per share	$ **2.62**	$ 1.81	$ 2.19
Diluted earnings per share	$ **2.60**	$ 1.79	$ 2.17
Weighted average common shares outstanding	**93,567**	95,003	97,114
Weighted average common and common equivalent shares outstanding	**94,433**	95,728	97,819

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014 (In thousands)

	2016	2015	2014
Net income	**$ 250,762**	$ 176,099	$ 215,115
Amortization of net periodic pension benefit costs, net of taxes	**—**	190	173
Adjustments to pension obligations, net of taxes	**27**	621	(3,814)
Pension settlement	**—**	4,810	—
Unrealized gain on investments, net of taxes	**—**	—	285
Comprehensive income	**250,789**	181,720	211,759
Comprehensive income attributable to the noncontrolling interests	**(5,461)**	(4,575)	(2,836)
Comprehensive income attributable to Sinclair Broadcast Group	**$ 245,328**	$ 177,145	$ 208,923

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

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(In thousands, except share data)

	Sinclair Broadcast Group Shareholders								
	Class A Common Stock		Class B Common Stock		Additional Paid-In	Accumulated	Accumulated Other Comprehensive	Non controlling	Total Equity
	Shares	Value	Shares	Value	Capital	Deficit	Loss	Interests	(Deficit)
BALANCE, December 31, 2013	74,145,569	$ 741	26,028,357	$ 260	$ 1,094,918	$ (696,996)	$ (2,553)	$ 9,334	$ 405,704
Dividends declared on Class A and Class B Common Stock	—	—	—	—	—	(61,103)	—	—	(61,103)
Class B Common Stock converted into Class A Common Stock	100,000	1	(100,000)	(1)	—	—	—	—	—
Repurchases of Class A Common Stock	(4,876,121)	(48)	—	—	(133,109)	—	—	—	(133,157)
Class A Common Stock issued pursuant to employee benefit plans	209,451	2	—	—	11,510	—	—	—	11,512
Tax benefit on share based awards	—	—	—	—	1,365	—	—	—	1,365
Distributions to non-controlling interests	—	—	—	—	—	—	—	(6,936)	(6,936)
Deconsolidation of variable interest entity	—	—	—	—	4,518	—	(546)	(27,773)	(23,801)
Other comprehensive income	—	—	—	—	—	—	(3,356)	—	(3,356)
Net income	—	—	—	—	—	212,279	—	2,836	215,115
BALANCE, December 31, 2014	69,578,899	$ 696	25,928,357	$ 259	$ 979,202	$ (545,820)	$ (6,455)	$(22,539)	$ 405,343

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

CONSOLIDATED STATEMENTS OF EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(In thousands, except share data)

	Sinclair Broadcast Group Shareholders								
	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Non controlling Interests	Total Equity (Deficit)
	Shares	Value	Shares	Value					
BALANCE, December 31, 2014	69,578,899	$ 696	25,928,357	$ 259	$ 979,202	$ (545,820)	$ (6,455)	$ (22,539)	$ 405,343
Dividends declared and paid on Class A and Class B Common Stock	—	—	—	—	—	(62,733)	—	—	(62,733)
Repurchase of Class A Common Stock	(1,107,887)	(11)	—	—	(28,812)	—	—	—	(28,823)
Class A Common Stock issued pursuant to employee benefit plans	321,471	3	—	—	11,624	—	—	—	11,627
Tax benefit on share based awards	—	—	—	—	712	—	—	—	712
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(9,918)	(9,918)
Issuance of subsidiary stock awards	—	—	—	—	—	—	—	1,750	1,750
Other comprehensive income	—	—	—	—	—	—	5,621	—	5,621
Net income	—	—	—	—	—	171,524	—	4,575	176,099
BALANCE, December 31, 2015	68,792,483	$ 688	25,928,357	$ 259	$ 962,726	$ (437,029)	$ (834)	$ (26,132)	$ 499,678

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

CONSOLIDATED STATEMENTS OF EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(In thousands, except share data)

	Sinclair Broadcast Group Shareholders								
	Class A Common Stock		Class B Common Stock		Additional Paid-In	Accumulated	Accumulated Other Comprehensive	Non controlling	Total Equity
	Shares	Value	Shares	Value	Capital	Deficit	Loss	Interests	(Deficit)
BALANCE, December 31, 2015	68,792,483	$ 688	25,928,357	$ 259	$ 962,726	$ (437,029)	$ (834)	$ (26,132)	$ 499,678
Cumulative effect of adoption of new accounting standard	—	—	—	—	431	1,833	—	—	2,264
Dividends declared and paid on Class A and Class B Common Stock	—	—	—	—	—	(65,909)	—	—	(65,909)
Class B Common Stock converted into Class A Common Stock	257,673	2	(257,673)	(2)	—	—	—	—	—
Repurchases of Class A Common Stock	(4,892,461)	(48)	—	—	(136,235)	—	—	—	(136,283)
Class A Common Stock issued pursuant to employee benefit plans	400,512	4	—	—	16,769	—	—	—	16,773
Distributions to noncontrolling interests, net	—	—	—	—	—	—	—	(10,722)	(10,722)
Issuance of subsidiary stock awards	—	—	—	—	—	—	—	1,346	1,346
Other comprehensive income	—	—	—	—	—	—	27	—	27
Net income	—	—	—	—	—	245,301	—	5,461	250,762
BALANCE, December 31, 2016	64,558,207	$ 646	25,670,684	$ 257	$ 843,691	$ (255,804)	$ (807)	$(30,047)	$ 557,936

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014
(In thousands)

	2016	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	**$ 250,762**	$ 176,099	$ 215,115
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation of property and equipment	**98,529**	103,433	103,291
Amortization of definite-lived intangible assets	**183,795**	161,454	125,496
Amortization of program contract costs and net realizable value adjustments	**127,880**	124,619	106,629
Loss on extinguishment of debt, non-cash portion	**3,875**	—	4,605
Stock-based compensation	**16,939**	18,315	14,296
Deferred tax (benefit) provision	**6,118**	(28,446)	(818)
(Gain) loss on the sale of assets	**(6,029)**	278	(37,160)
Changes in assets and liabilities, net of effects of acquisitions and dispositions:			
Increase in accounts receivable	**(71,718)**	(38,666)	(44,253)
Net change in net income taxes payable/receivable	**18,814**	3,203	8,253
Increase in prepaid expenses and other current assets	**(969)**	(3,474)	(2,215)
Increase (decrease) in accounts payable and accrued liabilities	**60,086**	(15,902)	55,457
Payments on program contracts payable	**(111,506)**	(109,057)	(93,682)
Real estate held for development and sale	**1,075**	(2,674)	(20,683)
Other, net	**14,115**	13,745	(1,732)
Net cash flows from operating activities	**591,766**	402,927	432,599
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Acquisition of property and equipment	**(94,465)**	(91,421)	(81,458)
Acquisition of businesses, net of cash acquired	**(425,857)**	(17,011)	(1,485,039)
Proceeds from the sale of assets	**16,396**	23,650	176,675
Purchase of alarm monitoring contracts	**(40,206)**	(39,185)	(27,701)
Decrease (increase) in restricted cash	**3,725**	(3,725)	11,616
Investments in equity and cost method investees	**(51,247)**	(44,715)	(8,104)
Proceeds from termination of life insurance policies	**—**	—	17,042
Distributions from equity and cost method investees	**6,786**	21,749	3,869
Loans to affiliates	**(19,500)**	—	—
Other, net	**(1,635)**	(653)	(4,256)
Net cash flow used in investing activities	**(606,003)**	(151,311)	(1,397,356)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:			
Proceeds from notes payable, commercial bank financing and capital leases	**1,024,912**	382,887	1,500,720
Repayments of notes payable, commercial bank financing and capital leases	**(671,215)**	(395,147)	(582,764)
Repurchase of outstanding Class A Common Stock	**(136,283)**	(28,823)	(133,157)
Dividends paid on Class A and Class B Common Stock	**(65,909)**	(62,733)	(61,103)
Payments for deferred financing costs	**(15,681)**	(3,847)	(16,590)
Noncontrolling interests distributions	**(10,464)**	(9,918)	(8,184)
Other, net	**(1,111)**	(1,745)	3,413
Net cash flows from (used in) financing activities	**124,249**	(119,326)	702,335
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**110,012**	132,290	(262,422)
CASH AND CASH EQUIVALENTS, beginning of year	**149,972**	17,682	280,104
CASH AND CASH EQUIVALENTS, end of year	**$ 259,984**	$ 149,972	$ 17,682

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

SINCLAIR BROADCAST GROUP, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations

Sinclair Broadcast Group, Inc. is a diversified television broadcasting company with national reach with a strong focus on providing high-quality content on our local television stations and digital platforms. The content, distributed through our broadcast platform, consists of programming provided by third-party networks and syndicators, local news, and other original programming produced by us. We also distribute our original programming, and owned and operated network affiliates, on other third-party platforms. Additionally, we own digital media products that are complementary to our extensive portfolio of television station related digital properties. We focus on offering marketing solutions to advertisers through our television and digital platforms and digital agency services. Outside of our media related businesses, we operate technical services companies focused on supply and maintenance of broadcast transmission systems as well as research and development for the advancement of broadcast technology, and we manage other non-media related investments.

As of December 31, 2016, our broadcast distribution platform is a single reportable segment for accounting purposes. It consists primarily of our broadcast television stations, which we own, provide programming and operating services pursuant to agreements commonly referred to as local marketing agreements (LMAs), or provide sales services and other non-programming operating services pursuant to other outsourcing agreements (such as joint sales agreements (JSAs) and shared services agreements (SSAs)) to 173 stations in 81 markets. These stations broadcast 483 channels as of December 31, 2016. For the purpose of this report, these 173 stations and 483 channels are referred to as "our" stations and channels.

Principles of Consolidation

The consolidated financial statements include our accounts and those of our wholly-owned and majority-owned subsidiaries and variable interest entities (VIEs) for which we are the primary beneficiary. Noncontrolling interest represents a minority owner's proportionate share of the equity in certain of our consolidated entities. All intercompany transactions and account balances have been eliminated in consolidation.

Variable Interest Entities

In determining whether we are the primary beneficiary of a VIE for financial reporting purposes, we consider whether we have the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and whether we have the obligation to absorb losses or the right to receive returns that would be significant to the VIE. We consolidate VIEs when we are the primary beneficiary. The assets of each of our consolidated VIEs can only be used to settle the obligations of the VIE. All the liabilities are non-recourse to us except for certain debt of VIEs which we guarantee.

Third-party station licensees. Certain of our stations provide services to other station owners within the same respective market, such as LMAs, where we provide programming, sales, operational and administrative services, and JSAs and SSAs, where we provide non-programming, sales, operational and administrative services. In certain cases, we have also entered into purchase agreements or options to purchase, the license related assets of the licensee. We typically own the majority of the non-license assets of the stations and in some cases where the licensee acquired the license assets concurrent with our acquisition of the non-license assets of the station, we have provided guarantees to the bank for the licensee's acquisition financing. The terms of the agreements vary, but generally have initial terms of over five years with several optional renewal terms. As of December 31, 2016 and 2015, we have concluded that 37 of these licensees are VIEs, respectively. Based on the terms of the agreements and the significance of our investment in the stations, we are the primary beneficiary of the variable interests because, subject to the ultimate control of the licensees, we have the power to direct the activities which significantly impact the economic performance of the VIE through the services we provide and because we absorb losses and returns that would be considered significant to the VIEs. Several of these VIEs are owned by a related party, Cunningham Broadcasting Corporation (Cunningham). See *Note 11. Related Person Transactions* for more information about the arrangements with Cunningham. The net revenues of the stations which we consolidate were $310.4 million, $284.4 million and $286.3 million for the years ended December 31, 2016, 2015, and 2014, respectively. The fees paid between us and the licensees pursuant to these arrangements are eliminated in consolidation. See *Changes in the Rules of Television Ownership and Joint Sale Agreements* within *Note 10. Commitments and Contingencies* for discussion of recent changes in FCC rules related to JSAs.

As of the dates indicated, the carrying amounts and classification of the assets and liabilities of the VIEs mentioned above which have been included in our consolidated balance sheets as of December 31, 2016 and 2015 were as follows (in thousands):

	2016	2015
ASSETS		
CURRENT ASSETS:		
Accounts receivable	**$ 21,879**	$ 21,719
Other current assets	**12,076**	14,108
Total current asset	**33,955**	35,827
PROGRAM CONTRACT COSTS, less current portion	**2,468**	4,541
PROPERTY AND EQUIPMENT, net	**2,996**	7,609
GOODWILL	**791**	787
INDEFINITE-LIVED INTANGIBLE ASSETS	**15,684**	17,599
DEFINITE-LIVED INTANGIBLE ASSETS, net	**79,509**	79,086
OTHER ASSETS	**6,871**	6,924
Total assets	**$ 142,274**	$ 152,373
LIABILITIES		
CURRENT LIABILITIES:		
Other current liabilities	**18,992**	17,554
LONG-TERM LIABILITIES:		
Notes payable, capital leases and commercial bank financing, less current portion	**19,449**	24,594
Program contracts payable, less current portion	**14,353**	13,679
Other long term liabilities	**12,921**	8,067
Total liabilities	**$ 65,715**	$ 63,894

The amounts above represent the consolidated assets and liabilities of the VIEs described above, for which we are the primary beneficiary, and have been aggregated as they all relate to our broadcast business. Excluded from the amounts above are payments made to Cunningham under the LMA which are treated as a prepayment of the purchase price of the stations and capital leases between us and Cunningham which are eliminated in consolidation. The total payments made under these LMAs as of December 31, 2016 and 2015, which are excluded from liabilities above, were $40.8 million and $37.6 million, respectively. The total capital lease liabilities, net of capital lease assets, excluded from the above were $4.5 million, for both years ended December 31, 2016 and 2015. Also excluded from the amounts above are liabilities associated with the certain outsourcing agreements and purchase options with certain VIEs totaling $74.5 million and $72.5 million as of December 31, 2016 and December 31, 2015, respectively, as these amounts are eliminated in consolidation. The risk and reward characteristics of the VIEs are similar.

Other investments. We have investments in other real estate ventures and investment companies which are considered VIEs. However, we do not participate in the management of these entities including the day-to-day operating decisions or other decisions which would allow us to control the entity, and therefore, we are not considered the primary beneficiary of these VIEs. We account for these entities using the equity or cost method of accounting.

The carrying amounts of our investments in these VIEs for which we are not the primary beneficiary as of December 31, 2016 and 2015 was $117.0 million and $18.1 million, respectively, are included in other assets in the consolidated balance sheets. See *Other Assets* below for more information related to our equity and cost method investments. The increase in 2016 was due to the adoption of the revised accounting guidance during the first quarter of 2016 related to consolidation as discussed under *Recent Accounting Pronouncements* below, which resulted in additional investments being considered VIEs. Our maximum exposure is equal to the carrying value of our investments. The income and loss related to these investments are recorded in income from equity and cost method investments in the consolidated statement of operations. We recorded income of $2.5 million, $7.7 million and $2.2 million for the years ended December 31, 2016, 2015 and 2014, respectively, related to these investments.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses in the consolidated financial statements and in the disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued guidance on revenue recognition for revenue from contracts with customers. This guidance requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers and will replace most existing revenue recognition guidance when it becomes effective. The new standard will be effective for annual reporting periods beginning after December 15, 2017. The standard permits the use of either the retrospective or cumulative effect transition method. Since ASU 2014-09 was issued, several additional ASUs have been issued and incorporated within ASC 606 to clarify various elements of the guidance. We do not currently believe that the adoption of this guidance will have a material impact on our station advertising or retransmission consent revenue; however, we have not finalized our assessment of the impact of this guidance on our consolidated financial statements.

In August 2014, the FASB issued guidance on disclosure of uncertainties about an entity's ability to continue as a going concern. The new standard is effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. We adopted this guidance beginning December 31, 2016, which involves adding policies and procedures around our assessments to continue as a going concern.

In February 2015, the FASB issued new guidance that amends the current consolidation guidance on the determination of whether an entity is a variable interest entity. The new standard is effective for the interim and annual periods beginning after December 15, 2015. We adopted this revised guidance on a modified retrospective basis during the three months ended March 31, 2016. As disclosed under Other investments under Variable Interest Entities above, the adoption of the revised guidance resulted in additional investments in real estate ventures and investment companies being considered VIEs, however we concluded that we were not the primary beneficiary of these investments. The revised guidance did not have any other impact on our consolidation conclusions.

In February 2016, the FASB issued new guidance related to accounting for leases, which requires the assets and liabilities that arise from leases to be recognized on the balance sheet. Currently only capital leases are recorded on the balance sheet. This update will require the lessee to recognize a lease liability equal to the present value of the lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term for all leases longer than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and liabilities and recognize the lease expense for such leases generally on a straight-line basis over the lease term. This new guidance will be effective for fiscal periods beginning after December 15, 2018, including interim periods within that reporting period. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

In March 2016, the FASB issued new guidance that simplifies several aspects of the accounting for employee share-based payment transactions, including the accounting for income tax effects, forfeitures, the impact of employee income tax withholdings and classification of certain related items in the statement of cash flows. We early adopted this guidance effective January 1, 2016, which did not have a material effect on the consolidated financial statements. The adoption of the various changes in the guidance were applied as required by the guidance either on the prospective, modified retrospective, or full retrospective basis. As shown in the consolidated statement of stockholders' equity, upon adoption, we recorded a $0.4 million increase to additional paid in capital and a $1.8 million decrease in accumulated deficit, net of taxes, to record the cumulative effect of changing the classification of certain liability awards to equity classification. Additionally, for the years ended December 31, 2015 and 2014, we reclassified $2.2 million and $2.1 million, respectively from net cash flows from operating activities to net cash flows from financing activities in our consolidated statement of cash flows related to cash payments made to taxing authorities on certain employees' behalf for shares withheld.

In August 2016, the FASB issued new guidance related to the classification of certain cash receipts and cash payments. The new standard, which includes eight specific cash flow issues with the objective of reducing the existing diversity in practice as to how cash receipts and cash payments are represented in the statement of cash flow. The new standard is effective for fiscal year beginning after December 15, 2017, including the interim periods within that reporting period. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

In October 2016, the FASB issued new guidance related to the accounting for income tax consequences of intra-entity transfers of assets other than inventory. Currently the recognition of current and deferred income taxes for an intra-entity are prohibited until the asset has been sold to an outside party. This update requires an entity to recognize the income tax consequences of an intra-entity transfer of an asset other than inventory when the transfer occurs. We are currently evaluating the impact of this guidance on our consolidated financial statements.

In October 2016, the FASB issued new guidance which relates to related party considerations in the variable interest entities assessment. The new standard is effective for the interim and annual periods beginning after December 15, 2017. We are currently evaluating the impact of the guidance on our consolidated financial statements.

In November 2016, FASB issued new guidance related to the classification and presentation of changes in restricted cash on the statement of cash flows. This new standard requires that a statement of cash flow explain change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling from period to period as shown on the cash flow. The new standard is effective for the fiscal year beginning after December 15, 2017, including the interim periods within that reporting period. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

In January 2017, the FASB issued guidance which clarifies the definition of a business with additional guidance to assist entities with evaluating whether transactions should be accounted for as acquisitions (or disposals) of assets or businesses. The new standard should be applied prospectively and is effective for the interim and annual periods beginnings after December 31, 2017. We are currently evaluating the impact of this guidance on our consolidated financial statements.

In January 2017, the FASB issued guidance which eliminates the requirement to calculate the implied fair value of goodwill to measure a goodwill impairment charge. The new standard should be applied prospectively and is effective for the interim and annual periods beginnings after December 31, 2019. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Restricted Cash

During 2015, we entered into certain definitive agreements to purchase certain stations, which required certain deposits to be made in escrow accounts. As of the year ended December 31, 2015, we had $3.7 million restricted cash held on our balance sheet.

Accounts Receivable

Management regularly reviews accounts receivable and determines an appropriate estimate for the allowance for doubtful accounts based upon the impact of economic conditions on the merchant's ability to pay, past collection experience and such other factors which, in management's judgment, deserve current recognition. In turn, a provision is charged against earnings in order to maintain the appropriate allowance level.

A rollforward of the allowance for doubtful accounts for the years ended December 31, 2016, 2015 and 2014 is as follows (in thousands):

	2016	**2015**	**2014**
Balance at beginning of period	**$ 4,495**	$ 4,246	$ 3,379
Charged to expense	**1,974**	1,292	2,186
Net write-offs	**(4,345)**	(1,043)	(1,319)
Balance at end of period	**$ 2,124**	$ 4,495	$ 4,246

Programming

We have agreements with distributors for the rights to television programming over contract periods, which generally run from one to seven years. Contract payments are made in installments over terms that are generally equal to or shorter than the contract period. Pursuant to accounting guidance for the broadcasting industry, an asset and a liability for the rights acquired and obligations incurred under a license agreement are reported on the balance sheet where the cost of each program is known or reasonably determinable, the program material has been accepted by the licensee in accordance with the conditions of the license agreement and the program is available for its first showing or telecast. The portion of program contracts which becomes payable within one year is reflected as a current liability in the accompanying consolidated balance sheets.

The rights to this programming are reflected in the accompanying consolidated balance sheets at the lower of unamortized cost or estimated net realizable value. With the exception of one and two-year contracts, amortization of program contract costs is computed using an accelerated method. Program contract costs are amortized on a straight-line basis for one and two-year contracts. Program contract costs estimated by management to be amortized in the succeeding year are classified as current assets. Payments of program contract liabilities are typically made on a scheduled basis and are not affected by adjustments for amortization or estimated net realizable value.

Estimated net realizable values are based on management's expectation of future advertising revenues, net of sales commissions, to be generated by the program material. We perform a net realizable value calculation quarterly for each of our program contract costs in accordance with the accounting guidance for the broadcasting industry. We utilize sales information to estimate the future revenue of each commitment and measure that amount against the commitment. If the estimated future revenue is less than the amount of the commitment, a loss is recorded in amortization of program contract costs and net realizable value adjustments in the consolidated statements of operations.

Barter Arrangements

Certain program contracts provide for the exchange of advertising airtime in lieu of cash payments for the rights to such programming. The revenues realized from station barter arrangements are recorded as the programs are aired at the estimated fair value of the advertising airtime given in exchange for the program rights. Program service arrangements are accounted for as station barter arrangements, however, network affiliation programming is excluded from these calculations. Revenues are recorded as revenues realized from station barter arrangements and the corresponding expenses are recorded as expenses recognized from station barter arrangements.

We broadcast certain customers' advertising in exchange for equipment, merchandise and services. The estimated fair value of the equipment, merchandise or services received is recorded as deferred barter costs and the corresponding obligation to broadcast advertising is recorded as deferred barter revenues. The deferred barter costs are expensed or capitalized as they are used, consumed or received and are included in station production expenses and station selling, general and administrative expenses, as applicable. Deferred barter revenues are recognized as the related advertising is aired and are recorded in revenues realized from station barter arrangements.

Other Assets

Other assets as of December 31, 2016 and 2015 consisted of the following (in thousands):

		2016		2015
Equity and cost method investments	**$**	**168,572**	$	116,031
Unamortized costs related to debt issuances		**4,936**		3,663
Other		**47,122**		55,872
Total other assets	**$**	**220,630**	$	175,566

We have equity and cost method investments primarily in private equity investments and real estate ventures. In the event that one or more of our investments are significant, we are required to disclose summarized financial information. For the years ended December 31, 2016, 2015 and 2014, none of our investments were significant individually or in the aggregate.

As of December 31, 2016 and 2015, our unfunded commitments related to private equity investment funds totaled $13.5 million and $22.1 million, respectively.

When factors indicate that there may be a decrease in value of an equity or cost method investment, we assess whether a loss in value has occurred related to the investment. If that loss is deemed to be other than temporary, an impairment loss is recorded accordingly.

For any investments that indicate a potential impairment, we estimate the fair values of those investments using discounted cash flow models, unrelated third party valuations or industry comparables, based on the various facts available to us. For the year ended December 31, 2016, we recorded a $2.5 million impairment charge related to one real estate investment. For the year ended December 31, 2015, there were $6.0 million of impairment charges recorded. For the year ended December 31, 2014, no impairment charges were recorded. The impairments are recorded in the income (loss) from equity and cost method investments in our consolidated statement of operations.

Unamortized costs related to debt issuances represent costs related to our revolving credit facility. Unamortized costs related to our other debt issuances is recorded as a direct deduction from the carrying value of the debt recorded as liability. We amortize our deferred debt financing costs to interest expense over the term of the respective debt instruments using the effective interest method. Previously capitalized debt financing costs are recognized as a loss on extinguishment of debt if we determine that there has been a an extinguishment of the related debt.

Impairment of Goodwill, Intangibles and Other Long-Lived Assets

We evaluate our goodwill and indefinite lived intangible assets for impairment annually in the fourth quarter or more frequently, if events or changes in circumstances indicate that an impairment may exist. Our goodwill has been allocated to and is tested for impairment at the reporting unit level. A reporting unit is an operating segment or a component of an operating segment to the extent that the component constitutes a business for which discrete financial information is available regularly reviewed by segment management. Components of an operating segment with similar economic characteristics are aggregated when testing goodwill for impairment. Our indefinite-lived intangible assets consist primarily of our broadcast licenses and a trade name.

In the performance of our annual assessment of goodwill for impairment we have the option to qualitatively assess whether it is more likely than not a reporting unit has been impaired. As part of this qualitative assessment, for each reporting unit, we weigh the relative impact of factors that are specific to the reporting unit as well as industry and macroeconomic factors. The reporting unit specific factors that we consider include current and forecasted financial performance, the significance of the excess fair value over carrying value in prior quantitative assessments, and any changes to the reporting units' net book value since the most recent impairment tests. We also consider whether there were any significant changes in the regulatory environment and business climate of the industry, and whether there were any negative pressures on growth rates and discount rates.

If we conclude that it is more likely than not that a reporting unit is impaired, or if we elect not to perform the optional qualitative assessment, we will apply the quantitative two-step impairment test. In the first step, we determine and compare the fair value of the reporting unit to the net book value of the reporting unit. We estimate the fair value of our reporting units utilizing a combination of a market based approach which considers earnings and cash flow multiples of comparable businesses and recent market transactions as well as an income approach involving the performance of a discounted cash flow analysis. Our discounted cash flow model is based on our judgment of future market conditions based on our internal forecast of future performance, as well as discount rates that are based on a number of factors including market interest rates, a weighted average cost of capital analysis, and includes adjustments for market risk and company specific risk. If the net book value of the reporting unit were to exceed the fair value, we would then perform the second step of the impairment test, which requires allocation of the reporting unit's fair value to all of its assets and liabilities in a manner similar to a purchase price allocation, with any residual fair value being allocated to goodwill to determine the implied fair value. An impairment charge will be recognized only when the implied fair value of a reporting unit's goodwill is less than its carrying amount.

For our annual impairment test for indefinite-lived intangible assets we have the option to perform a qualitative assessment to determine whether it is more likely than not that these assets are impaired. As part of this qualitative assessment we weigh the relative impact of factors that are specific to the indefinite-lived intangible assets as well as industry and macroeconomic factors that could affect the significant inputs used to determine the fair value of the assets. The market specific factors that we consider include recent market projections from both independent and internal sources for advertising revenue and operating costs, estimated normal market share and capital expenditures, as well as the significance of the excess fair value over carrying value in prior quantitative assessments. We also consider whether there were any significant changes in the regulatory environment and business climate of the industry, and whether there were any negative pressures on growth rates and discount rates. When evaluating our broadcast licenses for impairment, the qualitative assessment is done at the market level because the broadcast licenses within the market are complementary and together enhance the single broadcast license of each station. If we conclude that it is more likely than not that one of our broadcast licenses is impaired, we will perform a quantitative assessment by comparing the aggregate fair value of the broadcast licenses in the market to the respective carrying values. We estimate the fair values of our broadcast licenses using the Greenfield method which is an income approach. This method involves a discounted cash flow model that incorporates several variables, including, but not limited to, market revenues and long term growth projections, estimated market share for the typical participant without a network affiliation and estimated profit margins based on market size and station type. The model also assumes outlays for capital expenditures, future terminal values, an effective tax rate assumption and a discount rate based on a number of factors including market interest rates, a weighted average cost of capital analysis based on the target capital structure for a television station, and includes adjustments for market risk and company specific risk. If the carrying amount of the broadcast licenses exceeds the fair value, then an impairment loss is recorded to the extent that the carrying value of the broadcast licenses exceeds the fair value.

We periodically evaluate our long-lived assets for impairment and continue to evaluate them as events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. We evaluate the recoverability of long-lived assets by measuring the carrying amount of the assets against the estimated undiscounted future cash flows associated with them. At the time that such evaluations indicate that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are tested for impairment by comparing their estimated fair value to the carrying value. We typically estimate fair value using discounted cash flow models and appraisals. See *Note 5. Goodwill, Indefinite-Lived Intangible Assets and Other Intangible Assets*, for more information.

Accounts Payable and Accrued Liabilities

Accrued liabilities consisted of the following as of December 31, 2016 and 2015 (in thousands):

	2016	2015
Compensation and employee health insurance	**$ 78,682**	$ 65,364
Interest	**41,979**	32,788
Deferred revenue	**25,692**	24,837
Programming related obligations	**76,962**	54,381
Other accruals relating to operating expenses	**99,190**	73,943
Total accounts payable and accrued liabilities	**$ 322,505**	$ 251,313

We expense these activities when incurred.

Income Taxes

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. We provide a valuation allowance for deferred tax assets if we determine that it is more likely than not that some or all of the deferred tax assets will not be realized. In evaluating our ability to realize net deferred tax assets, we consider all available evidence, both positive and negative, including our past operating results, tax planning strategies and forecasts of future taxable income. In considering these sources of taxable income, we must make certain judgments that are based on the plans and estimates used to manage our underlying businesses on a long-term basis. As of December 31, 2016 and 2015, a valuation allowance has been provided for deferred tax assets related to a substantial amount of our available state net operating loss carryforwards based on past operating results, expected timing of the reversals of existing temporary book/tax basis differences, alternative tax strategies and projected future taxable income. Future changes in operating and/or taxable income or other changes in facts and circumstances could significantly impact the ability to realize our deferred tax assets which could have a material effect on our consolidated financial statements.

Management periodically performs a comprehensive review of our tax positions and we record a liability for unrecognized tax benefits when such tax positions do not meet the “more-likely-than-not” threshold. Significant judgment is required in determining whether a tax position meets the “more-likely-than-not” threshold, and it is based on a variety of facts and circumstances, including interpretation of the relevant federal and state income tax codes, regulations, case law and other authoritative pronouncements. Based on this analysis, the status of ongoing audits and the expiration of applicable statute of limitations, liabilities are adjusted as necessary. The resolution of audits is unpredictable and could result in tax liabilities that are significantly higher or lower than for what we have provided. See *Note 9. Income Taxes*, for further discussion of accrued unrecognized tax benefits.

Supplemental Information — Statements of Cash Flows

During 2016, 2015 and 2014, we had the following cash transactions (in thousands):

	2016	2015	2014
Income taxes paid	**$ 108,347**	$ 106,979	$ 100,986
Income tax refunds	**$ 12,193**	$ 196	$ 1,407
Interest paid	**$ 191,117**	$ 182,425	$ 157,349

For the year ended December 31, 2016, non-cash investing activities include property and equipment purchases accrued as of December 31, 2016 of $5.9 million. For the year ended December 31, 2015, non-cash transactions related to capital lease obligations were $2.8 million. For the year ended December 31, 2014, non-cash conversion of the 4.875% Notes into Class A Common Stock was $8.6 million, net of taxes for the year ended December 31, 2014.

Revenue Recognition

Total revenues include: (i) station advertising revenue, net of agency commissions; (ii) barter advertising revenues; (iii) retransmission consent fees; (iv) network compensation; (v) other media revenues and (vi) revenues from our other businesses.

Advertising revenues, net of agency commissions, are recognized in the period during which advertisements are placed.

Some of our retransmission consent agreements contain both advertising and retransmission consent elements. We have determined that these retransmission consent agreements are revenue arrangements with multiple deliverables. Advertising and retransmission consent deliverables sold under our agreements are separated into different units of accounting at fair value. Revenue applicable to the advertising element of the arrangement is recognized similar to the advertising revenue policy noted above. Revenue applicable to the retransmission consent element of the arrangement is recognized over the life of the agreement.

Network compensation revenue is recognized over the term of the contract. All other significant revenues are recognized as services are provided.

Share Repurchase Program

On March 20, 2014, the Board of Directors approved an $150.0 million share repurchase authorization. On September 6, 2016 the Board of Directors approved an additional $150.0 million share repurchase authorization. There is no expiration date and currently, management has no plans to terminate this program. For the year ended December 31, 2016, we have repurchased approximately 4.9 million shares of Class A Common Stock for $136.4 million. As of December 31, 2016, the total remaining repurchase authorization was $119.1 million.

Advertising Expenses

Promotional advertising expenses are recorded in the period when incurred and are included in media production and other non-media expenses. Total advertising expenses, net of advertising co-op credits, were $18.5 million, $23.9 million and $21.3 million for the years ended December 31, 2016, 2015 and 2014, respectively.

Financial Instruments

Financial instruments, as of December 31, 2016 and 2015, consisted of cash and cash equivalents, trade accounts receivable, accounts payable, accrued liabilities and notes payable. The carrying amounts approximate fair value for each of these financial instruments, except for the notes payable. See *Note 6. Notes Payable and Commercial Bank Financing,* for additional information regarding the fair value of notes payable.

Post-retirement Benefits

During the fourth quarter of 2015, we fully settled the benefit obligation of our pension plan. We relieved our benefit obligation via lump sum distributions and/or the purchase of annuity contracts. Upon settlement we recorded $9.3 million of pension expense, including the recognition of $8.0 million of unamortized actuarial loses which was recorded in accumulated other comprehensive income, and $4.6 million of pension liability, representing the underfunded status of our defined pension plan, which was included within other long-term liabilities within our consolidated balance sheet.

We maintain a supplemental executive retirement plan (SERP) which we inherited upon the acquisition of certain stations. As of December 31, 2016, the estimated projected benefit obligation was $21.5 million, of which $1.7 million is included in accrued expenses in the consolidated balance sheet and the $19.8 million is included in other long-term liabilities. During the years ended December 31, 2016 and 2015, we made $1.7 million and $1.5 million in benefit payments, recognized $0.9 million and $0.9 million of periodic pension expense, reported in other expenses in the consolidated statement of operations, and $0.1 million and $1.0 million of actuarial gains through other comprehensive income, respectively.

At December 31, 2016, the projected benefit obligation was measured using a 3.89% discount rate compared to a discount rate of 4.11% for the year ended December 31, 2015. We estimated its discount rate, in consultation with our independent actuaries, based on a yield curve constructed from a portfolio of high quality bonds for which the timing and amount of cash outflows approximate the estimated payouts of the plan.

We estimate that benefits expected to be paid to participants under the SERP as follows (in thousands):

	December 31,
2017	$ 1,749
2018	1,669
2019	1,597
2020	1,538
2021	1,479
Next 5 years	6,532

Reclassifications

Certain reclassifications have been made to prior years' consolidated financial statements to conform to the current year's presentation.

2. ACQUISITIONS AND DISPOSITION OF ASSETS:

During the years ended December 31, 2016, 2015 and 2014, we acquired certain assets for an aggregate purchase price of $1,872.0 million plus working capital of $56.3 million.

All of these acquisitions provide expansion into additional markets and increases value based on the synergies we can achieve. The following summarizes the material acquisition activity during the years ended December 31, 2016, 2015 and 2014:

2016 Acquisitions

Tennis Channel. In March 2016, we acquired all of the outstanding common stock of Tennis Channel (Tennis), a cable network which includes coverage of the top 100 tennis tournaments and original professional sport and tennis lifestyle shows, for $350.0 million plus a working capital of $9.2 million. This was funded through cash on hand and a draw on the Bank Credit Agreement. The acquisition provides an expansion of our network business and increases value based on the synergies we can achieve. Tennis is reported within Other within Note 13. Segment Data.

The following table summarizes the allocated fair value of acquired assets and assumed liabilities of Tennis (in thousands):

Cash	$ 5,111
Accounts receivable	17,629
Prepaid expenses and other current assets	6,518
Property and equipment	5,964
Definite-lived intangible assets	272,686
Indefinite-lived intangible assets	23,400
Other assets	619
Accounts payable and accrued liabilities	(7,414)
Capital leases	(115)
Deferred tax liability	(16,991)
Other long term liabilities	(1,669)
Fair value of identifiable net assets acquired	305,738
Goodwill	53,427
Total	$ 359,165

The allocations presented above are based upon management's estimate of the fair values using valuation techniques including income, cost and market approaches. In estimating the fair value of the acquired assets and assumed liabilities, the fair value estimates are based on, but not limited to, expected future revenue and cash flows, expected future growth rates, and estimated discount rates. The purchase prices have been allocated to the acquired assets and assumed liabilities based on estimated fair values.

The definite-lived intangible assets of $272.7 million related primarily to customer relationships, which represent existing advertiser relationships and contractual relationships with MVPDs and will be amortized over a weighted average useful life of 15 years. Acquired property and equipment will be depreciated on a straight-line basis over the respective estimated remaining useful lives. Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce and noncontractual relationships, as well as expected future synergies. Goodwill will not be deductible for tax purposes.

Other 2016 Acquisitions. During the year ended December 31, 2016, we acquired certain television station related assets for an aggregate purchase price of $72.0 million less working capital of $0.2 million. We also exchanged certain broadcast assets which had a carrying value of $23.8 million with another broadcaster for no cash consideration, and recognized a gain on the derecognition of those broadcast assets of $4.4 million, respectively.

2015 Acquisition

During the year ended December 31, 2015, we acquired one television station for a cash purchase price of $15.5 million, which was financed with cash on hand.

2014 Acquisitions

Allbritton. Effective August 1, 2014, we completed the acquisition of all of the outstanding common stock of Perpetual Corporation and equity interest of Charleston Television, LLC (together the "Allbritton Companies") for $985.0 million plus working capital of $50.1 million. The Allbritton Companies owned and operated nine television stations in the following seven markets, all of which were affiliated with ABC. Also included in the purchase was NewsChannel 8, a 24-hour cable/satellite news network covering the Washington, D.C. metropolitan area. We financed the total purchase price with proceeds from the issuance of 5.625% senior unsecured notes, a draw on our amended bank credit agreement, and cash on hand. See *Note 6. Notes Payable and Commercial Bank Financing.*

Concurrent with the acquisition of the Allbritton companies, due to FCC multiple ownership rules, we sold WHTM in Harrisburg/Lancaster/York, PA to Media General in September 2014 for $83.4 million, less working capital of $0.2 million and the non-license assets of WTAT in Charleston, SC to Cunningham for $14.0 million, effective August 1, 2014. WHTM was acquired from the Allbritton companies and assets of WHTM were classified as assets held for sale in the Allbritton purchase price allocation. We did not recognize a gain or loss on this transaction. Prior to the sale of WTAT, we operated the station under an LMA and purchase agreement with Cunningham. This sale was accounted for as a transaction between parties under common control. See *Note 11. Related Person Transactions* for further discussion.

MEG Stations. Effective December 19, 2014, we completed the acquisition of four television stations in three markets from Media General, Inc (MEG Stations) for a purchase price of $207.5 million less working capital of $1.6 million. We financed the purchase price with cash on hand and borrowing under our revolving credit facility. We financed the purchase price, net of the proceeds received from the sale of those stations, with borrowings under our revolving credit facility.

Simultaneously, in December 2014, we sold to Media General the broadcast assets of two stations for $93.1 million less working capital of $0.6 million, which resulted in a gain on sale of $39.0 million.

KSNV. Effective November 1, 2014, we completed the acquisition of certain of assets of KSNV (NBC) in Las Vegas, NV from Intermountain West Communications Company (Intermountain West) for $118.5 million less working capital of $0.2 million. In conjunction with the purchase, we assumed the rights under the affiliation agreement with NBC and swapped our KVMY call letters for the KSNV call letters. We financed the total purchase price with cash on hand and borrowings under our revolving credit facility.

Other 2014 Acquisitions. During the year ended December 31, 2014, we acquired certain assets related to eight other television stations in four markets. The purchase price for these stations was $123.5 million less working capital of $1.1 million which was financed with cash on hand and borrowings under our revolving credit facility.

The following tables summarize the allocated fair value of acquired assets and assumed liabilities, including the net assets of consolidated VIEs (in thousands):

	MEG Station	KSNV	Allbritton	Other	Total 2014 acquisitions
Accounts receivable	—	—	38,542	—	38,542
Prepaid expenses and other current assets	476	67	19,890	79	20,512
Program contract costs	1,954	482	1,204	2,561	6,201
Property and equipment	23,462	8,300	46,600	8,352	86,714
Indefinite-lived intangible assets	675	—	13,700	225	14,600
Definite-lived intangible assets	125,925	70,375	564,100	87,915	848,315
Other assets	—	—	20,352	1,500	21,852
Assets held for sale	—	—	83,200	—	83,200
Accounts payable and accrued liabilities	(2,085)	(277)	(8,351)	(1,143)	(11,856)
Program contracts payable	(1,914)	(481)	(1,140)	(2,554)	(6,089)
Deferred tax liabilities	—	—	(261,291)	—	(261,291)
Other long term liabilities	—	(1,200)	(17,263)	—	(18,463)
Fair value of identifiable net assets acquired	148,493	77,266	499,543	96,935	822,237
Goodwill	57,398	41,024	535,694	25,501	659,617
Total	$ 205,891	$ 118,290	$ 1,035,237	$ 122,436	$ 1,481,854

The allocations presented above are based upon management's estimate of the fair values using valuation techniques including income, cost and market approaches. In estimating the fair value of the acquired assets and assumed liabilities, the fair value estimates are based on, but not limited to, expected future revenue and cash flows, expected future growth rates, and estimated discount rates. The purchase prices have been allocated to the acquired assets and assumed liabilities based on estimated fair values.

During the year ended December 31, 2015, we made certain measurement period adjustments to the initial purchase accounting for the acquisitions in 2014, resulting in reclassifications between certain noncurrent assets and noncurrent liabilities, including a decrease to property and equipment of approximately $12.5 million, a decrease to broadcast licenses of $3.4 million, an increase to definite-lived intangible assets of $58.3 million, and a decrease to goodwill of $42.2 million, as well as a corresponding decrease to depreciation of $0.7 million and a decrease to amortization of $0.7 million during the year ended December 31, 2015.

The intangible assets will be amortized over the weighted average useful lives of 15 years for network affiliations and 14 years for the customer relationships, which represent existing advertiser relationships and contractual relationships with MVPDs. Acquired property and equipment will be depreciated on a straight-line basis over the respective estimated remaining useful lives. Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce and noncontractual relationships, as well as expected future synergies. Other intangible assets will be amortized over the respective weighted average useful lives ranging from 14 to 15 years.

The following tables summarize the amounts allocated to definite-lived intangible assets representing the estimated fair values and estimated goodwill deductible for tax purposes (in thousands):

	MEG Stations	KSNV	Allbritton	Other	Total 2014 acquisitions
Network affiliations	$ 56,925	$ 44,775	$ 356,900	$ 27,575	$ 486,175
Customer relationships	45,500	25,600	207,200	44,800	323,100
Other intangible assets	23,500	—	—	15,540	39,040
Fair value of identifiable definite-lived intangible assets acquired	$ 125,925	$ 70,375	$ 564,100	$ 87,915	$ 848,315
Estimated definite-lived intangible assets deductible for tax purposes	$ 57,398	$ 41,024	—	$ 25,501	$ 123,923

Financial Results of Acquisitions

The following tables summarize the results of the net media revenues and operating income (loss) included in the financial statements of the Company beginning on the acquisition date of each acquisition as listed below (in thousands):

Revenues	2016	2015	2014
Tennis Channel	**$ 84,040**	$ —	$ —
MEG Stations	**86,466**	69,275	2,299
KSNV	**63,818**	32,471	5,972
Allbritton	**253,845**	231,300	106,258
Other stations acquired in:			
2016	**49,186**	—	—
2015	**2,676**	1,007	—
2014	**49,298**	42,470	9,172
Total net media revenues	**$ 589,329**	$ 376,523	$ 123,701

Operating Income (Loss)	2016	2015	2014
Tennis Channel	**$ (1,990)**	$ —	$ —
MEG Stations	**26,728**	15,246	1,010
KSNV	**36,446**	7,206	2,108
Allbritton	**49,777**	39,550	26,914
Other stations acquired in:			
2016	**18,311**	—	—
2015	**646**	426	—
2014	**11,644**	8,451	1,569
Total operating income	**$ 141,562**	$ 70,879	$ 31,601

In connection with the 2016, 2015, and 2014 acquisitions, for the years ended December 31, 2016, 2015, and 2014, we incurred $1.4 million, $0.5 million, and $5.7 million, respectively, of costs primarily related to legal and other professional services, which we expensed as incurred and classified as corporate general and administrative expenses in the consolidated statements of operations.

Pro Forma Information

The following table sets forth unaudited pro forma results of operations, assuming that Tennis and the 2014 Acquisitions, along with transactions necessary to finance the acquisition, occurred at the beginning of the year preceding the year of acquisition. The pro forma results exclude the acquisitions presented under *Other 2016 Acquisitions, 2015 Acquisitions, and Other 2014 Acquisitions* above, as they were deemed not material both individually and in the aggregate. The 2014 period does not include the pro forma effects of the Tennis acquisition, and as such will not provide comparability to the 2015 and 2016 pro forma periods presented in the following table (in thousands, except per share data):

	Unaudited		
	2016	**2015**	**2014**
Total revenues	**$ 2,751,441**	$ 2,310,202	$ 2,150,124
Net Income	**$ 249,722**	$ 168,364	$ 189,174
Net Income attributable to Sinclair Broadcast Group	**$ 244,261**	$ 163,789	$ 186,338
Basic earnings per share attributable to Sinclair Broadcast Group	**$ 2.61**	$ 1.72	$ 1.92
Diluted earnings per share attributable to Sinclair Broadcast Group	**$ 2.59**	$ 1.71	$ 1.90

This pro forma financial information is based on historical results of operations, adjusted for the allocation of the purchase price and other acquisition accounting adjustments, and is not indicative of what our results would have been had we operated the businesses since the beginning of the annual period presented because the pro forma results do not reflect expected synergies. The pro forma adjustments reflect depreciation expense, amortization of intangibles and amortization of program contract costs related to the fair value adjustments of the assets acquired, additional interest expense related to the financing of the transactions, and exclusion of nonrecurring financing and transaction related costs. Depreciation and amortization expense are higher than amounts recorded in the historical financial statements of the acquirees due to the fair value adjustments recorded for long-lived tangibles and intangible assets in purchase accounting.

3. STOCK-BASED COMPENSATION PLANS:

In June 1996, our Board of Directors adopted, upon approval of the shareholders by proxy, the 1996 Long-Term Incentive Plan (LTIP). The purpose of the LTIP is to reward key individuals for making major contributions to our success and the success of our subsidiaries and to attract and retain the services of qualified and capable employees. Under the LTIP, we have issued restricted stock awards (RSAs), stock grants to our non-employee directors, stock-settled appreciation rights (SARs) and stock options. A total of 14,000,000 shares of Class A Common Stock are reserved for awards under this plan. As of December 31, 2016, 7,111,609 shares (including forfeited shares) were available for future grants. Additionally, we have the following arrangements that involve stock-based compensation: employer matching contributions (the Match) for participants in our 401(k) plan, an employee stock purchase plan (ESPP), and subsidiary stock awards. Stock-based compensation expense has no effect on our consolidated cash flows. For the years ended December 31, 2016, 2015 and 2014, we recorded stock-based compensation of $16.9 million, $18.0 million and $13.9 million, respectively. Below is a summary of the key terms and methods of valuation of our stock-based compensation awards:

RSAs. RSAs issued in 2016, 2015 and 2014 have certain restrictions that lapse over two years at 50% and 50%, respectively. As the restrictions lapse, the Class A Common Stock may be freely traded on the open market. Unvested RSAs are entitled to dividends, and therefore, are included in weighted shares outstanding which results in a dilutive effect on basic and diluted earnings per share. The fair value assumes the closing value of the stock on the measurement date.

The following is a summary of changes in unvested restricted stock:

	RSAs	Weighted-Average Price
Unvested shares at December 31, 2015	137,900	$ 25.81
2016 Activity:		
Granted	**96,450**	**31.40**
Vested	**(87,375)**	**26.32**
Unvested shares at December 31, 2016	**146,975**	**29.18**

For the years ended December 31, 2016, 2015 and 2014, we recorded compensation expense of $2.8 million, $5.3 million and $3.2 million, respectively. The majority of the unrecognized compensation expense of $1.7 million as of December 31, 2016 will be recognized in 2017.

Stock Grants to Non-Employee Directors. In addition to directors fees paid, on the date of each of our annual meetings of shareholders, each non-employee director receives a grant of unrestricted shares of Class A Common Stock. In 2016, 2015 and 2014, we issued 20,000 shares, 20,000 shares and 12,000 shares, respectively. We recorded expense of $0.6 million, $0.6 million and $0.4 million for each of the years ended December 31, 2016, 2015 and 2014, respectively, which was based on the average share price of the stock on the date of grant. Additionally, these shares are included in the total shares outstanding, which results in a dilutive effect on our basic and diluted earnings per share.

SARs. During the years ended December 31, 2016, 2015 and 2014, 400,000, 310,000 and 200,000 SARs were granted with base values per share of $31.40, $24.93 and $27.86, respectively, to our Executive Chairman. The SARs have a 10-year term and vest immediately. The base value of each SAR is equal the closing price of our Class A Common Stock on the grant date. For the years ended December 31, 2016, 2015 and 2014, we recorded compensation expense equal to the estimated fair value at the grant date, of $4.0 million, $2.6 million and $2.6 million, respectively. We valued the SARs using the Black-Scholes model and the following assumptions:

	2016	2015	2014
Risk-free interest rate	**1.2%**	1.3%	1.5%
Expected years until exercise	**5 years**	5 years	5 years
Expected volatility	**42%**	47%	65%
Annual dividend yield	**2.1%**	2.7%	2.2%

The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant for U.S. Treasury zero coupon separate trading of registered interest and principal securities, commonly known as STRIPS, that approximate the expected life of the options. The expected volatility is based on our historical stock prices over a period equal to the expected life of the options. The annual dividend yield is based on the annual dividend per share divided by the share price on the grant date.

The following is a summary of the 2016 activity:

	SARs	Weighted-Average Price
Outstanding SARs at December 31, 2015	1,910,000	$ 16.68
2016 Activity:		
Granted	**400,000**	**31.40**
Outstanding SARs at December 31, 2016	**2,310,000**	**19.23**

The aggregate intrinsic value of the 2,310,000 outstanding as of December 31, 2016 was $32.6 million, and the outstanding SARs have a weighted average remaining contractual life of 6.08 years as of December 31, 2016. During 2016, 2015 and 2014, outstanding SARs increased the weighted average shares outstanding for purposes of determining dilutive earnings per share.

Options. Effective April 1, 2014, we entered into an employment agreement with our Chief Executive Officer, to grant annually on each December 31, an option to purchase 125,000 shares of Class A Common Stock beginning December 31, 2014 through December 31, 2021. Upon grant, the stock options are immediately exercisable. The maximum aggregate intrinsic value that can be earned under the arrangement cannot exceed $20 million. The stock options are granted with an exercise price equal to the closing price of the stock on the date of grant and have a 10 year contractual life.

	Options	Weighted-Average Price
Outstanding Options at December 31, 2015	250,000	$ 29.95
2016 Activity:		
Granted	**125,000**	**33.35**
Outstanding Options at December 31, 2016	**375,000**	**31.08**

Since the stock options are fully vested upon grant and requisite service must be satisfied to receive the award, we estimate the fair value of each annual tranche of the options to be issued in the future and recognize the compensation expense over the period until the actual grant date. The fair value of each award is remeasured each period until the actual grant with the ultimate cumulative expense equaling the grant date fair value of the award. During the years ended December 31, 2016, 2015, and 2014 we recorded $0.4 million, $0.8 million, and $1.5 million of stock-based compensation expense related to this arrangement, respectively, based on estimated fair values of each of the options, of which $0.5 million, $0.8 million, and $1.1 million were attributable to the options granted on December 31, 2016, 2015, and 2014, respectively.

We value stock options using the Black-Scholes pricing model and the following assumptions:

	2016	2015	2014
Risk-free interest rate	**1.9%**	1.9%	1.8%
Expected years to exercise	**5 years**	5 years	5 years
Expected volatility	**37.5%**	42.1%	47.6%
Annual dividend yield	**2.1%**	2.0%	2.3%

The risk-free interest rate is based on the U.S. Treasury yield curve, in effect at the time of grant, for U.S. Treasury STRIPS that approximate the expected life of the options. The expected volatility is based on our historical stock prices over a period equal to the expected life of the options. The annual dividend yield is based on the annual dividend per share divided by the share price on the grant date. During 2016, 2015, and 2014, outstanding stock options increased the weighted average shares outstanding for purposes of determining dilutive earnings per share.

Match. The Sinclair Broadcast Group, Inc. 401(k) Profit Sharing Plan and Trust (the 401(k) Plan) is available as a benefit for our eligible employees. Contributions made to the 401(k) Plan include an employee elected salary reduction amount, the Match and an additional discretionary amount determined each year by the Board of Directors. The Match and any additional discretionary contributions may be made using our Class A Common Stock if the Board of Directors so chooses. Typically, we make the Match using our Class A Common Stock.

The value of the Match is based on the level of elective deferrals into the 401(k) Plan. The amount of shares of our Class A Common Stock used to make the Match is determined using the closing price on or about March 1 of each year for the previous calendar year's Match. The Match is discretionary and is equal to a maximum of 50% of elective deferrals by eligible employees, capped at 4% of the employee's total cash compensation. For the years ended December 31, 2016, 2015 and 2014, we recorded $6.9 million,

$6.2 million and $5.2 million, respectively, of stock-based compensation expense related to the Match. A total of 3,000,000 shares of Class A Common Stock are reserved for matches under the plan. As of December 31, 2016, 410,119 shares were available for future grants.

ESPP. The ESPP allows eligible employees to purchase Class A Common Stock at 85% of the lesser of the fair value of the common stock as of the first day of the quarter and as of the last day of that quarter, subject to certain limits as defined in the ESPP. The stock-based compensation expense recorded related to the ESPP for the years ended December 31, 2016, 2015 and 2014 was $0.9 million, $0.7 million and $0.7 million, respectively. A total of 3,200,000 shares of Class A Common Stock are reserved for awards under the plan. As of December 31, 2016, 995,349 shares were available for future grants.

Subsidiary Stock Awards. From time to time, we grant subsidiary stock awards to employees. The subsidiary stock is typically in the form of a membership interest in a consolidated limited liability company, not traded on a public exchange and valued based on the estimated fair value of the subsidiary. Fair value is typically estimated using discounted cash flow models and/or appraisals. These stock awards vest immediately. For the years ended December 31, 2016, 2015 and 2014, we recorded compensation expense of $1.3 million, $1.8 million and $0.2 million, respectively, related to these awards which increase noncontrolling interest equity. These awards have no effect on the shares used in our basic and diluted earnings per share.

4. PROPERTY AND EQUIPMENT:

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is generally computed under the straight-line method over the following estimated useful lives:

Buildings and improvements	10 - 30 years
Station equipment	5 - 10 years
Office furniture and equipment	5 - 10 years
Leasehold improvements	Lesser of 10 - 30 years or lease term
Automotive equipment	3 - 5 years
Property and equipment under capital leases	Lease term

Acquired property and equipment as discussed in *Note 2. Acquisitions and Disposition of Assets,* is depreciated on a straight-line basis over the respective estimated remaining useful lives.

Property and equipment consisted of the following as of December 31, 2016 and 2015 (in thousands):

	2016	2015
Land and improvements	**$ 73,124**	$ 60,678
Real estate held for development and sale	**90,087**	91,106
Buildings and improvements	**239,603**	210,597
Station equipment	**702,004**	667,454
Office furniture and equipment	**101,252**	85,411
Leasehold improvements	**24,762**	22,693
Automotive equipment	**56,507**	47,402
Capital leased assets	**84,516**	84,474
Construction in progress	**30,880**	34,666
	1,402,735	1,304,481
Less: accumulated depreciation	**(685,159)**	(587,344)
	$ 717,576	$ 717,137

Capital leased assets are related to building, tower and equipment leases. Depreciation related to capital leases is included in depreciation expense in the consolidated statements of operations. We recorded capital lease depreciation expense of $4.2 million, $3.9 million and $3.7 million for the years ended December 31, 2016, 2015 and 2014, respectively.

5. GOODWILL, INDEFINTE-LIVED INTANGIBLE ASSETS AND OTHER INTANGIBLE ASSETS:

Goodwill, which arises from the purchase price exceeding the assigned value of the net assets of an acquired business, represents the value attributable to unidentifiable intangible elements being acquired. Goodwill totaled $1,990.7 million and $1,931.1 million at December 31, 2016 and 2015, respectively. The change in the carrying amount of goodwill was as follows (in thousands):

	Broadcast	Other	Consolidated
Balance at December 31, 2014			
Goodwill	$ 2,377,613	$ 513	$ 2,378,126
Accumulated impairment losses	(413,573)	—	(413,573)
	1,964,040	513	1,964,553
Acquisitions (a)	5,802	—	5,802
Measurement period adjustments related to prior year acquisitions	(42,237)	—	(42,237)
Change in assets held for sale (b)	—	2,975	2,975
Balance at December 31, 2015 (c)			
Goodwill	2,341,178	3,488	2,344,666
Accumulated impairment losses	(413,573)	—	(413,573)
	1,927,605	3,488	1,931,093
Acquisitions (a)	**11,626**	**53,427**	**65,053**
Measurement period adjustments related to prior year acquisitions	**40**	**—**	**40**
Disposition of assets (d)	**(5,440)**	**—**	**(5,440)**
Balance at December 31, 2016 (c)			
Goodwill	**2,347,404**	**56,915**	**2,404,319**
Accumulated impairment losses	**(413,573)**	**—**	**(413,573)**
	$ 1,933,831	**$ 56,915**	**$ 1,990,746**

(a) In 2016 and 2015, we acquired goodwill as a result of acquisitions as discussed in *Note 2. Acquisitions and Disposition of Assets.*

(b) We concluded in 2015 that certain non-media related assets that were classified as assets held for sale as of December 31, 2014 no longer met the held for sale criteria.

(c) Approximately $0.8 million of goodwill relates to consolidated VIEs as of December 31, 2016 and 2015.

(d) Amounts relate to the 2016 sale of broadcast assets as discussed in *Note 2. Acquisitions and Disposition of Assets.*

For our annual goodwill impairment tests in 2016, 2015 and 2014, we concluded that it was more-likely-than-not that goodwill was not impaired for the reporting units in which we performed a qualitative assessment. For one reporting unit in 2016, we elected to perform a quantitative assessment and concluded that its fair value substantially exceeded its carrying value. The qualitative factors reviewed during our annual assessments, indicated stable or improving margins and favorable or stable forecasted economic conditions including stable discount rates and comparable or improving business multiples. Additionally, the results of prior quantitative assessments supported significant excess fair value over carrying value of our reporting units. We did not have any indicators of impairment in any interim period in 2016, 2015, or 2014, and therefore did not perform interim impairment tests for goodwill during those periods.

The key assumptions used to determine the fair value of our broadcast reporting unit consisted primarily of significant unobservable inputs (Level 3 fair value inputs), including discount rates, estimated cash flows, profit margins and growth rates. The discount rate used to determine the fair value of our broadcast reporting unit is based on a number of factors including market interest rates, a weighted average cost of capital analysis based on the target capital structure for a television broadcasting company, and includes adjustments for market risk and company specific risk. Estimated cash flows are based upon internally developed estimates and the growth rates and profit margins are based on market studies, industry knowledge and historical performance.

As of December 31, 2016 and 2015, the carrying amount of our indefinite-lived intangible assets was as follows (in thousands):

	Broadcast	Other	Consolidated
Balance at December 31, 2014	$ 135,075	$ —	$ 135,075
Acquisitions (a)	992	—	992
Sale of assets	(175)	—	(175)
Measurement period adjustments related to prior year acquisitions	(3,427)	—	(3,427)
Balance at December 31, 2015 (b)	132,465	—	132,465
Acquisitions (a)	**2,406**	**23,400**	**25,806**
Disposition of assets	**(1,965)**	**—**	**(1,965)**
Balance at December 31, 2016 (b) (c)	**$ 132,906**	**$ 23,400**	**$ 156,306**

(a) In 2016 and 2015, we acquired indefinite-lived intangible assets as a result of acquisitions as discussed in *Note 2. Acquisitions and Disposition of Assets.*

(b) Approximately $15.7 million and $17.6 million of indefinite-lived intangible assets relate to consolidated VIEs as of December 31, 2016 and 2015, respectively.

(c) Our indefinite-lived intangible assets in Broadcast relates to broadcast licenses and our indefinite-lived intangible assets in Other relates to trade names.

We did not have any indicators of impairment for our indefinite-lived intangible assets in any interim period in 2016 or 2015, and therefore did not perform interim impairment tests during those periods. We performed our annual impairment tests for indefinite-lived intangibles in the fourth quarter of 2016 and 2015 and as a result of our qualitative and quantitative assessments, we recorded no impairment. We performed our annual impairment tests for indefinite-lived intangibles in the fourth quarter of 2014 and as a result of our qualitative and/or quantitative assessments we recorded $3.2 million of impairment charges, included within amortization of definite-lived intangible and other assets within the consolidated statement of operations, related to broadcast licenses with a carrying value of $21.1 million, compared to their estimated fair value of $17.9 million, as a result of a decrease in the projected future market revenues related to our radio broadcast licenses in Seattle, WA.

The key assumptions used to determine the fair value of our broadcast licenses consisted primarily of significant unobservable inputs (Level 3 fair value inputs), including discount rates, estimated market revenues, normalized market share, normalized profit margin, and estimated start-up costs. The qualitative factors for our broadcast licenses indicated an increase in market revenues, stable market shares and stable cost factors. The revenue, expense and growth rates used in determining the fair value of our broadcast licenses remained constant or increased slightly from 2015 to 2016. The growth rates are based on market studies, industry knowledge and historical performance. The discount rates used to determine the fair value of our broadcast licenses did not change significantly over the last three years. The discount rate is based on a number of factors including market interest rates, a weighted average cost of capital analysis based on the target capital structure for a television station, and includes adjustments for market risk and company specific risk.

The following table shows the gross carrying amount and accumulated amortization of definite-lived intangibles (in thousands):

	As of December 31, 2016					
	Gross Carrying Value		Accumulated Amortization		Net	
Amortized intangible assets:						
Network affiliation (a)	$	**1,398,451**	$	**(427,484)**	$	**970,967**
Customer Relationships (a)		**1,102,591**		**(294,114)**		**808,477**
Other (b)		**243,253**		**(78,294)**		**164,959**
Total	$	**2,744,295**	$	**(799,892)**	$	**1,944,403**

	As of December 31, 2015					
	Gross Carrying Value		Accumulated Amortization		Net	
Amortized intangible assets:						
Network affiliation (a)	$	1,378,425	$	(343,729)	$	1,034,696
Customer Relationships (a)		806,727		(225,176)		581,551
Other (b)		193,594		(58,271)		135,323
Total	$	2,378,746	$	(627,176)	$	1,751,570

(a) Changes between the gross carrying value from December 31, 2015 to December 31, 2016, relate to acquisitions in 2016, as discussed in *Note 2. Acquisitions and Disposition of Assets.*

(b) The increase in other intangible assets is primarily due to the purchase of additional alarm monitoring contracts of $40.2 million.

Definite-lived intangible assets and other assets subject to amortization are being amortized on a straight-line basis over their estimated useful lives which generally range from 5 to 25 years. The total weighted average useful life of all definite-lived intangible assets and other assets subject to amortization acquired as a result of the acquisitions discussed in *Note 2. Acquisitions and Disposition of Assets* is 14 years. The amortization expense of the definite-lived intangible and other assets for the years ended December 31, 2016, 2015 and 2014 was $183.8 million, $161.5 million and $125.5 million, respectively. We analyze specific definite-lived intangibles for impairment when events occur that may impact their value in accordance with the respective accounting guidance for long-lived assets. There were no impairment charges recorded for the years ended December 31, 2016, 2015 and 2014.

The following table shows the estimated amortization expense of the definite-lived intangible assets for the next five years (in thousands):

For the year ended December 31, 2017	$	175,942
For the year ended December 31, 2018		174,593
For the year ended December 31, 2019		173,586
For the year ended December 31, 2020		173,006
For the year ended December 31, 2021		171,988
Thereafter		1,075,288
	$	1,944,403

6. NOTES PAYABLE AND COMMERCIAL BANK FINANCING:

Bank Credit Agreement

We have a syndicated credit facility which includes both revolving credit and issued term loans (Bank Credit Agreement). During the years ended December 31, 2016, 2015 and 2014, the Bank Credit Agreement has been restated and amended several times to provide incremental financing to the acquisitions as discussed under *Note 2. Acquisitions and Disposition of Assets*. As of December 31, 2016, $1,624.5 million, net of $10.5 million and $2.8 million deferred financing costs and debt discounts, respectively, of aggregate borrowings were outstanding under the Bank Credit Agreement, which consists of the following:

Term Loan A. On July 19, 2016, we entered into an amendment and extension of our bank credit agreement and extended the maturity date of $139.5 million of term A loans to July 31, 2021. The remaining $153.5 million of outstanding term loan A loans mature April 9, 2018. In connection with the transaction, we also amended certain pricing terms related to the loans. In connection with the amendment of the Term Loan A and Revolver discussed below, we incurred approximately $2.7 million of financing costs, of which $0.3 million was expensed and the remaining $2.4 million was capitalized as deferred financing cost as of December 31, 2016. As of December 31, 2016, $140.9 million of term loans which mature April 9, 2018, and bear interest at LIBOR plus 2.25% and $130.1 million of term loans which mature July 31, 2021 and bear interest at LIBOR plus 2.25%, which is adjusted for changes in our First Lien Indebtedness ratio, (together Term Loan A loans) were outstanding, net of $1.2 million in deferred financing costs. As of December 31, 2015, $312.1 million of Term Loan A was outstanding.

Term Loan B. As of December 31, 2016, $1,353.5 million of term loans, net of $9.3 million deferred financing costs and debt discounts of $2.8 million, were outstanding. As of December 31, 2015, $1,364.6 million of Term Loan B, net of $11.4 million deferred financing cost and debt discounts of $3.6 million, was outstanding. The Term Loan B bears interest at LIBOR plus 2.25%.

In January 2017, we amended our Bank Credit Agreement. We extended the maturity date of the Term Loan B from April 9, 2020 and July 31, 2021 to January 3, 2024. In connection with the extension, we added additional operating flexibility, including a reduction in certain pricing terms related to Term Loan B and our existing revolving credit facility (Revolver) and revisions to certain covenant ratio requirements. Prior to July 3, 2017, if we repay, refinance, substitute, or replace the Term Loan B, we are subject to a prepayment premium of 1% of the aggregate principal balance of the repayment.

Revolving Credit Facility. As of December 31, 2016 and 2015, our total commitments under the Revolver were $485.2 million which bears interest at LIBOR plus 2.25%, and is adjusted for changes in our First Lien Indebtedness ratio. On July 19, 2016, we entered into an amendment and extension of our bank credit agreement and extended the maturity of the Revolver to July 31, 2021. We incur a commitment fee on undrawn capacity of 0.25% to 0.5%, which is adjusted for changes in our First Lien Indebtedness ratio. As of December 31, 2016, there were no outstanding borrowings and $1.9 million of letters of credit were issued under the Revolver. The remaining borrowing capacity under the Revolver was $483.3 million and $482.9 million as of December 31, 2016 and 2015, respectively.

Cash interest expense related to the Bank Credit Agreement, including the Revolver, in our consolidated statements of operations was $54.4 million, $53.0 million and $38.0 million for the years ended December 31, 2016, 2015 and 2014, respectively. We capitalized $2.0 million, $3.6 million and $3.8 million as deferred financing costs, during the years ended December 31, 2016, 2015 and 2014, respectively. Deferred financing costs are classified within our notes payable and commercial bank financing within our consolidated balance sheet, except for deferred financing costs related to our Revolver as discussed in *Other Assets* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies*. The weighted average effective interest rate of the Term Loan B for the years ended December 31, 2016 and 2015 was 3.53% and 3.54%, respectively. The weighted average effective interest rate of the Term Loan A for the years ended December 31, 2016 and 2015 was 2.72% and 2.47%, respectively. The weighted average effective interest rate of the Revolver for the year ended December 31, 2016 was 2.98% and 2.38%, respectively.

Our Bank Credit Agreement, as well as indentures governing our outstanding notes as described below, contains a number of covenants that, among other things, restrict our ability and our subsidiaries' ability to incur additional indebtedness with certain exceptions, pay dividends (See *Note 8. Common Stock*), incur liens, engage in mergers or consolidations, make acquisitions, investments or disposals and engage in activities with affiliates. In addition, under the Bank Credit Agreement, we are required to maintain a ratio of First Lien Indebtedness of 4.25 times EBITDA. As of December 31, 2016, we were in compliance with all financial ratios and covenants.

Our Bank Credit Agreement also contains certain cross-default provisions with certain material third-party licensees, defined as any party that owns the license assets of one or more television stations for which we provided services pursuant to LMAs and/or other outsourcing agreements and those stations provide 20% or more of our aggregate broadcast cash flows. A default by a material third-party licensee under our agreements with such parties, including a default caused by insolvency, would cause an event of default under our Bank Credit Agreement. As of December 31, 2016, there were no material third party licensees as defined in our Bank Credit Agreement.

Substantially all of our stock in our wholly-owned subsidiaries has been pledged as security for the Bank Credit Agreement.

5.125% Senior Notes, due 2027

On August 30, 2016, we issued $400.0 million of senior unsecured notes, which bear interest at a rate of 5.125% per annum and mature on February 15, 2027 (the 5.125% Notes), pursuant to an indenture dated August 30, 2016 (the 5.125% Indenture). The 5.125% Notes were priced at 100% of their par value and interest is payable semi-annually on February 15 and August 15, commencing on February 15, 2017. Prior to August 15, 2021, we may redeem the 5.125% Notes, in whole or in part, at any time or from time to time at a price equal to 100% of the principal amount of the 5.125% Notes plus accrued and unpaid interest, if any, to the date of redemption, plus a "make-whole" premium as set forth in the 5.125% Indenture. In addition, on or prior to August 15, 2019, we may redeem up to 35% of the 5.125% Notes, using proceeds of certain equity offerings. If we sell certain of our assets or experience specific kinds of changes of control, the holders of the 5.125% Notes may require us to repurchase some or all of the notes. There are no registration rights associated with the 5.125% Notes. The net proceeds of the 5.125% Notes were used to redeem aggregate principal amount of the 6.375% Notes and for general corporate purposes. We incurred $6.6 million of deferred financing costs in connection with the issuance of the 5.125% Notes as of December 31, 2016.

Cash interest expense was $6.9 million for the years ended December 31, 2016. The weighted average effective interest rate for the 5.125% Notes was 5.33% for the year ended December 31, 2016.

5.875% Senior Notes, due 2026

On March 23, 2016, we issued $350.0 million of senior unsecured notes, which bear interest at a rate of 5.875% per annum and mature on March 15, 2026 (the 5.875% Notes), pursuant to an indenture dated March 23, 2016 (the 5.875% Indenture). The 5.875% Notes were priced at 100% of their par value and interest is payable semi-annually on March 15 and September 15, commencing on September 15, 2016. Prior to March 15, 2021, we may redeem the 5.875% Notes, in whole or in part, at any time or from time to time at a price equal to 100% of the principal amount of the 5.875% Notes plus accrued and unpaid interest, if any, to the date of redemption, plus a "make-whole" premium as set forth in the 5.875% Indenture. In addition, on or prior to March 15, 2019, we may redeem up to 35% of the 5.875% Notes, using proceeds of certain equity offerings. If we sell certain of our assets or experience specific kinds of changes of control, the holders of the 5.875% Notes may require us to repurchase some or all of the notes. There are no registration rights associated with the 5.875% Notes. We incurred $5.9 million of deferred financing costs in connection with the issuance of the 5.875% Notes which were capitalized and are classified net of the carrying value of debt and amortized using the effective interest method.

Cash interest expense was $15.8 million for the years ended December 31, 2016. The weighted average effective interest rate for the 5.875% Notes was 6.1% for the year ended December 31, 2016.

As discussed in *Note 2. Acquisitions and Disposition of Assets*, we completed the acquisition of Tennis in March 2016. The acquisition was funded, in part, by a draw on our revolving line of credit which was repaid using the proceeds from the 5.875% Notes discussed above.

5.625% Senior Unsecured Notes, due 2024

On July 23, 2014, we issued $550.0 million in senior unsecured notes, which bear interest at a rate of 5.625% per annum and mature on August 1, 2024 (the 5.625% Notes), pursuant to an indenture dated July 23, 2014 (the 5.625% Indenture). The 5.625% Notes were priced at 100% of their par value and interest is payable semi-annually on February 1 and August 1, commencing on February 1, 2015. Prior to August 1, 2019, we may redeem the 5.625% Notes, in whole or in part, at any time or from time to time at a price equal to 100% of the principal amount of the 5.625% Notes plus accrued and unpaid interest, if any, to the date of redemption, plus a "make-whole" premium as set forth in the 5.625% Indenture. In addition, on or prior to August 1, 2019, we may redeem up to 35% of the 5.625% Notes, using proceeds of certain equity offerings. If we sell certain of our assets or have certain changes of control, the holders of the 5.625% Notes may require us to repurchase some or all of the notes. The proceeds from the offering of the 5.625% Notes, together with borrowings under our Bank Credit Agreement and cash on hand, were used to finance the acquisition of the Allbritton companies effective August 1, 2014.

Cash interest expense was $30.9 million for both years ended December 31, 2016 and 2015, respectively, and $13.6 million for the year ended December 31, 2014. The weighted average effective interest rate for the 5.625% Notes was 5.83% for the year ended December 31, 2016.

6.375% Senior Notes, due 2021

Effective August 15, 2016, we redeemed all of the outstanding 6.375% Senior Unsecured Notes, representing $350.0 million in aggregate principal amount. Upon the redemption, along with the principal, we paid the accrued and unpaid interest and a make whole premium, for a total of $377.2 million paid to noteholders. We recorded a loss on extinguishment of $23.7 million in the third quarter of 2016 related to this redemption, which included the write-off of the unamortized deferred financing costs of $3.9 million and prepayment penalty of $19.8 million.

Cash interest expense was $14.8 million, $22.3 million, and $22.4 million for the year ended December 31, 2016, 2015 and 2014, respectively.

5.375% Senior Unsecured Notes, due 2021

On April 2, 2013, we issued $600.0 million of senior unsecured notes, which bear interest at a rate of 5.375% per annum and mature on April 1, 2021 (the 5.375% Notes), pursuant to an indenture dated April 2, 2013 (the 5.375% Indenture). The 5.375% Notes were priced at 100% of their par value and interest is payable semi-annually on April 1 and October 1, commencing on October 1, 2013. Prior to April 1, 2016, we may redeem the 5.375% Notes, in whole or in part, at any time or from time to time at a price equal to 100% of the principal amount of the 5.375% Notes plus accrued and unpaid interest, if any, to the redemption date, plus a "make-whole" premium as set forth in the 5.375% Indenture. Beginning on April 1, 2016, we may redeem some or all of the 5.375% Notes at any time or from time to time at a redemption price set forth in the 5.375% Indenture. In addition, on or prior to April 1, 2016, we may redeem up to 35% of the 5.375% Notes using proceeds of certain equity offerings. If we sell certain of our assets or experience specific kinds of changes of control, holders of the 5.375% Notes may require us to repurchase some or all of the Notes. The net proceeds from the offering of the 5.375% Notes were used to pay down outstanding indebtedness under our bank credit facility.

Cash interest expense was $32.3 million for the years ended December 31, 2016, 2015 and 2014, respectively. The weighted average effective interest rate for the 5.375% Notes was 5.58% for the year ended December 31, 2016.

6.125% Senior Unsecured Notes, due 2022

On October 12, 2012, we issued $500.0 million of senior unsecured notes, which bear interest at a rate of 6.125% per annum and mature on October 1, 2022 (the 6.125% Notes), pursuant to an indenture dated October 12, 2012 (the 6.125% Indenture). The 6.125% Notes were priced at 100% of their par value and interest is payable semi-annually on April 1 and October 1, commencing on April 1, 2013. Prior to October 1, 2017, we may redeem the 6.125% Notes, in whole or in part, at any time or from time to time at a price equal to 100% of the principal amount of the 6.125% Notes plus accrued and unpaid interest, if any, to the redemption date, plus a "make-whole" premium as set forth in the 2012 Indenture. Beginning on October 1, 2017, we may redeem some or all of the 6.125% Notes at any time or from time to time at a redemption price set forth in the 6.125% Indenture. In addition, on or prior to October 1, 2015, we could have redeemed up to 35% of the 6.125% Notes using proceeds of certain equity offerings. If we sell certain of our assets or experience specific kinds of changes of control, holders of the 6.125% Notes may require us to repurchase some or all of the Notes. The net proceeds from the offering of the 6.125% Notes were used to pay down outstanding indebtedness under the revolving credit facility under our Bank Credit Agreement and fund certain acquisitions and for general corporate purposes.

Cash interest expense was $30.6 million for the years ended December 31, 2016, 2015 and 2014, respectively. The weighted average effective interest rate for the 6.125% Notes was 6.310% for the year ended December 31, 2016.

8.375% Senior Unsecured Notes, due 2018

Effective October 15, 2014, we redeemed all of the outstanding 8.375% Senior Notes due 2018, representing $237.5 million aggregate principal amount of Notes as of October 15, 2014. Upon the redemption, along with the principal, we paid the accrued and unpaid interest and a make whole premium of $9.9 million, for a total of $257.4 million paid to note holders. We recorded a loss on extinguishment of $14.6 million in the fourth quarter of 2014 related to this redemption.

Cash interest expense was $15.7 million for the years ended December 31, 2014.

Debt of other non-media subsidiaries

Debt of our consolidated subsidiaries related to our non-media private equity investment and real estate ventures is non-recourse to us. Interest was paid on this debt at rates typically ranging from LIBOR plus 2.5% to a fixed 6.5% during 2016. During 2016, 2015 and 2014, interest expense on this debt was $5.9 million, $3.8 million and $3.1 million, respectively.

Debt of variable interest entities

Our consolidated VIEs have $23.0 million, net of $0.2 million deferred financing costs, in outstanding debt for which the proceeds were used to purchase the license assets of certain stations. See *Variable Interest Entities* under *Note 1. Nature of Operations and Summary of Significant Accounting Policies* for more information. The credit agreements and term loans of these VIEs each bear interest of LIBOR plus 2.5%. We have jointly and severally, unconditionally and irrevocably guaranteed the debt of the VIEs, as a primary obligor, including the payment of all unpaid principal of and interest on the loans.

For the years ended December 31, 2016, 2015 and 2014, the interest expense relating to the debt of our VIEs which was jointly and severally, unconditionally and irrevocably guaranteed was $0.9 million, $1.7 million and $2.2 million, respectively.

Summary

Notes payable, capital leases and the Bank Credit Agreement consisted of the following as of December 31, 2016 and 2015 (in thousands):

	2016	2015
Bank Credit Agreement, Term Loan A	**$ 272,198**	$ 313,620
Bank Credit Agreement, Term Loan B	**1,365,625**	1,379,626
6.375% Senior Unsecured Notes, due 2021	**—**	350,000
5.375% Senior Unsecured Notes, due 2021	**600,000**	600,000
6.125% Senior Unsecured Notes, due 2022	**500,000**	500,000
5.625% Senior Unsecured Notes, due 2024	**550,000**	550,000
5.875% Senior Unsecured Notes, due 2026	**350,000**	—
5.125% Senior Unsecured Notes, due 2027	**400,000**	—
Debt of variable interest entities	**23,198**	26,682
Debt of other non-media subsidiaries	**135,211**	120,969
Capital leases	**33,280**	34,774
Total outstanding principal	**4,229,512**	3,875,671
Less: Deferred financing costs and discount	**(43,449)**	(42,327)
Less: Current portion	**(171,131)**	(164,184)
Net carrying value of long-term debt	**$ 4,014,932**	$ 3,669,160

Indebtedness under the notes payable, capital leases and the Bank Credit Agreement as of December 31, 2016 matures as follows (in thousands):

	Notes and Bank Credit Agreement	Capital Leases	Total
2017	$ 169,247	$ 4,845	$ 174,092
2018	156,562	4,880	161,442
2019	34,674	4,989	39,663
2020	643,068	4,733	647,801
2021	1,372,406	4,759	1,377,165
2022 and thereafter	1,820,275	28,443	1,848,718
Total minimum payments	4,196,232	52,649	4,248,881
Less: Deferred financing costs and discount	(43,449)	—	(43,449)
Less: Amount representing future interest	—	(19,369)	(19,369)
Net carrying value of debt	$ 4,152,783	$ 33,280	$ 4,186,063

As of December 31, 2016, we had 32 capital leases with non-affiliates; including 24 broadcast tower leases and six other non-media equipment leases. All of our tower leases will expire within the next 16 years and the equipment leases expire within the next 5 years. Most of our leases have 5-10 year renewal options and it is expected that these leases will be renewed or replaced within the normal course of business. For information related to our affiliate notes and capital leases, see *Note 11. Related Person Transactions*.

Interest expense on the *Consolidated Statements of Operations* was $211.1 million, $191.4 million, and $174.9 million for the years ended December 31, 2016, 2015 and 2014, respectively. Interest expense included $10.8 million, $9.7 million, and $9.3 million in amortization of deferred financing costs and debt discount for the years ended December 31, 2016, 2015 and 2014, respectively.

7. PROGRAM CONTRACTS:

Future payments required under program contracts as of December 31, 2016 were as follows (in thousands):

2017	$	109,702
2018		21,844
2019		14,303
2020		10,924
2021		6,765
Total		163,538
Less: Current portion		109,702
Long-term portion of program contracts payable	$	53,836

Each future period's film liability includes contractual amounts owed, however, what is contractually owed does not necessarily reflect what we are expected to pay during that period. While we are contractually bound to make the payments reflected in the table during the indicated periods, industry protocol typically enables us to make film payments on a three months lag. Included in the current portion amount are payments due in arrears of $27.3 million. In addition, we have entered into non-cancelable commitments for future program rights aggregating to $150.9 million as of December 31, 2016.

8. COMMON STOCK:

Holders of Class A Common Stock are entitled to one vote per share and holders of Class B Common Stock are entitled to ten votes per share, except for votes relating to "going private" and certain other transactions. Substantially all of the Class B Common Stock is held by David D. Smith, Frederick G. Smith, J. Duncan Smith and Robert E. Smith who entered into a stockholders' agreement pursuant to which they have agreed to vote for each other as candidates for election to our board of directors until December 31, 2025. The Class A Common Stock and the Class B Common Stock vote together as a single class, except as otherwise may be required by Maryland law, on all matters presented for a vote. Holders of Class B Common Stock may at any time convert their shares into the same number of shares of Class A Common Stock. During 2016, 257,673 Class B Common Stock shares were converted into Class A Common Stock shares. During 2015, no Class B Common Stock shares were converted into Class A Common Stock shares.

Our Bank Credit Agreement and some of our subordinated debt instruments have restrictions on our ability to pay dividends. Under our Bank Credit Agreement, in certain circumstances, we may make unrestricted cash payments as long as our first lien indebtedness ratio does not exceed 3.75 to 1.00. Once our first lien indebtedness ratio exceeds 3.75 to 1.00, we have the ability to make up to $200.0 million in unrestricted annual cash payments including but not limited to dividends, of which $50.0 million may carry over to the next year, as long as we are in compliance with our first lien indebtedness ratio under the Bank Credit Agreement of 4.00 to 1.00. In addition, we have an aggregate basket of up to $250.0 million, as long as we are in compliance with our first lien indebtedness ratio of 4.00 to 1.00, and an aggregate basket of $50.0 million, as long as no Event of Default has occurred. Under the indentures governing the 6.125% Notes, 5.875% Notes, 5.375% Notes, 5.125% Notes, and 5.625% Notes, we are restricted from paying dividends on our common stock unless certain specified conditions are satisfied, including that:

- no event of default then exists under each indenture or certain other specified agreements relating to our indebtedness; and
- after taking into account the dividends payment, we are within certain restricted payment requirements contained in each indenture.

In January 2017, we amended certain terms and extended the maturity date of certain loans under our Bank Credit Agreement. See *Note. 6 Notes Payable and Commercial Bank Financing* for further discussion.

During 2015, our Board of Directors declared a quarterly dividend of $0.165 per share in the months of February, May, August and November which were paid in March, June, September and December. Total dividend payments for the year ended December 31, 2015 were $0.66 per share. During 2016, our Board of Directors declared a quarterly dividend of $0.165 per share in the month of February which was paid in March. In May, August, and November our Board of Directors declared a quarterly dividend of $0.18 per share. Total dividend payments for the year ended December 31, 2016 were $0.71 per share. In February 2017, our Board of Directors declared a quarterly dividend of $0.18 per share. Future dividends on our common shares, if any, will be at the discretion of our Board of Directors and will depend on several factors including our results of operations, cash requirements and surplus, financial condition, covenant restrictions and other factors that the Board of Directors may deem relevant. The Class A Common Stock and Class B Common Stock holders have the same rights related to dividends.

On March 20, 2014, the Board of Directors approved a $150.0 million share repurchase authorization. On September 6, 2016; the Board of Directors approved an additional $150.0 million share repurchase authorization. There is no expiration date and currently, management has no plans to terminate this program. During 2016, we repurchased approximately 4.9 million shares of Class A Common Stock for approximately $136.4 million on the open market including transaction costs. As of December 31, 2016, the total remaining authorization was $119.1 million.

9. INCOME TAXES:

The provision (benefit) for income taxes consisted of the following for the years ended December 31, 2016, 2015 and 2014 (in thousands):

	2016	2015	2014
Provision for income taxes	**$ 122,128**	$ 57,694	$ 97,432
Current provision for income taxes:			
Federal	**$ 113,737**	$ 80,420	$ 92,609
State	**2,273**	5,720	5,641
	116,010	86,140	98,250
Deferred provision (benefit) for income taxes:			
Federal	**8,555**	(26,637)	3,170
State	**(2,437)**	(1,809)	(3,988)
	6,118	(28,446)	(818)
Provision for income taxes	**$ 122,128**	$ 57,694	$ 97,432

The following is a reconciliation of federal income taxes at the applicable statutory rate to the recorded provision:

	2016	2015	2014
Federal statutory rate	**35.0 %**	35.0 %	35.0 %
Adjustments:			
State income taxes, net of federal tax benefit (1)	**0.2 %**	0.6 %	(0.1)%
Non-deductible items (2)	**1.0 %**	1.2 %	3.4 %
Domestic Production Activities Deduction	**(3.4)%**	(3.9)%	(3.2)%
Effect of consolidated VIEs (3)	**1.2 %**	1.4 %	0.8 %
Changes in unrecognized tax benefits (4)	**0.3 %**	(1.9)%	(3.4)%
Basis in stock of subsidiaries (5)	**— %**	(5.5)%	— %
Federal Research and Development Credit	**(0.4)%**	(1.1)%	— %
Other	**(0.6)%**	(0.6)%	(1.0)%
Effective income tax rate	**33.3 %**	25.2 %	31.5 %

(1) Included in state income taxes are deferred income tax effects related to certain acquisitions and/or intercompany mergers.

(2) Included in 2014 is the current income taxes related to the taxable gain on sale of certain broadcast assets, which we acquired with the stock purchase of the Allbritton Companies in the same year. There was no book gain on this sale. Since a deferred tax liability was not established for the excess of book basis over tax basis of goodwill, a deferred tax benefit does not offset the current tax expense.

(3) Certain of our consolidated VIEs incur expenses that are not attributable to non-controlling interests because we absorb certain related losses of the VIEs. These expenses are not tax-deductible by us, and since these VIEs are treated as pass-through entities for income tax purposes, deferred income tax benefits are not recognized.

(4) During the year ended December 31, 2016, 2015, and 2014, we recorded a $1.0 million, $5.7 million, and $10.8 million benefit, respectively, related to the release of liabilities for unrecognized tax benefits as a result of expiration of the applicable statute of limitations and settlements with taxing authorities. See table below which summarizes the activity related to our accrued unrecognized tax benefits.

(5) During the year ended December 31, 2015, we recorded a $12.6 million benefit related to the realization of a capital loss upon the sale of the stock of a subsidiary.

Temporary differences between the financial reporting carrying amounts and the tax bases of assets and liabilities give rise to deferred taxes. Total deferred tax assets and deferred tax liabilities as of December 31, 2016 and 2015 were as follows (in thousands):

	2016	2015
Deferred Tax Assets:		
Net operating and capital losses:		
Federal	**$ 68,455**	$ 14,884
State	**63,630**	65,822
Goodwill and intangible assets	**28,879**	33,979
Other	**44,873**	37,812
	205,837	152,497
Valuation allowance for deferred tax assets	**(51,846)**	(58,333)
Total deferred tax assets	**$ 153,991**	$ 94,164
Deferred Tax Liabilities:		
Goodwill and intangible assets	**$ (650,139)**	$ (561,812)
Property & equipment, net	**(80,950)**	(76,106)
Contingent interest obligations	**(20,277)**	(30,575)
Other	**(11,942)**	(10,743)
Total deferred tax liabilities	**(763,308)**	(679,236)
Net deferred tax liabilities	**$ (609,317)**	$ (585,072)

Our remaining federal and state capital and net operating losses will expire during various years from 2017 to 2036, and some of them are subject to annual limitations under the Internal Revenue Code Section 382 and similar state provisions. As discussed in *Income taxes* under *Note 1. Nature of Operations and Summary of Significant Accounting Policies*, we establish valuation allowances in accordance with the guidance related to accounting for income taxes. As of December 31, 2016, a valuation allowance has been provided for deferred tax assets related to a substantial portion of our available state net operating loss carryforwards based on past operating results, expected timing of the reversals of existing temporary book/tax basis differences, alternative tax strategies and projected future taxable income. Although realization is not assured for the remaining deferred tax assets, we believe it is more likely than not that they will be realized in the future. During the year ended December 31, 2016, we decreased our valuation allowance by $6.5 million to $51.8 million. The reduction in valuation allowance was primarily due to changes in estimates of apportionment and a tax rate reduction in certain states. During the year ended December 31, 2015, we decreased our valuation allowance by $0.6 million to $58.3 million. The reduction in valuation allowance was primarily due to changes in estimates of apportionment for certain states. During the year ended December 31, 2014, we increased our valuation allowance by $7.8 million to $58.9 million. The increase in valuation allowance was primarily due to intercompany mergers, effective December 31, 2014, which we expected to decrease the utilization of state NOL carryforwards.

As of December 31, 2016 and 2015, we had $4.7 million and $3.3 million of gross unrecognized tax benefits, respectively. Of this total, for the years ended December 31, 2016 and 2015, $3.9 and $2.6 million (net of federal effect on state tax issues) represent the amounts of unrecognized tax benefits that, if recognized, would favorably affect our effective tax rates.

The following table summarizes the activity related to our accrued unrecognized tax benefits (in thousands):

	2016	2015	2014
Balance at January 1,	**$ 3,257**	$ 7,138	$ 16,883
Additions related to prior year tax positions	**420**	1,458	—
Additions related to current year tax positions	**2,053**	472	1,450
Reductions related to settlements with taxing authorities	**—**	(1,517)	(2,910)
Reductions related to expiration of the applicable statute of limitations	**(991)**	(4,294)	(8,285)
Balance at December 31,	**$ 4,739**	$ 3,257	$ 7,138

In addition, we recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. We recognized $0.2 million, $0.2 million, and $0.7 million of income tax expense for interest related to uncertain tax positions for the years ended December 31, 2016, 2015 and 2014, respectively.

We are subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. All of our 2013 and subsequent federal and state tax returns remain subject to examination by various tax authorities. Some of our pre-2013 federal and state tax returns may also be subject to examination. We do not anticipate the resolution of these matters will result in a material change to our consolidated financial statements. In addition, we don't believe that our liability for unrecognized tax benefits would be materially impacted, in the next twelve months, as a result of expected statute of limitations expirations, the application of limits under available state administrative practice exceptions, and the resolution of examination issues and settlements with federal and certain state tax authorities.

10. COMMITMENTS AND CONTINGENCIES:

Litigation

We are a party to lawsuits and claims from time to time in the ordinary course of business. Actions currently pending are in various stages and no material judgments or decisions have been rendered by hearing boards or courts in connection with such actions. After reviewing developments to date with legal counsel, our management is of the opinion that none of our pending and threatened matters are material. The FCC has undertaken an investigation in response to a complaint it received alleging possible violations of the FCC's sponsorship identification rules by the Company and certain of its subsidiaries. We cannot predict the outcome of any potential FCC action related to this matter but it is possible that such action could include fines and/or compliance programs.

Operating Leases

We have entered into operating leases for certain property and equipment under terms ranging from one to 40 years. The rent expense under these leases, as well as certain leases under month-to-month arrangements, for the years ended December 31, 2016, 2015 and 2014 was approximately $26.0 million, $21.7 million and $19.4 million, respectively.

Future minimum payments under the leases are as follows (in thousands):

2017	$	22,627
2018		22,267
2019		20,899
2020		20,177
2021		18,752
2022 and thereafter		92,019
	$	196,741

Changes in the Rules on Television Ownership

Certain of our stations have entered into what have commonly been referred to as local marketing agreements or LMAs. One typical type of LMA is a programming agreement between two separately owned television stations serving the same market, whereby the licensee of one station programs substantial portions of the broadcast day and sells advertising time during such programming segments on the other licensee's station subject to the latter licensee's ultimate editorial and other controls. We believe these arrangements allow us to reduce our operating expenses and enhance profitability.

In 1999, the FCC established a new local television ownership rule. LMAs fell under this rule, however, the rule grandfathered LMAs that were entered into prior to November 5, 1996, and permitted the applicable stations to continue operations pursuant to the LMAs until the conclusion of the FCC's 2004 biennial review. The FCC stated it would conduct a case-by-case review of grandfathered LMAs and assess the appropriateness of extending the grandfathering periods. The FCC did not initiate any review of grandfathered LMAs in 2004 or as part of its subsequent quadrennial reviews. We do not know when, or if, the FCC will conduct any such review of grandfathered LMAs. Currently, all of our LMAs are grandfathered under the local television ownership rule because they were entered into prior to November 5, 1996. If the FCC were to eliminate the grandfathering of these LMAs, we would have to terminate or modify these LMAs.

In February 2015, the FCC issued an order implementing certain statutorily required changes to its rules governing the duty to negotiate retransmission consent agreements in good faith. With these changes, a television broadcast station is prohibited from negotiating retransmission consent jointly with another television station in the same market unless the "stations are directly or indirectly under common de jure control permitted under the regulations of the Commission." During a 2015 retransmission consent negotiation, an MVPD filed a complaint with the FCC accusing us of violating this rule. Although we reached agreement with the MVPD and they withdrew their complaint, the FCC undertook its own internal investigation regarding the allegations made by the MVPD and whether we negotiated in good faith as defined by the rules. In order to resolve the issues raised by the investigation described above and all other pending matters before the FCC's Media Bureau (Bureau), the Company, on July 29, 2016, without any admission of liability, entered into a consent decree with the FCC pursuant to which the Bureau agreed (i) to terminate their investigation regarding the retransmission consent negotiations described above as well as any other investigations pending before the Bureau, (ii) to dismiss with prejudice or deny any outstanding adversarial pleadings against the Company pending before the Bureau, (iii) to cancel outstanding forfeiture orders issued by the Bureau relating to the Company, and (iv) to grant all of the Company's pending license renewals, subject to a payment by the Company to the United States Treasury in the amount of $9.5 million which was paid in September 2016. In addition, pursuant to the terms of the consent decree, the Company agreed to be subject to ongoing compliance monitoring by the FCC for a period of 36 months.

In September 2015, the FCC released a Notice of Proposed Rulemaking in response to a Congressional directive in STELAR to examine the "totality of the circumstances test" for good-faith negotiations of retransmission consent. The proposed rulemaking seeks comment on new factors and evidence to consider in its evaluation of claims of bad faith negotiation, including service interruptions prior to a "marquee sports or entertainment event," restrictions on online access to broadcast programming during negotiation impasses, broadcasters' ability to offer bundles of broadcast signals with other broadcast stations or cable networks, and broadcasters' ability to invoke the FCC's exclusivity rules during service interruptions. On July 14, 2016, the FCC's Chairman announced that the FCC would not, at this time, proceed to adopt additional rules governing good faith negotiations of retransmission consent. No formal action has yet been taken on this Proposed Rulemaking, and we cannot predict if the full Commission will agree to terminate the Rulemaking without action.

In August 2016, the FCC completed both its 2010 and 2014 quadrennial reviews of its media ownership rules and issued an order (the "Ownership Order") which left most of the existing multiple ownership rules intact, but amended the rules to provide that, for JSAs where two television stations are located in the same market, and a party with an attributable ownership interest in the second station. The Ownership Order also requires that JSAs that existed prior to March 31, 2014, may remain in place until October 1, 2025, at which point they must be terminated, amended or otherwise come into compliance with the rules. These "grandfathered" JSAs may be transferred or assigned without losing grandfathering status. Among other things, the new JSA rule could limit our future ability to create duopolies or other two-station operations in certain markets. We cannot predict whether we will be able to terminate or restructure such arrangements prior to October 1, 2025, on terms that are as advantageous to us as the current arrangements. The revenues of these JSA arrangements we earned during the years ended December 31, 2016 and 2015 were $58.6 million and $46.8 million, respectively. The Ownership Order is the subject of an appeal to the U.S. Court of Appeals for the D.C. Circuit and of Petitions for Reconsideration before the FCC. We cannot predict the outcome of that appeal or petitions.

On September 6, 2016, the FCC released an order eliminating the UHF discount (the UHF Discount Order"). The UHF discount allowed television station owners to discount the coverage of UHF stations when calculating compliance with the FCC's national ownership cap, which prohibits a single entity from owning television stations that reach, in total, more than 39% of all the television households in the nation. All but 28 of the stations we own and operate, or to which we provide programming services are UHF. As a result of the elimination of the UHF discount, counting all our present stations and pending transactions, we reach over 38% of U.S. households (approximately 24% if the UHF discount was still intact). The changes to the national ownership cap could limit our future ability to make television station acquisitions. The UHF Discount Order is the subject of an appeal to the U.S. Court of Appeals for the D.C. Circuit and a Petition for Reconsideration of the UHF Discount Order has also been filed with the FCC. We cannot predict the outcome of the appeal or the Petitions.

If we are required to terminate or modify our LMAs or JSAs, our business could be affected in the following ways:

Losses on investments. In some cases, we own the non-license assets used by the stations we operate under LMAs and JSAs. If certain of these arrangements are no longer permitted, we could be forced to sell these assets, restructure our agreements or find another use for them. If this happens, the market for such assets may not be as good as when we purchased them and, therefore, we cannot be certain of a favorable return on our original investments.

Termination penalties. If the FCC requires us to modify or terminate existing LMAs or JSAs before the terms of the agreements expire, or under certain circumstances, we elect not to extend the terms of the agreements, we may be forced to pay termination penalties under the terms of some of our agreements. Any such termination penalties could be material.

Congress authorized the FCC to conduct so-called "incentive auctions" to auction and re-purpose broadcast television spectrum for mobile broadband use. Pursuant to the auction, television broadcasters submitted bids to receive compensation for relinquishing all or a portion of its rights in the television spectrum of their full-service and Class A stations. Low power stations were not eligible to participate in the auction and are not protected and therefore may be displaced or forced to go off the air as a result of the post-auction repacking process. This "reverse" portion of the spectrum auction was completed in early 2017. Based on the bids accepted by the FCC, we anticipate that we will receive later in 2017 an estimated $313.0 million of gross proceeds from the auction. The results of the auction are not expected to produce any material change in operations or results of the Company. In the repacking process associated with the auction, the FCC has reassigned some stations to new post-auction channels. We do not expect reassignment to new channels to have a material impact on our coverage. We received letters from the FCC in February 2017 notifying us that 93 of our stations have been assigned to new channels. The legislation authorizing the incentive auction provides the FCC with a $1.75 billion fund to reimburse reasonable costs incurred by stations that are reassigned to new channels in the repack.

11. RELATED PERSON TRANSACTIONS:

Transactions with our controlling shareholders

David, Frederick, J. Duncan and Robert Smith (collectively, the controlling shareholders) are brothers and hold substantially all of the Class B Common Stock and some of our Class A Common Stock. We engaged in the following transactions with them and/or entities in which they have substantial interests:

Leases. Certain assets used by us and our operating subsidiaries are leased from entities owned by the controlling shareholders. Lease payments made to these entities were $5.1 million for the years ended December 31, 2016, 2015, and 2014.

In September 2015, we were granted authority by the Federal Communications Commission (FCC) to operate an experimental facility in the Washington D.C. and Baltimore markets to implement a Single Frequency Network (SFN) using the base elements of the new ATSC 3.0 transmission standard. In conjunction with this experimental facility, Cunningham Communications, Inc. provides tower space without charge.

Capital leases payable related to the aforementioned relationships consisted of the following as of December 31, 2016 and 2015 (in thousands):

	2016	2015
Capital lease for building, interest at 8.54%	**$ 1,858**	$ 3,508
Capital leases for building, interest at 7.93%	**317**	679
Capital leases for building, interest at 8.11%	**6,934**	7,432
Capital leases for broadcasting tower facilities, interest at 8.0%	**2,396**	2,749
Capital leases for broadcasting tower facilities, interest at 9.0%	**1,755**	1,958
Capital leases for broadcasting tower facilities, interest at 10.5%	**4,525**	4,690
	17,785	21,016
Less: Current portion	**(3,604)**	(3,166)
	$ 14,181	$ 17,850

Capital leases payable related to the aforementioned relationships as of December 31, 2016 mature as follows (in thousands):

2017	$ 5,061
2018	2,868
2019	2,978
2020	3,093
2021	3,046
2022 and thereafter	7,127
Total minimum payments due	24,173
Less: Amount representing interest	(6,388)
	$ 17,785

Charter Aircraft. We lease aircraft owned by certain controlling shareholders, including a new lease agreement as of February 2016 for the term of thirty months and will be renewed thereafter for successive terms of twelve months. For all leases, we incurred expenses of $1.4 million for both of the years ended December 31, 2016 and 2015 and $1.5 million for the year ended December 31, 2014.

Cunningham Broadcasting Corporation

Cunningham owns a portfolio of television stations including: WNUV-TV Baltimore, Maryland; WRGT-TV Dayton, Ohio; WVAH-TV Charleston, West Virginia; WMYA-TV Anderson, South Carolina; WTTE-TV Columbus, Ohio; WDBB-TV Birmingham, Alabama; WBSF-TV Flint, Michigan; and WGTU-TV/WGTQ-TV Traverse City/Cadillac, Michigan (collectively, the Cunningham Stations). Certain of our stations provide services to these Cunningham Stations pursuant to LMAs or JSAs and SSAs. See *Note 1. Nature of Operations and Summary of Significant Accounting Policies*, for further discussion of the scope of services provided under these types of arrangements.

The estate of Carolyn C. Smith, the mother of our controlling shareholders, currently owns all of the voting stock of the Cunningham Stations. In 2014, Cunningham purchased the remaining amount of non-voting stock from the controlling shareholders, that was previously distributed from the estate for an aggregate purchase price of $2.0 million. The estate of Mrs. Smith currently owns all of the voting stock. The sale of the voting stock by the estate to an unrelated party is pending approval of the FCC. All of the non-voting stock is owned by trusts for the benefit of the children of our controlling shareholders. We consolidate certain subsidiaries of Cunningham, with which we have variable interests through various arrangements related to the Cunningham Stations discussed further below.

The services provided to WNUV-TV, WMYA-TV, WTTE-TV, WRGT-TV and WVAH-TV are governed by a master agreement which has a current term that expires on July 1, 2023 and there are two additional 5 years renewal terms remaining with final expiration on July 1, 2033. We also executed purchase agreements to acquire the license related assets of these stations from Cunningham, which grant us the right to acquire, and grant Cunningham the right to require us to acquire, subject to applicable FCC rules and regulations, 100% of the capital stock or the assets of these individual subsidiaries of Cunningham. Our applications to acquire these license related assets are pending FCC approval. Pursuant to the terms of this agreement we are obligated to pay Cunningham an annual fee for the television stations equal to the greater of (i) 3% of each station's annual net broadcast revenue and (ii) $4.7 million. The aggregate purchase price of these television stations increases by 6% annually. A portion of the fee is required to be applied to the purchase price to the extent of the 6% increase. The remaining aggregate purchase price of these stations as of December 31, 2016 was approximately $53.6 million. Additionally, we provide services to WDBB-TV pursuant to an LMA, which expires April 22, 2025, and a purchase option to acquire for $0.2 million. We paid Cunningham under these agreements, $8.9 million, $8.8 million, and $10.8 million for the years ended December 31, 2016, 2015, and 2014, respectively.

The agreements with WBSF-TV and WGTU-TV/WGTQ-TV expire in November 2021 and August 2023, respectively, and each has renewal provisions for successive eight year periods. We earned $5.4 million, $5.8 million, and $6.0 million from the services we performed for these stations for the years ended December 31, 2016, 2015, and 2014, respectively.

As we consolidate the licensees as VIEs, the amounts we earn or pay under the arrangements are eliminated in consolidation and the gross revenues of the stations are reported within our consolidated statement of operations. Our consolidated revenues related to the Cunningham Stations include $114.9 million, $109.5 million and $111.3 million for the years ended December 31, 2016, 2015, and 2014, respectively.

In July 2014, concurrent with the Allbritton acquisition we terminated the LMA with WTAT (FOX) in Charleston, SC and sold to Cunningham the non-license assets related to this station. Although we have no continuing involvement in the operations of the station, because we had consolidated Cunningham Broadcasting Corporation (the parent company) up until September 2014 (see Variable Interest Entities under Note 1. Nature of Operations and Summary of Significant Accounting Policies), the assets of WTAT were not derecognized and the transaction wa accounted for a transaction between consolidated entities, and no gain on sale was recognized. Upon deconsolidation of Cunningham Broadcasting Corporation, the difference between proceeds received for the sale of WTAT and WYZZ, a station we sold to Cunningham in 2013, and the carrying values of the net assets, which was previously eliminated in consolidation, was reflected as an increase to additional paid in capital in the consolidated balance sheet.

During January 2016, Cunningham entered into a promissory note to borrow $19.5 million from us which is included within notes receivable from affiliates on our consolidated balance sheet. The note bears interest at a fixed rate of 5.0% per annum, which is payable quarterly, commencing March 31, 2016. The note matures in January 2021, with additional one-year renewal periods upon our approval.

In April 2016, we entered into an agreement with Cunningham to provide master control equipment and provide master control services to a station in Johnstown, PA with which they have an LMA that expires in April 2019. Cunningham will pay us an initial fee of $0.7 million and $0.2 million annually for master control services plus the cost to maintain and repair the equipment. Also, in August 2016, we entered into an agreement, expiring October 2021, with Cunningham to provide a news share service with their station in Johnstown, PA beginning in October 2016 for an annual fee of $1.0 million per year.

Atlantic Automotive Corporation

We sold advertising time to and purchased vehicles and related vehicle services from Atlantic Automotive Corporation (Atlantic Automotive), a holding company that owns automobile dealerships and an automobile leasing company. David D. Smith, our President and Chief Executive Officer until January 1, 2017, and now Executive Chairman, has a controlling interest in, and is a member of the Board of Directors of Atlantic Automotive. We received payments for advertising totaling $0.6 million for the year ended December 31, 2016, and $0.4 million for both the years ended December 31, 2015 and 2014. Additionally, Atlantic Automotive leases office space owned by one of our non-media investments which is accounted for under equity method. Atlantic Automotive paid $1.1 million, $1.2 million, and $1.0 million in rent during years ended December 31, 2016, 2015, and 2014, respectively.

Leased property by real estate ventures

Certain of our real estate ventures have entered into leases with entities owned by David Smith to lease restaurant space. There are leases for three restaurants in a building owned by one of our consolidated real estate ventures in Baltimore, MD. Total rent received under these leases was $0.7 million, $0.6 million, and $0.5 million for the years ended December 31, 2016, 2015, and 2014, respectively. Additionally, there is also one lease for a restaurant in a building owned by one of our non-media investments which is accounted for under equity method. Total rent received under this lease was $0.4 million for the year ended December 31, 2016, and $0.3 million for both the years ended December 31, 2015 and 2014.

Payments for services provided by these three restaurants to us was less than $0.1 million for the years ended December 31, 2016, 2015 and 2014.

12. EARNINGS PER SHARE:

The following table reconciles income (numerator) and shares (denominator) used in our computations of earnings per share for the years ended December 31, 2016, 2015 and 2014 (in thousands):

	2016	2015	2014
Income (Numerator)			
Net Income	**$ 250,762**	$ 176,099	$ 215,115
Net income attributable to noncontrolling interests	**(5,461)**	(4,575)	(2,836)
Numerator for diluted earnings available to common shareholders	**$ 245,301**	$ 171,524	$ 212,279
Shares (Denominator)			
Weighted-average common shares outstanding	**93,567**	95,003	97,114
Dilutive effect of outstanding stock settled appreciation rights and stock options	**866**	725	705
Weighted-average common and common equivalent shares outstanding	**94,433**	95,728	97,819

Potentially dilutive securities which would have an anti-dilutive effect on earnings per share were 0.7 million, 0.1 million, and 0.3 million shares for the years ended December 31, 2016, 2015 and 2014, respectively, and therefore excluded from the diluted effect above. The net earnings per share amounts are the same for Class A and Class B Common Stock because the holders of each class are legally entitled to equal per share distributions whether through dividends or in liquidation.

13. SEGMENT DATA:

We measure segment performance based on operating income (loss). Our broadcast segment, which is our only reportable segment, includes stations in 81 markets located throughout the continental United States. Other primarily consists of original networks and content, digital and internet solutions, technical services and other non-media investments. All of our businesses included in Other are located within the United States. Corporate costs primarily include our costs to operate as a public company and to operate our corporate headquarters location. Other and Corporate are not reportable segments but are included for reconciliation purposes.

We had approximately $233.3 million and $226.2 million of intercompany loans between broadcast, other and corporate as of December 31, 2016 and 2015, respectively. We had $24.4 million, $23.1 million, and $20.7 million in intercompany interest expense related to intercompany loans between broadcast, other and corporate for the years ended December 31, 2016, 2015 and 2014, respectively. All other intercompany transactions are immaterial.

Financial information for our reportable segment is included in the following tables for the years ended December 31, 2016, 2015 and 2014 (in thousands):

For the year ended December 31, 2016	Broadcast	Other	Corporate	Consolidated
Revenue	$ 2,530,510	$ 206,439	$ —	$ 2,736,949
Depreciation of property and equipment	91,573	5,772	1,184	98,529
Amortization of definite-lived intangible assets and other assets	155,479	28,316	—	183,795
Amortization of program contract costs and net realizable value adjustments	127,880	—	—	127,880
General and administrative overhead expenses	67,035	2,459	4,062	73,556
Research and development	—	4,085	—	4,085
Operating income (loss)	639,422	(31,258)	(5,311)	602,853
Interest expense	5,641	6,371	199,131	211,143
Income from equity and cost method investments	—	1,735	—	1,735
Goodwill	1,933,831	56,915	—	1,990,746
Assets	4,815,633	866,845	280,690	5,963,168
Capital expenditures	78,909	8,084	7,472	94,465

For the year ended December 31, 2015	Broadcast	Other	Corporate	Consolidated
Revenue	$ 2,118,021	$ 101,115	$ —	$ 2,219,136
Depreciation of property and equipment	99,616	2,753	1,064	103,433
Amortization of definite-lived intangible assets and other assets	152,049	9,405	—	161,454
Amortization of program contract costs and net realizable value adjustments	124,619	—	—	124,619
General and administrative overhead expenses	55,848	2,952	5,446	64,246
Research and development	—	12,436	—	12,436
Operating income (loss)	451,015	(21,800)	(6,479)	422,736
Interest expense	—	4,955	186,492	191,447
Income from equity and cost method investments	—	964	—	964
Goodwill	1,927,705	3,388	—	1,931,093
Assets	4,838,531	415,278	178,506	5,432,315
Capital expenditures	74,902	8,909	7,610	91,421

For the year ended December 31, 2014	Broadcast	Other	Corporate	Consolidated
Revenue	$ 1,904,776	$ 71,782	$ —	$ 1,976,558
Depreciation of property and equipment	99,823	2,350	1,118	103,291
Amortization of definite-lived intangible assets and other assets	118,654	6,842	—	125,496
Amortization of program contract costs and net realizable value adjustments	106,629	—	—	106,629
General and administrative overhead expenses	55,837	1,315	5,343	62,495
Research and development	—	6,918	—	6,918
Operating income (loss)	511,783	(10,671)	(6,461)	494,651
Interest expense	—	4,042	170,820	174,862
Income from equity and cost method investments	—	2,313	—	2,313

14. FAIR VALUE MEASUREMENTS:

Accounting guidance provides for valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). A fair value hierarchy using three broad levels prioritizes the inputs to valuation techniques used to measure fair value. The following is a brief description of those three levels:

- *Level 1:* Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- *Level 3:* Unobservable inputs that reflect the reporting entity's own assumptions.

The carrying value and fair value of our notes and debentures as of December 31, 2016 and 2015 were as follows (in thousands):

	2016		2015	
	Carrying Value (b)	Fair Value	Carrying Value ((b)	Fair Value
Level 2:				
6.375% Senior Unsecured Notes due 2021 (a)	$ —	$ —	$ 350,000	$ 367,325
6.125% Senior Unsecured Notes due 2022	**500,000**	**521,240**	500,000	512,500
5.875% Senior Unsecured Notes due 2026 (a)	**350,000**	**351,456**	—	—
5.625% Senior Unsecured Notes due 2024	**550,000**	**562,755**	550,000	539,000
5.375% Senior Unsecured Notes due 2021	**600,000**	**617,892**	600,000	605,658
5.125% Senior Unsecured Notes due 2027 (a)	**400,000**	**382,028**	—	—
Term Loan A	**272,198**	**271,517**	313,620	308,916
Term Loan B	**1,365,625**	**1,364,841**	1,376,007	1,365,461
Debt of variable interest entities	**23,198**	**23,198**	26,682	26,682
Debt of other non-media related subsidiaries	**135,211**	**135,211**	120,969	120,969

(a) During the year ended 2016, we redeemed the 6.375% Notes and issued the 5.875% and 5.125% Notes. See *Note 6. Notes Payable and Commercial Bank Financing,* for additional information.

(b) Amounts are carried net of debt discount and deferred financing costs, which are excluded in the above table, of $43.4 million and $42.3 million as of December 31, 2016 and 2015.

15. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

Sinclair Television Group, Inc. (STG), a wholly-owned subsidiary and the television operating subsidiary of Sinclair Broadcast Group, Inc. (SBG), is the primary obligor under the Bank Credit Agreement, the 5.375% Notes, the 5.625% Notes, 6.125% Notes, 5.875% Notes, 5.125% Notes, and until they were redeemed, the 6.375% Notes. Our Class A Common Stock and Class B Common Stock as of December 31, 2016, were obligations or securities of SBG and not obligations or securities of STG. SBG is a guarantor under the Bank Credit Agreement, the 5.375% Notes, 5.625% Notes, 6.125% Notes, 5.875% Notes, 5.125% Notes, and until they were redeemed, the 6.375% Notes. As of December 31, 2016, our consolidated total debt of $4,203.8 million included $4,066.8 million of debt related to STG and its subsidiaries of which SBG guaranteed $4,018.0 million.

SBG, KDSM, LLC, a wholly-owned subsidiary of SBG, and STG's wholly-owned subsidiaries (guarantor subsidiaries), have fully and unconditionally guaranteed, subject to certain customary automatic release provisions, all of STG's obligations. Those guarantees are joint and several. There are certain contractual restrictions on the ability of SBG, STG or KDSM, LLC to obtain funds from their subsidiaries in the form of dividends or loans.

The following condensed consolidating financial statements present the consolidated balance sheets, consolidated statements of operations and comprehensive income, and consolidated statements of cash flows of SBG, STG, KDSM, LLC and the guarantor subsidiaries, the direct and indirect non-guarantor subsidiaries of SBG and the eliminations necessary to arrive at our information on a consolidated basis.

These statements are presented in accordance with the disclosure requirements under SEC Regulation S-X, Rule 3-10.

CONDENSED CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2016
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Cash and cash equivalents	$ —	$ 232,297	$ 10,675	$ 17,012	$ —	$ 259,984
Accounts and other receivables	—	—	478,190	37,024	(1,260)	513,954
Other current assets	5,561	3,143	124,313	25,406	(27,273)	131,150
Total current assets	5,561	235,440	613,178	79,442	(28,533)	905,088
Property and equipment, net	1,820	17,925	570,289	131,326	(3,784)	717,576
Investment in consolidated subsidiaries	551,250	3,614,605	4,179	—	(4,170,034)	—
Other long-term assets	46,586	819,506	103,808	169,817	(890,668)	249,049
Goodwill	—	—	1,986,467	4,279	—	1,990,746
Indefinite-lived intangible assets	—	—	140,597	15,709	—	156,306
Definite-lived intangible assets	—	—	1,770,512	233,368	(59,477)	1,944,403
Total assets	$ 605,217	$ 4,687,476	$ 5,189,030	$ 633,941	$ (5,152,496)	$ 5,963,168
Accounts payable and accrued liabilities	$ 100	$ 69,118	$ 225,645	$ 48,815	$ (21,173)	$ 322,505
Current portion of long-term debt	—	55,501	1,851	113,779	—	171,131
Current portion of affiliate long-term debt	1,857	—	1,514	2,336	(2,103)	3,604
Other current liabilities	—	—	127,967	13,590	(2,324)	139,233
Total current liabilities	1,957	124,619	356,977	178,520	(25,600)	636,473
Long-term debt	—	3,939,463	31,014	44,455	—	4,014,932
Affiliate long-term debt	—	—	12,663	396,957	(395,439)	14,181
Other liabilities	15,277	31,817	1,190,717	183,418	(681,583)	739,646
Total liabilities	17,234	4,095,899	1,591,371	803,350	(1,102,622)	5,405,232
Total Sinclair Broadcast Group equity	587,983	591,577	3,597,659	(134,991)	(4,054,245)	587,983
Noncontrolling interests in consolidated subsidiaries	—	—	—	(34,418)	4,371	(30,047)
Total liabilities and equity	$ 605,217	$ 4,687,476	$ 5,189,030	$ 633,941	$ (5,152,496)	$ 5,963,168

CONDENSED CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2015
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Cash and cash equivalents	$ —	$ 115,771	$ 235	$ 33,966	$ —	$ 149,972
Accounts and other receivables	—	1,775	390,142	33,949	(1,258)	424,608
Other current assets	3,648	5,172	99,118	23,278	(4,033)	127,183
Total current assets	3,648	122,718	489,495	91,193	(5,291)	701,763
Property and equipment, net	2,884	20,336	559,042	143,667	(8,792)	717,137
Investment in consolidated subsidiaries	497,262	3,430,434	4,179	—	(3,931,875)	—
Other long-term assets	52,128	673,915	110,507	140,910	(779,173)	198,287
Goodwill	—	—	1,926,814	4,279	—	1,931,093
Indefinite-lived intangible assets	—	—	114,841	17,624	—	132,465
Definite-lived intangible assets	—	—	1,602,454	206,975	(57,859)	1,751,570
Total assets	$ 555,922	$ 4,247,403	$ 4,807,332	$ 604,648	$ (4,782,990)	$ 5,432,315
Accounts payable and accrued liabilities	$ 104	$ 49,428	$ 179,156	$ 27,462	$ (4,837)	$ 251,313
Current portion of long-term debt	—	57,640	1,611	106,358	(1,425)	164,184
Current portion of affiliate long-term debt	1,651	—	1,311	456	(252)	3,166
Other current liabilities	—	—	103,627	12,713	—	116,340
Total current liabilities	1,755	107,068	285,705	146,989	(6,514)	535,003
Long-term debt	—	3,594,218	32,743	42,199	—	3,669,160
Affiliate long-term debt	1,857	—	14,240	366,042	(364,289)	17,850
Other liabilities	26,500	28,866	1,060,211	171,102	(576,055)	710,624
Total liabilities	30,112	3,730,152	1,392,899	726,332	(946,858)	4,932,637
Total Sinclair Broadcast Group equity	525,810	517,251	3,414,433	(91,703)	(3,839,981)	525,810
Noncontrolling interests in consolidated subsidiaries	—	—	—	(29,981)	3,849	(26,132)
Total liabilities and equity	$ 555,922	$ 4,247,403	$ 4,807,332	$ 604,648	$ (4,782,990)	$ 5,432,315

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2016
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Net revenue	$ —	$ —	$ 2,579,284	$ 265,855	$ (108,190)	$ 2,736,949
Media production expenses	—	—	918,200	135,511	(100,622)	953,089
Selling, general and administrative	4,062	70,503	489,882	10,804	(106)	575,145
Depreciation, amortization and other operating expenses	1,064	7,331	465,680	133,810	(2,023)	605,862
Total operating expenses	5,126	77,834	1,873,762	280,125	(102,751)	2,134,096
Operating (loss) income	(5,126)	(77,834)	705,522	(14,270)	(5,439)	602,853
Equity in earnings of consolidated subsidiaries	244,580	463,598	220	—	(708,398)	—
Interest expense	(238)	(198,893)	(4,481)	(32,521)	24,990	(211,143)
Other income (expense)	3,613	(22,867)	715	(281)	—	(18,820)
Total other income (expense)	247,955	241,838	(3,546)	(32,802)	(683,408)	(229,963)
Income tax benefit (provision)	2,472	99,148	(231,504)	7,756	—	(122,128)
Net income (loss)	245,301	263,152	470,472	(39,316)	(688,847)	250,762
Net income attributable to the noncontrolling interests	—	—	—	(4,937)	(524)	(5,461)
Net income (loss) attributable to Sinclair Broadcast Group	$ 245,301	$ 263,152	$ 470,472	$ (44,253)	$ (689,371)	$ 245,301
Comprehensive income (loss)	$ 250,789	$ 263,179	$ 470,472	$ (39,316)	$ (694,335)	$ 250,789

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Net revenue	$ —	$ —	$ 2,076,851	$ 221,633	$ (79,348)	$ 2,219,136
Media production expenses	—	—	725,037	82,450	(74,288)	733,199
Selling, general and administrative	4,441	58,543	418,885	14,272	(167)	495,974
Depreciation, amortization and other operating expenses	1,065	3,779	433,690	131,373	(2,680)	567,227
Total operating expenses	5,506	62,322	1,577,612	228,095	(77,135)	1,796,400
Operating (loss) income	(5,506)	(62,322)	499,239	(6,462)	(2,213)	422,736
Equity in earnings of consolidated subsidiaries	170,104	343,183	195	—	(513,482)	—
Interest expense	(382)	(180,166)	(4,658)	(30,022)	23,781	(191,447)
Other income (expense)	4,765	(151)	269	(2,379)	—	2,504
Total other income (expense)	174,487	162,866	(4,194)	(32,401)	(489,701)	(188,943)
Income tax benefit (provision)	2,543	81,626	(146,331)	4,468	—	(57,694)
Net income (loss)	171,524	182,170	348,714	(34,395)	(491,914)	176,099
Net income attributable to the noncontrolling interests	—	—	—	(4,914)	339	(4,575)
Net income (loss) attributable to Sinclair Broadcast Group	$ 171,524	$ 182,170	$ 348,714	$ (39,309)	$ (491,575)	$ 171,524
Comprehensive income (loss)	$ 181,720	$ 187,791	$ 351,760	$ (39,309)	$ (500,242)	$ 181,720

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Net revenue	$ —	$ —	$ 1,870,408	$ 192,616	$ (86,466)	$ 1,976,558
Media production expenses	—	76	573,725	86,266	(81,380)	578,687
Selling, general and administrative	4,320	57,799	359,880	14,795	(2,079)	434,715
Depreciation, amortization and other operating expenses	1,068	5,425	367,514	96,265	(1,767)	468,505
Total operating expenses	5,388	63,300	1,301,119	197,326	(85,226)	1,481,907
Operating (loss) income	(5,388)	(63,300)	569,289	(4,710)	(1,240)	494,651
Equity in earnings of consolidated subsidiaries	211,782	373,228	(201)	—	(584,809)	—
Interest expense	(573)	(163,347)	(4,869)	(27,364)	21,291	(174,862)
Other income (expense)	4,377	(14,651)	998	2,024	10	(7,242)
Total other income (expense)	215,586	195,230	(4,072)	(25,340)	(563,508)	(182,104)
Income tax benefit (provision)	2,081	83,897	(185,193)	1,783	—	(97,432)
Income from discontinued operations, net of tax	—	—	—	—	—	—
Net income (loss)	212,279	215,827	380,024	(28,267)	(564,748)	215,115
Net income attributable to the noncontrolling interests	—	—	—	(2,836)	—	(2,836)
Net income (loss) attributable to Sinclair Broadcast Group	$ 212,279	$ 215,827	$ 380,024	$ (31,103)	$ (564,748)	$ 212,279
Comprehensive income (loss)	$ 211,759	$ 213,284	$ 378,926	$ (27,982)	$ (564,228)	$ 211,759

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
NET CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	$ (11,784)	$ (150,230)	$ 721,991	$ 7,914	$ 23,875	591,766
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES:						
Acquisition of property and equipment	—	(8,006)	(82,450)	(5,009)	1,000	(94,465)
Payments for acquisition of television stations	—	—	(415,482)	(10,375)	—	(425,857)
Purchase of alarm monitoring contracts	—	—	—	(40,206)	—	(40,206)
Proceeds from sale of assets	—	—	7,263	9,133	—	16,396
Investments in equity and cost method investees	(2,945)	(15,620)	(27)	(32,655)	—	(51,247)
Other, net	1,714	(21,395)	3,985	5,072	—	(10,624)
Net cash flows (used in) from investing activities	(1,231)	(45,021)	(486,711)	(74,040)	1,000	(606,003)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:						
Proceeds from notes payable, commercial bank financing and capital leases	—	995,000	—	29,912	—	1,024,912
Repayments of notes payable, commercial bank financing and capital leases	—	(650,422)	(1,633)	(19,160)	—	(671,215)
Dividends paid on Class A and Class B Common Stock	(65,909)	—	—	—	—	(65,909)
Repurchase of outstanding Class A Common Stock	(136,283)	—	—	—	—	(136,283)
Payments for deferred financing cost	—	(15,430)	—	(251)	—	(15,681)
Noncontrolling interests distributions	—	—	—	(10,464)	—	(10,464)
Increase (decrease) in intercompany payables	218,054	(17,778)	(224,551)	49,403	(25,128)	—
Other, net	(2,847)	407	1,344	(268)	253	(1,111)
Net cash flows (used in) from financing activities	13,015	311,777	(224,840)	49,172	(24,875)	124,249
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	—	116,526	10,440	(16,954)	—	110,012
CASH AND CASH EQUIVALENTS, beginning of period	—	115,771	235	33,966	—	149,972
CASH AND CASH EQUIVALENTS, end of period	$ —	$ 232,297	$ 10,675	$ 17,012	$ —	$ 259,984

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
NET CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	$ (3,759)	$ (131,363)	$ 530,768	$ (16,864)	$ 24,145	$ 402,927
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES:						
Acquisition of property and equipment	—	(6,605)	(84,079)	(2,586)	1,849	(91,421)
Payments for acquisition of television stations	—	—	(17,011)	—	—	(17,011)
Purchase of alarm monitoring contracts	—	—	—	(39,185)	—	(39,185)
Proceeds from sale of broadcast assets	—	—	23,650	—	—	23,650
Investments in equity and cost method investees	—	(8,998)	(27)	(35,690)	—	(44,715)
Other, net	4,598	(5,447)	575	17,645	—	17,371
Net cash flows (used in) from investing activities	4,598	(21,050)	(76,892)	(59,816)	1,849	(151,311)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:						
Proceeds from notes payable, commercial bank financing and capital leases	—	349,562	—	33,325	—	382,887
Repayments of notes payable, commercial bank financing and capital leases	(528)	(382,691)	(1,286)	(10,642)	—	(395,147)
Dividends paid on Class A and Class B Common Stock	(62,733)	—	—	—	—	(62,733)
Repurchase of outstanding Class A Common Stock	(28,823)	—	—	—	—	(28,823)
Payments for deferred financing costs	—	(3,604)	—	(243)	—	(3,847)
Noncontrolling interest distributions	—	—	—	(9,918)	—	(9,918)
Increase (decrease) in intercompany payables	89,319	303,755	(452,897)	85,953	(26,130)	—
Other, net	1,926	(2,232)	(1,207)	(368)	136	(1,745)
Net cash flows (used in) from financing activities	(839)	264,790	(455,390)	98,107	(25,994)	(119,326)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	—	112,377	(1,514)	21,427	—	132,290
CASH AND CASH EQUIVALENTS, beginning of period	—	3,394	1,749	12,539	—	17,682
CASH AND CASH EQUIVALENTS, end of period	$ —	$ 115,771	$ 235	$ 33,966	$ —	$ 149,972

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
NET CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	$ (26,528)	$ (145,795)	$ 628,103	$ (35,694)	$ 12,513	$ 432,599
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES:						
Acquisition of property and equipment	—	(8,864)	(71,152)	(2,722)	1,280	(81,458)
Payments for acquisition of television stations	—	—	(1,485,039)	—	—	(1,485,039)
Purchase of alarm monitoring contracts	—	—	—	(27,701)	—	(27,701)
Proceeds from sale of broadcast assets	—	—	176,675	—	—	176,675
Decrease in restricted cash	—	11,525	91	—	—	11,616
Investments in equity and cost method investees	—	—	—	(8,104)	—	(8,104)
Proceeds from insurance settlement	—	17,042	—	—	—	17,042
Other, net	1,000	—	392	(1,779)	—	(387)
Net cash flows (used in) from investing activities	1,000	19,703	(1,379,033)	(40,306)	1,280	(1,397,356)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:						
Proceeds from notes payable, commercial bank financing and capital leases	—	1,466,500	507	33,713	—	1,500,720
Repayments of notes payable, commercial bank financing and capital leases	(556)	(574,584)	(1,028)	(6,596)	—	(582,764)
Dividends paid on Class A and Class B Common Stock	(61,103)	—	—	—	—	(61,103)
Repurchases of outstanding Class A Common Stock	(133,157)	—	—	—	—	(133,157)
Payments for deferred financing costs	—	(16,590)	—	—	—	(16,590)
Noncontrolling interest distributions	—	—	—	(8,184)	—	(8,184)
Increase (decrease) in intercompany payables	218,081	(981,669)	725,678	51,703	(13,793)	—
Other, net	2,263	(2,145)	(1,072)	4,367	—	3,413
Net cash flows (used in) from financing activities	25,528	(108,488)	724,085	75,003	(13,793)	702,335
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	—	(234,580)	(26,845)	(997)	—	(262,422)
CASH AND CASH EQUIVALENTS, beginning of period	—	237,974	28,594	13,536	—	280,104
CASH AND CASH EQUIVALENTS, end of period	$ —	$ 3,394	$ 1,749	$ 12,539	$ —	$ 17,682

QUARTERLY FINANCIAL INFORMATION (UNAUDITED):
(In thousands, except per share data)

For the Quarter Ended		3/31/2016		6/30/2016		9/30/2016		12/31/2016
Total revenues, net	$	578,889	$	666,534	$	693,835	$	797,691
Operating income	$	86,339	$	129,074	$	153,994	$	233,446
Net income	$	25,629	$	50,600	$	52,033	$	122,500
Net income attributable to Sinclair Broadcast Group	$	24,140	$	49,419	$	50,845	$	120,897
Basic earnings per common share	$	0.25	$	0.52	$	0.54	$	1.34
Diluted earnings per common share	$	0.25	$	0.52	$	0.54	$	1.32

For the Quarter Ended		3/31/2015		6/30/2015		9/30/2015		12/31/2015
Total revenues, net	$	504,775	$	554,167	$	548,404	$	611,790
Operating income	$	84,547	$	114,340	$	99,606	$	124,243
Net income	$	24,836	$	46,399	$	44,034	$	60,830
Net income attributable to Sinclair Broadcast Group	$	24,282	$	45,787	$	43,255	$	58,200
Basic earnings per common share	$	0.26	$	0.48	$	0.46	$	0.62
Diluted earnings per common share	$	0.25	$	0.48	$	0.45	$	0.61

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Sinclair Broadcast Group, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, of comprehensive income, of equity (deficit), and of cash flows present fairly, in all material respects, the financial position of Sinclair Broadcast Group, Inc. and its subsidiaries (the Company) at December 31, 2016 and December 31, 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the Report of Management on Internal Control over Financial Reporting appearing on page 28 of the 2016 Annual Report to Shareholders. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in the Report of Management on Internal Control over Financial Reporting, management has excluded the Tennis Channel and certain television stations (KUQI, KTOV, KXPX, WTVH, WSBT, KHGI, KWNB, KFXL, KJZZ and WSJV) from its assessment of internal control over financial reporting as of December 31, 2016 because they were acquired by the Company in purchase business combinations during 2016. We have also excluded the Tennis Channel and these television stations (KUQI, KTOV, KXPX, WTVH, WSBT, KHGI, KWNB, KFXL, KJZZ and WSJV) from our audit of internal control over financial reporting. The Tennis Channel and these television stations (KUQI, KTOV, KXPX, WTVH, WSBT, KHGI, KWNB, KFXL, KJZZ and WSJV) are wholly-owned subsidiaries whose total assets and total revenues represent 8% and 5%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2016.

PricewaterhouseCoopers LLP

Baltimore, Maryland
February 28, 2017

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TELEVISION STATION MANAGEMENT

Each of our stations or markets has a general manager and a group manager. The group managers are responsible for managing a number of stations and in some cases are also the general managers for a station or market. Below is a list of our group managers and general managers as well as the station or market for each general manager.

GROUP MANAGERS

Ann H. Ellis
William J. Fanshawe
Alan B. Frank
Daniel J. Hoffman
James C. Killen
Jonathan P. Lawhead
Daniel P. Mellon
David F. Schwartz
John T. Seabers
Robert Weisbord

GENERAL MANAGERS/STATION MANAGERS

Pat Baldwin – Tulsa, Oklahoma
Lisa Barhorst – Dayton, Ohio
James Baronet – Wichita/Hutchinson, Kansas
Vincent Barresi – Lincoln, NE
Robert Berry – Yakima/Pasco/Richland/Kennewick, Washington
Matthew Bowman – Greensboro/Highpoint/Winston-Salem, North Carolina
Bill Bradley – Harrisburg/Lancaster/Lebanon/York, Pennsylvania
Teresa Burgess – Bakersfield, California
Tom Burke – Minneapolis/St. Paul, Minnesota
Robert Butterfield – West Palm Beach/Fort Pierce, Florida
John Cadman – Wilkes-Barre/Scranton, Pennsylvania
Glen Callanan – Cedar Rapids, Iowa
Amie Chapman – Reno, Nevada
Amy Collins – Syracuse, New York
Chad Conklin – Flint/Saginaw/Bay City, Michigan
Greg Conner – Columbia, South Carolina/Albany, Georgia
Jack Connors – Asheville, North Carolina/Anderson, South Carolina-Greenville-Spartanburg, South Carolina
Ronna Corrente – Lexington, Kentucky
Mike Costa – Chattanooga, Tennessee
Kent Crawford – Salt Lake City, Utah
Cory Culleton – Gainesville, Florida
Tony D'Angelo – Columbus, Ohio
John DeSimone – Madison, Wisconsin
John Dittmeier – Tallahassee, Florida
James Doty – Johnstown/Altoona, Pennsylvania
Janene Drafs – Seattle/Tacoma, Washington
Bill Fanshawe – Baltimore, MD
Charity Freeman – Toledo, Ohio
Deb Gay – Albany, Georgia
Linda Guerrero Deicla – Harlingen/Weslaco/Brownsville/McAllen, Texas
Todd Harrison – Traverse City/Cadillac, Michigan
Kevin Hayes – El Paso, Texas
Paula Hayward – Beaumont, Texas
Billy Huggins – Myrtle Beach/Florence, South Carolina
John Hummel – Raleigh/Durham, North Carolina
Tom Humpage – Portland, Maine
Tom Hurley – Corpus Christi, Texas
JR Jackson – Eugene, Oregon
George Kayes – Roanoke/Lynchburg, Virginia
Kingsley Kelley – Medford, Oregon
Carol Kellum – Ottumwa, Iowa/Kirksville, Missouri
William Lanesey – Oklahoma City, Oklahoma
Eric Land – Birmingham, Alabama
Jim Lapiana – Pittsburgh, Pennsylvania
Jonathan Lawhead - Cincinnati, Ohio
Karen Lincoln – Macon, Georgia
Rick Lipps – Champaign/Springfield/Decatur, Illinois
Jay C. Lowe – Mobile, Alabama/Pensacola, Florida
Jim Lutton – Grand Rapids/Kalamazoo, Michigan
Nick Magnini – Buffalo, New York
Jeff McCallister – Norfolk, Virginia
Tim McCoy – Wheeling, West Virginia/Steubenville, Ohio
Dan Mellon – Arlington, Virginia/Washington, DC
Sharon Merrell – Quincy, Illinois/Hannibal, Missouri/Keokuk, Iowa
Jeff Miller – Omaha, Nebraska
Mary Margaret Nelms – Charleston, South Carolina
Vince Nelson – Albany, New York
John Nizamis – South Bend-Elkhart, Indiana
Noreen Parker – Nashville, Tennessee
Jack Peck – Fresno/Visalia, California
Tim Perry – Richmond, Virginia
David Praga – Spokane-Yakima/Pasco/Richland/Kennewick, Washington
Michael Pumo – West Palm Beach/Fort Pierce, Florida
Dean Radla – San Antonio, Texas
Mark Rose – Little Rock/Pine Bluff, Arkansas
Chuck Samuels – Rochester, New York
John Seabers – San Antonio, Texas
Steve Scollard – Sioux City, Iowa
Daniel Stellmon – Spokane, Washington
Larry Strumwasser – Milwaukee, Wisconsin
Audra Swain – Las Vegas, Nevada
John Tamerlano – Portland, Oregon
Thomas Tipton – St. Louis, Missouri-Cape Girardeau, Missouri/Paducah, Kentucky
Bobby Totsch – Mobile, Alabama/Pensacola, Florida
Robert Truman – Boise, Idaho
Mark Turner – Charleston/Huntington, West Virginia
Victor Vetters – Providence, Rhode Island/New Bedford, Massachusetts
Amy Villarreal – Austin, Texas
Tim Walsh – Savannah, Georgia
Steven Rohrer – Des Moines/Ames, Iowa
Laura Wolf – Amarillo, Texas
Elizabeth Worsham – Columbia/Jefferson City, Missouri
Jay Zollar – Green Bay/Appletovn, Wisconsin

Tennis Channel and Tennis Media Vice Presidents

Allison Bodenmann – Senior Vice President, Ad Sales
Steven Badeau – Senior Vice President, Research
David Egdes – Senior Vice President, Technical Industry Relations
Dianne Grant – Senior Vice President, Human Resources
Brian Klein – Vice President, Finance and Controller
Thomas Kymn – Vice President, Data Systems & Information Technology
Douglas Martz – Senior Vice President, Ad Sales and Integrated Partnerships
Deirdre O'Grady – Vice President, Planning and Operations
Lee Schlazer – Vice President, Distribution
Peter Steckelman – Senior Vice President, Business & Legal
Adam Ware – Senior Vice President, Digital Media
Robert Whyley – Senior Vice President, Production

BROADCAST
Steven M. Marks
Executive Vice President,
Chief Operating Officer,
Sinclair Television Group

Steven J. Pruett
Executive Vice President, Chief TV
Development Officer

Robert F. Malandra
Senior Vice President, Advanced Revenue
Development & Analytics

Delbert R. Parks III
Senior Vice President, Chief Technology Officer

Mark A. Aitken
Vice President, New Technology

Harvey Arnold
Vice President, Engineering

Tammy L. Dupuy
Vice President, Programming

Dana R. Feldman
Vice President, Promotions

David G. Howitt
Vice President, Programming

Joseph A. Koff
Vice President, Training & Development

J. Michael Kralec
Vice President, Data Systems & Information
Technology Services

Jerry D. Lilly
Vice President, Operations

I. Scott Livingston
Vice President, News

David F. Schwartz
Vice President, Sales

Gregg L. Siegel
Vice President, National Sales

Jonathan D. Spaet
Vice President, Networks Sales & Development

CONTENT
Arthur Hasson
Chief Operating Officer,
Sinclair Programming

Joseph A. Koff,
Vice President, Chief Operating Officer, Ring
of Honor Wrestling Entertainment, LLC

DIGITAL
Robert D. Weisbord
Vice President,
Chief Operating Officer,
Sinclair Digital

Kevin J. Cotlove
Vice President,
Digital Operations & Content,
Sinclair Digital

Benjamin A. Miller
Vice President,
Product Development,
Sinclair Digital

J. Ryan Moore
Vice President, Digital Sales, Sinclair
Digital

John F. Solomon IV
Chief Operating Officer,
Circa

NETWORKS
Doron Gorshein
Chief Operating Officer,
Sinclair Networks Group LLC

Todd Siegel
Vice President, Sales

Kenneth A. Solomon
President, Tennis Channel Inc.

William S. Simon
Executive Vice President, Chief Operating
Officer & Chief Financial Officer,
Tennis Channel Inc.

TECHNICAL & NON-MEDIA
W. Gary Dorsch
President, Keyser Capital LLC

Alfred D. Johnson, Jr.
Vice President, Keyser Capital LLC

William H. Kinnear, Jr.
Vice President, Keyser Capital LLC

Jerald N. Fritz
Executive Vice President, Strategic
& Legal Affairs, ONE Media LLC

Kevin D. Gage
Executive Vice President, Strategic
Development & Chief Technology Officer,
ONE Media LLC

Andrew H. Whiteside
President, Dielectric LLC and
General Manager, Acrodyne Technical
Services LLC

Keith L. Pelletier
Vice President & General Manager,
Dielectric LLC

Jay S. Martin
Vice President, Sales, Dielectric LLC

John L. Schadler
Vice President, Engineering, Dielectric LLC

Stephen R. Altshuler
President, Triangle Sign & Service LLC

Robert M. Kaye
Executive Vice President, Triangle Sign &
Service LLC

Robert W. Mount
Vice President, Triangle Sign & Service LLC

SINCLAIR BROADCAST GROUP, INC.

OFFICERS

David D. Smith
Executive Chairman

Frederick G. Smith
Vice President

J. Duncan Smith
Vice President

David B. Amy
Vice Chairman

Christopher S. Ripley
President & Chief Executive Officer

Barry M. Faber
Executive Vice President,
General Counsel, Distribution &
Network Relations

Lucy A. Rutishauser
Senior Vice President,
Chief Financial Officer & Treasurer

David R. Bochenek
Senior Vice President, Chief Accounting Officer

Rebecca J. Hanson
Senior Vice President, Strategy & Policy

Donald H. Thompson
Senior Vice President, Human Resources

Justin L. Bray
Vice President, Corporate Controller

Jamie C. Dembeck
Vice President, Human Resources

David B. Gibber
Vice President, Deputy General Counsel

Paul E. Nesterovsky
Vice President, Tax

Scott H. Shapiro
Vice President, Corporate Development

Thomas I. Waters, III
Vice President, Facilities & Property
Management

BOARD OF DIRECTORS

David D. Smith
Chairman of the Board,
Executive Chairman

Frederick G. Smith
Vice President

J. Duncan Smith
Vice President, Secretary

Robert E. Smith
Director

Howard E. Friedman
Director

Daniel C. Keith
Director

Martin R. Leader
Director

Lawrence E. McCanna
Director

ANNUAL MEETING

The Annual Meeting of stockholders will be held at Sinclair Broadcast Group's corporate offices,
10706 Beaver Dam Road
Hunt Valley, MD 21030
Thursday, June 1, 2017 at 10:00am.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers, LLP
100 East Pratt Street
Suite 1900
Baltimore, MD 21202-1096

TRANSFER AGENT AND REGISTRAR

Questions regarding stock certificates, change of address, or other stock transfer account matters may be directed to:

American Stock Transfer & Trust Company, LLC
Operations Center
6201 15th Ave.
Brooklyn, NY 11219
Toll Free: 1-800-937-5449
Email: info@amstock.com
Website: www.amstock.com

FORM 10-K, ANNUAL REPORT

A copy of the Company's 2016 Form 10-K, as filed with the Securities and Exchange Commission, is available, at no charge, on the Company's website www.sbgi.net or upon written request to:

Lucy A. Rutishauser
SVP, CFO & Treasurer
Sinclair Broadcast Group, Inc.
10706 Beaver Dam Road
Hunt Valley, MD 21030
410-568-1500

COMMON STOCK

The Company's Class A Common Stock trades on the Nasdaq Global Select Market tier of the Nasdaq^{SM} Stock Market under the symbol SBGI.

SINCLAIR

BROADCAST GROUP