UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark one)

☒ **Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended June 30, 2022 or

☐ **Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the transition period from _________ to _________ .

Commission file number: 1-13796

Gray Television, Inc.
(Exact name of registrant as specified in its charter)

Georgia	**58-0285030**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
4370 Peachtree Road, NE, Atlanta, Georgia	**30319**
(Address of principal executive offices)	(Zip code)

(404) 504-9828
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report.)

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

Title of each Class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock (no par value)	**GTN.A**	**New York Stock Exchange**
common stock (no par value)	**GTN**	**New York Stock Exchange**

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐

Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

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

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

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

Common Stock (No Par Value)	Class A Common Stock (No Par Value)
85,521,216 shares outstanding as of July 29, 2022	**7,573,222 shares outstanding as of July 29, 2022**

INDEX

GRAY TELEVISION, INC.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

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

	June 30, 2022	December 31, 2021
Assets:		
Current assets:		
Cash	$ 162	$ 189
Accounts receivable, less allowance for credit losses of $15 and $16, respectively	614	624
Current portion of program broadcast rights, net	11	35
Income tax refunds receivable	21	21
Prepaid income taxes	107	40
Prepaid and other current assets	36	54
Total current assets	951	963
Property and equipment, net	1,260	1,165
Operating leases right of use asset	70	70
Broadcast licenses	5,314	5,303
Goodwill	2,657	2,649
Other intangible assets, net	739	825
Investments in broadcasting and technology companies	120	117
Other	12	16
Total assets	$ 11,123	$ 11,108

See notes to condensed consolidated financial statements.

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

	June 30, 2022	December 31, 2021
Liabilities and stockholders' equity:		
Current liabilities:		
Accounts payable	$ 66	$ 59
Employee compensation and benefits	88	97
Accrued interest	53	52
Accrued network programming fees	39	34
Other accrued expenses	39	44
Federal and state income taxes	17	10
Current portion of program broadcast obligations	12	37
Deferred revenue	22	14
Dividends payable	14	13
Current portion of operating lease liabilities	9	9
Current portion of long-term debt	15	15
Total current liabilities	374	384
Long-term debt, less current portion and deferred financing costs	6,690	6,740
Program broadcast obligations, less current portion	2	5
Deferred income taxes	1,471	1,471
Accrued pension costs	21	24
Operating lease liabilities, less current portion	63	63
Other	14	14
Total liabilities	8,635	8,701
Commitments and contingencies (Note 10)		
Series A Perpetual Preferred Stock, no par value; cumulative; redeemable; designated 1,500,000 shares, issued and outstanding 650,000 shares at each date and $650 aggregate liquidation value at each date	650	650
Stockholders' equity:		
Common stock, no par value; authorized 200,000,000 shares, issued 105,104,057 shares and 104,286,324 shares, respectively, and outstanding 85,521,216 shares and 87,539,056 shares, respectively	1,141	1,127
Class A common stock, no par value; authorized 25,000,000 shares, issued 9,675,139 shares and 9,424,691 shares, respectively, and outstanding 7,573,222 shares and 7,426,512 shares, respectively	43	39
Retained earnings	988	869
Accumulated other comprehensive loss, net of income tax benefit	(27)	(27)
	2,145	2,008
Treasury stock at cost, common stock, 19,582,841 shares and 16,747,268 shares, respectively	(277)	(223)
Treasury stock at cost, Class A common stock, 2,101,917 shares and 1,998,179 shares, respectively	(30)	(28)
Total stockholders' equity	1,838	1,757
Total liabilities and stockholders' equity	$ 11,123	$ 11,108

See notes to condensed consolidated financial statements.

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

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Revenue (less agency commissions):				
Broadcasting	$ 855	$ 537	$ 1,659	$ 1,067
Production companies	13	10	36	24
Total revenue (less agency commissions)	868	547	1,695	1,091
Operating expenses before depreciation, amortization and gain on disposal of assets, net:				
Broadcasting	528	354	1,058	715
Production companies	14	9	40	26
Corporate and administrative	25	25	53	43
Depreciation	31	25	63	50
Amortization of intangible assets	52	27	104	53
Gain on disposal of assets, net	-	(1)	(5)	(5)
Operating expenses	650	439	1,313	882
Operating income	218	108	382	209
Other expense:				
Miscellaneous expense, net	-	(7)	(2)	(6)
Interest expense	(81)	(47)	(160)	(95)
Income before income taxes	137	54	220	108
Income tax expense	38	15	59	30
Net income	99	39	161	78
Preferred stock dividends	13	13	26	26
Net income attributable to common stockholders	$ 86	$ 26	$ 135	$ 52
Basic per share information:				
Net income attributable to common stockholders	$ 0.92	$ 0.27	$ 1.45	$ 0.55
Weighted-average shares outstanding	93	95	93	94
Diluted per share information:				
Net income attributable to common stockholders	$ 0.91	$ 0.27	$ 1.44	$ 0.55
Weighted-average shares outstanding	94	95	94	95
Dividends declared per common share	$ 0.08	$ 0.08	$ 0.16	$ 0.16

See notes to condensed consolidated financial statements.

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

	Class A Common Stock		Common Stock		Retained Earnings	Class A Treasury Stock		Common Treasury Stock		Accumulated Other Comprehensive Loss	Total
	Shares	Amount	Shares	Amount		Shares	Amount	Shares	Amount		
Balance at December 31, 2020	**8,935,773**	**$ 34**	**103,100,856**	**$ 1,110**	**$ 862**	**(1,887,767)**	**$ (26)**	**(14,960,597)**	**$ (188)**	**$ (39)**	**$ 1,753**
Net income	-	-	-	-	39	-	-	-	-	-	39
Preferred stock dividends	-	-	-	-	(13)	-	-	-	-	-	(13)
Common stock dividends	-	-	-	-	(8)	-	-	-	-	-	(8)
Issuance of common stock:											
401(k) Plan	-	-	390,389	7	-	-	-	-	-	-	7
2017 Equity and Incentive Compensation Plan:											
Restricted stock awards	233,425	-	296,042	-	-	(110,412)	(2)	(239,597)	(4)	-	(6)
Restricted stock unit awards	-	-	60,050	-	-	-	-	(18,275)	(1)	-	(1)
Stock-based compensation	-	1	-	2	-	-	-	-	-	-	3
Balance at March 31, 2021	**9,169,198**	**$ 35**	**103,847,337**	**$ 1,119**	**$ 880**	**(1,998,179)**	**$ (28)**	**(15,218,469)**	**$ (193)**	**$ (39)**	**$ 1,774**
Net income	-	-	-	-	39	-	-	-	-	-	39
Preferred stock dividends	-	-	-	-	(13)	-	-	-	-	-	(13)
Common stock dividends	-	-	-	-	(7)	-	-	-	-	-	(7)
Issuance of common stock:											
401(k) Plan	-	-	3,655	-	-	-	-	-	-	-	-
2017 Equity and Incentive Compensation Plan:											
Restricted stock awards	-	-	47,360	-	-	-	-	(16,991)	-	-	-
Stock-based compensation	-	1	-	3	-	-	-	-	-	-	4
Balance at June 30, 2021	**9,169,198**	**$ 36**	**103,898,352**	**$ 1,122**	**$ 899**	**(1,998,179)**	**$ (28)**	**(15,235,460)**	**$ (193)**	**$ (39)**	**$ 1,797**
Balance at December 31, 2021	**9,424,691**	**$ 39**	**104,286,324**	**$ 1,127**	**$ 869**	**(1,998,179)**	**$ (28)**	**(16,747,268)**	**$ (223)**	**$ (27)**	**$ 1,757**
Net income	-	-	-	-	62	-	-	-	-	-	62
Preferred stock dividends	-	-	-	-	(13)	-	-	-	-	-	(13)
Common stock dividends	-	-	-	-	(8)	-	-	-	-	-	(8)
Issuance of common stock:											
401(k) Plan	-	-	307,885	7	-	-	-	-	-	-	7
2017 Equity and Incentive Compensation Plan:											
Restricted stock awards	250,448	-	333,382	-	-	(103,738)	(2)	(138,959)	(3)	-	(5)
Restricted stock unit awards	-	-	108,921	-	-	-	-	(32,958)	(1)	-	(1)
Stock-based compensation	-	2	-	3	-	-	-	-	-	-	5
Balance at March 31, 2022	**9,675,139**	**$ 41**	**105,036,512**	**$ 1,137**	**$ 910**	**(2,101,917)**	**$ (30)**	**(16,919,185)**	**$ (227)**	**$ (27)**	**$ 1,804**
Net income	-	-	-	-	99	-	-	-	-	-	99
Preferred stock dividends	-	-	-	-	(13)	-	-	-	-	-	(13)
Common stock dividends	-	-	-	-	(8)	-	-	-	-	-	(8)
Issuance of common stock:											
2017 Equity and Incentive Compensation Plan:											
Restricted stock awards	-	-	67,545	-	-	-	-	(17,463)	-	-	-
Repurchase of common stock	-	-	-	-	-	-	-	(2,646,193)	(50)	-	(50)
Stock-based compensation	-	2	-	4	-	-	-	-	-	-	6
Balance at June 30, 2022	**9,675,139**	**$ 43**	**105,104,057**	**$ 1,141**	**$ 988**	**(2,101,917)**	**$ (30)**	**(19,582,841)**	**$ (277)**	**$ (27)**	**$ 1,838**

See notes to condensed consolidated financial statements.

GRAY TELEVISION, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(in millions)

	Six Months Ended June 30,	
	2022	2021
Operating activities:		
Net income	$ 161	$ 78
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	63	50
Amortization of intangible assets	104	53
Amortization of deferred loan costs	8	6
Amortization of restricted stock awards	11	7
Amortization of program broadcast rights	25	17
Payments on program broadcast obligations	(26)	(18)
Common stock contributed to 401(k) plan	-	1
Deferred income taxes	-	21
Gain on disposal of assets, net	(5)	(5)
Other	6	1
Changes in operating assets and liabilities:		
Accounts receivable	10	17
Income taxes receivable or prepaid	(67)	(9)
Other current assets	18	51
Accounts payable	7	23
Employee compensation, benefits and pension cost	(8)	13
Accrued network fees and other expenses	7	(34)
Accrued interest	1	-
Income taxes payable	7	(20)
Deferred revenue	8	(14)
Net cash provided by operating activities	330	238
Investing activities:		
Acquisitions of television businesses and licenses, net of cash acquired	(40)	(41)
Purchases of property and equipment	(159)	(121)
Proceeds from asset sales	2	3
Proceeds from Repack reimbursement (Note 1)	5	7
Investment in broadcast, production and technology companies	(9)	(25)
Net cash used in investing activities	(201)	(177)
Financing activities:		
Repayments of borrowings on long-term debt	(58)	-
Repurchase of common stock	(50)	-
Payment of common stock dividends	(16)	(15)
Payment of preferred stock dividends	(26)	(26)
Deferred and other loan costs	-	(1)
Payment of taxes related to net share settlement of equity awards	(6)	(7)
Net cash used in financing activities	(156)	(49)
Net (decrease) increase in cash	(27)	12
Cash at beginning of period	189	773
Cash at end of period	$ 162	$ 785

See notes to condensed consolidated financial statements.

1. Basis of Presentation

The accompanying condensed consolidated balance sheet of Gray Television, Inc. (and its consolidated subsidiaries, except as the context otherwise provides, “Gray,” the “Company,” “we,” “us,” and “our”) as of December 31, 2021, which was derived from the Company’s audited financial statements as of December 31, 2021, and our accompanying unaudited condensed consolidated financial statements as of June 30, 2022 and for the periods ended June 30, 2022 and 2021, have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to those rules and regulations, although we believe that the disclosures made are adequate to make the information not misleading. In our opinion, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. We manage our business on the basis of two operating segments: broadcasting and production companies. Unless otherwise indicated, all station rank, in-market share and television household data herein are derived from reports prepared by Comscore, Inc. (“Comscore”). While we believe this data to be accurate and reliable, we have not independently verified such data nor have we ascertained the underlying assumptions relied upon therein and cannot guarantee the accuracy or completeness of such data. For further information, refer to the consolidated financial statements and footnotes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2021 (the “2021 Form 10-K”). Our financial condition as of, and operating results for the three and six-months ended June 30, 2022, are not necessarily indicative of the financial condition or results that may be expected for any future interim period or for the year ending December 31, 2022.

Overview. We are a multimedia company headquartered in Atlanta, Georgia. We are the nation’s largest owner of top-rated local television stations and digital assets in the United States. Our television stations serve 113 television markets that collectively reach approximately 36 percent of US television households. This portfolio includes 80 markets with the top-rated television station and 100 markets with the first and/or second highest rated television station. We also own video program companies Raycom Sports, Tupelo Media Group (formerly Tupelo Honey), PowerNation Studios, as well as the studio production facilities Assembly Atlanta and Third Rail Studios.

Investments in Broadcasting, Production and Technology Companies. We have investments in several television, production and technology companies. We account for all material investments in which we have significant influence over the investee under the equity method of accounting. Upon initial investment, we record equity method investments at cost. The amounts initially recognized are subsequently adjusted for our appropriate share of the net earnings or losses of the investee. We record any investee losses up to the carrying amount of the investment plus advances and loans made to the investee, and any financial guarantees made on behalf of the investee. We recognize our share in earnings and losses of the investee as miscellaneous (expense) income, net in our consolidated statements of operations. Investments are also increased by contributions made to and decreased by the distributions from the investee. The Company evaluates equity method investments for impairment whenever events or changes in circumstances indicate that the carrying amounts of such investments may be impaired.

Investments in non-public businesses that do not have readily determinable pricing, and for which the Company does not have control or does not exert significant influence, are carried at cost less impairments, if any, plus or minus changes in observable prices for those investments. Gains or losses resulting from changes in the carrying value of these investments are included as miscellaneous (expense) income, net in our consolidated statements of operations. These investments are reported together as a non-current asset on our consolidated balance sheets.

Use of Estimates. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Our actual results could differ materially from these estimated amounts. Our most significant estimates are our allowance for credit losses in receivables, valuation of goodwill and intangible assets, amortization of program rights and intangible assets, pension costs, income taxes, employee medical insurance claims, useful lives of property and equipment and contingencies.

Earnings Per Share. We compute basic earnings per share by dividing net income available to common stockholders by the weighted-average number of common shares outstanding during the relevant period. The weighted-average number of common shares outstanding does not include restricted shares. These shares, although classified as issued and outstanding, are considered contingently returnable until the restrictions lapse and, in accordance with U.S. GAAP, are not included in the basic earnings per share calculation until the shares vest. Diluted earnings per share is computed by including all potentially dilutive common shares, including restricted shares, in the diluted weighted-average shares outstanding calculation, unless their inclusion would be antidilutive.

The following table reconciles basic weighted-average shares outstanding to diluted weighted-average shares outstanding for the three and six-month periods ended June 30, 2022 and 2021, respectively (in millions):

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2022	**2021**	**2022**	**2021**
Weighted-average shares outstanding-basic	93	95	93	94
Common stock equivalents for stock options and restricted shares	1	-	1	1
Weighted-average shares outstanding-diluted	94	95	94	95

Accumulated Other Comprehensive Loss. Our accumulated other comprehensive loss balances as of June 30, 2022 and December 31, 2021, consist of adjustments to our pension liability and the related income tax effect. Our comprehensive income for the six-month periods ended June 30, 2022 and 2021 consisted solely of our net income. As of June 30, 2022 and December 31, 2021 the balances were as follows (in millions):

	June 30, 2022	**December 31, 2021**
Accumulated balances of items included in accumulated other comprehensive loss:		
Increase in pension liability	$ (36)	$ (36)
Income tax benefit	(9)	(9)
Accumulated other comprehensive loss	$ (27)	$ (27)

Property and Equipment. Property and equipment are carried at cost, or in the case of acquired businesses, at fair value. Depreciation is computed principally by the straight-line method. The following table lists the components of property and equipment by major category (dollars in millions):

	June 30, 2022	**December 31, 2021**	**Estimated Useful Lives (in years)**
Property and equipment:			
Land	$ 280	$ 277	
Buildings and improvements	455	453	7 to 40
Equipment	972	961	3 to 20
Construction in progress	198	63	
	1,905	1,754	
Accumulated depreciation	(645)	(589)	
Total property and equipment, net	$ 1,260	$ 1,165	

Maintenance, repairs and minor replacements are charged to operations as incurred; major replacements and betterments are capitalized. The cost of any assets divested, sold or retired and the related accumulated depreciation are removed from the accounts at the time of disposition, and any resulting gain or loss is reflected in income or expense for the period.

In April 2017, the Federal Communications Commission ("FCC") began the process of requiring certain television stations to change channels and/or modify their transmission facilities ("Repack"). The majority of our costs associated with Repack qualify for capitalization, rather than expense. Upon receipt of funds reimbursing us for our Repack costs, we record those proceeds as a component of our (gain) loss on disposal of assets, net.

The following tables provide additional information related to gain on disposal of assets, net included in our condensed consolidated statements of operations and purchases of property and equipment included in our condensed consolidated statements of cash flows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Gain on disposal of assets, net:				
Proceeds from sale of assets	$ (2)	$ (3)	$ (2)	$ (3)
Proceeds from FCC - Repack	-	(3)	(5)	(7)
Net book value of assets disposed	2	4	2	5
Other	-	1	-	-
Total	$ -	$ (1)	$ (5)	$ (5)
Purchase of property and equipment:				
Recurring purchases - operations			$ 67	$ 39
Assembly Atlanta development			92	80
Repack			-	2
Total			$ 159	$ 121

Accounts Receivable and Allowance for Credit Losses. We record accounts receivable from sales and service transactions in our condensed consolidated balance sheets at amortized cost adjusted for any write-offs and net of allowance for credit losses. We are exposed to credit risk primarily through sales of broadcast and digital advertising with a variety of direct and agency-based advertising customers, retransmission consent agreements with multichannel video program distributors and program production sales and services.

Our allowance for credit losses is an estimate of expected losses over the remaining contractual life of our receivables based on an ongoing analysis of collectability, historical collection experience, current economic and industry conditions and reasonable and supportable forecasts. The allowance is calculated using a historical loss rate applied to the current aging analysis. We may also apply additional allowance when warranted by specific facts and circumstances. We generally write off account receivable balances when the customer files for bankruptcy or when all commonly used methods of collection have been exhausted.

The following table provides a roll-forward of the allowance for credit losses. The allowance is deducted from the amortized cost basis of accounts receivable in our condensed consolidated balance sheets (in millions):

	Six Months Ended June 30,	
	2022	2021
Beginning balance	$ 16	$ 10
Provision for credit losses	(1)	1
Amounts written off	-	(1)
Ending balance	$ 15	$ 10

Recent Accounting Pronouncements. In March 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-04, *Reference Rate Reform (Topic 848).* In January 2021, the FASB issued an amendment to ASU 2020-04, ASU 2021-01, *Reference Rate Reform (Topic 848)*, in response to concerns about structural risks of interbank offered rates, and, particularly, the risk of cessation of the London Interbank Offered Rate ("LIBOR"). The amendments in this ASU apply to all entities that elect to apply the optional guidance in Topic 848. An entity may elect to apply the amendments in this ASU on a full retrospective basis as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or on a prospective basis to new modifications from any date within an interim period that includes or is subsequent to the date of the issuance of a final standard, up to the date that financial statements are available to be issued. We are currently evaluating the applicability of this guidance.

In addition to the accounting standard described above, once implemented, certain amounts in our disclosures of revenues have been reclassified to conform to the current presentation. Beginning in 2022, we present our "Core" advertising revenue. In prior periods, we had presented separate line items of local advertising revenue and national advertising revenue and these amounts are now combined into Core advertising revenue.

2. Revenue

Revenue Recognition. We recognize revenue when we have completed a specified service and effectively transferred the control of that service to a customer in return for an amount of consideration we expect to be entitled to receive. The amount of revenue recognized is determined by the amount of consideration specified in a contract with our customers. We have elected to exclude taxes assessed by a governmental authority on transactions with our customers from our revenue. Any unremitted balance is included in current liabilities on our balance sheets.

We record a deposit liability for cash deposits received from our customers that are to be applied as payment once the performance obligation arises and is satisfied. These deposits are recorded as deposit liabilities on our balance sheets. When we invoice our customers for completed performance obligations, we are unconditionally entitled to receive payment of the invoiced amounts. Therefore, we record invoiced amounts in accounts receivable on our balance sheets. We generally require amounts payable under advertising contracts with our political advertising customers to be paid for in advance. We record the receipt of this cash as a deposit liability. Once the advertisement has been broadcast, the revenue is earned, and we record the revenue and reduce the balance in this deposit liability account. We recorded $13 million of revenue in the six-months ended June 30, 2022 that was included in the deposit liability balance as of December 31, 2021. The deposit liability balance is included in deferred revenue on our condensed consolidated balance sheets. The deposit liability balance was $19 million and $13 million as of June 30, 2022 and December 31, 2021, respectively.

Disaggregation of Revenue. Revenue from our production companies segment is generated through our direct sales channel. Revenue from our broadcast and other segment is generated through both our direct and advertising agency intermediary sales channels. The following table presents our revenue from contracts with customers disaggregated by type of service and sales channel (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Market and service type:				
Broadcast Advertising:				
Core advertising	$ 366	$ 279	$ 731	$ 539
Political	90	6	116	15
Total advertising	456	285	847	554
Retransmission consent	382	242	775	489
Production companies	13	10	36	24
Other	17	10	37	24
Total revenue	$ 868	$ 547	$ 1,695	$ 1,091
Sales channel:				
Direct	$ 536	$ 358	$ 1,087	$ 715
Advertising agency intermediary	332	189	608	376
Total revenue	$ 868	$ 547	$ 1,695	$ 1,091

3. Acquisition

On April 1, 2022, we acquired television station WKTB-TV the Telemundo Network Group, LLC affiliate in the Atlanta, Georgia market (DMA 10), as well as certain digital media assets, for a combined purchase price of $31 million, using cash on hand (the "Telemundo Atlanta Transaction").

The following table summarizes the preliminary values of the assets acquired and resulting goodwill of the Telemundo Atlanta Transaction (in millions):

Accounts receivable, net	$ 1
Property and equipment and other assets	1
Goodwill	10
Broadcast licenses	1
Network affiliation	14
Other intangible assets	4
Total	$ 31

These amounts are based upon management's preliminary estimate of the fair values using valuation techniques including income, cost and market approaches. In determining the preliminary fair value of the acquired assets and assumed liabilities, the fair values were determined based on, among other factors, expected future revenue and cash flows, expected future growth rates, and estimated discount rates.

Property and equipment are recorded at their fair value and are being depreciated over their estimated useful lives ranging from 3 to 40 years.

Amounts related to network affiliation and other intangible assets are being amortized over their estimated useful lives of approximately 1 to 4 years.

Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired and liabilities assumed, and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, as well as future synergies that we expect to generate from each acquisition. The goodwill recognized related to this acquisition is deductible for income tax purposes.

4. Long-term Debt

As of June 30, 2022 and December 31, 2021, long-term debt consisted of obligations under our 2019 Senior Credit Facility (as defined below), our 5.875% senior notes due 2026 (the "2026 Notes"), our 7.0% senior notes due 2027 (the "2027 Notes"), our 4.75% senior notes due 2030 (the "2030 Notes") and our 5.375% notes due 2031 (the "2031 Notes"), as follows (in millions):

	June 30, 2022	December 31, 2021
Long-term debt :		
2019 Senior Credit Facility:		
2017 Term Loan	$ 545	$ 595
2019 Term Loan	1,190	1,190
2021 Term Loan	1,493	1,500
2026 Notes	700	700
2027 Notes	750	750
2030 Notes	800	800
2031 Notes	1,300	1,300
Total outstanding principal, including current portion	6,778	6,835
Unamortized deferred loan costs - 2017 Term Loan	(6)	(7)
Unamortized deferred loan costs - 2019 Term Loan	(23)	(27)
Unamortized deferred loan costs - 2021 Term Loan	(5)	(5)
Unamortized deferred loan costs - 2026 Notes	(4)	(5)
Unamortized deferred loan costs - 2027 Notes	(8)	(8)
Unamortized deferred loan costs - 2030 Notes	(12)	(13)
Unamortized deferred loan costs - 2031 Notes	(17)	(18)
Unamortized premium - 2026 Notes	2	3
Less current portion	(15)	(15)
Long-term debt, less deferred financing costs	$ 6,690	$ 6,740
Borrowing availability under Revolving Credit Facility	$ 496	$ 497

As of June 30, 2022, the interest rates on the balances outstanding under the 2017 Term Loan, the 2019 Term Loan and the 2021 Term Loan were 3.6%, 3.6% and 4.1% respectively. We expect that interest rates applicable to the 2019 Senior Credit Facility will be modified upon the implementation of a LIBOR replacement rate that will apply to our current and future borrowings under the 2019 Senior Credit Facility. The 2017 Term Loan, 2019 Term Loan and the 2021 Term Loan mature on February 7, 2024, January 2, 2026 and December 1, 2028, respectively.

As of June 30, 2022, the aggregate minimum principal maturities of our long term debt for the remainder of 2022 and the succeeding 5 years were as follows (in millions):

	Minimum Principal Maturities					
Year	2019 Senior Credit Facility	2026 Notes	2027 Notes	2030 Notes	2031 Notes	Total
Remainder of 2022	$ 8	$ -	$ -	$ -	$ -	$ 8
2023	15	-	-	-	-	15
2024	560	-	-	-	-	560
2025	15	-	-	-	-	15
2026	1,205	700	-	-	-	1,905
2027	15	-	750	-	-	765
Thereafter	1,410	-	-	800	1,300	3,510
Total	$ 3,228	$ 700	$ 750	$ 800	$ 1,300	$ 6,778

As of June 30, 2022, there were no significant restrictions on the ability of Gray Television, Inc.'s subsidiaries to distribute cash to Gray or to the guarantor subsidiaries. The 2019 Senior Credit Facility contains affirmative and restrictive covenants with which we must comply. The 2026 Notes, the 2027 Notes, the 2030 Notes and the 2031 Notes also include covenants with which we must comply. As of June 30, 2022 and December 31, 2021, we were in compliance with all required covenants under all our debt obligations.

For all of our interest bearing obligations, we made interest payments of approximately $153 million and $89 million during the six-months ended June 30, 2022 and 2021, respectively. During the six months ended June 30, 2022, we capitalized $2 million of interest payments related to our Assembly Atlanta project. We did not capitalize any interest payments during the six-months ended June 30, 2021.

In the six-months ended June 30, 2022, we paid the required principal reductions of $8 million of our 2021 Term Loan and voluntarily pre-paid $50 million of the outstanding principal balance of our 2017 Term Loan.

5. Fair Value Measurement

We measure certain assets and liabilities at fair value, which are classified by the FASB Codification within the fair value hierarchy as level 1, 2, or 3, on the basis of whether the measurement employs observable or unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s own assumptions and consider information about readily available market participant assumptions.

- Level 1: Quoted prices for identical instruments in active markets
- Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets
- Level 3: Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable

Fair value is defined as the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The use of different market assumptions or methodologies could have a material effect on the fair value measurement.

The carrying amounts of accounts receivable, prepaid and other current assets, accounts payable, employee compensation and benefits, accrued interest, other accrued expenses, and deferred revenue approximate fair value at both June 30, 2022 and December 31, 2021.

At June 30, 2022 and December 31, 2021, the carrying amount of our long-term debt was $6.7 billion and $6.8 billion, respectively, and the fair value was $6.1 billion and $6.9 billion, respectively. The fair value of our long-term debt is based on observable estimates provided by third party financial professionals as of each date, and as such is classified within Level 2 of the fair value hierarchy.

6. Stockholders' Equity

We are authorized to issue 245 million shares in total of all classes of stock consisting of 25 million shares of Class A common stock, 200 million shares of common stock, and 20 million shares of "blank check" preferred stock for which our Board of Directors has the authority to determine the rights, powers, limitations and restrictions. The rights of our common stock and Class A common stock are identical, except that our Class A common stock has 10 votes per share and our common stock has one vote per share.

Our common stock and Class A common stock are entitled to receive cash dividends if declared, on an equal per-share basis. The Board of Directors declared a quarterly cash dividend of $0.08 per share on our common stock and Class A common stock to shareholders of record on each of March 15 and June 15, 2022 and 2021, payable on March 31 and June 30, 2022 and 2021. The total dividends declared and paid during the six-months ended June 30, 2022 and 2021 was approximately $15 million.

On May 5, 2022, our shareholders approved, and our Board of Directors adopted, our 2022 Equity and Incentive Compensation Plan (the "2022 EICP"). The 2022 EICP replaced our 2017 Equity and Incentive Compensation Plan. Under the 2022 EICP, 5.5 million shares of our common stock and 2.2 million shares of our Class A common stock were added to our shares authorized for issuance. Under our various employee benefit plans, we may, at our discretion, issue authorized and unissued shares, or previously issued shares held in treasury, of our Class A common stock or common stock. As of June 30, 2022, we had reserved 7.5 million shares and 2.8 million shares of our common stock and Class A common stock, respectively, for future issuance under various employee benefit plans. As of December 31, 2021, we had reserved 2.8 million shares and 0.8 million shares of our common stock and Class A common stock, respectively, for future issuance under various employee benefit plans.

During the six-months ended June 30, 2022, we repurchased 2.6 million shares of our common stock under our share repurchase programs for $50 million. As of June 30, 2022, approximately $124 million was available to repurchase shares of our common stock and/or Class A common stock under these programs.

7. Retirement Plans

The components of our net periodic pension benefit are included in miscellaneous income in our condensed consolidated statements of operations. During the six-months ended June 30, 2022, the amount recorded as a benefit was not material, and we did not make a contribution to our defined benefit pension plans. During the remainder of 2022, we expect to contribute $4 million to these plans.

During the six-month period ended June 30, 2022, we contributed $9 million in matching cash contributions, and shares of our common stock valued at $7 million for our 2021 discretionary profit-sharing contributions, to the 401(k) plan. The discretionary profit-sharing contribution was recorded as an expense in 2021 and accrued as of December 31, 2021. Based upon employee participation as of June 30, 2022, during the remainder of 2022, we expect to contribute $7 million of matching cash contributions to this plan.

8. Stock-based Compensation

We recognize compensation expense for stock-based payment awards made to our employees, consultants and directors. The following table provides our stock-based compensation expense and related income tax benefit for the three and six-month periods ended June 30, 2022 and 2021 (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Stock-based compensation expense, gross	$ 6	$ 4	$ 11	$ 7
Income tax benefit at our statutory rate associated with stock-based compensation	(2)	(1)	(3)	(1)
Stock-based compensation expense, net	$ 4	$ 3	$ 8	$ 6

All shares of common stock and Class A common stock underlying outstanding restricted stock units and performance awards are counted as issued at target levels under the 2022 EICP for purposes of determining the number of shares available for future issuance.

A summary of restricted common stock and Class A common stock activity for the six-month periods ended June 30, 2022 and 2021, respectively, is as follows:

	Six Months Ended			
	June 30, 2022		June 30, 2021	
	Number of Shares	Weighted-average Grant Date Fair Value Per Share	Number of Shares	Weighted-average Grant Date Fair Value Per Share
Restricted stock - common:				
Outstanding - beginning of period (1)	1,035,728	$ 19.69	917,533	$ 16.84
Granted (1)	400,927	$ 21.68	343,402	$ 18.73
Vested	(341,918)	$ 19.03	(580,963)	$ 15.48
Outstanding - end of period (1)	1,094,737	$ 20.62	679,972	$ 18.96
Restricted stock - Class A common:				
Outstanding - beginning of period (1)	720,421	$ 18.22	480,042	$ 16.10
Granted (1)	250,448	$ 20.52	233,425	$ 17.67
Vested	(229,758)	$ 16.99	(248,539)	$ 15.00
Outstanding - end of period (1)	741,111	$ 19.38	464,928	$ 17.47
Restricted stock units - common stock:				
Outstanding - beginning of period	125,247	$ 19.02	90,184	$ 18.92
Granted	259,079	$ 23.87	95,115	$ 19.05
Vested	(108,921)	$ 19.03	(60,052)	$ 18.92
Forfeited	(1,260)	$ 19.05	-	$ 0.00
Outstanding - end of period	274,145	$ 23.60	125,247	$ 19.02

(1) For awards subject to future performance conditions, amounts assume target performance.

9. Leases

We determine if an arrangement is a lease at its inception. Operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. We generally use our incremental borrowing rate based on the information available at the lease commencement date in determining the present value of future payments, because the implicit rate of the lease is generally not known. Right-of-use ("ROU") assets related to our operating lease liabilities are measured at lease inception based on the initial measurement of the lease liability, plus any prepaid lease payments and less any lease incentives. Our lease terms that are used in determining our operating lease liabilities at lease inception may include options to extend or terminate the leases when it is reasonably certain that we will exercise such options. We amortize our ROU assets as operating lease expense generally on a straight-line basis over the lease term and classify both the lease amortization and imputed interest as operating expenses. We have lease agreements with lease and non-lease components, and in such cases, we generally account for the components separately with only the lease component included in the calculation of the right-of-use asset and lease liability.

We have operating leases that primarily relate to certain of our facilities, data centers and vehicles. As of June 30, 2022, our operating leases substantially have remaining terms of one year to 99 years, some of which include options to extend and/or terminate the leases. We do not recognize lease assets and lease liabilities for any lease with an original lease term of less than one year.

Cash flow movements related to our lease activities are included in other assets and accounts payable and other liabilities as presented in net cash provided by operating activities in our condensed consolidated statement of cash flows for the six-months ended June 30, 2022.

As of June 30, 2022, the weighted-average remaining term of our operating leases was approximately 10 years. The weighted-average discount rate used to calculate the values associated with our operating leases was 6.67%. The table below describes the nature of lease expense and classification of operating lease expense recognized in the three and six-months ended June 30, 2022 and 2021, respectively (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Lease expense				
Operating lease expense	$ 4	$ 3	$ 8	$ 6
Short-term lease expense	-	-	1	1
Total lease expense	$ 4	$ 3	$ 9	$ 7

The maturities of operating lease liabilities as of June 30, 2022, for the remainder of 2022 and the succeeding five years were as follows (in millions):

Year ending December 31,	Operating Leases
Remainder of 2022	$ 7
2023	13
2024	12
2025	11
2026	9
Thereafter	48
Total lease payments	100
Less: Imputed interest	(28)
Present value of lease liabilities	$ 72

10. Commitments and Contingencies

Legal Matters. We are and expect to continue to be subject to legal actions, proceedings and claims that arise in the normal course of our business. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions, proceedings and claims will not materially affect our financial position, results of operations or cash flows, although legal proceedings are subject to inherent uncertainties, and unfavorable rulings or events could have a material adverse impact on our financial position, results of operations or cash flows.

Assembly Atlanta. On June 1, 2022, we announced that we have entered into a long-term agreement with NBCUniversal Media, LLC (“NBCU”) for NBCU to lease and operate new state-of-the-art studio facilities at our Assembly Atlanta development that is currently under construction.

Assembly Atlanta is expected to be a 135-acre mixed-use real estate complex centered around the studio industry at the former site of the General Motors Assembly Plant, located in the City of Doraville, Georgia. The Assembly Atlanta development includes the 43 acre Assembly Studios complex.

Under the terms of the lease, NBCU will manage all studio and production facilities on-site within the Assembly Studios complex, including Gray’s own studio facilities and Gray’s Third Rail Studios. This arrangement is expected to leverage NBCU’s extensive experience and expertise in managing studio lots, ensure consistency across all the studio operations and leasing opportunities for third parties, and permit Gray to retain its focus on its own video production business.

In addition to the Assembly Studios complex, current plans for Assembly Atlanta include mixed use and commercial buildings around a town center concept, when completed in the next five to seven years. We anticipate selling and leasing various parcels to third parties to construct and operate related retail, residential, office, and other amenities within the Assembly Atlanta complex, outside of Assembly Studios. We expect that our capital expenditures related to Assembly Atlanta will be within a range of $130 million to $140 million in 2022, and will be within a range of $80 million to $90 million in 2023. These capital expenditure amounts are net of currently anticipated proceeds from property sales and certain other incentive payments that we expect to receive.

11. Goodwill and Intangible Assets

A summary of changes in our goodwill and other intangible assets, on a net basis, for the six-months ended June 30, 2022 is as follows (in millions):

	Net Balance at December 31, 2021	Acquisitions and Adjustments	Impairments	Amortization	Net Balance at June 30, 2022
Goodwill	$ 2,649	$ 8	$ -	$ -	$ 2,657
Broadcast licenses	5,303	11	-	-	5,314
Finite-lived intangible assets	825	18	-	(104)	739
Total intangible assets net of accumulated amortization	$ 8,777	$ 37	$ -	$ (104)	$ 8,710

A summary of the changes in our goodwill, on a gross basis, for the six-months ended June 30, 2022, is as follows (in millions):

	As of December 31, 2021	Acquisitions and Adjustments	Impairments	As of June 30, 2022
Goodwill, gross	$ 2,748	$ 8	$ -	$ 2,756
Accumulated goodwill impairment	(99)	-	-	(99)
Goodwill, net	$ 2,649	$ 8	$ -	$ 2,657

As of June 30, 2022 and December 31, 2021, our intangible assets and related accumulated amortization consisted of the following (in millions):

	As of June 30, 2022			As of December 31, 2021		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Intangible assets not currently subject to amortization:						
Broadcast licenses	$ 5,367	$ (53)	$ 5,314	$ 5,356	$ (53)	$ 5,303
Goodwill	2,657	-	2,657	2,649	-	2,649
	$ 8,024	$ (53)	$ 7,971	$ 8,005	$ (53)	$ 7,952
Intangible assets subject to amortization:						
Network affiliation agreements	$ 218	$ (66)	$ 152	$ 204	$ (44)	$ 160
Other definite lived intangible assets	1,055	(468)	587	1,051	(386)	665
	$ 1,273	$ (534)	$ 739	$ 1,255	$ (430)	$ 825
Total intangibles	$ 9,297	$ (587)	$ 8,710	$ 9,260	$ (483)	$ 8,777

Amortization expense for the six-months ended June 30, 2022 and 2021 was $104 million and $53 million, respectively. Based on the current amount of intangible assets subject to amortization, we expect that amortization expense for the remainder of 2022 will be approximately $103 million, and, for the succeeding five years, amortization expense will be approximately as follows: 2023, $197 million; 2024, $132 million; 2025, $121 million; 2026, $91 million; and 2027, $49 million. If and when acquisitions and dispositions occur in the future, actual amounts may vary materially from these estimates.

12. Income Taxes

For the three-month and six-month periods ended June 30, 2022 and 2021, our income tax expense and effective income tax rates were as follows (dollars in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Income tax expense	$ 38	$ 15	$ 59	$ 30
Effective income tax rate	28%	28%	27%	28%

We estimate our differences between taxable income or loss and recorded income or loss on an annual basis. Our tax provision for each quarter is based upon these full year projections, which are revised each reporting period. These projections incorporate estimates of permanent differences between U.S. GAAP income or loss and taxable income or loss, state income taxes and adjustments to our liability for unrecognized tax benefits to adjust our statutory Federal income tax rate of 21% to our effective income tax rate. For the six-months ended June 30, 2022, these estimates increased or decreased our statutory Federal income tax rate to our effective income tax rate of 27% as follows: state income taxes added 5% and permanent differences between our U.S. GAAP income and taxable income resulted in an increase of 1%. For the six-months ended June 30, 2021, these estimates increased or decreased our statutory Federal income tax rate to our effective income tax rate of 28% as follows: state income taxes added 5% and permanent differences between our U.S. GAAP income and taxable income resulted in an increase of 2%.

During the six-months ended June 30, 2022, we made $119 million of federal and state income tax payments, net of refunds. During the remainder of 2022, we anticipate making income tax payments (net of our expected $21 million refund) of approximately $70 million to $90 million. As of June 30, 2022, we have an aggregate of approximately $337 million of various state operating loss carryforwards, of which we expect that approximately half will be utilized.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, contains modifications on the limitation of business interest for tax years beginning in 2019 and 2020, and permits net operating loss (“NOL”) carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs incurred in 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. During 2020, we carried back certain net operating losses resulting in a refund of $21 million, that is currently outstanding.

13. Segment Information

The Company operates in two business segments: broadcasting and production companies. The broadcasting segment operates television stations in local markets in the U.S. The production companies segment includes the production of television content. Costs identified as other are primarily corporate and administrative expenses. The following tables present certain financial information concerning the Company's operating segments (in millions):

As of and for the six months ended June 30, 2022:	**Broadcasting**	**Production Companies**	**Other**	**Consolidated**
Revenue (less agency commissions)	$ 1,659	$ 36	$ -	$ 1,695
Operating expenses before depreciation, amortization and gain on disposal of assets, net:	1,058	40	53	1,151
Depreciation and amortization	159	6	2	167
Gain on disposal of assets, net	(5)	-	-	(5)
Operating expenses	1,212	46	55	1,313
Operating income (loss)	$ 447	$ (10)	$ (55)	$ 382
Interest expense	$ -	$ -	$ 160	$ 160
Capital expenditures (excluding business combinations)	$ 66	$ 93	$ -	$ 159
Goodwill	$ 2,612	$ 45	$ -	$ 2,657
Total assets	$ 10,570	$ 343	$ 210	$ 11,123
For the six months ended June 30, 2021:				
Revenue (less agency commissions)	$ 1,067	$ 24	$ -	$ 1,091
Operating expenses before depreciation, amortization and gain on disposal of assets, net:	715	26	43	784
Depreciation and amortization	95	6	2	103
Gain on disposal of assets, net	(5)	-	-	(5)
Operating expenses	805	32	45	882
Operating income (loss)	$ 262	$ (8)	$ (45)	$ 209
Interest expense	$ -	$ -	$ 95	$ 95
Capital expenditures (excluding business combinations)	$ 28	$ 6	$ 87	$ 121
As of December 31, 2021:				
Goodwill	$ 2,604	$ 45	$ -	$ 2,649
Total assets	$ 10,592	$ 269	$ 247	$ 11,108

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Executive Overview

Introduction. The following discussion and analysis of the financial condition and results of operations of Gray Television, Inc. and its consolidated subsidiaries (except as the context otherwise provides, "Gray," the "Company," "we," "us" or "our") should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto included elsewhere herein, as well as with our audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2021 (the "2021 Form 10-K") filed with the SEC.

Business Overview. We are a multimedia company headquartered in Atlanta, Georgia, that is the nation's second largest television broadcaster in terms of revenues. We are the nation's largest owner of top-rated local television stations and digital assets in the United States. Our television stations serve 113 television markets that collectively reach approximately 36 percent of US television households. This portfolio includes 80 markets with the top-rated television station and 100 markets with the first and/or second highest rated television station. We also own video program companies Raycom Sports, Tupelo Media Group (formerly Tupelo Honey), PowerNation Studios, as well as the studio production facilities Assembly Atlanta and Third Rail Studios.

Our revenues are derived primarily from broadcasting and internet advertising, retransmission consent fees and, to a lesser extent, other sources such as production of television and event programming, television commercials, tower rentals and management fees. For the six-months ended June 30, 2022 and 2021, we generated revenue of $1.7 billion and $1.1 billion, respectively.

Impact of the COVID-19 Global Pandemic and Related Government Restrictions on our Markets and Operations. The impact of the COVID-19 global pandemic and measures to prevent its spread continue to affect our businesses in a number of ways. The extent to which the COVID-19 global pandemic impacts our business, financial condition, results of operations and cash flows will depend on numerous evolving factors that we may not be able to accurately predict or assess, including the duration and scope of the pandemic; the negative impact it has on global and regional economies and economic activity, changes in advertising customers and consumer behavior, impact of governmental regulations that might be imposed in response to the pandemic; its short and longer-term impact on the levels of consumer confidence; actions governments, businesses and individuals take in response to the pandemic; and how quickly economies recover after the COVID-19 global pandemic subsides. The COVID-19 global pandemic's impact on the capital markets could impact our cost of borrowing. See "*The* "*COVID-19*" *global pandemic has had and is expected to continue to have an adverse impact on our business*." in Part I, Item 1A. Risk Factors of our 2021 Form 10-K.

Impact of Recent Acquisitions and Divestitures. As more fully described in our 2021 Annual Report on Form 10-K, during 2021 we completed several transactions that have, collectively, had a significant impact on our financial condition, results of operations and cash flows. We refer to these transactions collectively as the "2021 Acquisitions". The impact of the 2021 Acquisitions is described in more detail in the following discussion of our operating results. The 2021 Acquisitions included:

- On April 7, 2021, we acquired land in the Atlanta suburb of Doraville, Georgia for an initial investment of approximately $80 million of cash. We acquired this property, in part, for the development of studio production facilities, currently in-progress. We refer to this development as "Assembly Atlanta";
- On August 2, 2021, we completed the acquisition of all the equity interests of Quincy Media, Inc. Net of divestitures to facilitate regulatory approvals, this transaction added 10 television stations in eight local markets. Net of divestitures the purchase price was $553 million;
- On September 13, 2021, we completed the acquisition of Third Rail Studios for $27 million. The transaction represented an initial step in the broader development of Assembly Atlanta;
- On November 9, 2021, to fund a portion of the purchase price for the Meredith Local Media Group we issued $1.3 billion of our 2031 Notes;
- On December 1, 2021, to fund a portion of the purchase consideration for the Meredith Local Media Group we amended our Senior Credit facility and borrowed $1.5 billion under the 2021 Term Loan; and
- On December 1, 2021, we completed the acquisition of the Meredith Local Media Group for $2.8 billion net of one divestiture to facilitate regulatory approvals. This transaction added 17 television stations in 12 local markets to our operations.

The following table summarizes the "Transaction Related Expenses" incurred in connection with the 2021 Acquisitions during the three and six-months ended June 30, 2022 and 2021, by type and by financial statement line item (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Transaction Related Expenses by type:				
Legal, consulting and other professional fees	$ 1	$ 14	$ 3	$ 15
Incentive compensation and other severance costs	1	-	2	-
Total transaction related expenses	$ 2	$ 14	$ 5	$ 15
Transaction Related Expenses by financial statement line item:				
Operating expenses before depreciation, amortization and gain on disposal of assets, net:				
Broadcasting	$ 2	$ -	$ 4	$ -
Corporate and administrative	-	7	1	8
Miscellaneous expense, net	-	7	-	7
Total transaction related expenses	$ 2	$ 14	$ 5	$ 15

Due to the significant effect that the 2021 Acquisitions have had on our results of operations, and in order to provide more meaningful period over period comparisons, we present herein certain financial information excluding the impact of the 2021 Acquisitions. This financial information does not include any adjustments for other events attributable to the 2021 Acquisitions unless otherwise described.

Revenues, Operations, Cyclicality and Seasonality. Broadcasting advertising is sold for placement generally preceding or following a television station's network programming and within local and syndicated programming. Broadcasting advertising is sold in time increments and is priced primarily on the basis of a program's popularity among the specific audience an advertiser desires to reach. In addition, broadcasting advertising rates are affected by the number of advertisers competing for the available time, the size and demographic makeup of the market served by the station and the availability of alternative advertising media in the market area. Broadcasting advertising rates are generally the highest during the most desirable viewing hours, with corresponding reductions during other hours. The ratings of a local station affiliated with a major network can be affected by ratings of network programming. Most advertising contracts are short-term, and generally run only for a few weeks.

We also sell internet advertising on our stations' websites and mobile apps. These advertisements may be sold as banner advertisements, video advertisements and other types of advertisements or sponsorships.

Our broadcasting and internet advertising revenues are affected by several factors that we consider to be seasonal in nature. These factors include:

- Spending by political candidates, political parties and special interest groups increases during the even-numbered "on-year" of the two-year election cycle. This political spending typically is heaviest during the fourth quarter of such years;
- Broadcast advertising revenue is generally highest in the second and fourth quarters each year. This seasonality results partly from increases in advertising in the spring and in the period leading up to, and including, the holiday season;
- Core advertising revenue on our NBC-affiliated stations increases in certain years as a result of broadcasts of the Olympic Games; and
- Because our stations and markets are not evenly divided among the Big Four broadcast networks, our core advertising revenue can fluctuate between years related to which network broadcasts the Super Bowl.

We derived a material portion of our non-political broadcast advertising revenue from advertisers in a limited number of industries, particularly the services sector, comprising financial, legal and medical advertisers, and the automotive industry. The services sector has become an increasingly important source of advertising revenue over the past few years. During each of the six-months ended June 30, 2022 and 2021 approximately 28% of our broadcast advertising revenue (excluding political advertising revenue) was obtained from advertising sales to the services sector. During the six-months ended June 30, 2022 and 2021 approximately 15% and 19%, respectively, of our broadcast advertising revenue (excluding political advertising revenue) was obtained from advertising sales to automotive customers. Revenue from these industries may represent a higher percentage of total revenue in odd-numbered years due to, among other things, the increased availability of advertising time, as a result of such years being the "off year" of the two-year election cycle.

While our total revenues have increased in recent years as a result of our acquisitions, our revenue remains under pressure from the impact on the advertising market as a result of the COVID-19 global pandemic and from the internet as a competitor for advertising spending. We have been taking steps to mitigate the impacts of COVID-19 and we continue to enhance and market our internet websites in an effort to generate additional revenue. Our aggregate internet revenue is derived from both advertising and sponsorship opportunities directly on our websites.

Our primary broadcasting operating expenses are employee compensation, related benefits and programming costs. In addition, the broadcasting operations incur overhead expenses, such as maintenance, supplies, insurance, rent and utilities. A large portion of the operating expenses of our broadcasting operations is fixed. We continue to monitor our operating expenses and seek opportunities to reduce them where possible.

Assembly Atlanta. On June 1, 2022, we entered into a long-term agreement with NBCU, for NBCU to lease and operate new state-of-the-art studio facilities (Assembly Studios) at our Assembly Atlanta development that is currently under construction.

Please see our "Results of Operations" and "Liquidity and Capital Resources" sections below for further discussion of our operating results.

Revenue

Set forth below are the principal types of revenue, less agency commissions, earned by us for the periods indicated and the percentage contribution of each type of revenue to our total revenue (dollars in millions):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2022		2021		2022		2021	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Revenue:								
Core advertising	$ 366	42%	$ 279	51%	$ 731	43%	$ 539	49%
Political	90	10%	6	1%	116	7%	15	1%
Retransmission consent	382	44%	242	44%	775	46%	489	45%
Production companies	13	1%	10	2%	36	2%	24	2%
Other	17	3%	10	2%	37	2%	24	3%
Total	$ 868	100%	$ 547	100%	$ 1,695	100%	$ 1,091	100%

Results of Operations

Three-Months Ended June 30, 2022 ("the 2022 three-month period") Compared to Three-Months Ended June 30, 2021 ("the 2021 three-month period")

Revenue. Total revenue increased $321 million, or 59%, to $868 million in the 2022 three-month period. Total revenue increased primarily due to our 2021 Acquisitions that contributed $253 million. During the 2022 three-month period, excluding the impact of the 2021 Acquisitions:

- Political advertising revenue increased by $50 million, resulting primarily from 2022 being the "on-year" of the two-year election cycle;
- Retransmission consent revenue increased by $18 million due to an increase in rates;
- Core advertising revenue and production company revenue were essentially unchanged from the second quarter of 2021;

Broadcasting Expenses. Broadcasting expenses (before depreciation, amortization and gain or loss on disposal of assets) increased $174 million, or 49%, to $528 million in the 2022 three-month period. Total broadcasting expenses increased primarily due to our 2021 Acquisitions that contributed $153 million. During the 2022 three-month period, excluding the impact of the 2021 Acquisitions:

- Payroll broadcasting expenses increased by approximately $8 million as a result of routine increases in compensation.
- Non-payroll broadcasting expenses increased by approximately $12 million primarily because retransmission expense increased by $10 million, consistent with the increase in retransmission revenue, and $2 million of Transaction Related Expenses.
- Broadcast non-cash stock-based compensation expense was approximately $1 million in each of the 2022 and 2021 three-month periods.

Production Company Expenses. Production company operating expenses were $14 million in the 2022 three-month period an increase of $5 million compared to the 2021 three-month period due to the lessening effects of the COVID-19 global pandemic which had affected production operations in prior periods.

Corporate and Administrative Expenses. Corporate and administrative expenses (before depreciation, amortization and gain or loss on disposal of assets) were $25 million in each of the 2022 and 2021 three-month periods. During the 2022 three-month period compensation expense increased by $5 million and other non-compensation expenses increased by $2 million. These increases were offset by reductions in Transaction Related Expenses of $7 million when compared to the 2021 three-month period. Non-cash stock-based compensation expenses increased to $4 million in the 2022 three-month period compared to $3 million in the 2021 three-month period.

Depreciation. Depreciation of property and equipment totaled $31 million for the 2022 three-month periods and $25 million for the 2021 three-month period. Depreciation increased primarily due to the addition of depreciable assets acquired in the 2021 Acquisitions.

Amortization. Amortization of intangible assets totaled $52 million in the 2022 three-month period and $27 million in the 2021 three-month period. Amortization increased primarily due to the addition of definite-lived intangible assets acquired in the 2021 Acquisitions.

Interest Expense. Interest expense increased $34 million to $81 million for the 2022 three-month period compared to $47 million in the 2021 three-month period. This increase was primarily attributable to the addition of debt related to the 2021 Acquisitions. In addition, average interest rates on our outstanding debt increased to 4.6% in the 2022 three-month period compared to 4.4% in the 2021 three-month period. Our average outstanding debt balance was $6.8 billion and $4.0 billion during the 2022 and 2021 three-month periods, respectively.

Income tax expense. During the 2022 three-month period, we recognized income tax expense of $38 million. During the 2021 three-month period, we recognized income tax expense of $15 million. For the 2022 three-month period and the 2021 three-month period, our effective income tax rate was 28% in each three month period. We estimate our differences between taxable income or loss and recorded income or loss on an annual basis. Our tax provision for each quarter is based upon these full year projections which are revised each reporting period. These projections incorporate estimates of permanent differences between U.S. GAAP income or loss and taxable income or loss, state income taxes and adjustments to our liability for unrecognized tax benefits. For the 2022 three-month period, these estimates increased or decreased our statutory Federal income tax rate of 21% as a result of state income taxes that added 5% and permanent differences that added 2%.

Six-months Ended June 30, 2022 ("the 2022 six-month period") Compared to Six-months Ended June 30, 2021 ("the 2021 six-month period")

Revenue. Total revenue increased $604 million, or 55%, to $1.7 billion in the 2022 six-month period. Total revenue increased primarily due to our 2021 Acquisitions that contributed $487 million. During the 2022 six-month period, excluding the impact of the 2021 Acquisitions:

- Political advertising revenue increased by $59 million, resulting primarily from 2022 being the "on-year" of the two-year election cycle;
- Retransmission consent revenue increased by $39 million due to an increase in rates;
- Core advertising revenue increased by $8 million primarily due to the lessening effects of the COVID-19 global pandemic which had affected our customers in prior periods;
- Core advertising revenue from the broadcast of the 2022 Super Bowl on our NBC-affiliated stations was approximately $5 million, compared to $6 million that we earned from the broadcast of the 2021 Super Bowl on our CBS-affiliated stations and $8 million of revenue from the broadcast of the Olympic Games; and
- Production company revenue increased by $1 million in the 2022 six-month period primarily due to the lessening effects of the COVID-19 global pandemic which had affected our customers in prior periods.

Broadcasting Expenses. Broadcasting expenses (before depreciation, amortization and gain or loss on disposal of assets) increased $343 million, or 48%, to $1.1 billion in the 2022 six-month period. Total broadcasting expenses increased primarily due to our 2021 Acquisitions that contributed $303 million. During the 2022 six-month period, excluding the impact of the 2021 Acquisitions:

- Payroll broadcasting expenses increased by approximately $14 million as a result of routine increases in compensation.
- Non-payroll broadcasting expenses increased by approximately $25 million primarily because retransmission expense increased $20 million, consistent with the increase in retransmission revenue, and $4 million of Transaction Related Expenses.
- Broadcast non-cash stock-based compensation expense was $2 million and $1 million in the 2022 and 2021 six-month periods, respectively.

Production Company Expenses. Production company operating expenses were $40 million in the 2022 six-month period, an increase of $14 million compared to the 2021 six-month period. The increase is due to the lessening effects of the COVID-19 global pandemic which had affected production operations in prior periods, respectively.

Corporate and Administrative Expenses. Corporate and administrative expenses (before depreciation, amortization and gain or loss on disposal of assets) increased $10 million, or 23%, to $53 million in the 2022 six-month period. These increases were primarily the result of routine increases in compensation expense of $9 million and increased non-compensation expenses of $1 million in the 2022 six-month period. Non-cash stock-based compensation expenses increased to $9 million in the 2022 six-month period compared to $6 million in the 2021 six-month period.

Depreciation. Depreciation of property and equipment totaled $63 million for the 2022 six-month period and $50 million for the 2021 six-month period. Depreciation increased primarily due to the addition of depreciable assets acquired in the 2021 Acquisitions.

Amortization. Amortization of intangible assets totaled $104 million in the 2022 six-month period and $53 million in the 2021 six-month period. Amortization increased primarily due to the addition of definite-lived intangible assets acquired in the 2021 Acquisitions.

Interest Expense. Interest expense increased $65 million to $160 million for the 2022 six-month period compared to $95 million in the 2021 six-month period. This increase was primarily attributable to the addition of debt related to the 2021 Acquisitions. In addition, average interest rates on our outstanding debt increased to 4.5% in the 2022 six-month period compared to 4.4% in the 2021 six-month period. Our average outstanding debt balance was $6.8 billion and $4.0 billion during the 2022 and 2021 six-month periods, respectively.

Income tax expense. During the 2022 six-month period, we recognized income tax expense of $59 million. During the 2021 six-month period, we recognized income tax expense of $30 million. For the 2022 six-month period and the 2021 six-month period, our effective income tax rate was 27% and 28%, respectively. We estimate our differences between taxable income or loss and recorded income or loss on an annual basis. Our tax provision for each quarter is based upon these full year projections which are revised each reporting period. These projections incorporate estimates of permanent differences between U.S. GAAP income or loss and taxable income or loss, state income taxes and adjustments to our liability for unrecognized tax benefits. For the 2022 six-month period, these estimates increased or decreased our statutory Federal income tax rate of 21% to our effective income tax rate as a result of state income taxes that added 5% and permanent differences added 1%.

Liquidity and Capital Resources

General. The following table presents data that we believe is helpful in evaluating our liquidity and capital resources (in millions):

	Six Months Ended June 30,	
	2022	**2021**
Net cash provided by operating activities	$ 330	$ 238
Net cash used in investing activities	(201)	(177)
Net cash used in financing activities	(156)	(49)
Net (decrease) increase in cash	$ (27)	$ 12

	As of	
	June 30, 2022	**December 31, 2021**
Cash	$ 162	$ 189
Long-term debt, including current portion, less deferred financing costs	$ 6,705	$ 6,755
Series A Perpetual Preferred Stock	$ 650	$ 650
Borrowing availability under Revolving Credit Facility	$ 496	$ 497

Net Cash Provided By (Used In) Operating, Investing and Financing Activities. Net cash provided by operating activities was $330 million in the 2022 six-month period compared to $238 million in the 2021 six-month period, a net increase of $92 million. The increase was primarily the result of increases in net income of $83 million and a net increase of $53 million in non-cash expenses, primarily related to depreciation of fixed assets and amortization of definite-lived intangible assets. These increases were offset by a $44 million use of cash from changes in operating assets and liabilities in the 2022 six-month period.

Net cash used in investing activities was $201 million in the 2022 six-month period compared to net cash used in investing activities of $177 million for the 2021 six-month period. The increase in the amount used was largely due to construction in progress on the Assembly Atlanta project.

Net cash used in financing activities was $156 million in the 2022 six-month period compared to net cash used in financing activities of $49 million in the 2021 six-month period. During each period we used $26 million of cash to pay dividends to holders of our preferred stock. During the 2022 and 2021 six-month periods we used $16 million and $15 million, respectively, to pay dividends to holders of our common stock. In the 2022 six-month period, we used we used $58 million to pay down our outstanding indebtedness and $50 million to repurchase shares of our common stock on the open market.

Liquidity. Based on our debt outstanding and interest rates as of June 30, 2022, we estimate that we will make approximately $325 million in debt interest payments over the twelve months immediately following June 30, 2022. Interest rates have recently been increasing and may increase further over the remainder of 2022. Accordingly, our future debt interest payments may exceed our current estimate but we do not believe that the potential increase will have a material impact on our operations or liquidity.

Although our cash flows from operations are subject to a number of risks and uncertainties, including the COVID-19 global pandemic and related economic effects, we anticipate that our cash on hand, future cash expected to be generated from operations, borrowings from time to time under the 2019 Senior Credit Facility (or any such other credit facility as may be in place at the appropriate time) and, potentially, external equity or debt financing, will be sufficient to fund any debt service obligations, estimated capital expenditures and acquisition-related obligations. Any potential equity or debt financing would depend upon, among other things, the costs and availability of such financing at the appropriate time. We also believe that our future cash expected to be generated from operations and borrowing availability under the 2019 Senior Credit Facility (or any such other credit facility) will be sufficient to fund our future capital expenditures and long-term debt service obligations until at least February 7, 2024, which is the maturity date of the 2017 Term Loan under the 2019 Senior Credit Facility.

Debt. As of June 30, 2022, long-term debt consisted of obligations under our 2019 Senior Credit Facility, our 2026 Notes, our 2027 Notes, our 2030 Notes and our 2031 Notes. As of June 30, 2022, the 2019 Senior Credit Facility provided total commitments of $3.7 billion, consisting of our 2017 Term Loan, our 2019 Term Loan, our 2021 Term Loan and $496 million available under our Revolving Credit Facility. We were in compliance with the covenants in these debt agreements at June 30, 2022. In the six-months ended June 30, 2022, we paid the required principal reductions of $8 million of our 2021 Term Loan and voluntarily pre-paid $50 million of the outstanding principal balance of our 2017 Term Loan.

Capital Expenditures. We expect that our capital expenditures will range between approximately $120 million to $130 million during 2022 for routine purchases of broadcasting, production company and corporate purposes. In addition, we currently anticipate capital expenditures of between $130 million to $140 million in 2022, and approximately $80 million to $90 million in 2023 in connection with development of the Assembly Atlanta project.

Other. We file a consolidated federal income tax return and such state and local tax returns as are required. During the 2022 six-month period, we made $119 million of federal or state income tax payments. During the remainder of 2022, we anticipate making income tax payments (net of refunds) within a range of $80 million to $100 million. As of June 30, 2022, we have an aggregate of approximately $337 million of various state operating loss carryforwards, of which we expect that approximately half will be utilized.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was enacted in response to the COVID-19 pandemic. The CARES Act, among other things, contains modifications on the limitation of business interest for tax years beginning in 2019 and 2020, and permits net operating loss ("NOL") carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allows NOLs incurred in 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. During 2020, we carried back certain net operating losses resulting in a refund of $21 million, that is currently outstanding.

During the 2022 six-month period, we did not make a contribution to our defined benefit pension plan. During the remainder of 2022, we expect to contribute $4 million to this pension plan.

Off-Balance Sheet Arrangements. There have been no material changes with respect to our off-balance sheet arrangements from those presented in our 2021 Form 10-K.

Critical Accounting Policies

The preparation of financial statements in conformity with U.S. GAAP requires management to make judgments and estimations that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. We consider our accounting policies relating to intangible assets and income taxes to be critical policies that require judgments or estimations in their application where variances in those judgments or estimations could make a significant difference to future reported results. These critical accounting policies and estimates are more fully discussed in our 2021 Form 10-K.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q ("Quarterly Report") contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"). Forward-looking statements are all statements other than those of historical fact. When used in this annual report, the words "believes," "expects," "anticipates," "estimates," "will," "may," "should" and similar words and expressions are generally intended to identify forward-looking statements. These forward-looking statements reflect our then-current expectations and are based upon data available to us at the time the statements are made. Forward-looking statements may relate to, among other things, statements about the evolving and uncertain nature of the COVID-19 global pandemic and its impact on us, the media industry, and the economy in general, our strategies, expected results of operations, general and industry-specific economic conditions, future pension plan contributions, future capital expenditures, future income tax payments, future payments of interest and principal on our long-term debt, assumptions underlying various estimates and estimates of future obligations and commitments, and should be considered in context with the various other disclosures made by us about our business. Readers are cautioned that any forward-looking statements, including those regarding the intent, belief or current expectations of our management, are not guarantees of future performance, results or events and involve significant risks and uncertainties, and that actual results and events may differ materially from those contained in the forward-looking statements as a result of various factors including, but not limited to, those listed in Item 1A. of our Annual Report on Form 10-K and the other factors described from time to time in our SEC filings. The forward-looking statements included in this Quarterly Report are made only as of the date hereof. We undertake no obligation to update such forward-looking statements to reflect subsequent events or circumstances.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

We believe that the market risk of our financial instruments as of June 30, 2022 has not materially changed since December 31, 2021. Our market risk profile on December 31, 2021 is disclosed in our 2021 Form 10-K.

Item 4. Controls and Procedures

As of the end of the period covered by this Quarterly Report, an evaluation was carried out under the supervision and with the participation of management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), of the effectiveness of our disclosure controls and procedures. Based on this evaluation, management has concluded that our internal control over financial reporting was effective as of June 30, 2022, for the reasons discussed below. Consistent with Managements' Report on Internal Control over Financial Reporting disclosed in Part II, Item 9A. of our Annual Report on Form 10-K for the year ended December 31, 2021, we had identified a material weakness as a result of deficiencies identified in our controls over user access that did not adequately restrict or provision/deprovision user access related to certain financial reporting programs and did not ensure appropriate segregation of duties as it relates to review. Importantly, partly as a result of other internal controls over financial reporting, we did not identify any incidents of improper system access related to the material weakness, nor did the identified weakness result in any identified misstatements to our financial statements. There were no changes made, and no future changes intended to be made, to previously released financial results as a result of this material weakness.

Since the issuance of our Managements' Report on Internal Control over Financial Reporting disclosed in Part II, Item 9A. of our annual report on Form 10-K for the year end December 31, 2021, the Company has been engaged in processes to enhance our controls and procedures to remediate the material weakness and has taken additional actions to improve user access controls and appropriately segregate duties as it relates to review. Specifically, the Company has taken the following actions:

- In the second quarter of 2022, semiannual user access reviews were performed for the general ledger, journal entry processing, advertising revenue, retransmission revenue, accounts payable processing and payroll systems. The reviews were conducted by staff knowledgeable of the respective systems.

- On April 1, 2022, the Company initiated a new monitoring control to review the timeliness of reporting all employee terminations to the human resources department so that terminated employees can be promptly deleted from any system access.

- In April 2022, the Company implemented a new daily user access control that compares the daily payroll system employee termination report to the system user access databases for the general ledger, journal entry processing, advertising revenue, retransmission revenue and accounts payable processing systems. Appropriate system administrators are notified daily to remove terminated employee user access to the respective systems.

Management believes that the design implementation and operating effectiveness of the controls that are discussed above and have been implemented address the previously identified material weakness. In addition, management believes that our internal control over financial reporting was effective as of June 30, 2022 to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

In addition to the control changes mentioned above, the Company made the following changes to its controls over the general ledger and journal entry processing as follows:

- All journal entries in the journal entry system above $2 million were programed to require a second independent review
- All account reconciliations require a second independent reviewer.
- Effective for the second quarter of 2022 a quarterly monitoring control was established providing an independent review to assure:
  - All journal entries requiring an independent review were independently reviewed.
  - In the rare instances in which the system administrator created or posted a journal entry to correct a system issue, the entry is independently reviewed for appropriateness.

Except for the changes mentioned above, there were no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2022, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

No system of controls, no matter how well designed and implemented, can provide absolute assurance that the objectives of the system of controls are met and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

PART II. OTHER INFORMATION

Item 1A. Risk Factors

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the risk factors that affect our business and financial results that are discussed in Part I, Item 1A, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021. These factors could materially adversely affect our business, financial condition, liquidity, results of operations and capital position, and could cause our actual results to differ materially from our historical results or the results contemplated by the forward-looking statements contained in this report. There have been no material changes to such risk factors.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On November 5, 2019, our Board of Directors authorized the repurchase of up to $150 million of our outstanding common stock and/or our Class A common stock prior to December 31, 2022 (the "2019 Repurchase Authorization"). The 2019 Repurchase Authorization superseded all prior repurchase authorizations. The 2019 Repurchase Authorization prohibits the Company from purchasing shares directly from the Company's officers, directors, or the Gray Television, Inc. Capital Accumulation Plan (the "401k Plan").

On June 3, 2022, under the 2019 Repurchase authorization, we entered into an issuer repurchase plan (the "2022 IRP"), under Rules 10b-18 and 10b5-1 of the Exchange Act. The 2022 IRP facilitated the orderly repurchase of our common stock through the establishment of the parameters for repurchases of our shares. During the second quarter of 2022, we repurchased shares of our common stock on the open market under the 2022 IRP.

The following table summarizes repurchases of our common stock in the three-months ended June 30, 2022, all of which were pursuant to the 2022 IRP:

Period	Total Number of Shares Purchased (1)	Average Price Paid per Share (2)	Total Number of Shares Purchased as Part of Publicly Announced Plans	Maximum Number of Shares (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs (3)
April 1, 2022 through April 30, 2022:	-	$ -	-	$ 173,889,042
May 1, 2022 through May 31, 2022:	-	$ -	-	$ 173,889,042
June 1, 2022 through June 30, 2022:	2,646,193	$ 18.87	2,646,193	$ 123,968,352
Total	2,646,193	$ 18.87	2,646,193	

(1) All Shares purchased were shares of common stock.
(2) Amount excludes standard brokerage commissions.
(3) The amounts presented at each respective month-end include the remaining dollar value available to purchase our common stock and/or our Class A common stock under our outstanding repurchase authorizations.

Item 6. Exhibits

The following exhibits are filed as part of this Quarterly Report:

Exhibit Number	Description of Document
10.1	Gray Television, Inc. 2022 Equity and Incentive Compensation Plan
31.1	Rule 13(a) – 14(a) Certificate of Chief Executive Officer
31.2	Rule 13(a) – 14(a) Certificate of Chief Financial Officer
32.1	Section 1350 Certificate of Chief Executive Officer
32.2	Section 1350 Certificate of Chief Financial Officer
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from Gray Television, Inc.'s Quarterly Report on Form 10-Q for the fiscal period ended June 30, 2022 has been formatted in Inline XBRL and contained in Exhibit 101.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GRAY TELEVISION, INC.
(Registrant)

Date: August 5, 2022

By: /s/ James C. Ryan
James C. Ryan
Executive Vice President and Chief Financial Officer

Exhibit 10.1

GRAY TELEVISION, INC.

2022 EQUITY AND INCENTIVE COMPENSATION PLAN

1. **Purpose.** The purpose of this Plan is to permit award grants to non-employee Directors, and officers and other employees of the Company and its Subsidiaries, and certain consultants to the Company and its Subsidiaries, and to provide to such persons incentives and rewards for service and/or performance.

2. **Definitions.** As used in this Plan:

(a) "Appreciation Right" means a right granted pursuant to **Section 5** of this Plan.

(b) "Base Price" means the price to be used as the basis for determining the Spread upon the exercise of an Appreciation Right.

(c) "Board" means the Board of Directors of the Company.

(d) "Capital Stock" of any Person (as defined in **Section 12**) means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) corporate stock or other equity participations, including partnership interests, whether general or limited, of such Person (as defined in **Section 12**), including any Preferred Stock.

(e) "Cash Incentive Award" means a cash award granted pursuant to **Section 8** of this Plan.

(f) "Change in Control" has the meaning set forth in **Section 12** of this Plan.

(g) "Class A Common Stock" means the Company's Class A Common Stock, without par value, or any security into which such Class A Common Stock may be changed by reason of any transaction or event of the type referred to in **Section 11** of this Plan.

(h) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations thereunder, as such law and regulations may be amended from time to time.

(i) "Committee" means the Compensation Committee of the Board (or its successor(s)), or any other committee of the Board designated by the Board to administer this Plan pursuant to **Section 10** of this Plan.

(j) "Common Stock" means the Company's common stock, without par value, or any security into which such common stock may be changed by reason of any transaction or event of the type referred to in **Section 11** of this Plan.

(k) "Company" means Gray Television, Inc., a Georgia corporation, and its successors.

(l) "Date of Grant" means the date provided for by the Committee on which a grant of Option Rights, Appreciation Rights, Performance Shares, Performance Units, Cash Incentive Awards, or other awards contemplated by **Section 9** of this Plan, or a grant or sale of Restricted Stock, Restricted Stock Units, or other awards contemplated by **Section 9** of this Plan, will become effective (which date will not be earlier than the date on which the Committee takes action with respect thereto).

(m) "Director" means a member of the Board.

(n) "Effective Date" means the date this Plan is approved by the Stockholders.

(o) "Evidence of Award" means an agreement, certificate, resolution or other type or form of writing or other evidence approved by the Committee that sets forth the terms and conditions of the awards granted under this Plan. If applicable, each Evidence of Award must specify whether the shares subject to the award are shares of Common Stock or shares of Class A Common Stock. An Evidence of Award may be in an electronic medium, may be limited to notation on the books and records of the Company and, unless otherwise determined by the Committee, need not be signed by a representative of the Company or a Participant.

(p) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.

(q) “Incentive Stock Option” means an Option Right that is intended to qualify as an “incentive stock option” under Section 422 of the Code or any successor provision.

(r) “Management Objectives” means the measurable performance objective or objectives established pursuant to this Plan for Participants who have received grants of Performance Shares, Performance Units or Cash Incentive Awards or, when so determined by the Committee, Option Rights, Appreciation Rights, Restricted Stock, Restricted Stock Units, dividend equivalents or other awards pursuant to this Plan. The Management Objectives applicable to an award under this Plan (if any) shall be determined by the Committee, and may be based on one or more, or a combination, of metrics under the following categories or such other metrics as may be determined by the Committee (including relative or growth achievement regarding such metrics):

(i) **Profits** (e.g., gross profit, gross profit growth, operating income, earnings before or after deduction for all or any portion of interest, taxes, depreciation or amortization, net income (before or after taxes), consolidated net income, net earnings, net sales, cost of sales, basic or diluted earnings per share (before or after taxes), residual or economic earnings, net operating profit (before or after taxes), or economic profit);

(ii) **Cash Flow** (e.g., actual or adjusted earnings before or after interest, taxes, depreciation and/or amortization (including EBIT and EBITDA), free cash flow, free cash flow with or without specific capital expenditure target or range, including or excluding divestments and/or acquisitions, operating cash flow (including as defined in any credit agreement), total cash flow, cash flow in excess of cost of capital or residual cash flow, cash flow return on investment, broadcast cash flow, or broadcast cash flow less cash corporate expenses);

(iii) **Returns** (e.g., profits or cash flow returns on: assets, investment, capital, invested capital, net capital employed, equity, or sales);

(iv) **Working Capital** (e.g., working capital targets, working capital divided by sales);

(v) **Profit Margins** (e.g., profits divided by revenues or gross margins and material margins divided by revenues);

(vi) **Liquidity Measures** (e.g., debt-to-capital; debt-to-EBITDA; total debt ratio; total leverage ratio, net of all cash; or leverage ratios as defined in any credit agreement);

(vii) **Sales Growth, Gross Margin Growth, Cost Initiative and Stock Price Metrics** (e.g., revenue, net revenue, revenue growth, net revenue growth, revenue growth outside the United States, gross margin and gross margin growth, material margin and material margin growth, stock price appreciation, total return to stockholders, sales and administrative costs divided by sales, or sales and administrative costs divided by profits); and

(viii) **Strategic Initiative Key Deliverable Metrics** consisting of one or more of the following: product development, strategic partnering, research and development, vitality index, market penetration, market share, geographic business expansion goals, expense targets or cost reduction goals, general and administrative expense savings, selling, general and administrative expenses, objective measures of client/customer satisfaction, employee satisfaction, employee retention, management of employment practices and employee benefits, supervision of litigation and information technology, productivity ratios, economic value added (or another measure of profitability that considers the cost of capital employed), product quality, or goals relating to acquisitions or divestitures of subsidiaries, affiliates and joint ventures.

If the Committee determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Management Objectives unsuitable, the Committee may in its discretion modify such Management Objectives or the goals or actual levels of achievement regarding the Management Objectives, in whole or in part, as the Committee deems appropriate and equitable.

(s) "Market Value per Share" means, as of any particular date, the closing price of a share of Common Stock or Class A Common Stock, as applicable, as reported for that date on the New York Stock Exchange or, if the shares of Common Stock or Class A Common Stock, as applicable, are not then listed on the New York Stock Exchange, on any other national securities exchange on which the shares of Common Stock or Class A Common Stock are listed, or if there are no sales on such date, on the next preceding trading day during which a sale occurred. If there is no regular public trading market for the shares of Common Stock or Class A Common Stock, as applicable, then the Market Value per Share shall be the fair market value as determined in good faith by the Committee. The Committee is authorized to adopt another fair market value pricing method provided such method is stated in the applicable Evidence of Award and is in compliance with the fair market value pricing rules set forth in Section 409A of the Code.

(t) "Optionee" means the optionee named in an Evidence of Award evidencing an outstanding Option Right.

(u) "Option Price" means the purchase price payable on exercise of an Option Right.

(v) "Option Right" means the right to purchase shares of Stock upon exercise of an award granted pursuant to **<u>Section 4</u>** of this Plan.

(w) "Parent Entity" means any Person of which the Company at any time is or becomes a Subsidiary after the Effective Date and any holding company established by any Permitted Holder for purposes of holding its investment in any Parent Entity.

(x) "Participant" means a person who is selected by the Committee to receive benefits under this Plan and who is at the time (i) an officer or other employee of the Company or any Subsidiary, including a person who has agreed to commence serving in such capacity within 90 days of the Date of Grant, (ii) a person, including a consultant, who provides services to the Company or any Subsidiary that are equivalent to those typically provided by an employee (provided that such person satisfies the Form S-8 definition of an "employee"), or (iii) a non-employee Director.

(y) "Performance Period" means, in respect of a Cash Incentive Award, Performance Share or Performance Unit, a period of time established pursuant to **<u>Section 8</u>** of this Plan within which the Management Objectives relating to such Cash Incentive Award, Performance Share or Performance Unit are to be achieved.

(z) "Performance Share" means a bookkeeping entry that records the equivalent of one share of Stock awarded pursuant to **<u>Section 8</u>** of this Plan.

(aa) "Performance Unit" means a bookkeeping entry awarded pursuant to **<u>Section 8</u>** of this Plan that records a unit equivalent to $1.00 or such other value as is determined by the Committee.

(bb) "Permitted Holder" means (i) the estate of J. Mack Robinson; (ii) Harriet J. Robinson and her lineal descendants, spouses of her lineal descendants; (iii) in the event of the incompetence or death of any of the Persons described in clause (ii), such Person's estate, executor, administrator, committee or other personal representative; (iv) any trusts created for the benefit of the Persons described in clause (i) or (ii); (v) any Person controlled by any of the Persons described in clause (i), (ii), (iii) or (iv) and (vi) any group of Persons in which the Persons described in clause (i), (ii), (iii), (iv) or (v), individually or collectively, control such group. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or by agreement or otherwise.

(cc) "Person" means any individual, entity, or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

(dd) "Plan" means this Gray Television, Inc. 2022 Equity and Incentive Compensation Plan, as may be amended or amended and restated from time to time.

(ee) "Predecessor Plan" means the Gray Television, Inc. 2017 Equity and Incentive Compensation Plan, including as amended or amended and restated from time to time.

(ff) "Preferred Stock" as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over Capital Stock of any other class of such Person.

(gg) "Restricted Stock" means shares of Stock granted or sold pursuant to **Section 6** of this Plan as to which neither the substantial risk of forfeiture nor the prohibition on transfers has expired.

(hh) "Restricted Stock Units" means an award made pursuant to **Section 7** of this Plan of the right to receive shares of Stock, cash or a combination thereof at the end of the applicable Restriction Period.

(ii) "Restriction Period" means the period of time during which Restricted Stock Units are subject to restrictions, as provided in **Section 7** of this Plan.

(jj) "Spread" means the excess of the Market Value per Share on the date when an Appreciation Right is exercised over the Base Price provided for with respect to the Appreciation Right.

(kk) "Stock" means the Class A Common Stock or Common Stock.

(ll) "Stockholder" means an individual or entity that owns one or more shares of Stock.

(mm) "Subsidiary" means a corporation, company or other entity (i) more than 50% of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture, limited liability company, unincorporated association or other similar entity), but more than 50% of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter, owned or controlled, directly or indirectly, by the Company; provided, however, that for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, "Subsidiary" means any corporation in which the Company at the time owns or controls, directly or indirectly, more than 50% of the total combined Voting Power represented by all classes of stock issued by such corporation.

(nn) "Voting Power" means, at any time, the combined voting power of the then-outstanding securities entitled to vote generally in the election of Directors in the case of the Company or members of the board of directors or similar body in the case of another entity.

(oo) "Voting Stock" means, with respect to any Person, Capital Stock of such Person of the class or classes pursuant to which the holders thereof have the general voting power under ordinary circumstances to elect at least a majority of the board of directors, managers or trustees of such Person (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency).

3. **Shares Available Under this Plan.**

(a) Maximum Shares Available Under this Plan.

(i) Subject to adjustment as provided in **Section 11** of this Plan and the share counting rules set forth in **Section 3(b)** of this Plan, the number of shares of Common Stock available under this Plan for awards of (A) Option Rights or Appreciation Rights, (B) Restricted Stock, (C) Restricted Stock Units, (D) Performance Shares or Performance Units, (E) awards contemplated by **Section 9** of this Plan, or (F) dividend equivalents paid with respect to awards made under this Plan will not exceed in the aggregate (x) 5,500,000 shares of Common Stock plus (y) one share of Common Stock for every one share of Common Stock that remains available for awards pursuant to the Predecessor Plan as of the Effective Date. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing. Subject to the share counting rules set forth in **Section 3(b)** of this Plan, the aggregate number of shares of Common Stock available under **Section 3(a)(i)** of this Plan will be reduced by one share of Common Stock for every one share of Common Stock subject to an award granted under this Plan.

(ii) Subject to adjustment as provided in **Section 11** of this Plan and the share counting rules set forth in **Section 3(b)** of this Plan, the number of shares of Class A Common Stock available under this Plan for awards of (A) Option Rights or Appreciation Rights, (B) Restricted Stock, (C) Restricted Stock Units, (D) Performance Shares or Performance Units, (E) awards contemplated by **Section 9** of this Plan, or (F) dividend equivalents paid with respect to awards made under this Plan will not exceed in the aggregate (x) 2,200,000 shares of Class A Common Stock plus (y) one share of Class A Common Stock for every one share of Class A Common Stock that remains available for awards pursuant to the Predecessor Plan as of the Effective Date. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing. Subject to the share counting rules set forth in **Section 3(b)** of this Plan, the aggregate number of shares of Class A Common Stock available under **Section 3(a)(ii)** of this Plan will be reduced by one share of Class A Common Stock for every one share of Class A Common Stock subject to an award granted under this Plan.

(b) Share Counting Rules.

(i) Except as provided in **Section 22** of this Plan, if any award granted under this Plan (in whole or in part) is cancelled or forfeited, expires, is settled for cash, or is unearned, the Stock subject to such award will, to the extent of such cancellation, forfeiture, expiration, cash settlement, or unearned amount, again be available under **Section 3(a)** above.

(ii) If, after the Effective Date, any shares of Stock subject to an award granted under the Predecessor Plan are forfeited, or an award granted under the Predecessor Plan (in whole or in part) is cancelled or forfeited, expires, is settled for cash or is unearned, the shares of Stock subject to such award will, to the extent of such cancellation, forfeiture, expiration, cash settlement or unearned amount, be available for awards under this Plan.

(iii) Notwithstanding anything to the contrary contained in this Plan: (A) shares of Stock withheld by the Company, tendered or otherwise used in payment of the Option Price of an Option Right will not be added (or added back, as applicable) to the aggregate numbers of shares of Stock available under **Section 3(a)** of this Plan; (B) shares of Stock withheld by the Company, tendered or otherwise used to satisfy a tax withholding obligation will not be added (or added back, as applicable) to the aggregate numbers of shares of Stock available under **Section 3(a)** of this Plan; (C) shares of Stock subject to a stock-settled Appreciation Right that are not actually issued in connection with the settlement of such Appreciation Right on the exercise thereof, will not be added back to the aggregate numbers of shares of Stock available under **Section 3(a)** of this Plan; and (D) shares of Stock reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of Option Rights will not be added to the aggregate numbers of shares of Stock available under **Section 3(a)** of this Plan.

(iv) If, under this Plan, a Participant has elected to give up the right to receive compensation in exchange for shares of Stock based on fair market value, such shares of Stock will not count against the aggregate limits under **Section 3(a)** of this Plan.

(c) Limits on Incentive Stock Options. Notwithstanding anything to the contrary contained in this **Section 3** or elsewhere in this Plan, and subject to adjustment as provided in **Section 11** of this Plan, (i) the aggregate number of shares of Common Stock actually issued or transferred by the Company upon the exercise of Incentive Stock Options will not exceed 5,500,000 shares of Common Stock and (ii) the aggregate number of shares of Class A Common Stock actually issued or transferred by the Company upon the exercise of Incentive Stock Options will not exceed 2,200,000 shares of Class A Common Stock.

(d) Non-Employee Director Compensation Limit. Notwithstanding anything to the contrary contained in this Plan, in no event will any non-employee Director in any one calendar year be granted compensation for such service having an aggregate maximum value (measured at the Date of Grant as applicable, and calculating the value of any awards based on the grant date fair value for financial reporting purposes), in excess of $750,000.

4. **Option Rights.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Participants of Option Rights. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each grant will specify the number and class of shares of Stock to which it pertains subject to the limitations set forth in **Section 3** of this Plan.

(b) Each grant will specify an Option Price per share of Stock, which (except with respect to awards under **Section 22** of this Plan) may not be less than the Market Value per Share on the Date of Grant.

(c) Each grant will specify whether the Option Price will be payable (i) in cash, by check acceptable to the Company or by wire transfer of immediately available funds, (ii) by the actual or constructive transfer to the Company of shares of Stock owned by the Optionee having a value at the time of exercise equal to the total Option Price, (iii) subject to any conditions or limitations established by the Committee, by the withholding of shares of Stock otherwise issuable upon exercise of an Option Right pursuant to a “net exercise” arrangement (it being understood that, solely for purposes of determining the number of treasury shares held by the Company, the shares of Stock so withheld will not be treated as issued and acquired by the Company upon such exercise), (iv) by a combination of such methods of payment, or (v) by such other methods as may be approved by the Committee.

(d) To the extent permitted by law, any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the shares of Stock to which such exercise relates.

(e) Successive grants may be made to the same Participant whether or not any Option Rights previously granted to such Participant remain unexercised.

(f) Each grant will specify the period or periods of continuous service by the Optionee with the Company or any Subsidiary, if any, that is necessary before any Option Rights or installments thereof will vest. Option Rights may provide for continued vesting or the earlier vesting of such Option Rights, including in the event of the retirement, death, disability or termination of employment or service of a Participant or in the event of a Change in Control.

(g) Any grant of Option Rights may specify Management Objectives regarding the vesting of such rights.

(h) Option Rights granted under this Plan may be (i) options, including Incentive Stock Options, that are intended to qualify under particular provisions of the Code, (ii) options that are not intended to so qualify, or (iii) combinations of the foregoing. Incentive Stock Options may only be granted to Participants who meet the definition of "employees" under Section 3401(c) of the Code.

(i) No Option Right will be exercisable more than 10 years from the Date of Grant. The Committee may provide in any Evidence of Award for the automatic exercise of an Option Right upon such terms and conditions as established by the Committee.

(j) Option Rights granted under this Plan may not provide for any dividends or dividend equivalents thereon.

(k) Each grant of Option Rights will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

5. **Appreciation Rights.**

(a) The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting to any Participant of Appreciation Rights. Each grant of an Appreciation Right will specify the class of Stock subject to the Appreciation Right. An Appreciation Right will be the right of the Participant to receive from the Company an amount determined by the Committee, which will be expressed as a percentage of the Spread (not exceeding 100%) at the time of exercise.

(b) Each grant of Appreciation Rights may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(i) Each grant may specify that the amount payable on exercise of an Appreciation Right will be paid by the Company in cash, shares of Stock or any combination thereof.

(ii) Any grant may specify that the amount payable on exercise of an Appreciation Right may not exceed a maximum specified by the Committee on the Date of Grant.

(iii) Any grant may specify waiting periods before exercise and permissible exercise dates or periods.

(iv) Each grant will specify the period or periods of continuous service by the Participant with the Company or any Subsidiary, if any, that is necessary before the Appreciation Rights or installments thereof will vest. Appreciation Rights may provide for continued vesting or the earlier vesting of such Appreciation Rights, including in the event of the retirement, death, disability or termination of employment or service of a Participant or in the event of a Change in Control.

(v) Any grant of Appreciation Rights may specify Management Objectives regarding the vesting of such Appreciation Rights.

(vi) Appreciation Rights granted under this Plan may not provide for any dividends or dividend equivalents thereon.

(vii) Successive grants of Appreciation Rights may be made to the same Participant regardless of whether any Appreciation Rights previously granted to the Participant remain unexercised.

(viii) Each grant of Appreciation Rights will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

(c) Also, regarding Appreciation Rights:

(i) Each grant will specify in respect of each Appreciation Right a Base Price, which (except with respect to awards under **Section 22** of this Plan) may not be less than the Market Value per Share on the Date of Grant; and

(ii) No Appreciation Right granted under this Plan may be exercised more than 10 years from the Date of Grant. The Committee may provide in any Evidence of Award for the automatic exercise of an Appreciation Right upon such terms and conditions as established by the Committee.

6. **Restricted Stock.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the grant or sale of Restricted Stock to Participants. Each grant of Restricted Stock must specify the class of Stock subject to the Restricted Stock award. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each such grant or sale will constitute an immediate transfer of the ownership of shares of Stock to the Participant in consideration of the performance of services, entitling such Participant to voting, dividend and other ownership rights (subject in particular to **Section 6(g)** of this Plan), but subject to the substantial risk of forfeiture and restrictions on transfer hereinafter described.

(b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share on the Date of Grant.

(c) Each such grant or sale will provide that the Restricted Stock covered by such grant or sale will be subject to a "substantial risk of forfeiture" within the meaning of Section 83 of the Code for a period to be determined by the Committee on the Date of Grant or until achievement of Management Objectives referred to in **Section 6(e)** of this Plan.

(d) Each such grant or sale will provide that during or after the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Stock will be prohibited or restricted in the manner and to the extent prescribed by the Committee on the Date of Grant (which restrictions may include rights of repurchase or first refusal of the Company or provisions subjecting the Restricted Stock to a continuing substantial risk of forfeiture while held by any transferee).

(e) Any grant of Restricted Stock may specify Management Objectives regarding the vesting of such Restricted Stock.

(f) Restricted Stock may provide for continued vesting or the earlier vesting of such Restricted Stock, including in the event of the retirement, death, disability or termination of employment or service of a Participant or in the event of a Change in Control.

(g) Any such grant or sale of Restricted Stock will require that any and all dividends or other distributions paid thereon during the period of such restrictions be automatically deferred and/or reinvested in additional Restricted Stock, which will be subject to the same restrictions as the underlying award. For the avoidance of doubt, any such dividends or other distributions on Restricted Stock will be deferred until, and paid contingent upon, the vesting of such Restricted Stock.

(h) Each grant or sale of Restricted Stock will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve. Unless otherwise directed by the Committee, (i) all certificates representing Restricted Stock will be held in custody by the Company until all restrictions thereon will have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such shares or (ii) all Restricted Stock will be held at the Company's transfer agent in book entry form with appropriate restrictions relating to the transfer of such Restricted Stock.

7. **Restricted Stock Units.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting or sale of Restricted Stock Units to Participants. Each grant of Restricted Stock Units must specify the class of Stock subject to the Restricted Stock Units. Each such grant or sale may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each such grant or sale will constitute the agreement by the Company to deliver shares of Stock or cash, or a combination thereof, to the Participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions (which may include achievement regarding Management Objectives) during the Restriction Period as the Committee may specify.

(b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share on the Date of Grant.

(c) Restricted Stock Units may provide for continued vesting or the earlier lapse or other modification of the Restriction Period, including in the event of the retirement, death, disability or termination of employment or service of a Participant or in the event of a Change in Control.

(d) During the Restriction Period, the Participant will have no right to transfer any rights under his or her award and will have no rights of ownership in the shares of Stock deliverable upon payment of the Restricted Stock Units and will have no right to vote them, but the Committee may, at or after the Date of Grant, authorize the payment of dividend equivalents on such Restricted Stock Units on a deferred and contingent basis, either in cash or in additional shares of Stock; provided, however, that dividend equivalents or other distributions on shares of Stock underlying Restricted Stock Units will be deferred until, and paid contingent upon, the vesting of such Restricted Stock Units.

(e) Each grant or sale of Restricted Stock Units will specify the time and manner of payment of the Restricted Stock Units that have been earned. Each grant or sale will specify that the amount payable with respect thereto will be paid by the Company in shares of Stock or cash, or a combination thereof.

(f) Each grant or sale of Restricted Stock Units will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

8. **Cash Incentive Awards, Performance Shares and Performance Units.** The Committee may, from time to time and upon such terms and conditions as it may determine, authorize the granting of Cash Incentive Awards, Performance Shares and Performance Units. If applicable, each such grant must specify the class of Stock subject to the award or to which the award relates. Each such grant may utilize any or all of the authorizations, and will be subject to all of the requirements, contained in the following provisions:

(a) Each grant will specify the number or amount of Performance Shares or Performance Units, or amount payable with respect to a Cash Incentive Award, to which it pertains, which number or amount may be subject to adjustment to reflect changes in compensation or other factors.

(b) The Performance Period with respect to each Cash Incentive Award or grant of Performance Shares or Performance Units will be such period of time as will be determined by the Committee, and the Evidence of Award may specify the time and terms of delivery, which may be subject to continued vesting or earlier lapse or other modification, including in the event of the retirement, death, disability or termination of employment or service of a Participant or in the event of a Change in Control.

(c) Each grant of a Cash Incentive Award, Performance Shares or Performance Units will specify Management Objectives regarding the earning of the award.

(d) Each grant will specify the time and manner of payment of a Cash Incentive Award, Performance Shares or Performance Units that have been earned. Any grant may specify that the amount payable with respect thereto may be paid by the Company in cash, in shares of Stock, in Restricted Stock or Restricted Stock Units or in any combination thereof.

(e) Any grant of a Cash Incentive Award, Performance Shares or Performance Units may specify that the amount payable or the number of shares of Stock, Restricted Stock or Restricted Stock Units payable with respect thereto may not exceed a maximum specified by the Committee on the Date of Grant.

(f) The Committee may, on the Date of Grant of Performance Shares or Performance Units, provide for the payment of dividend equivalents to the holder thereof either in cash or in additional shares of Stock, which dividend equivalents will be subject in all cases to deferral and payment on a contingent basis based on the Participant's earning and vesting of the Performance Shares or Performance Units, as applicable, with respect to which such dividend equivalents are paid.

(g) Each grant of a Cash Incentive Award, Performance Shares or Performance Units will be evidenced by an Evidence of Award. Each Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve.

9. **Other Awards.**

(a) Subject to applicable law and the applicable limits set forth in **Section 3** of this Plan, the Committee may authorize the grant to any Participant of shares of Stock or such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, shares of Stock or factors that may influence the value of such shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into shares of Stock, purchase rights for shares of Stock, awards with value and payment contingent upon performance of the Company or specified Subsidiaries, affiliates or other business units thereof or any other factors designated by the Committee, and awards valued by reference to the book value of the shares of Stock or the value of securities of, or the performance of specified Subsidiaries or affiliates or other business units of the Company. The Committee will determine the terms and conditions of such awards and will specify the class of Stock subject to the awards or to which the awards relate. Shares of Stock delivered pursuant to an award in the nature of a purchase right granted under this **Section 9** will be purchased for such consideration, paid for at such time, by such methods, and in such forms, including, without limitation, shares of Stock, other awards, notes or other property, as the Committee determines.

(b) Cash awards, as an element of or supplement to any other award granted under this Plan, may also be granted pursuant to this **Section 9**.

(c) The Committee may authorize the grant of shares of Stock as a bonus, or may authorize the grant of other awards in lieu of obligations of the Company or a Subsidiary to pay cash or deliver other property under this Plan or under other plans or compensatory arrangements, subject to such terms as will be determined by the Committee in a manner that complies with Section 409A of the Code.

(d) The Committee may, at or after the Date of Grant, authorize the payment of dividends or dividend equivalents on awards granted under this **Section 9** on a deferred and contingent basis, either in cash or in additional shares of Stock; provided, however, that dividend equivalents or other distributions on shares of Stock underlying awards granted under this **Section 9** will be deferred until, and paid contingent, upon the earning and vesting of such awards.

(e) Each grant of an award under this **Section 9** will be evidenced by an Evidence of Award. Each such Evidence of Award will be subject to this Plan and will contain such terms and provisions, consistent with this Plan, as the Committee may approve, and will specify the time and terms of delivery of the applicable award.

(f) Awards under this **Section 9** may provide for the earning or vesting of, or earlier termination of restrictions applicable to, such award, including in the event of the retirement, death, disability or termination of employment or service of a Participant or in the event of a Change in Control.

10. **Administration of this Plan.**

(a) This Plan will be administered by the Committee. The Committee may from time to time delegate all or any part of its authority under this Plan to a subcommittee thereof. To the extent of any such delegation, references in this Plan to the Committee will be deemed to be references to such subcommittee.

(b) The interpretation and construction by the Committee of any provision of this Plan or of any Evidence of Award (or related documents) and any determination by the Committee pursuant to any provision of this Plan or of any such agreement, notification or document will be final and conclusive. No member of the Committee shall be liable for any such action or determination made in good faith. In addition, the Committee is authorized to take any action it determines in its sole discretion to be appropriate subject only to the express limitations contained in this Plan, and no authorization in any Plan section or other provision of this Plan is intended or may be deemed to constitute a limitation on the authority of the Committee.

(c) To the extent permitted by law, the Committee may delegate to one or more of its members, to one or more officers of the Company, or to one or more agents or advisors, such administrative duties or powers as it may deem advisable, and the Committee, the subcommittee, or any person to whom duties or powers have been delegated as aforesaid, may employ one or more persons to render advice with respect to any responsibility the Committee, the subcommittee or such person may have under this Plan. The Committee may, by resolution, authorize one or more officers of the Company to do one or both of the following on the same basis as the Committee: (i) designate employees to be recipients of awards under this Plan; and (ii) determine the size of any such awards; provided, however, that (A) the Committee will not delegate such responsibilities to any such officer for awards granted to an employee who is an officer (for purposes of Section 16 of the Exchange Act), Director, or more than 10% "beneficial owner" (as such term is defined in Rule 13d-3 promulgated under the Exchange Act) of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, as determined by the Committee in accordance with Section 16 of the Exchange Act; (B) the resolution providing for such authorization shall set forth the total number of shares of Stock such officer(s) may grant; and (C) the officer(s) will report periodically to the Committee regarding the nature and scope of the awards granted pursuant to the authority delegated.

11. **Adjustments.** The Committee shall make or provide for such adjustments in the number of and kind of shares of Stock covered by outstanding Option Rights, Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares and Performance Units granted hereunder and, if applicable, in the number of and kind of shares of Stock covered by other awards granted pursuant to **Section 9** of this Plan, in the Option Price and Base Price provided in outstanding Option Rights and Appreciation Rights, respectively, in Cash Incentive Awards, and in other award terms, as the Committee, in its sole discretion, exercised in good faith, determines is equitably required to prevent dilution or enlargement of the rights of Participants that otherwise would result from (a) any extraordinary cash dividend, stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. Moreover, in the event of any such transaction or event or in the event of a Change in Control, the Committee may provide in substitution for any or all outstanding awards under this Plan such alternative consideration (including cash), if any, as it, in good faith, may determine to be equitable in the circumstances and shall require in connection therewith the surrender of all awards so replaced in a manner that complies with Section 409A of the Code. In addition, for each Option Right or Appreciation Right with an Option Price or Base Price, respectively, greater than the consideration offered in connection with any such transaction or event or Change in Control, the Committee may in its discretion elect to cancel such Option Right or Appreciation Right without any payment to the Person holding such Option Right or Appreciation Right. The Committee shall also make or provide for such adjustments in the numbers of shares of Stock specified in **Section 3** of this Plan as the Committee in its sole discretion, exercised in good faith, determines is appropriate to reflect any transaction or event described in this **Section 11**; provided, however, that any such adjustment to the numbers specified in **Section 3(c)** of this Plan will be made only if and to the extent that such adjustment would not cause any Option Right intended to qualify as an Incentive Stock Option to fail to so qualify.

12. **Change in Control**. For purposes of this Plan, except as may be otherwise prescribed by the Committee in an Evidence of Award made under this Plan, a "Change in Control" will be deemed to have occurred upon the occurrence (after the Effective Date) of any of the following events:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power represented by the outstanding Voting Stock of the Company; provided, however, that, for purposes of this definition, the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (iv) any acquisition by a Permitted Holder;

(b) during any period of two (2) consecutive years individuals who at the beginning of such period constitute the Board cease for any reason to constitute at least a majority thereof, unless the election, or the nomination for election, by the Company's shareholders, of each new director is approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of the period but excluding any individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such term is used in Rule 14a-11 of Regulation 14A promulgated under the Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

(c) the Company merges with or into another Person or sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any Person, or any Person merges with or into the Company, in any such event pursuant to a transaction in which the outstanding Voting Stock of the Company is converted into or exchanged for cash, securities or other property, other than any such transaction where (x) the outstanding Voting Stock of the Company is converted into or exchanged for Voting Stock of the surviving or transferee corporation and (y) immediately after such transaction no "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than the Permitted Holders, is the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power represented by the outstanding Voting Stock of the surviving or transferee corporation; or

(d) approval by the Stockholders of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control solely as a result of any Parent Entity or the Company becoming a direct or indirect wholly-owned Subsidiary of a holding company if (A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of our Voting Stock immediately prior to that transaction or (B) immediately following that transaction no person (other than a holding company satisfying the requirements of this sentence) other than the Permitted Holders is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company. For purposes of the foregoing definition, "Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof.

13. **Detrimental Activity and Recapture Provisions**. Any Evidence of Award may reference a clawback policy of the Company or provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any gain related to an award, or other provisions intended to have a similar effect, upon such terms and conditions as may be determined by the Committee from time to time, if a Participant, either (a) during employment or other service with the Company or a Subsidiary, or (b) within a specified period after termination of such employment or service, engages in any detrimental activity, as described in the applicable Evidence of Award or such clawback policy. In addition, notwithstanding anything in this Plan to the contrary, any Evidence of Award or such clawback policy may also provide for the cancellation or forfeiture of an award or the forfeiture and repayment to the Company of any shares of Stock issued under and/or any other benefit related to an award, or other provisions intended to have a similar effect, including upon such terms and conditions as may be required by the Committee or under Section 10D of the Exchange Act and any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the shares of Stock may be traded.

14. **Non-U.S. Participants.** In order to facilitate the making of any grant or combination of grants under this Plan, the Committee may provide for such special terms for awards to Participants who are foreign nationals or who are employed by the Company or any Subsidiary outside of the United States of America or who provide services to the Company or any Subsidiary under an agreement with a foreign nation or agency, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to or amendments, restatements or alternative versions of this Plan (including sub-plans) (to be considered part of this Plan) as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Plan as in effect for any other purpose, and the secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements, however, will include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the Stockholders.

15. **Transferability.**

(a) Except as otherwise determined by the Committee, and subject to compliance with **Section 17(b)** of this Plan and Section 409A of the Code, no Option Right, Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, Cash Incentive Award, award contemplated by **Section 9** of this Plan or dividend equivalents paid with respect to awards made under this Plan will be transferable by the Participant except by will or the laws of descent and distribution. In no event will any such award granted under this Plan be transferred for value. Where transfer is permitted, references to “Participant” shall be construed, as the Committee deems appropriate, to include any permitted transferee to whom such award is transferred. Except as otherwise determined by the Committee, Option Rights and Appreciation Rights will be exercisable during the Participant’s lifetime only by him or her or, in the event of the Participant’s legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the Participant in a fiduciary capacity under state law or court supervision.

(b) The Committee may specify on the Date of Grant that part or all of the shares of Stock that are (i) to be issued or transferred by the Company upon the exercise of Option Rights or Appreciation Rights, upon the termination of the Restriction Period applicable to Restricted Stock Units or upon payment under any grant of Performance Shares or Performance Units or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in **Section 6** of this Plan, will be subject to further restrictions on transfer.

16. **Withholding Taxes.** To the extent that the Company is required to withhold federal, state, local or foreign taxes or other amounts in connection with any payment made or benefit realized by a Participant or other Person under this Plan, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other Person make arrangements satisfactory to the Company for payment of the balance of such taxes or other amounts required to be withheld, which arrangements (in the discretion of the Committee) may include relinquishment of a portion of such benefit. If a Participant’s benefit is to be received in the form of shares of Stock, and such Participant fails to make arrangements for the payment of taxes or other amounts, then, unless otherwise determined by the Committee, the Company will withhold shares of Stock having a value equal to the amount required to be withheld. Notwithstanding the foregoing, when a Participant is required to pay the Company an amount required to be withheld under applicable income, employment, tax or other laws, the Committee may require the Participant to satisfy the obligation, in whole or in part, by having withheld, from the shares of Stock delivered or required to be delivered to the Participant, shares of Stock having a value equal to the amount required to be withheld or by delivering to the Company other shares of Stock held by such Participant. The shares of Stock used for tax or other withholding will be valued at an amount equal to the fair market value of such shares of Stock on the date the benefit is to be included in Participant’s income. In no event will the fair market value of the shares of Stock to be withheld and delivered pursuant to this **Section 16** exceed the minimum amount required to be withheld, unless (a) an additional amount can be withheld and not result in adverse accounting consequences and (b) such additional withholding amount is authorized by the Committee. Participants will also make such arrangements as the Company may require for the payment of any withholding tax or other obligation that may arise in connection with the disposition of shares of Stock acquired upon the exercise of Option Rights.

17. **Compliance with Section 409A of the Code.**

(a) To the extent applicable, it is intended that this Plan and any grants made hereunder comply with the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) of the Code do not apply to the Participants. This Plan and any grants made hereunder will be administered in a manner consistent with this intent. Any reference in this Plan to Section 409A of the Code will also include any regulations or any other formal guidance promulgated with respect to such section by the U.S. Department of the Treasury or the Internal Revenue Service.

(b) Neither a Participant nor any of a Participant's creditors or beneficiaries will have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under this Plan and grants hereunder to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to a Participant or for a Participant's benefit under this Plan and grants hereunder may not be reduced by, or offset against, any amount owed by a Participant to the Company or any of its Subsidiaries.

(c) If, at the time of a Participant's separation from service (within the meaning of Section 409A of the Code), (i) the Participant will be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (ii) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the fifth business day of the seventh month after such separation from service (or, if earlier, upon the Participant's death).

(d) Solely with respect to any award that constitutes nonqualified deferred compensation subject to Section 409A of the Code and that is payable on account of a Change in Control (including any installments or stream of payments that are accelerated on account of a Change in Control), a Change in Control shall occur only if such event also constitutes a "change in the ownership," "change in effective control," and/or a "change in the ownership of a substantial portion of assets" of the Company as those terms are defined under Treasury Regulation §1.409A-3(i)(5), but only to the extent necessary to establish a time and form of payment that complies with Section 409A of the Code, without altering the definition of Change in Control for any purpose in respect of such award.

(e) Notwithstanding any provision of this Plan and grants hereunder to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to this Plan and grants hereunder as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, a Participant will be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on a Participant or for a Participant's account in connection with this Plan and grants hereunder (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its affiliates will have any obligation to indemnify or otherwise hold a Participant harmless from any or all of such taxes or penalties.

18. **Amendments.**

(a) The Board may at any time and from time to time amend this Plan, in whole or in part; provided, however, that if an amendment to this Plan, for purposes of applicable stock exchange rules and except as permitted under **Section 11** of this Plan, (i) would materially increase the benefits accruing to Participants under this Plan, (ii) would materially increase the number of securities which may be issued under this Plan, (iii) would materially modify the requirements for participation in this Plan, or (iv) must otherwise be approved by the Stockholders in order to comply with applicable law or the rules of the New York Stock Exchange or, if the shares of Stock are not traded on the New York Stock Exchange, the principal national securities exchange upon which the shares of Stock are traded or quoted, all as determined by the Board, then, such amendment will be subject to Stockholder approval and will not be effective unless and until such approval has been obtained.

(b) Except in connection with a corporate transaction or event described in **Section 11** of this Plan or in connection with a Change in Control, the terms of outstanding awards may not be amended to reduce the Option Price of outstanding Option Rights or the Base Price of outstanding Appreciation Rights, or cancel outstanding "underwater" Option Rights or Appreciation Rights (including following a Participant's voluntary surrender of "underwater" Option Rights or Appreciation Rights) in exchange for cash, other awards or Option Rights or Appreciation Rights with an Option Price or Base Price, as applicable, that is less than the Option Price of the original Option Rights or Base Price of the original Appreciation Rights, as applicable, without Stockholder approval. This **Section 18(b)** is intended to prohibit the repricing of "underwater" Option Rights and Appreciation Rights and will not be construed to prohibit the adjustments provided for in **Section 11** of this Plan. Notwithstanding any provision of this Plan to the contrary, this **Section 18(b)** may not be amended without approval by the Stockholders.

(c) If permitted by Section 409A of the Code, but subject to **Section 18(d)**, including in the case of termination of employment or service, or in the case of unforeseeable emergency or other circumstances or in the event of a Change in Control, to the extent a Participant holds an Option Right or Appreciation Right not immediately exercisable in full, or any Restricted Stock as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or any Restricted Stock Units as to which the Restriction Period has not been completed, or any Cash Incentive Awards, Performance Shares or Performance Units which have not been fully earned, or any dividend equivalents or other awards made pursuant to **Section 9** of this Plan subject to any vesting schedule or transfer restriction, or who holds shares of Stock subject to any transfer restriction imposed pursuant to **Section 15(b)** of this Plan, the Committee may, in its sole discretion, provide for continued vesting or accelerate the time at which such Option Right, Appreciation Right or other award may vest or be exercised or the time at which such substantial risk of forfeiture or prohibition or restriction on transfer will lapse or the time when such Restriction Period will end or the time at which such Cash Incentive Awards, Performance Shares or Performance Units will be deemed to have been earned or the time when such transfer restriction will terminate or may waive any other limitation or requirement under any such award.

(d) Subject to **Section 18(b)** of this Plan, the Committee may amend the terms of any award theretofore granted under this Plan prospectively or retroactively. Except for adjustments made pursuant to **Section 11** of this Plan, no such amendment will materially impair the rights of any Participant without his or her consent. The Board may, in its discretion, terminate this Plan at any time. Termination of this Plan will not affect the rights of Participants or their successors under any awards outstanding hereunder and not exercised in full on the date of termination.

19. **Governing Law.** This Plan and all grants and awards and actions taken hereunder will be governed by and construed in accordance with the internal substantive laws of the State of Georgia, without reference to the principles of conflicts of laws.

20. **Effective Date/Termination.** This Plan will be effective as of the Effective Date. No grants will be made on or after the Effective Date under the Predecessor Plan, provided that outstanding awards granted under the Predecessor Plan will continue following the Effective Date. No grant will be made under this Plan on or after the tenth anniversary of the Effective Date, but all grants made prior to such date will continue in effect thereafter subject to the terms thereof and of this Plan. For clarification purposes, the terms and conditions of this Plan shall not apply to or otherwise impact previously granted and outstanding awards under the Predecessor Plan, as applicable (except for purposes of providing for shares of Stock under such awards to be added to the aggregate numbers of shares of Stock available under **Section 3(a)** of this Plan pursuant to the share counting rules of this Plan).

21. **Miscellaneous Provisions.**

(a) The Company will not be required to issue any fractional shares of Stock pursuant to this Plan. The Committee may provide for the elimination of fractions or for the settlement of fractions in cash.

(b) This Plan will not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate such Participant's employment or other service at any time.

(c) Except with respect to **Section 21(e)** of this Plan, to the extent that any provision of this Plan would prevent any Option Right that was intended to qualify as an Incentive Stock Option from qualifying as such, that provision will be null and void with respect to such Option Right. Such provision, however, will remain in effect for other Option Rights and there will be no further effect on any provision of this Plan.

(d) No award under this Plan may be exercised by the holder thereof if such exercise, and the receipt of cash or stock thereunder, would be, in the opinion of counsel selected by the Company, contrary to law or the regulations of any duly constituted authority having jurisdiction over this Plan.

(e) Absence on leave approved by a duly constituted officer of the Company or any of its Subsidiaries will not be considered interruption or termination of service of any employee for any purposes of this Plan or awards granted hereunder.

(f) No Participant will have any rights as a Stockholder with respect to any shares of Stock subject to awards granted to him or her under this Plan prior to the date as of which he or she is actually recorded as the holder of such shares of Stock upon the stock records of the Company.

(g) The Committee may condition the grant of any award or combination of awards authorized under this Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company or a Subsidiary to the Participant.

(h) Except with respect to Option Rights and Appreciation Rights, the Committee may permit Participants to elect to defer the issuance of shares of Stock under this Plan pursuant to such rules, procedures or programs as it may establish for purposes of this Plan and which are intended to comply with the requirements of Section 409A of the Code. The Committee also may provide that deferred issuances and settlements include the crediting of dividend equivalents or interest on the deferral amounts.

(i) If any provision of this Plan is or becomes invalid or unenforceable in any jurisdiction, or would disqualify this Plan or any award under any law deemed applicable by the Committee, such provision will be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of the Committee, it will be stricken and the remainder of this Plan will remain in full force and effect. Notwithstanding anything in this Plan or an Evidence of Award to the contrary, nothing in this Plan or in an Evidence of Award prevents a Participant from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity a Participant is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

22. **Stock-Based Awards in Substitution for Awards Granted by Another Company.** Notwithstanding anything in this Plan to the contrary:

(a) Awards may be granted under this Plan in substitution for or in conversion of, or in connection with an assumption of, stock options, stock appreciation rights, restricted stock, restricted stock units or other stock or stock-based awards held by awardees of an entity engaging in a corporate acquisition or merger transaction with the Company or any Subsidiary. Any conversion, substitution or assumption will be effective as of the close of the merger or acquisition, and, to the extent applicable, will be conducted in a manner that complies with Section 409A of the Code. The awards so granted may reflect the original terms of the awards being assumed or substituted or converted for and need not comply with other specific terms of this Plan, and may account for shares of Stock substituted for the securities covered by the original awards and the number of shares subject to the original awards, as well as any exercise or purchase prices applicable to the original awards, adjusted to account for differences in stock prices in connection with the transaction.

(b) In the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary merges has shares available under a pre-existing plan previously approved by stockholders and not adopted in contemplation of such acquisition or merger, the shares available for grant pursuant to the terms of such plan (as adjusted, to the extent appropriate, to reflect such acquisition or merger) may be used for awards made after such acquisition or merger under this Plan; provided, however, that awards using such available shares may not be made after the date awards or grants could have been made under the terms of the pre-existing plan absent the acquisition or merger, and may only be made to individuals who were not employees or directors of the Company or any Subsidiary prior to such acquisition or merger.

(c) Any shares of Stock that are issued or transferred by, or that are subject to any awards that are granted by, or become obligations of, the Company under **Sections 22(a)** or **22(b)** of this Plan will not reduce the shares of Stock available for issuance or transfer under this Plan or otherwise count against the limits contained in **Section 3** of this Plan. In addition, no shares of Stock subject to an award that is granted by, or becomes an obligation of, the Company under **Sections 22(a)** or **22(b)** of this Plan, will be added to the aggregate limits contained in **Section 3(a)** of this Plan.

EXHIBIT 31.1

CERTIFICATION

I, Hilton H. Howell, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gray Television, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 5, 2022

By: /s/ Hilton H. Howell, Jr.
Hilton H. Howell, Jr.
Executive Chairman and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, James C. Ryan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Gray Television, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;
    c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 5, 2022

By: /s/ James C. Ryan
James C. Ryan
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying quarterly report on Form 10-Q of Gray Television, Inc. (the "Company") for the quarterly period ended June 30, 2022 (the "Periodic Report"), the undersigned Chief Executive Officer of the Company, hereby certifies pursuant to Title 18, Section 1350 United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his individual knowledge and belief, that the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 5, 2022

/s/ Hilton H. Howell, Jr.

Hilton H. Howell, Jr.
Executive Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Gray Television, Inc. and will be retained by Gray Television, Inc. and furnished to the SEC or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying quarterly report on Form 10-Q of Gray Television, Inc. (the "Company") for the quarterly period ended June 30, 2022 (the "Periodic Report"), the undersigned Chief Financial Officer of the Company, hereby certifies pursuant to Title 18, Section 1350 United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of his individual knowledge and belief, that the Periodic Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 5, 2022

/s/ James C. Ryan
James C. Ryan
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Gray Television, Inc. and will be retained by Gray Television, Inc. and furnished to the SEC or its staff upon request.