SINCLAIR
BROADCAST GROUP

CONNECTING PEOPLE WITH CONTENT EVERYWHERE

2021 ANNUAL REPORT

SBGI.NET

Dear Fellow Shareholders,

RESILIENCY AND FORWARD PROGRESS.

That is how I would sum up 2021. While this past year was marked by the on-going pandemic, global supply chain issues, the Great Resignation, and a cybersecurity incident at our Company, we showed continued irrepressible commitment as we made significant progress in moving our Company forward. Among the many highlights of 2021 was being named for the first time to the prestigious list of the largest 500 companies, an honor that is the culmination of decades of work by many people as one of the nation's leading local broadcasters. While the year featured significant accomplishments in many areas, perhaps the most important were our progress in establishing and delivering on our initiatives around content, distribution, technology and marketing that will define our company in the future and enable our continued success.

Resiliency During a Challenging Year

2021 was certainly an unpredictable year as the country faced its second year coping with the COVID-19 pandemic and its multiple variants. While that alone continued to be a significant test, we also dealt with a ransomware cybersecurity incident towards the end of the year which caused some temporary disruption to our operations. While we did not pay any ransom, preliminary results reflect an estimate of approximately $24 million in net unrecoverable losses which could have been higher if not for the hard work and creative workarounds of our dedicated employees. As a result, we were able to recover quickly, restoring our operations and returning to business as usual. We have since identified and taken a number of steps to strengthen our technology systems, infrastructure, protocols and governance.

Despite COVID-19's persistence, the economy showed pockets of recovery and professional sports resumed full season play, both of which were reflected in our core advertising revenues, which grew meaningfully in 2021 versus 2020. Notable was the emergence of the new and fast-growing sports betting category and increased spending by our largest advertising category, services, both of which helped mitigate a sluggish automotive category which continues to be hampered by supply chain constraints. 2022 is shaping up to be a strong year for advertising growth, driven by expectations for record political advertising spending for the midterm elections, including many anticipated close races and a multitude of ballot issues. Coupled with an increase in the number of states with legalized on-line sports betting and a second half of the year expected recovery in supply-constrained advertising categories, particularly automotive, we expect an advertising environment for 2022 that should be favorable for advertising rates and sellout levels.

In 2021, we rolled out the Bally Sports brand for 19 of our regional sports network (RSN) brands and launched a new digital app. The new Bally Sports App includes live, real-time sportscasts integrated with game highlights, scores, news, and other capabilities. In 2022, we will add even more functionality to the app including gamification elements, and direct-to-consumer (DTC) availability. During 2021, we relocated two of our major operations into new state-of-the-art facilities. Our RSN hub in Atlanta, GA, is unique in that it can handle over 40 simultaneous channels of live sports, with an upgrade path to higher resolution 4K. Our Tennis Channel studios and operations relocated to an impressive all-new facility in Santa Monica, CA that features a set utilizing large video walls that enhance the storytelling capabilities of our commentators. We continue to advance our cloud transformation activities, centralizing our media distribution and archiving operations, which provides us the flexibility and capability to expand our services, while also laying the groundwork for the growth initiatives we are pursuing for the future.

Content is a Key Value Driver

Content is a key driver for our media businesses, and we continue to build upon the valuable exclusive rights we possess. We focus on both local news and sports programming; an important distinction that sets Sinclair apart from other providers.This programming is highly-desired by viewers and primarily watched in real-time. Live local news and sports viewing continue to outperform in their dayparts as compared to general entertainment and are highly-valued by advertisers. In addition, a key aspect of our business model is sharing our content across multiple platforms, allowing viewers to choose how they want to view the content, while driving economies of scale that enhance revenue opportunities and cost efficiencies. By creating multiple engagement points and monetization strategies, we can most effectively target consumers by demographics and interest levels. Those revenue opportunities include gamification initiatives and building participatory communities across all content and platforms, that in addition to driving real-time viewership for local sports, news and other programming, also create lasting viewer behavior change and increased loyalty.

During 2021, we expanded our news programming, rolling out The National Desk (TND), an original Sinclair news program focused on timely stories of national and regional interest, utilizing our vast array of journalists and newsrooms across the country. The commentary-free coverage elevates the most important local news stories to a national level, inserting a local perspective into national headlines. We believe this news format is the model of the future, adding unique and individualized perspectives to national storylines. The program debuted early in 2021 in 60 markets across the country, airing three hours of programming in the morning. Encouraged by its success, we expanded the programming to the late evening hours and also debuted TheNationalDesk.com, offering round-the-clock breaking news and informative new features from our TND staff and from our newsrooms across the country. We are pleased with our early results.

During the year we also significantly expanded programming on Tennis Channel and its streaming platform, Tennis Channel Plus (TC+). Together, Tennis Channel and TC+ now provide a one-of-a-kind comprehensive offering to viewers encompassing every televised ATP & WTA pro tour match in the world. Importantly, Tennis Channel also renewed its contract for Wimbledon coverage through 2036 and continued setting records with its most-watched match ever during the 2021 French Open. The network became the exclusive home of two highly prestigious events, the BNP Paribas Open and the Miami Open, and partnered with our regional sports networks to bring more live television coverage of these tournaments to viewers than ever before. Tennis Channel upped its digital game in 2021, launching an all new Tennis.com website and app. Already the world's largest platform for all things tennis, the rebuild now offers global audiences an entirely new way to instantly access the sport online, including the latest real-time scores, statistics and breaking news 24/7. Tennis Channel International's (TCI) free streaming and subscription services have gained millions of homes, while garnering awards as international platform of the year, best original content as well as best digital-first production. TCI launched in several new countries during 2021, including the U.K., India, the Netherlands and Greece, bringing its total distribution to eight countries, and became the exclusive WTA women's tennis home in Germany, Austria, and Switzerland, with a similar partnership including select shared matches in the Netherlands.

Our content creation and expansion momentum continue into 2022, as we recently debuted our new 90-minute original sports program, The Rally, airing weekdays in the early evening on our Bally Sports RSNs. The Rally is a new, fast-paced sports program covering all sports topics and infused with social influencers, interactivity, and the voice of the fan. The show utilizes Sinclair's sports talent from our various platforms across the country, providing national coverage with a local familiarity and encouraging viewers to interact through contests, giveaways and commentary. From polling and live reactions, to trivia and a wide array of additional enhancements, the program is designed to create an opportunity for Bally Sports viewers to contribute to the national discussion every night. The show embodies the direction that we see programming moving towards in the future – fast-paced, with timely commentary and interactive elements, engaging viewers at a level not seen with past local sports programming. Another new sports program launched in 2022, Live on the Line Powered by BetMGM, is an accessible and fun approach to sports betting that is targeted to all sports fans, whether they bet or not. The weekday program combines resources across our entire sports portfolio to deliver up-to-date betting information while also offering fun and unique content for causal sports fans. Also launching in 2022 is original weather programing that will be part of The National Desk franchise and will also be featured on social media sites.

Future Growth Initiatives Take a Big Step Forward

In the last year, our digital transformation continued to gather momentum. One of the most important digital initiatives we undertook during the year was preparing for our new Direct-to-Consumer (DTC) local sports product which we plan to launch shortly, on the heels of a new $635 million financing for our Diamond Sports Group business. Critical to DTC's success is having exclusive local sports rights

that viewers care about. Our agreements with leagues and teams include such rights for 16 NBA teams, 12 NHL teams and 5 MLB teams. The DTC platform ushers in a new era of local sports viewing and is important to the future of our local sports business as it enables anyone to access live local sports content, whether or not they subscibe to a pay TV bundle. This means all fans, including for the first time ever those that are cord cutters or cord nevers, can subscribe directly to their local RSN to watch their local teams' games. By the end of 2022, we expect to have launched all of our Bally Sports RSNs on the DTC platform, making live local sports available directly to over 80 million households.

In addition, reaching consumers through our streaming app allows us to monetize those consumers in incremental ways not available with linear subscribers. We can accomplish this through building and developing content and experiences across many areas of fan interests and the metaverse, including virtual fandoms, social communities, the world of NFT's and e-commerce. A vital method by which to reach these consumers is through gamification elements – creating entertaining and rewarding experiences for both existing and new users and fans. These elements will be introduced in our DTC product and across our enterprise-wide digital websites and native apps via gamified experiences. In 2022 we plan on introducing "game centers" in appropriate sections of each platform featuring multiple game types, rewards, and prizes.

In 2021, we transformed our digital agency, Compulse, into a marketing technology and managed services company for local media and agencies. With the launch of the Compulse 360 platform, we now offer a SaaS (Software as a Service) based solution that executes omni-channel campaigns for our clients – empowering them to run local campaigns at scale. The reimagined Compulse utilizes regional and national scale to service larger accounts and offer unique bundled packages providing the best value for its customers, complete with enhanced functionality around planning, execution, and reporting.

We have continued to be a leader in driving NextGen Broadcasting (NextGen), helping develop and deploy the technology that brings together over-the-air and over-the-top (OTT) content. 2021 saw significant progress for us and the entire broadcast industry for this game-changing technology. NextGen technology is available to nearly 50% of the U.S. TV households. We expect that, by the end of 2022, over three-quarters of the country will have access to this exciting technology.

Deploying the NextGen standard goes beyond simply equipping TV stations with new transmission equipment. We seek to fully exploit the capabilities enabled by the new technology. To do that, we have been involved in significant creation and evaluation of both equipment and use cases. NextGen allows for addressability and geographical "zoning," targeted advertising, and data services, supporting expansion of entirely new services that broadcasters like Sinclair can offer. With the unique measurement capabilities of NextGen connected TVs, we can now better understand who, when, and how often audiences are engaged with our content and ads across a merged TV and digital experience.

During the year, the industry and we made good progress in the demonstration and testing of NextGen in numerous areas. These include an open-source broadcast app enabling seamless movement between over-the-air and OTT streaming, enhanced GPS for precision positional accuracy, advanced emergency information, distance and e-learning, mobile phone deployment opportunities, and numerous other use cases. Consumer electronics manufacturers are already gearing up for the widespread use of the new technology. According to the Consumer Technology Association (CTA), overall 2021 sales of NEXTGEN TVs more than tripled original forecasts, with 3 million units shipped by manufacturers. CTA is projecting 2022 NEXTGEN TV sales of 4.5 million units, as the number of TV makers endorsing the hybrid over-the-air and over-the-top ATSC 3.0 technology continues to grow.

As the inventor of some of the critical intellectual property of the NextGen standard, and through the announced recent formation of an MPEG LA ATSC 3.0 patent pool license, world-wide access to many essential patents, including Sinclair's and its innovations subsidiary, ONE Media, will become widely available.

Notably, other countries are exploring adoption of the ATSC 3.0 technology. Trials in India utilizing the NextGen broadcast technology are already underway, with a particular focus on mobile applications. In Brazil, several ATSC 3.0 technologies have been recommended to the Brazilian government for deployment. And even in small countries, the new technology is taking hold; Jamaica has just announced that it is embracing and deploying the ATSC 3.0 standard nationwide in 2023.

Recently, third parties have begun validating the revenue opportunity for the U.S. broadcasting industry. BIA Advisory Services reports that new datacasting revenue from NextGen could bring $5 billion of revenue to the broadcast industry by 2027 and $10 billion by 2030. The future of broadcasting will no longer be exclusively based on a linear video programming distribution model, but on the value of the underlying spectrum as a conduit for all types of data distribution. Monetization opportunities for the new technology, coupled with connected TV analytics, allow broadcasters to utilize their spectrum more fully in many new ways.

We are proud to be a change maker, inventor and early adopter of this revolution which brings immense opportunities to offer businesses a more cost-effective and reliable way to reach the masses in mobile, portable, and fixed applications.

Focused on Our Employees, Our Communities, and the Planet

During the year, we made noteworthy progress in advancing our Environmental, Social, and Governance (ESG) initiatives. While we have a long history of advocating and adopting the actions which ESG embodies, in the past we have not adequately measured and communicated the specific outcomes of our initiatives and actions. In 2021, we began efforts to further formalize our ESG-related activities and to add transparency and publish information on our website regarding our progress.

Regarding our environmental initiatives, while our business does not have a large Scope 1 environmental impact, we are a significant user of electricity. We have previously sought ways and have begun executing on plans to lower our carbon footprint by reducing our use of electricity through sustainability initiatives such as replacing our lighting with energy-efficient LED lighting and utilizing more energy-efficient HVAC equipment and transmitters. We now are in the process of developing baselines for energy usage so that we can measure and report on the electricity savings we realize. Our initial analysis on the LED lighting initiative alone indicates that annually we can save the equivalent of the electricity used by over 1,300 U.S. homes.

With respect to the Governance front, we took some significant steps during the year to strengthen the governance of our company. We hired our first Chief Compliance Officer, our first Chief Information Security Officer, and made changes to our Board of Directors structure, including adding a regulatory committee as well as a governance and nominating committee. We also increased the diversity and independence of the Board with our first female Board member.

At the core of our culture is a strong dedication to supporting the communities we serve and 2021 was no exception. We did, however, begin to specifically track our community involvement last year, especially regarding charitable contributions. In 2021, we partnered with over 360 organizations to raise over $38 million, collected three million pounds of food, and 400 thousand toys and backpacks. In addition, we donated over $13 million of on-air promotional time for various charitable causes. We also awarded seven diversity scholarships during the year, adding to the more than $100,000 in tuition assistance awarded to diverse students over the past six years. We support our communities through the programming we air regarding community issues on our news, including investigative reporting that uncovers issues of local concern, as well as producing town hall meetings that focus on issues of local interest and give a voice to our viewers. In 2021 alone, we produced 162 town hall meetings. Local news and award-winning reporting have always been the backbone of Sinclair, and our commitment to local, results-driven journalism has been recognized with both national and regional awards. In 2021, our newsrooms won 300 awards, including several prestigious national honors. Our journalists' ground-breaking reports have prompted government investigations as well as changes in government policies and new state and federal laws.

Supporting our employees is a priority for our company. They are our most important asset and are the reason that we are able to provide the quality product that we deliver each and every day to millions of viewers. We support our employees through clear guidance, structure, resources, and accountability. We have appropriate policies and procedures in place that are intended to provide a safe, ethical, and inclusive workplace. During the year, we formed Employee Experience and Diversity & Inclusion working groups to ensure we remain vigilant and responsive to the needs of our diverse workforce.

Sum of the Parts Points to Significantly Higher Valuation

As we have stated frequently in the past, we believe that to fully appreciate Sinclair's true value, it is critical to consider our sum-of-the-parts valuation. This includes not only our Broadcast and Local Sports businesses, but also other significant assets that are not explicitly part of our core segments. These assets are extensive, and hold real value and form a critical element of our overall financial picture.

Our portfolio of investments includes real estate, venture capital and private equity funds, and direct strategic investments in companies mainly focused on technology, content, and advertising. These include partners like Playfly, Saankhya Labs, Dielectric, ONE Media, and dozens more investments, which, together we estimate had a market value approximately $740 million at the end of 2021. An important investment is our stake in Bally's Corporation, a global casino-entertainment company with a growing omni-channel presence in online sports betting and iGaming offerings. Our partnership with Bally's is enterprise-wide and includes the naming rights for 19 of our RSN brands and gamification efforts for all our businesses. Sinclair owns warrants and options, which at Bally's share price at the end of 2021, was valued at over $400 million after accounting for costs to monetize those instruments. In addition, our accounts receivable investment was valued at $213 million at the end of the year. Combined, we believe the total value of our investment portfolio is approximately $1.4 billion. Historically, our investment portfolio has returned an IRR of over 20% per year. When you include the value

of our licensed spectrum, which we have quantified in the past at an approximate valuation of $1.7 billion, and the remaining estimated $1.1 billion net present value tax benefit that came as the result of our RSN acquisition in 2019, these “hidden” assets have a cumulative market value of approximately $4.2 billion, or close to $60 per share, which we believe is not reflected in our current share price. This discount has not been lost on us. Over the past four years, we have repurchased approximately 35% of our total outstanding shares at an average share price of approximately $22.50. As we enter what we believe will be another record-breaking political advertising year to drive cash flow, in another shareholder return action, our Board of Directors recently increased the dividend rate by 25%.

Looking Ahead

Looking ahead, as the media industry continues to evolve, so does Sinclair. We continue to seek ways to grow organically in our non-core holdings and our television and sports businesses through building content, connecting with our viewers however they choose to access content, and partnering with others that share our vision. We are invigorated by our outlook for the coming year. If 2021 has taught us anything, it is that we can prevail, innovate, and evolve under the most remarkable of circumstances. We are confident that our actions will lead to continued growth, opportunity, and prosperity for our business in the years ahead.

Finally, I would like to thank Larry McCanna and Martin Leader for their many years of service on our Board of Directors and thank you, our employees and shareholders, for your continued support, as we look forward to our future success.

David D. Smith

Chairman of the Board

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BUSINESS

Sinclair Broadcast Group, Inc. (the Company, or sometimes referred to as "we" or "our") is a diversified media company with national reach and a strong focus on providing high-quality content on our local television stations, regional and national sports networks, and digital platforms. The content, distributed through our broadcast platform and third-party platforms, consists of programming provided by third-party networks and syndicators, local news, college and professional sports, and other original programming produced by us. Additionally, we own digital media products that are complementary to our extensive portfolio of television station and regional sports network related digital properties. Outside of our media related businesses, we operate technical services companies focused on supply and maintenance of broadcast transmission systems as well as research and development for the advancement of broadcast technology, and we manage other non-media related investments.

We are a Maryland corporation founded in 1986. Our principal executive offices are located at 10706 Beaver Dam Road, Hunt Valley, Maryland 21030. Our telephone number is (410) 568-1500 and our website address is www.sbgi.net. The information contained on, or accessible through, our website is not part of this annual report on Form 10-K and is not incorporated herein by reference.

Segments

As of December 31, 2021, we have two reportable segments: broadcast and local sports. Our broadcast segment is comprised of our television stations, which are owned and/or operated by our wholly-owned subsidiary, Sinclair Television Group, Inc. (STG) and its direct and indirect subsidiaries. Our local sports segment is comprised of our regional sports networks, which are owned and operated by our subsidiary, Diamond Sports Group, LLC (DSG) and its direct and indirect subsidiaries. We also earn revenues from our owned networks, original content, digital and internet services, technical services, and non-media investments. These businesses are included within other. Other is not a reportable segment but is included for reconciliation purposes.

Broadcast

As of December 31, 2021, our broadcast segment primarily consisted of our broadcast television stations. We own, provide programming and operating services pursuant to local marketing agreements (LMAs), or provide sales services and other non-programming operating services pursuant to other outsourcing agreements (such as joint sales agreements (JSAs) and shared services agreements (SSAs)) to 185 stations in 86 markets. These stations broadcast 634 channels, including 238 channels affiliated with primary networks or program service providers comprised of: FOX (56), ABC (40), CBS (31), NBC (25), CW (46), and MyNetworkTV (MNT) (40). The other 396 channels broadcast programming from programming services including Antenna TV, Azteca, Bounce, CHARGE!, Comet, Dabl, Decades, Estrella TV, GetTV, Grit, MeTV, Rewind, Stadium, TBD, Telemundo, This TV, UniMas, Univision, Weather, and two channels broadcasting independent programming. Solely for the purpose of this report, these 185 stations and 634 channels are referred to as “our” stations and channels, and the use of such term shall not be construed as an admission that we control such stations or channels. Refer to our *Television Markets and Stations* table later for more information.

Our broadcast segment provides free over-the-air programming to television viewing audiences in the communities we serve through our local television stations. The programming that we provide on our primary channels consists of network provided programs, locally-produced news, local sporting events, programming from program service arrangements, syndicated entertainment programs, and internally originated programming. We provide live, local sporting events on many of our stations by acquiring the local television broadcast rights for these events or through our relationship with national networks.

We are one of the nation's largest producers of local news. We produce more than 2,500 hours of news per week at 126 stations in 81 markets. For the year ended December 31, 2021, our stations were awarded with 300 journalism awards, including 37 regional and one National RTDNA Edward R. Murrow awards and 77 regional Emmy awards.

Our broadcast segment derives revenue primarily from the sale of advertising inventory on our television stations and fees received from traditional multi-channel video programming distributors (MVPDs), which distribute multiple television channels through the internet without supplying their own data transport infrastructure; and other over-the-top (OTT) distributors that deliver live and on-demand programming over the internet, for the right to distribute our channels on their distribution platforms. We also earn revenues by selling digital advertisements on third-party platforms and providing digital content to non-linear devices via websites, mobile, and social media advertisements. Our objective is to meet the needs of our advertising customers by delivering significant audiences in key demographics. Our strategy is to achieve this objective by providing quality local news programming, popular network, syndicated and live sports programs, and other original content to our viewing audience. We attract most of our national television advertisers through national marketing representation firms. Our local television advertisers are primarily attracted through the use of a local sales force at each of our television stations, which is comprised of approximately 600 marketing consultants and 80 local sales managers company-wide.

Our operating results are subject to cyclical fluctuations from political advertising. Political spending has been significantly higher in the even-number years due to the cyclicality of political elections. In addition, every four years, political spending is typically elevated further due to the advertising related to the presidential election. Because of the political election cyclicality, there has been a significant difference in our operating results when comparing even-numbered years' performance to the odd numbered years' performance. Additionally, our operating results are impacted by the number and importance of individual political races and issues discussed on a national level as well as those within the local communities we serve. We believe political advertising will continue to be an important advertising category in our industry. Political advertising levels may increase further as political-activism, around social, political, economic and environmental causes, continues to draw attention and Political Action Committees (PACs), including so-called Super PACs, continue to increase spending.

Television Markets and Stations. As of December 31, 2021, our broadcast segment owns and operates or provides programming and/or sales and other shared services to television stations in the following 86 markets:

Market	Market Rank (a)	Number of Channels	Stations	Network Affiliation (b)
Washington, D.C.	7	6	WJLA, WDCO-CD, WIAV-CD	ABC
Seattle / Tacoma, WA	11	6	KOMO, KUNS	ABC
Minneapolis / St. Paul, MN	14	5	WUCW	CW
Portland, OR	21	7	KATU, KUNP	ABC
St. Louis, MO	23	4	KDNL	ABC
Raleigh / Durham, NC	24	7	WLFL, WRDC	CW, MNT
Pittsburgh, PA	26	7	WPGH, WPNT	FOX, MNT
Baltimore, MD	27	8	WBFF, WNUV(c), WUTB(d)	FOX, CW, MNT
Salt Lake City, UT	29	10	KUTV, KMYU, KJZZ, KENV(d)	CBS, MNT, IND
Nashville, TN	30	10	WZTV, WUXP, WNAB(d)	FOX, MNT, CW
San Antonio, TX	31	10	KABB, WOAI, KMYS(d)	FOX, NBC, CW
Columbus, OH	33	9	WSYX, WWHO(d), WTTE(c)	ABC, CW, MNT, FOX
Cincinnati, OH	35	8	WKRC, WSTR(d)	CBS, MNT, CW
Milwaukee, WI	36	4	WVTV	CW, MNT
Austin, TX	37	2	KEYE	CBS
Asheville, NC / Greenville, SC	38	8	WLOS, WMYA(c)	ABC, MNT
West Palm Beach / Ft Pierce, FL	39	14	WPEC, WTVX, WTCN-CD, WWHB-CD	CBS, CW, MNT
Las Vegas, NV	40	9	KSNV, KVCW	NBC, CW, MNT
Grand Rapids / Kalamazoo / Battle Creek, MI	41	3	WWMT	CBS, CW
Harrisburg / Lancaster / Lebanon / York, PA	42	3	WHP	CBS, MNT, CW
Oklahoma City, OK	44	7	KOKH, KOCB	FOX, CW
Birmingham / Tuscaloosa, AL	45	15	WBMA-LD, WTTO, WDBB(c), WABM	ABC, CW, MNT
Norfolk, VA	46	4	WTVZ	MNT
Greensboro / High Point / Winston-Salem, NC	47	7	WXLV, WMYV	ABC, MNT
Providence, RI / New Bedford, MA	51	4	WJAR	NBC
Buffalo, NY	52	7	WUTV, WNYO	FOX, MNT
Fresno / Visalia, CA	55	12	KMPH, KMPH-CD, KFRE	FOX, CW
Richmond, VA	56	5	WRLH	FOX, MNT
Mobile, AL / Pensacola, FL	57	12	WEAR, WPMI(d), WFGX, WJTC(d)	ABC, NBC, IND, MNT
Wilkes-Barre / Scranton, PA	58	11	WOLF(c), WSWB(d), WQMY(c)	FOX, CW, MNT
Albany, NY	59	7	WRGB, WCWN	CBS, CW
Little Rock / Pine Bluff, AR	60	4	KATV	ABC
Tulsa, OK	61	5	KTUL	ABC
Dayton, OH	64	8	WKEF, WRGT(d)	ABC, FOX, MNT
Spokane, WA	66	4	KLEW	CBS
Des Moines, IA	67	4	KDSM	FOX
Green Bay / Appleton, WI	68	8	WLUK, WCWF	FOX, CW
Wichita, KS	70	19	KSAS, KOCW, KAAS, KAAS-LD, KSAS-LD, KMTW(c)	FOX, MNT
Roanoke / Lynchburg, VA	71	4	WSET	ABC
Omaha, NE	72	7	KPTM, KXVO(c)	FOX , MNT, CW
Flint / Saginaw / Bay City, MI	73	11	WSMH, WEYI(d), WBSF(d)	FOX, NBC, CW

Market	Market Rank (a)	Number of Channels	Stations	Network Affiliation (b)
Rochester, NY	75	7	WHAM(d), WUHF	ABC, FOX, CW
Charleston / Huntington, WV	77	8	WCHS, WVAH(d)	ABC, FOX
Portland, ME	78	7	WPFO(d), WGME	FOX, CBS
Columbia, SC	79	4	WACH	FOX
Madison, WI	80	4	WMSN	FOX
Toledo, OH	81	4	WNWO	NBC
Syracuse, NY	83	6	WTVH(d), WSTM	CBS, NBC, CW
Chattanooga, TN	85	7	WTVC, WFLI(d)	ABC, CW, FOX, MNT
Champaign / Springfield / Decatur, IL	88	17	WICS, WICD, WRSP(d), WCCU(d), WBUI(d)	ABC, FOX, CW
Savannah, GA	90	5	WTGS	FOX
Charleston, SC	91	3	WCIV	MNT, ABC
Cedar Rapids, IA	92	8	KGAN, KFXA(d)	CBS, FOX
El Paso, TX	93	8	KFOX, KDBC	FOX, CBS, MNT
Boise, ID	98	8	KBOI, KYUU-LD	CBS, CW Plus
South Bend-Elkhart, IN	99	3	WSBT	CBS, FOX
Tri-Cities, TN-VA	100	7	WEMT(d), WCYB	FOX, NBC, CW
Myrtle Beach / Florence, SC	101	8	WPDE, WWMB(c)	ABC, CW
Greenville / New Bern / Washington, NC	102	8	WCTI, WYDO(d)	ABC, FOX
Lincoln and Hastings-Kearney, NE	104	9	KHGI, KWNB, KWNB-LD, KHGI-CD, KFXL	ABC, FOX
Reno, NV	105	9	KRXI, KRNV(d), KNSN(c)	FOX, NBC, MNT
Tallahassee, FL	107	8	WTWC, WTLF(d)	NBC, CW Plus, FOX
Johnstown / Altoona, PA	108	4	WJAC	NBC, CW Plus
Eugene, OR	116	18	KVAL, KCBY, KPIC(e), KMTR(d), KMCB(d), KTCW(d)	CBS, NBC, CW Plus
Yakima / Pasco / Richland / Kennewick, WA	117	18	KIMA, KEPR, KUNW-CD, KVVK-CD, KORX-CD	CBS, CW Plus
Traverse City / Cadillac, MI	118	12	WGTU(d), WGTQ(d), WPBN, WTOM	ABC, NBC
Macon, GA	120	3	WGXA	ABC, FOX
Peoria / Bloomington, IL	121	2	WHOI	TBD
Bakersfield, CA	125	8	KBFX-CD, KBAK	FOX, CBS
Corpus Christi, TX	130	4	KSCC	FOX, MNT
Amarillo, TX	132	10	KVII, KVIH	ABC, CW Plus
Chico-Redding, CA	133	18	KRCR, KCVU(d), KRVU-LD, KKTF-LD, KUCO-LD	ABC, FOX, MNT
Medford / Klamath Falls, OR	135	5	KTVL	CBS, CW Plus
Columbia / Jefferson City, MO	136	4	KRCG	CBS
Beaumont / Port Arthur / Orange, TX	145	8	KFDM, KBTV(d)	CBS, CW Plus, FOX
Sioux City, IA	148	13	KPTH, KPTP-LD, KBVK-LP, KMEG(d)	FOX, MNT, CBS
Albany, GA	158	4	WFXL	FOX
Gainesville, FL	161	8	WGFL(c), WNBW(c), WYME-CD(c)	CBS, NBC, MNT
Missoula, MT	162	8	KECI, KCFW	NBC
Wheeling, WV / Steubenville, OH	163	3	WTOV	NBC, FOX
Abilene / Sweetwater, TX	167	4	KTXS, KTES-LD	ABC, CW Plus
Quincy, IL / Hannibal, MO / Keokuk, IA	174	3	KHQA	CBS, ABC
Butte-Bozeman, MT	187	8	KTVM, KDBZ-CD	NBC
Eureka, CA	194	10	KAEF, KBVU(d), KECA-LD, KEUV-LP	ABC, FOX, CW Plus, MNT
San Angelo, TX	196	3	KTXE-LD	ABC, CW Plus
Ottumwa, IA / Kirksville, MO	200	3	KTVO	ABC, CBS
Total Television Channels		**634**		

(a) Rankings are based on the relative size of a station's Designated Market Area (DMA) among the 210 generally recognized DMAs in the United States as estimated by Nielsen Media Research (Nielsen) as of September 2021.

(b) We broadcast programming from the following providers on our channels and the channels of our JSA/LMA partners:

Affiliation	Number of Channels	Number of Markets	Expiration Dates (1)
ABC	40	30	August 31, 2022
FOX	56	41	December 31, 2023 through December 31, 2024
CBS	31	24	October 31, 2023 through December 31, 2024
NBC	25	17	December 31, 2024
CW	46	37	August 31, 2023 through August 31, 2024
MNT	40	31	August 31, 2023
Total Major Network Affiliates	**238**		

Affiliation	Number of Channels	Number of Markets	Expiration Dates (1)
Antenna TV	22	20	January 1, 2024
Azteca	2	1	August 31, 2020
Bounce	1	1	October 31, 2023
CHARGE!	81	72	(2)
Comet	86	71	(2)
Dabl	30	29	October 31, 2022
Decades	1	1	January 31, 2022
Estrella TV	1	1	September 30, 2022
GetTV	5	5	June 30, 2017
Grit	1	1	December 31, 2019
IND	2	2	N/A
MeTV	19	15	August 31, 2022 through August 1, 2024
Rewind	4	4	August 31, 2024
Stadium	44	41	January 1, 2024
TBD	79	68	(2)
Telemundo	1	1	December 31, 2022
This TV	1	1	November 1, 2014
UniMas	2	1	December 31, 2022
Univision	8	5	November 30, 2022
Weather	6	4	December 31, 2017
Total Other Affiliates	**396**		
Total Television Channels	**634**		

(1) When we negotiate the terms of our network affiliations or program service arrangements, we generally negotiate on behalf of our owned stations affiliated with that entity simultaneously, except in certain circumstances. This results in substantially similar terms for our stations, including the expiration date of the network affiliations or program service arrangements. If the affiliation agreement expires, we may continue to operate under the existing affiliation agreement on the same terms and conditions until a new affiliation agreement is entered into.

(2) An owned and operated network, which is carried on our multicast distribution platform or the platform of our JSA/LMA partners. Thus, there is no expiration date.

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

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

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

Local sports

On August 23, 2019, we completed the acquisition of the controlling interests in certain regional sports network brands and Fox College Sports (the Acquired RSNs) from The Walt Disney Company (Disney). See *Note 2. Acquisitions and Dispositions of Assets* within the *Consolidated Financial Statements* for further discussion. In February 2019, we announced a joint venture with the Chicago Cubs that owns and operates Marquee Sports Network (Marquee), a regional sports network based in Chicago, Illinois. On August 29, 2019 we acquired a minority equity interest in the Yankee Entertainment and Sports Network (the YES Network), a regional sports network based in New York, New York. On March 31, 2021, the 21 Acquired RSNs were rebranded as 19 Bally Sports network brands (the Bally RSNs). We refer to the Bally RSNs and Marquee as "the RSNs". The RSNs and YES Network own the exclusive rights to air, among other sporting events, the games of professional sports teams in designated local viewing areas.

Through our RSNs and the YES Network, we own equity interests in the largest collection of regional sports networks in the United States, broadcasting approximately 5,000 professional sports games and producing approximately 25,700 hours of new content each year. As a result of the modified sports seasons due to the COVID-19 pandemic, a higher than average number of live sports games were played during the year ended December 31, 2021, therefore our RSNs and the YES Network broadcast approximately 5,500 professional sports games and produced approximately 30,000 hours of new content. Our RSNs and the YES Network are located in attractive, highly-populated geographic areas of the United States with significant local viewership and 45 of the most exciting professional sports teams. Our RSNs are a premier destination for local sports viewership, with premium live sports content reaching approximately 47 million subscribers nationally, excluding YES Network subscribers. Our RSNs and the YES Network have an extensive footprint that includes exclusive long-term agreements with 16 Major League Baseball (MLB) teams, 17 National Basketball Association (NBA) teams and 12 National Hockey League (NHL) teams. Within our RSN portfolio and the YES Network are 21 regional sports network brands (19 Bally RSNs, Marquee and YES Network). We generate revenues by distributing our networks to Distributors, and from the sale of advertising inventory.

As of December 31, 2021, our RSNs have relationships with the following professional teams.

MLB Teams	NBA Teams	NHL Teams
Arizona Diamondbacks	Atlanta Hawks	Anaheim Ducks
Atlanta Braves	Charlotte Hornets	Arizona Coyotes
Chicago Cubs	Cleveland Cavaliers	Carolina Hurricanes
Cincinnati Reds	Dallas Mavericks	Columbus Blue Jackets
Cleveland Guardians	Detroit Pistons	Dallas Stars
Detroit Tigers	Indiana Pacers	Detroit Red Wings
Kansas City Royals	Los Angeles Clippers	Florida Panthers
Los Angeles Angels	Memphis Grizzlies	Los Angeles Kings
Miami Marlins	Miami Heat	Minnesota Wild
Milwaukee Brewers	Milwaukee Bucks	Nashville Predators
Minnesota Twins	Minnesota Timberwolves	St. Louis Blues
San Diego Padres	New Orleans Pelicans	Tampa Bay Lightning
St. Louis Cardinals	Oklahoma City Thunder	
Tampa Bay Rays	Orlando Magic	
Texas Rangers	Phoenix Suns	
	San Antonio Spurs	

As of December 31, 2021, we also hold a minority interest in the YES Network, which has long term agreements with the New York Yankees and Brooklyn Nets. We also own Fox College Sports which offers collegiate programming throughout the country.

Other

Owned Networks and Content

We own and operate Tennis Channel, a cable network which includes coverage of many of tennis' top tournaments and original professional sport and tennis lifestyle shows; the Tennis Channel International streaming service; Tennis Magazine, the sport's largest print publication; and Tennis.com (collectively, Tennis), the most visited online tennis platform in the world.

We also own and operate various networks carried on distribution platforms owned by us or others, including: Comet, our science fiction network; CHARGE!, our adventure and action-based network; and TBD, the first multiscreen TV network in the U.S. market to bring premium internet-first content to TV homes across America. We also have a majority ownership interest in Stadium, a network that brings together professional sports highlights and college games.

Our internally developed content, in addition to our local news, includes Ring of Honor (ROH), our professional wrestling promotion; The National Desk (The National Desk) with a morning edition hosted by Jan Jeffcoat and an evening edition hosted by Meagan O'Halloran; and Full Measure with Sharyl Attkisson (Full Measure), our national Sunday morning investigative and political analysis program.

Digital and Internet

STIRR, our national free, ad-supported DTC streaming app, offers live and on-demand content spanning entertainment, sports, and news. In 2021, STIRR continued to see increased viewership and expanded its offering of live, local news, additional local station content, and other brand name TV franchises and rolled out the newly designed electronic program guide to increase viewer content discovery. Since launch, total app downloads have increased 25% to approximately 8 million. Viewer engagement increased in 2021 as average viewing time grew to over 61 minutes per session and Sessions Per User increased by 35%. Also in 2021, STIRR City, STIRR's local news channel, launched in the Minneapolis/St. Paul, St. Louis, Raleigh/Durham and Pittsburgh markets, bringing the total number of STIRR City stations to 82.

We earn revenues from Compulse, a marketing technology and managed services company, by licensing the platform to other media companies and agencies, as well as executing their digital media initiatives across search, social, programmatic, email and more.

NewsON is a free, ad-supported app that provides instant access to live or on-demand local news broadcasts, including non-Sinclair affiliate partners. Sinclair Digital Ventures focuses on investment in emerging digital technologies, ad tech, and digital content companies that support, complement, or expand the Company's businesses.

In November 2020, we entered into agreements for a long-term, enterprise-wide strategic partnership with Bally's Corporation (Bally's) to combine Bally's vertically integrated, proprietary sports betting technology and expansive market access footprint with our premier portfolio of local broadcast stations, RSNs, Tennis Channel, STIRR and digital and over-the-air television network Stadium. This partnership is expected to enhance the gamification of live sports to provide audiences interactive viewing experiences and drive legalized sports betting monetization. In connection with the agreement, we also received various equity interests in Bally's and branding integrations, including naming rights under the Bally's brand. See *Note 1. Nature of Operations and Summary of Significant Accounting Policies* and *Note 6. Other Assets* within the *Consolidated Financial Statements* for further information.

Technical Services

We own subsidiaries which are dedicated to providing technical services to the broadcast industry, including: Acrodyne Technical Services, a provider of service and support for broadcast transmitters throughout the world; Dielectric, a designer and manufacturer of broadcast systems including all components from transmitter output to antenna; and ONE Media 3.0, whose purpose is to develop business opportunities, products, and services associated with the NEXTGEN TV broadcast transmission standard and TV platform. We have also partnered with several other companies in the design and deployment of NEXTGEN TV services including: Saankhya Labs to develop NEXTGEN TV technologies to be used in consumer devices; CAST.ERA, a joint venture with South Korea's leading mobile operator, SK Telecom, to develop wireless, cloud infrastructure and artificial intelligence technologies; and BitPath, a joint venture with Nexstar Media Group, to deploy and exploit datacasting models using NEXTGEN capabilities.

Non-media Investments

We own various non-media related investments across multiple asset classes including private equity, mezzanine financing, and real estate investments.

AVAILABLE INFORMATION

We regularly use our website as a source of company information and it can be accessed at www.sbgi.net. We make available, free of charge through our website, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after such documents are electronically submitted to the SEC, who also makes these reports available at http://www.sec.gov. We intend to comply with the requirements of Item 5.05 of Form 8-K regarding amendments to and waivers under the code of business conduct and ethics applicable to our Chief Executive Officer, Principal Financial Officer and Principal Accounting Officer by providing such information on our website within four days after effecting any amendment to, or granting any waiver under, that code, and we will maintain such information on our website for at least twelve months. In addition, a replay of each of our quarterly earnings conference calls is available on our website until the subsequent quarter's earnings call. The information contained on, or otherwise accessible through, our website is not a part of this annual report on Form 10-K and is not incorporated herein by reference.

FORWARD-LOOKING STATEMENTS

This report includes or incorporates forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the U.S. Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements related to our expectations regarding the performance of our business, our financial results, our liquidity and capital resources, contingencies, our dividend policy, and other non-historical statements. When we use words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or similar expressions, we are making forward-looking statements. Such forward-looking statements are subject to various risks, uncertainties and assumptions. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements including, but not limited to, those listed below in summary form and as more fully described under *Management's Discussion and Analysis of Financial Conditions and Results of Operations,* and *Quantitative and Qualitative Disclosures about Market Risk,* as such factors may be updated from time to time in our periodic filings with the United States Securities and Exchange Commission (SEC), which are accessible on the SEC's website at www.sec.gov. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this report and in our other periodic filings with the SEC. Further, forward-looking statements speak only as of the date they are made, and we undertake no obligation to update or revise forward-looking statements to reflect changed assumptions, the occurrence of unanticipated events or changes to future operating results over time, unless required by law.

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

Forward Looking Statements

We make statements in this section that are forward-looking statements within the meaning of the federal securities laws. For a complete discussion of forward-looking statements, see the section in this report entitled "*Forward-Looking Statements*." Certain risks may cause our actual results, performance or achievements to differ materially from those expressed or implied by the following discussion.

Overview

The following Management's Discussion and Analysis provides qualitative and quantitative information about our financial performance and condition and should be read in conjunction with the other sections in this annual report, including *Item 1. Business* and the *Consolidated Financial Statements,* including the accompanying notes to those statements. This discussion consists of the following sections:

Executive Overview — a description of our business, summary of significant events and financial highlights from 2021 and so far in 2022, and information about industry trends;

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

Results of Operations — a summary of the components of our revenues by category and by network affiliation and a summary of other operating data and an analysis of our revenues and expenses for 2021, 2020, and 2019, including a comparison between 2021 and 2020 and certain expectations for 2022; and

Liquidity and Capital Resources — a discussion of our primary sources of liquidity and contractual cash obligations and an analysis of our cash flows from or used in operating activities, investing activities and financing activities.

EXECUTIVE OVERVIEW

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

We have two reportable segments: broadcast and local sports. Our broadcast segment is comprised of our television stations. Our local sports segment is comprised of our RSNs and the YES Network. We also earn revenues from our owned networks, original content, digital and internet services, technical services, and non-media investments. These businesses are included within other. Corporate and unallocated expenses primarily include our costs to operate as a public company and to operate our corporate headquarters location. Other and corporate are not reportable segments.

STG, for which certain assets and results of operations are included in the broadcast segment and which is one of our wholly owned subsidiaries, is the primary obligor under the STG Bank Credit Agreement, the STG 5.125% unsecured notes due 2027, the STG 5.875% unsecured notes due 2026, the STG 5.500% unsecured notes due 2030, and the STG 4.125% secured notes due 2030 (the STG notes are collectively referred to as the STG Notes). We and substantially all of STG's subsidiaries (and not DSG nor any of its subsidiaries) are guarantors under the STG debt instruments. DSG, for which certain assets and results of operations are included in the local sports segment and which is one of our subsidiaries, is the primary obligor under the DSG Bank Credit Agreement, the DSG 5.375% secured notes due 2026 and the DSG 12.750% secured notes due 2026 (collectively, the DSG Existing Secured Notes), and the DSG 6.625% unsecured notes due 2027 (collectively with the DSG Existing Secured Notes, the DSG Notes). DSG's wholly-owned subsidiaries (and not us, STG, or any of STG's subsidiaries) are guarantors under the DSG debt instruments. Our Class A Common Stock and Class B Common Stock remain securities of SBG and not obligations or securities of STG or DSG.

For more information about our business, reportable segments, and our operating strategy, see *Item 1. Business* in this Annual Report.

Summary of Significant Events

Transactions

- In February 2021, we sold our stations WDKA in Paducah, KY and KBSI in Cape Girardeau, MO for $28 million.
- In February 2021, we acquired the remaining 73% interest we did not already own in ZypMedia, a leading demand-side platform specializing in executing local media campaigns for media companies and agencies in the United States.
- In May 2021, we completed the divestiture of the license assets of KGBT in Harlingen, TX.
- In June 2021, we completed the divestiture of our interests in Triangle Sign & Service, LLC (Triangle) for $12 million.
- In September 2021, we completed the divestiture of our radio stations in the Seattle, Washington market to Lotus Communications for an aggregate consideration of approximately $18 million in cash and advertising rights. The deal included News Radio KOMO 1000 AM & 97.7FM, KPLZ "Star" 101.5 FM, and Talk Radio KVI 570 AM..

Television and Digital Content

- In January 2021, we launched our headline news service The National Desk across our CW and MNT affiliates and several FOX affiliates, as well as on all station websites and STIRR. The service highlights the latest and most pressing news of the day in real time for viewers across the country.
- In April 2021, we announced that for the third year in a row, a Sinclair station was the winner of a prestigious Investigative Reporters & Editors award for its investigative reporting. Our Portland, ME station, WGME (CBS), received the award for its excellent investigative coverage of a flaw in the Veterans Crisis Line, which it identified and helped spur legislative action to correct it.
- In May 2021, The Press Club of Atlantic City honored Sinclair-owned WBFF FOX45 in Baltimore and WKRC Local 12 in Cincinnati with a total of four National Headliner Awards for the news teams' investigative coverage of critical issues that significantly impact local communities.
- In July 2021, we announced that our Compulse business had transformed into a marketing, technology and managed services company, releasing our Compulse 360 software for digital media, offering omni-channel, digital solutions to enable clients to run local campaigns at scale.

- In July 2021, Tennis Channel extended its media rights agreement with Wimbledon through 2036, adding 12 years to its agreement.
- In August 2021, Tennis Channel launched Tennis Channel International (TCI) streaming service in the U.K. and an ad-supported streaming channel on Samsung TV Plus in India, bringing the total number of international markets to six, along with Austria, Germany, Greece and Switzerland.
- In September 2021, we expanded The National Desk news program to the late evening hours, providing viewers a late-day, comprehensive and commentary-free look at the most impactful national news and regional stories of the day.
- In December 2021, we launched TheNationalDesk.com, featuring round-the-clock breaking news, with content from The National Desk's dedicated team of journalists as well as our newsrooms around the U.S. The site is available to all viewers, free of charge with no subscription, log in or authentication required.
- In January 2022, two new programs produced in coordination with Stadium, our 24/7 multi-platform sports network, premiered on Bally Sports' 19 regional sports network brands and the Bally Sports app. "The Rally" is a discussion-based show presenting a young and diverse talent lineup, authentically debating and analyzing the trending sports topics of the day while harnessing the social media conversation and viewer commentary. The Bally Sports RSN brands' first sports betting program "Live on the Line, Powered by BetMGM" is a partnership with BetMGM, a leading sports betting and iGaming operator. The program highlights national sports betting storylines with a regional appeal, by providing expert picks while looking ahead to the day's matchups.
- In January 2022, Tennis Channel reached a multiyear agreement with the Women's Tennis Association (WTA) to telecast year-round WTA matches in Germany, Austria, Switzerland, and the Netherlands through Tennis Channel's subscription service and digital free ad-supported streaming TV (FAST) channels.
- For the year ended December 31, 2021, our newsrooms won a total of 300 journalism awards, including 37 Regional and one National RTDNA Edward R. Murrow awards and 77 regional Emmy awards.

Distribution, Network and Sports Rights Agreements

- In January 2021, we entered into a multi-year agreement with ViacomCBS across 13 CBS network affiliations reaching about 5% of the U.S. television households.
- In January 2021, we entered into a multi-year agreement with Verizon Communications, Inc. for the continued carriage on Verizon's FiOS platform of our broadcast television stations and Tennis Channel.
- In February 2021, we entered into a binding term sheet with the Milwaukee Brewers, beginning with the 2021 MLB season, for Bally Sports Wisconsin to continue as the television home of the Brewers.
- In February 2021, we entered into a binding term sheet with the Miami Marlins for a multi-year media rights agreement, beginning with the 2021 MLB season, for Bally Sports Florida to continue as the television home of the Marlins.
- In March 2021, we rebranded 19 of our regional sports networks under the Bally Sports name, ushering in a new era in the way people watch and interact with live sports.
- In March 2021, fuboTV Inc. and Marquee announced a carriage agreement to bring Chicago Cubs game coverage to the fuboTV platform.
- In April 2021, the new Bally Sports app for authenticated users was launched, allowing viewers the ability to watch the entire programming line-up of their local Bally RSN, 24 hours a day, including live games, with a significantly greater amount of functionality and features compared to the app it replaced.
- In April 2021, we agreed to an over-arching distribution deal with Samsung TV for much of our content to be accessible to Samsung TV viewers via apps. Our content to be included includes free streaming platform STIRR, premium networks Tennis Channel (via TVE for authenticated subscribers) and Tennis Channel Plus (SVOD), as well as networks Comet TV and Charge!. Additional networks are expected to be available in the future, including Bally Sports (via TVE for authenticated subscribers) and NewsOn.
- In April 2021, we entered into a multi-year retransmission renewal with Cox for the carriage of our stations, Tennis Channel and our national networks on its platforms and extended carriage of the RSNs and YES Network.
- In September 2021, we renewed affiliation agreements with the CW Network for 24 owned and operated markets for multi-year terms. At the same time, the CW renewed affiliation agreements in another eight markets for stations to which we provide sales and other services for multi-year terms.
- In September 2021, we extended our programming agreement with MyNetworkTV through the 2022-2023 broadcast season.
- In September 2021, we entered into a new multi-year agreement with the Cleveland Cavaliers.
- In October 2021, we entered into a new multi-year agreement with the Detroit Red Wings.

- In October 2021, we entered into a new multi-year media rights agreement with the Detroit Tigers. The agreement includes direct to consumer and other digital rights.
- In October 2021, we entered into a multi-year renewal with Altice for the carriage of our broadcast stations, Tennis Channel, the Bally RSNs, and the YES Network on its Optimum and Suddenlink owned systems.
- In November 2021, we reached a new, multi-year carriage agreement with DISH Network Corporation, ensuring our local stations will remain on DISH TV, and the Tennis Channel will remain available on DISH TV and SLING TV.
- In December 2021, DSG entered into a multi-year renewal of its digital and outer market distribution rights agreement with the NHL. Under the agreement, the Bally RSNs are permitted to offer streaming content, including live games, on an authenticated and DTC basis, to the local territories of 12 NHL teams. The agreement was expanded to allow post-game highlights on our digital news platforms, alternative feeds, and use of the NHL's proprietary Puck and Player Tracking data in the broadcasts of the games.
- In January 2022, DSG renewed its extended market and digital distribution rights agreement with the NBA. Under the agreement, the Bally RSNs are permitted to offer streaming content, including live games, on an authenticated and DTC basis, to the local territories of 16 NBA teams. The agreement also includes expanded content and highlight rights as well as access to the distribution of classic games in our local markets. The agreement has a term of one year with three successive one-year renewal offers, subject to compliance with the agreement.
- In January 2022, we entered into multi-year renewals of the NBC affiliations and Fox affiliations in a total of 20 of our markets. Our partners to which we provide sales and other services to under joint sales agreements or master service agreements also renewed NBC affiliations in four markets and Fox affiliations in seven markets.
- In the near term, we are seeking renewal of certain of our other distribution agreements. Our largest near-term distribution agreement in our local sports segment was originally scheduled to expire in February 2022 and is operating under a short-term extension while the parties continue negotiations. For the year ended December 31, 2021, distribution revenue from the Distributor under this agreement accounted for 28.8% of our local sports segment distribution revenues.

NEXTGEN TV

- In April 2021, CAST.ERA, a media technology joint venture between us and SK Telecom, announced it will launch a next generation broadcast solution this year that boosts television content quality utilizing SK Telecom's 5G cloud and AI technology.
- In January 2022, the NextGen Video Information Systems Alliance (NVISA) published new consumer-facing research, sponsored by our subsidiary, ONE Media 3.0, that offered the first insight into which features American consumers want most in a NextGen Broadcast-enabled emergency information service. These include a desire for geo-targeted alerts, the ability to screen for only selected alerts, options for updated alerts, and importantly, a robust/dependable system that does not crash when the Internet or cell system goes down. All of these features are embedded in the NextGen Broadcast service.
- In January 2022, MPEG LA, a pioneer in the formation and management of patent pools, completed the formation of the ATSC 3.0 Patent Pool, dramatically simplifying the efficient licensing of the new ATSC 3.0 broadcast technology in multiple-receive devices, easing the distribution and deployment process. Included in the ATSC 3.0 Patent Pool are various patents owned by our subsidiary, ONE Media.

- In 2021 and to date in 2022, we, in coordination with other broadcasters, and led by our joint venture, BitPath, have deployed NEXTGEN TV, powered by ATSC 3.0, in the twelve additional markets below. This brings the total number of our markets in which NEXTGEN TV has been deployed to 23:

Month	Market	Number of Stations	Our Stations
January 2021	Columbus, OH	4	WSYX (ABC/FOX), WWHO[(a)] (CW), WTTE[(b)] (TBD)
March 2021	Buffalo, NY	5	WNYO (MNT), WUTV (FOX)
March 2021	Syracuse, NY	3	WSTM (NBC), WTVH[(a)] (CBS)
May 2021	Grand Rapids, MI	6	WWMT (CBS)
June 2021	Baltimore, MD	6	WBFF (FOX), WNUV[(b)] (CW)
June 2021	Little Rock, AR	5	KATV (ABC)
September 2021	Cincinnati, OH	5	WKRC-TV (CBS)
September 2021	St. Louis, MO	5	KDNL-TV (ABC)
December 2021	Charleston, WV	5	WCHS-TV (ABC)
December 2021	Greensboro, NC	4	WXLV-TV (ABC), WMYV (MyNet)
December 2021	Washington, D.C.	6	WJLA (ABC), WIAV-CD (TBD)
January 2022	Green Bay, WI	5	WLUK-TV (FOX), WCWF (CW)

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

(b) The license asset for this station is currently owned by a third party. We provide programming, sales, operational, and administrative services to this station pursuant to certain service agreements, such as LMAs.

Financing, Capital Allocation, and Shareholder Returns

- In April 2021, we amended the STG Bank Credit Agreement to raise the STG Term Loan B-3 in an aggregate principal amount of $740 million which matures in April 1, 2028, the proceeds of which were used to refinance a portion of STG's term loan.
- In November 2021, we purchased and assumed the lenders’ and the administrative agent’s rights and obligations under the existing A/R Facility of DSG's indirect subsidiary, Diamond Sports Finance SPV, LLC. We purchased the lenders’ outstanding loans and commitments under the A/R Facility by making a payment to the lenders as consideration for the purchase of the lenders’ respective rights and obligations under the A/R Facility equal to approximately $184.4 million, representing 101% of the aggregate outstanding principal amount of the loans under the A/R Facility, plus any accrued interest and outstanding fees and expenses, amended certain terms of the facility, and extended the maturity to September 2024.
- In January 2022, we entered into a Transaction Support Agreement with various lenders holding term loans under DSG’s existing credit facilities and various holders of DSG’s outstanding 5.375% Senior Secured Notes due 2026 (the "Existing DSG 5.375% Notes") and 12.750% Senior Secured Notes due 2026 (the "DSG 12.750% Notes"), on the principal terms of a new first lien money financing and recapitalization, whereby DSG intends to raise $635 million in new capital pursuant to a first-priority term loan (the "New DSG First Lien Term Loan") and to defer the cash payment of a portion of its management fee to STG over the next five years, which together are expected to provide approximately $1 billion of liquidity enhancement over the next five years to DSG and enable DSG to strengthen its balance sheet, fund the launch of its DTC product, and provide for future liquidity. See *Note 20. Subsequent Events* within the *Consolidated Financial Statements.*
- In February 2022, pursuant to the Transaction Support Agreement, DSG commenced a private exchange offer of new second-priority lien 5.375% Senior Secured Notes due 2026 (the “DSG 5.375% Second Lien Secured Notes”) to eligible holders of its outstanding first-priority lien 5.375% Senior Secured Notes due 2026. At the same time, DSG commenced a private exchange offer of new second-priority lien term loans to its lenders holding existing first-priority lien term loans. The note exchange expires on March 10, 2022, with an early tender deadline of February 28, 2022, while the loan exchange expires on February 28, 2022. The exchanges are conditioned on receiving requisite consent of the noteholders and lenders. The closing of the new $635 million first-priority lien term loan is conditioned on the successful completion of the exchanges and other customary closing conditions. See *Note 20. Subsequent Events* within the *Consolidated Financial Statements.*
- For the year ended December 31, 2021, we repurchased approximately 2.4 million shares of Class A Common Stock for $61 million. As of February 23, 2022, we repurchased an additional 2 million shares of Class A Common Stock for $55 million since January 1, 2022. The shares were repurchased under a 10b5-1 plan.
- For the year ended December 31, 2021, we paid dividends of $0.80 per share. In February 2022, we declared a quarterly cash dividend of $0.25 per share, an increase in our quarterly cash dividend of 25%.

Other Events

- In January 2021, we announced the hiring of Jeffrey Lewis as our Chief Compliance Officer, a newly-created position to supervise corporate compliance functions, including regulatory, code of conduct, competition, and privacy.
- In January 2021, we jointly revealed, with Bally's, the new Bally Sports logo and Bally Sports regional monikers for our owned and operated RSNs.
- In March 2021, we announced an enterprise-wide workforce reduction involving the termination of approximately 500 employees and incurred approximately $7 million of restructuring and related charges.
- In April 2021, we increased the size of our Board of Directors and named Laurie R. Beyer to serve as its newest independent board member.
- In April 2021, we announced that Bally Sports, Tennis Channel, and its High School Sports Division collectively, won nine Cynopsis Sports Media Awards, including "RSN of the Year."
- In April 2021, we signed a multi-year enterprise partnership agreement with Operative Media to enable us to consolidate all our sellable advertising assets across our platforms into a single ad sales system. The framework enables us to offer our customers a simplified and optimized solution to buying from our extensive ad inventory across all of our platforms.
- In May 2021, we announced the retirement of Barry Faber, President of Distribution and Network Relations, effective June 25, 2021.
- In June 2021, Fortune Magazine named the Company to the Fortune 500 for the first time, ranking it 465 on the list.
- In June 2021, at the Company's Annual Shareholders' Meeting, the Company's shareholders re-elected all ten Directors, ratified the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2021, approved the amended and restated Employee Stock Purchase Plan, and approved an amendment to the Company's 1996 Long-Term Incentive Plan to increase the number of shares authorized for issuance thereunder.
- In June 2021, we selected seven winning applicants for our Broadcast Diversity Scholarship, awarding tuition assistance to students demonstrating a promising future in the broadcast industry.
- In June and July 2021, we partnered with the American Red Cross for the “Sinclair Cares: Roll Up Your Sleeves” campaign, to urge our viewers to help increase U.S. blood supplies by making a blood donation appointment, volunteering time, or providing financial contributions for the cause.
- In July 2021, we hired John McClure to the newly created role of Vice President and Chief Information Security Officer.
- In August 2021, we appointed William Bell as Head of Distribution and Network Relations.
- In September 2021, our television stations collectively raised nearly $0.7 million for local charities through regional back-to-school fundraising and supply donation initiatives. Our stations also donated over $0.6 million in promotional air time to support these initiatives.
- On October 17, 2021, we identified the following: (i) certain servers and workstations in our environment were encrypted with ransomware, (ii) disruption of certain office and operational networks as a result of the encryption, and (iii) indications that data was taken from our network. Promptly upon detection of the security event, senior management was notified and we began to implement incident response measures to contain the incident, conduct an investigation, and plan for restoring operations. Legal counsel, a cybersecurity forensic firm, and other incident response professionals were engaged, and law enforcement and other governmental agencies were notified. The investigation into the incident remains ongoing. The cybersecurity incident resulted in the loss in the fourth quarter of 2021 of approximately $63 million of advertising revenue, primarily related to our broadcast segment, as well as approximately $11 million through the date of filing this Form 10-K in costs and expenses related to mitigation efforts, our ongoing investigation and the security improvements resulting therefrom, however we paid no ransom. These amounts exceed the limits under our insurance policies and thus, based on the known effects of the cyber incident, the Company estimates that the cyber incident has resulted in approximately $24 million of unrecoverable net loss through the date of filing this Form 10-K.
- In October 2021, we partnered with the Disabled American Veterans for the "Sinclair Cares: Supporting American Veterans" campaign, encouraging our employees and viewers to volunteer or donate to help support veterans in their communities.
- In December 2021, we partnered with the American Red Cross for the “Sinclair Cares: Tornado Relief” campaign, raising $175,000 in total from viewers and Sinclair corporate donations to assist those affected by the devastating tornadoes in the South and Midwest.
- In December 2021, our television stations and RSNs collected 140,000 toys, tens of thousands pounds of food and several truckloads of clothing, sleeping bags, blankets and monetary donations for local charities through regional holiday drives. Regional recipients across the country include local community food banks, Toys for Tots, The Salvation

Army, Bikes for Kids, The Forgotten Child Fund, Neediest Kids, Habitat for Humanity, The United Way and Central Arizona Shelter Services, among others.

- In January 2022, we began taking applications for our 2022 Diversity Scholarship, which has awarded more than $100,000 in scholarships over the last six years.
- In February 2022, we announced the promotion of Rob Weisbord to Chief Operating Officer and President of Broadcast.

Industry Trends

- During the last few years, the number of subscribers to Distributor services in the United States has generally been declining, as technological advancements have driven changes in consumer behavior and have empowered consumers to seek more control over when, where and how they consume news, sports and other entertainment, including through the so-called “cutting the cord” and other consumption strategies.
- The Distributor industry has continued to undergo significant consolidation, which gives top Distributors purchase power.
- Distributors have introduced, marketed and/or modified tiers or bundles of programming that have impacted the number of subscribers that receive our RSNs, including tiers or bundles of programming that exclude our RSNs. We expect these trends to continue for the foreseeable future. We believe the emergence of DTC and OTT offerings will provide us the opportunity to compete with these products and services offered by Distributors
- The vMVPDs have continued to gain increasing importance and have quickly become a critical segment of the market. These vMVPDs offer a limited number of networks at a lower price point as compared to the traditional cable offering.
- Political spending is significantly higher in the even-numbered years due to the cyclicality of political elections. In addition, every four years, political spending is typically elevated further due to the advertising related to the presidential election. 2020 proved to be a record year in political advertising.
- The FCC has permitted broadcast television stations to use their digital spectrum for a wide variety of services including multi-channel broadcasts. The FCC “must-carry” rules only apply to a station’s primary digital stream.
- Seasonal advertising increases within our broadcast segment occur in the second and fourth quarters due to the anticipation of certain seasonal and holiday spending by consumers.
- Seasonal advertising increases within our local sports segment occur in the second and third quarters due to a higher volume of sports games being played during this time, particularly the MLB season.
- Broadcasters have found ways to increase returns on their news programming initiatives while continuing to maintain locally produced content through the use of news sharing arrangements.
- Broadcasters have begun to expand their own DTC platforms.
- Advertising revenue related to the Summer Olympics occurs in even numbered years, with the exception of 2020 which was postponed due to COVID-19 and took place in Summer 2021, and the Super Bowl is aired on a different network each year. Both of these popularly viewed events can have an impact on our advertising revenues.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

The COVID-19 pandemic continues to create significant uncertainty and disruption in the global economy and financial markets. It is reasonably possible that these uncertainties continue to impact our estimates related to, but not limited to, revenue recognition, goodwill and intangible assets, sports programming rights, and income taxes. As a result, many of our estimates and assumptions require increased judgment and carry a higher degree of variability and volatility. See *Distribution Revenue* in *Revenue Recognition*, *Sports Programming Rights*, and *Impairment of Goodwill, Intangibles, and Other Assets* under *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements* for further discussion on how COVID-19 has impacted distribution revenue, sports rights expense, and the value of goodwill and definite-lived intangible assets, respectively. Our estimates may further change in the future as the COVID-19 pandemic continues, new events occur, and additional information emerges, and such changes are recognized or disclosed in the consolidated financial statements.

Revenue Recognition. As discussed in *Revenue Recognition* under *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements*, we generate advertising revenue primarily from the sale of advertising spots/impressions on our broadcast television, RSNs, and digital platforms. Advertising revenue is recognized in the period in which the advertising spots/impressions are delivered. In arrangements where we provide audience ratings guarantees; to the extent that there is a ratings shortfall, we will defer a proportionate amount of revenue until the ratings shortfall is settled through the delivery of additional advertising. The term of our advertising arrangements is generally less than one year and the timing between when an advertisement is aired and when payment is realized is not significant. In certain circumstances, we require customers to pay in advance; payments received in advance of satisfying our performance obligations are reflected as deferred revenue.

We generate distribution revenue through fees received from Distributors and other OTT providers for the right to distribute our broadcast channels and cable networks on their distribution platforms. Distribution arrangements are generally governed by multi-year contracts and the underlying fees are based upon a contractual monthly rate per subscriber. These arrangements represent licenses of intellectual property; revenue is recognized as the signal is provided to our customers (as usage occurs) which corresponds with the satisfaction of our performance obligation. Revenue is calculated based upon the contractual rate multiplied by an estimated number of subscribers. Our customers will remit payments based upon actual subscribers a short time after the conclusion of a month, which generally does not exceed 120 days. Historical adjustments to subscriber estimates have not been material.

Certain of our distribution arrangements contain provisions that require the Company to deliver a minimum number of live professional sports games or tournaments during a defined period which usually corresponds with a calendar year. If the minimum threshold is not met, we may be obligated to refund a portion of the distribution fees received if shortfalls are not cured within a specified period of time. If we are unable to meet these minimum requirements, we reduce revenue based upon estimated rebates due to our distribution customers over the measurement period of the rebate. See *Revenue Recognition* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies.*

Impairment of Goodwill, Indefinite-Lived Intangible Assets, and Other Long-Lived Assets. We evaluate our goodwill and indefinite-lived intangible assets for impairment annually, or more frequently, if events or changes in circumstances indicate an impairment may exist. As of December 31, 2021, our consolidated balance sheet includes $2,088 million and $150 million of goodwill and indefinite-lived intangible assets, respectively. We evaluate long-lived assets, including definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying value of our asset groups may not be recoverable.

In the performance of our annual goodwill and indefinite-lived intangible asset impairment assessments we have the option to qualitatively assess whether it is more likely-than-not that the respective asset has been impaired. If we conclude that it is more-

likely-than-not that a reporting unit or an indefinite-lived intangible asset is impaired, we apply the quantitative assessment, which involves comparing the estimated fair value of the reporting unit or indefinite-lived intangible asset to its respective carrying value. See *Impairment of Goodwill, Intangibles and Other Assets* under *Note 1. Nature of Operations and Summary of Significant Accounting Policies* and *Note 5. Goodwill, Indefinite-Lived Intangible Assets, and Other Intangible Assets* within the *Consolidated Financial Statements* for further discussion of the significant judgments and estimates inherent in both qualitatively assessing whether impairment may exist and estimating the fair values of the reporting units and indefinite-lived intangible assets if a quantitative assessment is deemed necessary.

We are required to analyze our long-lived assets, including definite-lived intangible assets, for impairment. We evaluate our definite-lived intangible assets for impairment if events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. In the event we identify indicators that these assets are not recoverable, we evaluate the recoverability of definite-lived intangible assets by comparing the carrying amount of the assets within an asset group to the estimated undiscounted future cash flows associated with the asset group. An asset group represents the lowest level of cash flows generated by a group of assets that are largely independent of the cash flows of other assets. At the time that such evaluations indicate that the future undiscounted cash flows are not sufficient to recover the carrying value of the asset group, an impairment loss is determined by comparing the estimated fair value of the asset group to the carrying value. We estimate fair value using an income approach involving the performance of a discounted cash flow analysis.

Our RSNs included in the local sports segment were negatively impacted by the loss of three Distributors in 2020. In addition, our existing Distributors experienced elevated levels of subscriber erosion which we believe was influenced, in part, by shifting consumer behaviors resulting from media fragmentation, the current economic environment, the COVID 19 pandemic and related uncertainties. Most of these factors are also expected to have a negative impact on future projected revenue and margins of our RSNs. As a result of these factors, we performed an impairment test of the RSN reporting units' goodwill and long-lived asset groups during the third quarter of 2020 which resulted in a non-cash impairment charge on goodwill of $2,615 million, customer relationships of $1,218 million, and other definite-lived intangible assets of $431 million, included within impairment of goodwill and definite-lived intangible assets in our consolidated statements of operations within the *Consolidated Financial Statements*. See *Note 5. Goodwill, Indefinite-Lived Intangible Assets, and Other Intangible Assets* within the *Consolidated Financial Statements* for more information. During the year ended December 31, 2021, we did not identify any indicators that our definite-lived intangible assets may not be recoverable. For our annual goodwill and indefinite-lived intangibles impairment tests related to our broadcast and other reporting units in 2021, 2020, and 2019, we concluded that it was more-likely-than-not that goodwill was not impaired based on our qualitative assessments. For one reporting unit in 2019, we elected to perform a quantitative assessment and concluded that its fair value significantly exceeded the carrying value.

We believe we have made reasonable estimates and utilized appropriate assumptions in the performance of our impairment assessments. If future results are not consistent with our assumptions and estimates, including future events such as a deterioration of market conditions, loss of significant customers, failure to execute on DSG's DTC strategy, and significant increases in discount rates, among other factors, we could be exposed to impairment charges in the future. Any resulting impairment loss could have a material adverse impact on our consolidated balance sheets, consolidated statements of operations and consolidated statements of cash flows.

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

Sports Programming Rights. As discussed in *Sports Programming Rights* under *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements*, we have multi-year program rights agreements that provide us with the right to produce and telecast professional sports games within a specified territory in exchange for an annual rights fee. A prepaid asset is recorded for rights acquired related to future games upon payment of the contracted fee. The assets recorded for the acquired rights are classified as current or non-current based on the period when the games are expected to be aired. Liabilities are recorded for any program rights obligations that have been incurred but not yet paid at period end. We amortize these programming rights as an expense over each season based upon contractually stated rates. Amortization is accelerated in the event that the stated contractual rates over the term of the rights agreement results in an expense recognition pattern that is inconsistent with the projected growth of revenue over the contractual term.

Fair Value Measurements of Investments in Bally's Securities. As discussed in *Note 6. Other Assets* and *Note 18. Fair Value Measurements* within the *Consolidated Financial Statements*, we entered into a commercial agreement with Bally's Corporation on November 18, 2020. As part of this arrangement, the Company received warrants and options to acquire common equity in the business. These financial instruments are measured each period at fair value. The fair value of the options are derived utilizing a Black Scholes valuation model which utilizes a number of inputs which most significantly includes the trading price of the underlying common stock, the exercise price of the options and a discount for lack of marketability. The fair value of the warrants are primarily derived from the trading price of the underlying common stock, the exercise price of the warrants and a discount for lack of marketability. The determination of the fair value of these financial instruments requires the Company to exercise judgment.

Income Tax. As discussed in *Income Taxes* under *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements*, we recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. We provide a valuation allowance for deferred tax assets if we determine that it is more likely than not that some or all of the deferred tax assets will not be realized. In evaluating our ability to realize net deferred tax assets, we consider all available evidence, both positive and negative, including our past operating results, tax planning strategies, current and cumulative losses, and forecasts of future taxable income. In considering these sources of taxable income, we must make certain judgments that are based on the plans and estimates used to manage our underlying businesses on a long-term basis. As of December 31, 2021 and 2020, a valuation allowance has been provided for deferred tax assets related to certain temporary basis differences, interest expense carryforwards under the Internal Revenue Code (IRC) Section 163(j) and a substantial amount of our available state net operating loss carryforwards based on past operating results, including the RSN impairment, expected timing of the reversals of existing temporary basis differences, alternative tax strategies and projected future taxable income. Future changes in operating and/or taxable income or other changes in facts and circumstances could significantly impact the ability to realize our deferred tax assets which could have a material effect on our consolidated financial statements.

Management periodically performs a comprehensive review of our tax positions, and we record a liability for unrecognized tax benefits if such tax positions are more likely than not to be sustained upon examination based on their technical merits, including the resolution of any appeals or litigation processes. Significant judgment is required in determining whether positions taken are more likely than not to be sustained, and it is based on a variety of facts and circumstances, including interpretation of the relevant federal and state income tax codes, regulations, case law and other authoritative pronouncements. Based on this analysis, the status of ongoing audits and the expiration of applicable statute of limitations, liabilities are adjusted as necessary. The resolution of audits is unpredictable and could result in tax liabilities that are significantly higher or lower than for what we have provided. See *Note 12. Income Taxes* within the *Consolidated Financial Statements,* for further discussion of accrued unrecognized tax benefits.

Variable Interest Entities (VIEs). As discussed in *Note 14. Variable Interest Entities* within the *Consolidated Financial Statements*, we have determined that certain third-party licensees of stations for which we perform services pursuant to arrangements, including LMAs, JSAs, and SSAs, are VIEs and we are the primary beneficiary of those variable interests because, subject to the ultimate control of the licensees, we have the power to direct the activities which significantly impact the economic performance of the VIE through the services we provide and because we absorb losses and returns that would be considered significant to the VIEs. We have determined that certain RSN joint ventures are VIEs. We are the primary beneficiary of those RSN joint ventures because we have the power to direct the activities which significantly impact the economic performance of certain regional sports networks, including sales and certain operational services and because we absorb losses and returns that would be considered significant to the VIEs.

Transactions with Related Parties. We have determined that we conduct certain business-related transactions with related persons or entities. See *Note 15. Related Person Transactions* within the *Consolidated Financial Statements* for discussion of these transactions.

Recent Accounting Pronouncements

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

RESULTS OF OPERATIONS

Any references to the first, second, third or fourth quarters are to the three months ended March 31, June 30, September 30, or December 31, respectively, for the year being discussed. We have two reportable segments, broadcast and local sports, that are disclosed separately from our other and corporate activities.

Seasonality / Cyclicality

The operating results of our broadcast segment are usually subject to cyclical fluctuations from political advertising. In even numbered years, political spending is usually significantly higher than in odd numbered years due to advertising expenditures preceding local and national elections. Additionally, every four years, political spending is usually elevated further due to advertising expenditures preceding the presidential election (as was the case in 2020). Also, the second and fourth quarter operating results are usually higher than the first and third quarter operating results because advertising expenditures are increased in anticipation of certain seasonal and holiday spending by consumers.

The operating results of our local sports segment are usually subject to cyclical fluctuations based on the timing and overlap of the MLB, NBA, and NHL seasons. Usually, the second and third quarter operating results are higher than the first and fourth quarter operating results.

Consolidated Operating Data

The following table sets forth certain of our consolidated operating data for the years ended December 31, 2021, 2020, and 2019 (in millions).

	Years Ended December 31,		
	2021	**2020**	**2019**
Media revenues (a)	**$ 6,083**	$ 5,843	$ 4,046
Non-media revenues	**51**	100	194
Total revenues	**6,134**	5,943	4,240
Media programming and production expenses	**4,291**	2,735	2,073
Media selling, general and administrative expenses	**908**	832	732
Depreciation and amortization expenses (b)	**591**	674	424
Amortization of program contract costs	**93**	86	90
Non-media expenses	**57**	91	156
Corporate general and administrative expenses	**170**	148	387
Impairment of goodwill and definite-lived intangible assets	**—**	4,264	—
Gain on asset dispositions and other, net of impairment	**(71)**	(115)	(92)
Operating income (loss)	**$ 95**	$ (2,772)	$ 470
Net (loss) income attributable to Sinclair Broadcast Group	**$ (414)**	$ (2,414)	$ 47

(a) Media revenues include distribution revenue, advertising revenue, and other media related revenues.

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

The Impact of COVID-19 on our Results of Operations

Overview

On March 11, 2020, the World Health Organization declared COVID-19 a pandemic, and by the end of the following day, each of the MLB, NBA, and NHL had suspended their seasons. On March 13, 2020, the United States declared a national state of emergency. As of December 31, 2021, the national state of emergency is still in effect, however substantially all states have reopened their economies, COVID-19 vaccinations are being distributed in mass quantities and all professional sports leagues are currently playing live games. However, with new variants of COVID-19 being detected across multiple countries, including the United States, there is still a heightened level of uncertainty of what the overall impact of COVID-19 will be on our business.

Broadcast segment

During the year ended December 31, 2021, as compared to the prior year, we experienced a decrease in advertising revenue primarily due to a decrease in political revenue as 2021 was a non-political year. See *Revenues* under the *Broadcast Segment* section below for further discussion.

Local sports segment

In March 2020, the NBA and NHL each postponed their 2019-2020 season and the MLB postponed the start of its 2020 season, however all leagues' returned to operation under reduced game counts and were able to complete these modified seasons during the early part of the fourth quarter of 2020. The NBA and NHL began their modified 2020-2021 seasons during the fourth quarter of 2020 and the first quarter of 2021, respectively, and the MLB began its 2021 season on April 1, 2021. Advertising revenue increased in the year ended December 31, 2021, as compared to the prior year, largely driven by an increased number of games played in 2021 when compared to 2020. Distribution revenue increased in the year ended December 31, 2021, as compared to 2020, primarily related to 2020 revenue being reduced due to the accrual of rebates to our Distributors resulting from the cancellation of professional sports games due to the COVID-19 pandemic. The MLB began their season on time in April 2021 and completed their full game schedule and the NBA and NHL began their 2021-2022 seasons in October 2021 under full game schedules. However, in light of the fourth quarter 2021 spike in COVID-19 cases, both the NHL and NBA have had to postpone and reschedule some of their games during their 2021-22 seasons. Of the total 11 NBA games postponed in the fourth quarter of 2021, 2 of which related to the RSNs, have been rescheduled for the first quarter 2022. Of the total 104 NHL games postponed during the 2021-22 season, 38 of which related to the RSNs, the majority were shifted from the fourth quarter 2021 to the first quarter 2022. The shift in these games to 2022 resulted in an increase in the estimated rebates to our Distributors of $8 million during the fourth quarter of 2021. Both leagues currently expect to finish their regular seasons on schedule, although there can be no assurance that the NBA or NHL will complete full seasons in the future. On December 2, 2021, MLB owners locked out players following the expiration of its prior collective bargaining agreement with its players. While negotiations towards a new collective bargaining agreement have commenced, there can be no assurance that an agreement will be reached prior to the commencement of the 2022 MLB season or at all, therefore there can be no assurance that the MLB will complete a full season in 2022 or in future years. Any reduction in the actual number of games played by the leagues may have an adverse impact on our operations and the cash flows of our local sports segment. See *Distribution Revenue* in *Revenue Recognition* and *Sports Programming Rights* under *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements* for further discussion on how COVID-19 has impacted distribution revenue and sports rights expense, respectively, including the need for us to provide rebates to our Distributors as well as seek rebate from or reduce future payments to certain of the sports teams.

Business continuity

Within the United States, our business has been designated an essential business, which allows us to continue to serve our customers, however, the COVID-19 pandemic has disrupted our operations. Certain of our facilities have experienced temporary disruptions as a result of the COVID-19 pandemic, and we cannot predict whether our facilities will experience more significant disruptions in the future and how long these disruptions will last. The COVID-19 pandemic has heightened the risk that a significant portion of our workforce will suffer illness or otherwise be unable to work. Furthermore, reductions in our workforce may become necessary as a result of declines in our business caused by the COVID-19 pandemic. If we take such actions, we cannot assure that we will be able to rehire our workforce once our business has recovered.

A discussion regarding our financial results and operations for the year ended December 31, 2021 compared to the year ended December 31, 2020 is presented below. A discussion of the year ended December 31, 2020 compared to the year ended December 31, 2019 can be found under Item 7 of Part II of our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 1, 2021 (our "2020 Annual Report"), which is available free of charge on the SEC's website at www.sec.gov and our Investor Relations website at www.sbgi.net/investor-relations.

BROADCAST SEGMENT

The following table sets forth our revenue and expenses for our broadcast segment, previously referred to as our local news and marketing services segment, for the years ended December 31, 2021, 2020, and 2019 (in millions):

	2021	2020	2019	Percent Change Increase / (Decrease) '21 vs.'20	'20 vs.'19
Revenue:					
Distribution revenue	**$ 1,475**	$ 1,414	$ 1,341	4%	5%
Advertising revenue	**1,106**	1,364	1,268	(19)%	8%
Other media revenue (a)	**176**	144	81	22%	78%
Media revenues	**$ 2,757**	$ 2,922	$ 2,690	(6)%	9%
Operating Expenses:					
Media programming and production expenses	**$ 1,344**	$ 1,257	$ 1,173	7%	7%
Media selling, general and administrative expenses	**593**	553	553	7%	—%
Amortization of program contract costs	**76**	83	90	(8)%	(8)%
Corporate general and administrative expenses	**147**	119	144	24%	(17)%
Depreciation and amortization expenses	**247**	239	246	3%	(3)%
Gain on asset dispositions and other, net of impairment	**(24)**	(118)	(62)	(80)%	90%
Operating income	**$ 374**	$ 789	$ 546	(53)%	45%

(a) Includes $111 million, $100 million, and $35 million for the years ended December 31, 2021, 2020 and 2019, respectively, of intercompany revenue related to certain services provided to the local sports segment and other under management services agreements, which is eliminated in consolidation.

Revenues

Distribution revenue. Distribution revenue, which includes payments from Distributors for our broadcast signals, increased $61 million in 2021, when compared to the same period in 2020, primarily due to an increase in rates, partially offset by a decrease in subscribers.

Advertising revenue. Advertising revenue decreased $258 million in 2021, when compared to the same period in 2020, primarily due to a decrease in political advertising revenue of $329 million, as 2020 was a political and presidential election year, and due to the effects of the cybersecurity incident that occurred during the fourth quarter of 2021, which we currently estimate resulted in a decrease in revenue of approximately $63 million. The decrease is partially offset by increases in various non-political advertising categories due to improved macroeconomic conditions, as the economy began to recover from the COVID-19 pandemic in 2021.

For the year ending December 31, 2022 we expect an increase in advertising revenue, when compared to 2021, primarily related to an increase in political revenue, as 2022 is a political election year.

The following table sets forth our affiliate percentages of advertising revenue for the years ended December 31, 2021, 2020, and 2019:

	# of Channels (a)	Percent of Advertising Revenue for the Twelve Months Ended December 31,		
		2021	**2020**	**2019**
ABC	**40**	**31%**	28%	30%
FOX	**56**	**24%**	25%	25%
CBS	**31**	**20%**	22%	20%
NBC	**25**	**14%**	15%	13%
CW	**46**	**5%**	5%	6%
MNT	**40**	**4%**	4%	4%
Other	**396**	**2%**	1%	2%
Total	**634**			

(a) We broadcast other programming from the following providers on our channels including: Antenna TV, Azteca, Bounce, CHARGE!, Comet, Dabl, Decades, Estrella TV, GetTV, Grit, MeTV, Rewind, Stadium, TBD, Telemundo, This TV, UniMas, Univision, and Weather.

Other Media Revenue. Other media revenue increased $32 million in 2021, when compared to the same period in 2020. The increase is primarily due to an $11 million increase in intercompany revenue from the local sports and other segments related to providing certain services under a management services agreement, which are eliminated in our consolidated results.

Expenses

Media programming and production expenses. Media programming and production expenses increased $87 million during 2021, when compared to the same period in 2020, primarily related to an increase in fees pursuant to network affiliation agreements of $99 million, partially offset by a $19 million decrease in employee compensation costs.

Media selling, general and administrative expenses. Media selling, general and administrative expenses increased $40 million during 2021, when compared to the same period in 2020, primarily due a $17 million increase in employee compensation costs, a portion of which is related to severance and other termination benefits related to a reduction-in-force completed in the first quarter of 2021, a $13 million increase in technology costs, and $7 million primarily related to FCC penalties incurred by several consolidated VIEs, as discussed in *Note 13. Commitments and Contingencies* within the *Consolidated Financial Statements.*

Amortization of program contract costs. The amortization of program contract costs decreased $7 million during 2021, when compared to the same period in 2020, primarily related to the timing of amortization on long-term contracts and reduced renewal costs, partially offset by amortization related to new programming.

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

Depreciation and amortization expenses. Depreciation of property and equipment and amortization of definite-lived intangibles and other assets increased $8 million during 2021, when compared to the same period in 2020, primarily due to an increase in assets placed in-service.

Gain on asset dispositions and other, net of impairments. During 2021 and 2020, we recorded a gain of $24 million and $90 million, respectively, related to reimbursements from the FCC's National Broadband Plan spectrum repack process. For the year ended 2021, we recorded a gain on asset disposition of $12 million, related to the WDKA-TV/KBSI-TV transaction, and a loss of $12 million, related to the sale of our radio stations, primarily related to the write-down of the carrying value of the assets to estimate the selling price. For the year ended 2020, we recorded a gain of $29 million related to the sale of KGBT-TV and WDKY-TV. See *Dispositions* within *Note 2. Acquisitions and Dispositions of Assets* within the *Consolidated Financial Statements* for further discussion.

LOCAL SPORTS SEGMENT

Our local sports segment, previously referred to as our sports segment, reflects the results of our RSNs and a minority equity interest in the YES Network. The RSNs and YES Network own the exclusive rights to air, among other sporting events, the games of professional sports teams.

The following table sets forth our revenue and expenses for our local sports segment for the years ended December 31, 2021, 2020, and 2019 (in millions):

	2021	2020	2019 (b)	Percent Change Increase / (Decrease) '21 vs.'20
Revenue:				(c)
Distribution revenue	**$ 2,620**	$ 2,472	$ 1,029	6%
Advertising revenue	**409**	196	103	109%
Other media revenue	**27**	18	7	50%
Media revenue	**$ 3,056**	$ 2,686	$ 1,139	14%
Operating Expenses:				
Media programming and production expenses	**$ 2,793**	$ 1,361	$ 769	105%
Media selling, general and administrative expenses (a)	**297**	243	90	22%
Depreciation and amortization expenses	**316**	410	157	(23)%
Corporate general and administrative	**10**	10	93	—%
Gain on assets acquired	**(43)**	—	—	n/m
Impairment of goodwill and definite-lived intangible assets	**—**	4,264	—	n/m
Operating (loss) income (a)	**$ (317)**	$ (3,602)	$ 30	(91)%
Income from equity method investments	**$ 49**	$ 6	$ 18	717%
Other income, net	**$ 15**	$ 160	$ 200	(91)%

n/m — not meaningful

(a) Includes $109 million, $98 million and $35 million for the years ended December 31, 2021, 2020 and 2019, respectively, of intercompany expense related to certain services provided by the broadcast segment under a management services agreement, which is eliminated in consolidation.

(b) Represents the activity from the closing date of the acquisition of the Acquired RSNs of August 23, 2019 through December 31, 2019.

(c) Marquee was launched in late February 2020, therefore although not called out in each section below, is a driver of the changes between the periods due to a full year of activity being included in the current period, versus only 10 months of activity in the prior period.

Distribution revenue. Distribution revenue, which is generated through fees received from Distributors for the right to distribute our RSNs, increased $148 million for the year ended December 31, 2021, when compared to the same period in 2020. During the year ended 2020, distribution revenue was reduced by $420 million, related to the accrual of rebates to our Distributors resulting from the cancellation of professional sports games due to the COVID-19 pandemic. Distribution revenue was increased during the year ended December 31, 2021 by $8 million, primarily related to a reduction of accrued rebates due to an increase in estimated games related to the NBA. See discussion under *Revenue Recognition* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies* within the *Consolidated Financial Statements* for further discussion. Excluding the effect of these accrued rebates and related adjustments, distribution revenue declined by $280 million in 2021 when compared to the same period in 2020, and was primarily driven by the loss of three Distributors in 2020 and subscriber churn with remaining Distributors, partially offset by increases in rates. We expect distribution revenue to decrease for the year ending December 31, 2022 when compared to 2021 due to continued subscriber churn.

Advertising revenue. Advertising revenue is primarily generated from sales of commercial time within the RSNs' programming. Advertising revenue increased $213 million for the year ended December 31, 2021, when compared to the same period in 2020, primarily due to a higher number of games being played in 2021, when compared to 2020, due to the suspension of the league seasons in March 2020 and the resulting reduction of the number of games played in 2020. We expect advertising revenue for the year ending December 31, 2022 to increase when compared to 2021.

Media programming and production expenses. Media programming and production expenses are primarily related to amortization of our sports programming rights with MLB, NBA, and NHL teams, and the costs of producing and distributing content for our brands including live games, pre-game and post-game shows, and backdrop programming.

Media programming and production expenses increased $1,432 million for the year ended December 31, 2021, when compared to the same period in 2020, primarily driven by a $1,272 million increase in sports rights amortization expense, a $91 million increase in employee compensation cost related to freelance talent, and a $67 million increase in production expenses, all of which increased as a result of an increase in the number of games played compared to the same period in the prior year.

The increases in the number of games played in 2021, when compared to the same period in 2020, are primarily driven by the suspension of the 2019-2020 NBA and NHL seasons and the 2020 MLB season in early March 2020. The changes to the seasons were in response to the COVID-19 pandemic and resulted in a higher number of games during 2021, as compared to the prior year. We expect media programming and production expenses for the year ending December 31, 2022 to decrease when compared to 2021. See *The Impact of COVID-19 on our Results of Operations* for further discussion.

Media selling, general, and administrative expenses. Media selling, general, and administrative expenses increased $54 million for the year ended December 31, 2021, when compared to the same period in 2020, primarily related to a $22 million increase in information technology expenses, a $13 million increase in national sales commissions, an $11 million increase of management services agreement fees, and a $5 million increase in third-party fulfillment costs from our digital business.

Depreciation and amortization. Depreciation and amortization expense decreased $94 million for the year ended December 31, 2021, when compared to the same period in 2020, primarily due to a decrease in amortization expense due to lower intangible asset values as a result of an impairment in 2020.

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

Other income, net. See explanation under *Corporate and Unallocated Expenses.*

Gain on asset dispositions and other, net of impairments. For the year ended December 31, 2021, we recognized a gain of $43 million, related to the fair value of equipment that we received as part of an agreement with a communications provider in connection with the C-Band repack process in which we received equipment with a fair value of $58 million, at maximum cost to us of $15 million.

Income from equity method investments. For the year ended December 31, 2021 we recognized income from equity method investments of $49 million, which is primarily related to our minority ownership interest in the YES Network. The increase in the amount of income recognized when compared to the year ended December 31, 2020 was primarily due to an increase in the number of games played compared to the same period in the prior year.

OTHER

The following table sets forth our revenues and expenses for our owned networks and content, non-broadcast digital and internet solutions, technical services, and non-media investments (collectively, other) for the years ended December 31, 2021, 2020, and 2019 (in millions):

	2021	2020	2019	Percent Change Increase / (Decrease) '21 vs.'20	'20 vs.'19
Revenue:					
Distribution revenue	**$ 193**	$ 199	$ 130	(3)%	53%
Advertising revenue	**217**	131	110	66%	19%
Other media revenues	**13**	7	13	86%	(46)%
Media revenues (a)	**$ 423**	$ 337	$ 253	26%	33%
Non-media revenues (b)	**$ 58**	$ 114	$ 217	(49)%	(47)%
Operating Expenses:					
Media expenses (c)	**$ 325**	$ 254	$ 257	28%	(1)%
Non-media expenses (d)	**$ 60**	$ 98	$ 168	(39)%	(42)%
Amortization of program contract costs	**$ 17**	$ 3	$ —	467%	n/m
Corporate general and administrative expenses	**$ 1**	$ 1	$ 1	—%	—%
(Gain) loss on asset dispositions and other, net of impairments	**$ (4)**	$ 3	$ (4)	n/m	n/m
Operating income	**$ 51**	$ 65	$ 26	(22)%	150%
Loss from equity method investments	**$ (4)**	$ (42)	$ (53)	(90)%	(21)%

n/m — not meaningful

(a) Media revenues for the year ended December 31, 2021 include $39 million of intercompany revenues related to certain services provided to the broadcast segment, which are eliminated in consolidation.

(b) Non-media revenues for the years ended December 31, 2021, 2020, and 2019 include $7 million, $14 million, and $23 million, respectively, of intercompany revenues related to certain services provided to the broadcast segment, which are eliminated in consolidation.

(c) Media expenses for the years ended December 31, 2021 and 2020 includes $10 million and $2 million, respectively, of intercompany expenses primarily related to certain services provided by the broadcast segment, which are eliminated in consolidation..

(d) Non-media expenses for the years ended December 31, 2021, 2020, and 2019 include $3 million, $7 million, and $12 million, respectively, of intercompany expenses related to certain services provided by the broadcast segment, which are eliminated in consolidation.

Revenue. Media revenue increased $86 million during 2021, when compared to the same period in 2020, primarily due to an increase in advertising revenue related to our owned networks and digital initiatives. Non-media revenue decreased $56 million during 2021, when compared to the same period in 2020, primarily due to a decrease in broadcast equipment sales due to the winding down of the FCC's National Broadband Plan repack process and the sale of Triangle in the second quarter of 2021.

Expenses. Media expenses increased $71 million during 2021,when compared to the same period in 2020, primarily related to expenses associated with the increased sales within our owned networks and our digital initiatives, as well as increased content costs. Non-media expenses decreased $38 million during 2021, when compared to the same period in 2020, primarily due to a decrease in the costs of goods associated with our lower broadcast equipment sales and the sale of Triangle in the second quarter of 2021.

Amortization of program contract costs. The amortization of program contract costs increased $14 million during 2021,when compared to the same period in 2020, primarily related to increases in costs of the programming content related to our owned networks.

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

Gain on asset dispositions and other, net of impairments. During the year ended December 31, 2021, we sold our controlling interest in Triangle for $12 million. We recognized a gain on the sale of Triangle of $6 million, which is included in the gain on asset dispositions and other, net of impairment in our consolidated statements of operations.

CORPORATE AND UNALLOCATED EXPENSES

The following table presents our corporate and unallocated expenses for the years ended December 31, 2021, 2020, and 2019 (in millions):

	2021	2020	2019	Percent Change Increase/ (Decrease) '21 vs.'20	'20 vs.'19
Corporate general and administrative expenses	**$ 170**	$ 148	$ 387	15%	(62)%
Interest expense including amortization of debt discount and deferred financing costs	**$ 618**	$ 656	$ 422	(6)%	55%
Loss on extinguishment of debt	**$ (7)**	$ (10)	$ (10)	(30)	—
Other (expense) income, net	**$ (14)**	$ 325	$ 6	(104)%	n/m
Income tax benefit	**$ 173**	$ 720	$ 96	(76)%	650%
Net income attributable to the redeemable noncontrolling interests	**$ (18)**	$ (56)	$ (48)	(68)	17
Net (income) loss attributable to the noncontrolling interests	**$ (70)**	$ 71	$ (10)	n/m	n/m

n/m — not meaningful

Corporate general and administrative expenses. The table above and the explanation that follows cover total consolidated corporate general and administrative expenses. Corporate general and administrative expenses increased in total by $22 million during 2021, when compared to the same period in 2020, primarily due to $16 million in employee compensation cost, a portion of which is related to severance and other termination benefits related to the reduction-in-force completed in the first quarter of 2021, and a $6 million increase to technology costs primarily related to the cyber security ransomware attack in the fourth quarter of 2021.

We expect corporate general and administrative expenses to decrease in 2022 when compared to 2021.

Interest expense. The table above and explanations that follows cover total consolidated interest expense. Interest expense decreased by $38 million during 2021 compared to 2020. The decrease is primarily due to a $24 million decrease in DSG interest expense and a $12 million decrease in STG interest expense, each related to decreases in LIBOR and refinancing of STG existing indebtedness that occurred in 2021.

We expect interest expense to increase in 2022 when compared to 2021.

Other income, net. Other income, net decreased by $339 million during 2021, when compared to the same period in 2020, primarily due to a measurement adjustment gain related to certain variable payment obligations of $159 million and an increase in the value of investments recorded at fair value of $158 million, both recorded in 2020. See *Note 13. Commitments and Contingencies* and *Note 6. Other Assets* within the *Consolidated Financial Statements* for further information.

Income tax benefit. The 2021 income tax benefit for our pre-tax loss of $499 million resulted in an effective tax rate of 34.7%. The 2020 income tax benefit for our pre-tax loss of $3,149 million resulted in an effective tax rate of 22.9%. The increase in the effective tax rate from 2020 to 2021 is primarily due to the greater benefit impact in 2021 from federal tax credits related to investments in sustainability initiatives.

As of December 31, 2021, we had a net deferred tax asset of $293 million as compared to a net deferred tax asset of $197 million as of December 31, 2020. The increase in net deferred tax asset primarily relates to the 2021 changes in fair value of certain equity securities and items related to fixed assets.

As of December 31, 2021, we had $15 million of gross unrecognized tax benefits, all of which, if recognized, would favorably affect our effective tax rate. We recognized $1 million of income tax expense for interest related to uncertain tax positions for the year ended December 31, 2021. See *Note 12. Income Taxes* within the *Consolidated Financial Statements* for further information.

Net income attributable to the redeemable noncontrolling interests. For the year ended December 31, 2021, net income attributable to the redeemable noncontrolling interests decreased $38 million, when compared to the same period in 2020, primarily due to a lower average preferred equity balance outstanding in 2021 compared to 2020, as a result of redemptions that occurred in 2020.

Net (income) loss attributable to the noncontrolling interests. For the year ended December 31, 2021, net income attributable to the noncontrolling interests increased $141 million, when compared to the same period in 2020, primarily as a result of the portion of the non-cash impairment charge on customer relationships, other definite-lived intangible assets and goodwill recorded in 2020 that was attributable to the noncontrolling interests.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2021, we had net working capital of approximately $1,269 million, including $816 million in cash and cash equivalent balances. Cash on hand, cash generated by our operations, and borrowing capacity under the Bank Credit Agreements are used as our primary sources of liquidity.

The Bank Credit Agreements each include a financial maintenance covenant, the first lien leverage ratio (as defined in the respective Bank Credit Agreements), which requires such applicable ratio not to exceed 4.5x and 6.25x, measured as of the end of each fiscal quarter, for STG and DSG, respectively. The respective financial maintenance covenant is only applicable if 35% or more of the capacity (as a percentage of total commitments) under the respective Revolving Credit Facility, measured as of the last day of each quarter, is utilized under such Revolving Credit Facility as of such date. Since there was no utilization under either of the Revolving Credit Facilities as of December 31, 2021, neither STG nor DSG was subject to the respective financial maintenance covenant under their applicable Bank Credit Agreement. As of December 31, 2021, the STG first lien leverage ratio was below 4.5x and the DSG first lien leverage ratio exceeded 6.25x. We expect that DSG's first lien leverage ratio will remain above 6.25x for at least the next 12 months, which will restrict our ability to fully utilize the DSG Revolving Credit Facility. We do not currently expect to have more than the 35% of the capacity of the DSG Revolving Credit Facility outstanding as of any quarterly measurement date during the next 12 months, therefore we do not expect DSG will be subject to the financial maintenance covenant. The Bank Credit Agreements contain other restrictions and covenants which the respective entities were in compliance with as of December 31, 2021 and expect to be over the next 12 months. See *Note 20. Subsequent Events* within the *Consolidated Financial Statements*.

On April 1, 2021, STG amended the STG Bank Credit Agreement to raise the STG Term Loan B-3 in an aggregate principal amount of $740 million, the proceeds of which were used to refinance a portion of STG's term loan maturing in January 2024. The STG Term Loan B-3 matures in April 2028 and bears interest at LIBOR (or successor rate) plus 3.00%.

The A/R Facility enables DSG to raise incremental funding for the ongoing business needs of the local sports segment. Prior to November 5, 2021, the maximum funding availability under the A/R Facility was the lesser of $250 million and the sum of the lowest aggregate loan balance since November 1, 2020 plus $50 million. On November 5, 2021, the Company purchased and assumed the lenders' and the administrative agent's rights and obligations under the A/R Facility by making a payment to the lenders equal to approximately $184.4 million, representing 101% of the aggregate outstanding principal amount of the loans under the A/R Facility, plus any accrued interest and outstanding fees and expenses. In connection therewith, the Company and Diamond Sports Finance SPV, LLC (DSPV) entered into an omnibus amendment to the A/R Facility to provide greater flexibility to DSG, including (i) increasing the maximum facility limit availability from up to $250 million to up to $400 million; (ii) eliminating the early amortization event related to DSG's earnings before interest, taxes, depreciation and amortization (EBITDA), as defined in the agreement governing the A/R Facility, less interest expense covenant; (iii) extending the stated maturity date by one year from September 23, 2023 to September 23, 2024; and (iv) relaxing certain concentration limits thereby increasing the amounts of certain accounts receivable eligible to be sold. The other material terms of the A/R Facility remain unchanged. Transactions related to the A/R Facility are now intercompany transactions and, therefore, are eliminated in consolidation.

For the year ending December 31, 2022, we expect capital expenditures to be within the range of $131 million to $141 million, primarily related to technical, maintenance, and building projects at our stations and RSNs.
We have various contractual obligations which are recorded as liabilities in our consolidated financial statements, such as notes payable, finance leases, and commercial bank financing; operating leases; active television program contracts; and fixed and variable payment obligations. Certain other contractual obligations have not been recognized as liabilities in our consolidated financial statements, such as certain sports programming rights, future television program contracts, and network programming rights. Active television program contracts are included in the balance sheet as an asset and liability while future television program contracts are excluded until the cost is known, the program is available for its first showing or telecast, and the licensee has accepted the program. Industry protocol typically enables us to make payments for television program contracts on a three-month lag, which differs from the contractual timing. As of December 31, 2021, our significant contractual obligations include:

- Total debt, defined as current and long-term notes payable, finance leases, and commercial bank financing, including finance leases of affiliates, of $12,340 million, including current debt, due within the next 12 months, of $69 million.

- Interest due on our total debt in the next twelve months of $554 million, including interest estimated on our variable rate debt calculated at an effective weighted average interest rate of 3.08% as of December 31, 2021.

- Contractual amounts owed through the expiration date of the underlying agreement for sports programming rights, active and future television program contracts, and network programming rights of $16,210 million, including $2,816 million due within the next 12 months. Network programming agreements may include variable fee components such as subscriber levels, which in certain circumstances have been estimated and reflected in the previous amounts based on current subscriber amounts.

See *Note 7. Notes Payable and Commercial Bank Financing*, *Note 8. Leases*, *Note 9. Program Contracts*, and *Note 13. Commitments and Contingencies* within the C*onsolidated Financial Statements* for further information.

We anticipate that existing cash and cash equivalents, cash flow from our operations, and borrowing capacity under the Bank Credit Agreements will be sufficient to satisfy our debt service obligations, capital expenditure requirements, and working capital needs for the next 12 months. However, certain factors, including but not limited to, the severity and duration of the COVID-19 pandemic and resulting effect on the economy, our advertisers, Distributors, and their subscribers, could affect our liquidity and our first lien leverage ratio which could affect our ability to access the full borrowing capacity under the Bank Credit Agreements. For our long-term liquidity needs, in addition to the sources described above, we may rely upon various sources, such as but not limited to, the issuance of long-term debt, the issuance of equity or other instruments convertible into or exchangeable for equity, or the sale of Company assets. However, there can be no assurance that additional financing or capital or buyers of our Company assets will be available, or that the terms of any transactions will be acceptable or advantageous to us.

DSG's ability to make scheduled payments on its debt obligations depends on its financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, competitive, legislative, regulatory and other factors beyond its control. The impact of the outbreak of COVID-19 continues to create significant uncertainty and disruption in the global economy and financial markets. Further, DSG's success is dependent upon, among other things, the terms of its agreements with Distributors, OTT and other streaming providers and the successful execution of its DTC strategy. Primarily as a result of losses of Distributors, increased subscriber churn and the COVID-19 pandemic, DSG has experienced operating losses since the second quarter of 2020 and we expect it will continue to incur operating losses in future periods. DSG has taken steps to mitigate the impacts of this uncertainty, including managing its controllable costs, amending its A/R Facility and entering into a Transaction Support Agreement with Sinclair and certain lenders holding term loans under the DSG Bank Credit Agreement and certain holders of, or investment advisors, sub-advisors, or managers of funds or accounts that hold, the existing DSG Notes which contemplates that, among other things, DSG would obtain the New DSG First Lien Term Loan which would mature in May 2026 and would rank first in lien priority on shared collateral ahead of DSG’s loans and/or commitments under the DSG Bank Credit Agreement and the Existing DSG 5.375% Notes. See *Note 20. Subsequent Events* within the *Consolidated Financial Statements.*

Sources and Uses of Cash

The following table sets forth our cash flows for the years ended December 31, 2021, 2020, and 2019 (in millions):

	2021	2020	2019
Net cash flows from operating activities	**$ 327**	$ 1,548	$ 916
Cash flows used in investing activities:			
Acquisition of property and equipment	**$ (80)**	$ (157)	$ (156)
Acquisition of businesses, net of cash acquired	**(4)**	(16)	(8,999)
Spectrum repack reimbursements	**24**	90	62
Proceeds from the sale of assets	**43**	36	8
Purchases of investments	**(256)**	(139)	(452)
Other, net	**27**	27	7
Net cash flows used in investing activities	**$ (246)**	$ (159)	$ (9,530)
Cash flows (used in) from financing activities:			
Proceeds from notes payable and commercial bank financing	**$ 357**	$ 1,819	$ 9,956
Repayments of notes payable, commercial bank financing, and finance leases	**(601)**	(1,739)	(1,236)
Proceeds from the issuance of redeemable subsidiary preferred equity, net	—	—	985
Repurchase of outstanding Class A Common Stock	**(61)**	(343)	(145)
Dividends paid on Class A and Class B Common Stock	**(60)**	(63)	(73)
Dividends paid on redeemable subsidiary preferred equity	**(5)**	(36)	(33)
Redemption of redeemable subsidiary preferred equity	—	(547)	(297)
Debt issuance costs	**(1)**	(19)	(199)
Distributions to noncontrolling interests	**(95)**	(32)	(27)
Distributions to redeemable noncontrolling interests	**(6)**	(383)	(5)
Other, net	**(52)**	(117)	(39)
Net cash flows (used in) from financing activities	**$ (524)**	$ (1,460)	$ 8,887

Operating Activities

Net cash flows from operating activities decreased during the year ended December 31, 2021, when compared to the same period in 2020. The decrease is primarily related to higher payments for production and overhead costs, Distributor rebate payments, and payments for sports rights, partially offset by an increase in cash collections from Distributors.

Investing Activities

Net cash flows used in investing activities increased during the year ended December 31, 2021, when compared to the same period in 2020. The increase is primarily related to lower spectrum repack reimbursements and higher purchases of investments, offset by lower capital expenditures, the sale of WDKA and KBSI during the first quarter of 2021 and the sale of Triangle during the second quarter of 2021.

Financing Activities

Net cash flows used in financing activities decreased during the year ended December 31, 2021, when compared to the same period in 2020. The decrease is primarily related to lower repurchases of Class A Common Stock during 2021 as compared to 2020, as well as the redemption of the Redeemable Subsidiary Preferred Equity and distributions to the redeemable noncontrolling interests during 2020.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates and consider entering into derivative instruments primarily for the purpose of reducing the impact of changing interest rates on our floating rate debt and to reduce the impact of changing fair market values on our fixed rate debt. See *Note 7. Notes Payable and Commercial Bank Financing* within the *Consolidated Financial Statements* for further discussion. We did not have any outstanding derivative instruments during the three years ended December 31, 2021, 2020, and 2019.

We are exposed to risk from the changing interest rates of our variable rate debt issued under the Bank Credit Agreements. As of December 31, 2021, our total variable rate debt under the Bank Credit Agreements was $5,612 million. We estimate that adding 1% to respective interest rates would result in an increase in our interest expense of $56 million.

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

Our Class A Common Stock is listed for trading on the NASDAQ stock market under the symbol "SBGI". Our Class B Common Stock is not traded on a public trading market or quotation system.

As of February 23, 2022, there are approximately 40 shareholders of record of our Class A Common Stock. Many of our shares of Class A Common Stock are held by brokers and institutions on behalf of stockholders, we are unable to estimate the total number of stockholders represented by these record holders.

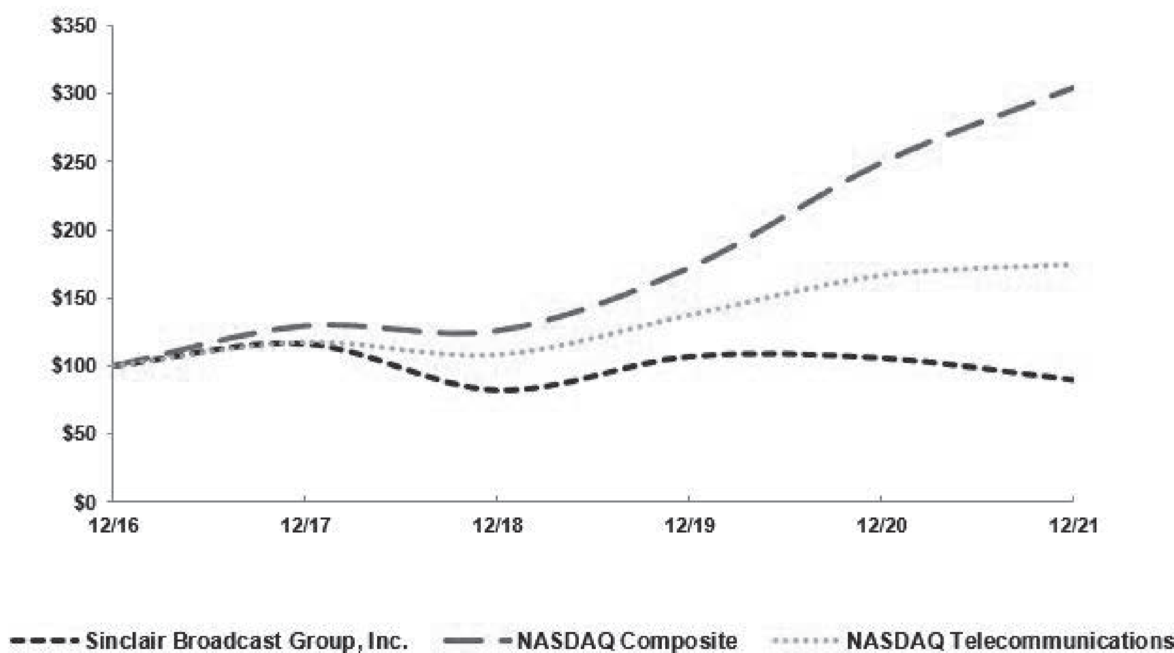
We intend to pay regular quarterly dividends to our stockholders, although all future dividends on our Common Stock, if any, will be at the discretion of our Board of Directors and will depend on several factors including our results of operations, cash requirements and surplus, financial condition, covenant restrictions, and other factors that the Board of Directors may deem relevant.

In February 2022, we declared a quarterly cash dividend of $0.25 per share.

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

Comparative Stock Performance

The following line graph compares the yearly percentage change in the cumulative total shareholder return on our Class A Common Stock with the cumulative total return of the NASDAQ Composite Index and the cumulative total return of the NASDAQ Telecommunications Index (an index containing performance data of radio and television broadcast companies and communication equipment and accessories manufacturers) from December 31, 2016 through December 31, 2021. The performance graph assumes that an investment of $100 was made in the Class A Common Stock and in each Index on December 31, 2016 and that all dividends were reinvested. Total shareholder return is measured by dividing total dividends (assuming dividend reinvestment) plus share price change for a period by the share price at the beginning of the measurement period.



Company/Index/Market	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021
Sinclair Broadcast Group, Inc.	100.00	115.90	82.67	106.67	105.70	**90.07**
NASDAQ Composite Index	100.00	129.64	125.96	172.17	249.51	**304.85**
NASDAQ Telecommunications Index	100.00	117.62	108.29	137.49	166.70	**174.78**

Stock Repurchases

The following table summarizes repurchases of our stock in the quarter ended December 31, 2021:

Period	Total Number of Shares Purchased (a)	Average Price Per Share		Total Number of Shares Purchased as Part of a Publicly Announced Program	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Program (in millions)	
Class A Common Stock: (b)						
10/01/21 – 10/31/21	—	$	—	—	$	—
11/01/21 – 11/30/21	438,553	$	24.42	438,553	$	869
12/01/21 – 12/31/21	2,000,032	$	25.38	2,000,032	$	819

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

(b) On August 4, 2020, the Board of Directors authorized an additional $500 million share repurchase authorization in addition to the previous repurchase authorization of $1 billion. There is no expiration date and currently, management has no plans to terminate this program. For the year ended December 31, 2021, we repurchased approximately 2.4 million shares for $61 million under a 10b5-1 plan. As of December 31, 2021, the total remaining purchase authorization was $819 million.

CONTROLS AND PROCEDURES

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

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the design and effectiveness of our disclosure controls and procedures and our internal control over financial reporting as of December 31, 2021.

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

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

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

Assessment of Effectiveness of Disclosure Controls and Procedures

Based on the evaluation of our disclosure controls and procedures as of December 31, 2021, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Report of Management on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2021 based on the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (COSO). Based on our assessment, management has concluded that, as of December 31, 2021, our internal control over financial reporting was effective based on those criteria.

The effectiveness of our internal control over financial reporting as of December 31, 2021 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2021, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

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

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

As of December 31,	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	**$ 816**	$ 1,259
Accounts receivable, net of allowance for doubtful accounts of $7 and $5, respectively	**1,245**	1,060
Income taxes receivable	**152**	230
Prepaid sports rights	**85**	498
Prepaid expenses and other current assets	**173**	170
Total current assets	**2,471**	3,217
Property and equipment, net	**833**	823
Operating lease assets	**207**	197
Deferred tax assets	**293**	197
Restricted cash	**3**	3
Goodwill	**2,088**	2,092
Indefinite-lived intangible assets	**150**	171
Customer relationships, net	**3,904**	4,286
Other definite-lived intangible assets, net	**1,184**	1,338
Other assets	**1,408**	1,058
Total assets (a)	**$ 12,541**	$ 13,382
LIABILITIES , REDEEMABLE NON-CONTROLLING INTERESTS, AND EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	**$ 655**	$ 533
Current portion of notes payable, finance leases, and commercial bank financing	**69**	58
Current portion of operating lease liabilities	**35**	34
Current portion of program contracts payable	**97**	92
Other current liabilities	**346**	317
Total current liabilities	**1,202**	1,034
Notes payable, finance leases, and commercial bank financing, less current portion	**12,271**	12,493
Operating lease liabilities, less current portion	**205**	198
Program contracts payable, less current portion	**21**	30
Other long-term liabilities	**351**	622
Total liabilities (a)	**14,050**	14,377
Commitments and contingencies (See *Note 13*)		
Redeemable noncontrolling interests	**197**	190
Shareholders' Equity:		
Class A Common Stock, $0.01 par value, 500,000,000 shares authorized, 49,314,303 and 49,252,671 shares issued and outstanding, respectively	**1**	1
Class B Common Stock, $0.01 par value, 140,000,000 shares authorized, 23,775,056 and 24,727,682 shares issued and outstanding, respectively, convertible into Class A Common Stock	**—**	—
Additional paid-in capital	**691**	721
Accumulated deficit	**(2,460)**	(1,986)
Accumulated other comprehensive loss	**(2)**	(10)
Total Sinclair Broadcast Group shareholders' deficit	**(1,770)**	(1,274)
Noncontrolling interests	**64**	89
Total deficit	**(1,706)**	(1,185)
Total liabilities, redeemable noncontrolling interests, and equity	**$ 12,541**	$ 13,382

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

(a) Our consolidated total assets as of December 31, 2021 and 2020 include total assets of variable interest entities (VIEs) of $217 million and $233 million, respectively, which can only be used to settle the obligations of the VIEs. Our consolidated total liabilities as of December 31, 2021 and 2020 include total liabilities of the VIEs of $62 million and $60 million, respectively, for which the creditors of the VIEs have no recourse to us. See *Note 14. Variable Interest Entities.*

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(In millions, except share and per share data)

	2021	2020	2019
REVENUES:			
Media revenues	**$ 6,083**	$ 5,843	$ 4,046
Non-media revenues	**51**	100	194
Total revenues	**6,134**	5,943	4,240
OPERATING EXPENSES:			
Media programming and production expenses	**4,291**	2,735	2,073
Media selling, general and administrative expenses	**908**	832	732
Amortization of program contract costs	**93**	86	90
Non-media expenses	**57**	91	156
Depreciation of property and equipment	**114**	102	97
Corporate general and administrative expenses	**170**	148	387
Amortization of definite-lived intangible and other assets	**477**	572	327
Impairment of goodwill and definite-lived intangible assets	**—**	4,264	—
Gain on asset dispositions and other, net of impairment	**(71)**	(115)	(92)
Total operating expenses	**6,039**	8,715	3,770
Operating income (loss)	**95**	(2,772)	470
OTHER INCOME (EXPENSE):			
Interest expense including amortization of debt discount and deferred financing costs	**(618)**	(656)	(422)
Loss on extinguishment of debt	**(7)**	(10)	(10)
Income (loss) from equity method investments	**45**	(36)	(35)
Other (expense) income, net	**(14)**	325	6
Total other expense, net	**(594)**	(377)	(461)
(Loss) income before income taxes	**(499)**	(3,149)	9
INCOME TAX BENEFIT	**173**	720	96
NET (LOSS) INCOME	**(326)**	(2,429)	105
Net income attributable to the redeemable noncontrolling interests	**(18)**	(56)	(48)
Net (income) loss attributable to the noncontrolling interests	**(70)**	71	(10)
NET (LOSS) INCOME ATTRIBUTABLE TO SINCLAIR BROADCAST GROUP	**$ (414)**	$ (2,414)	$ 47
EARNINGS PER COMMON SHARE ATTRIBUTABLE TO SINCLAIR BROADCAST GROUP:			
Basic (loss) earnings per share	**$ (5.51)**	$ (30.20)	$ 0.52
Diluted (loss) earnings per share	**$ (5.51)**	$ (30.20)	$ 0.51
Basic weighted average common shares outstanding (in thousands)	**75,050**	79,924	92,015
Diluted weighted average common and common equivalent shares outstanding (in thousands)	**75,050**	79,924	93,185

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019 (In millions)

	2021	2020	2019
Net (loss) income	**$ (326)**	$ (2,429)	$ 105
Adjustments to post-retirement obligations, net of taxes	**1**	(1)	(1)
Share of other comprehensive gain (loss) of equity method investments	**7**	(7)	—
Comprehensive (loss) income	**(318)**	(2,437)	104
Comprehensive income attributable to redeemable noncontrolling interests	**(18)**	(56)	(48)
Comprehensive (income) loss attributable to noncontrolling interests	**(70)**	71	(10)
Comprehensive (loss) income attributable to Sinclair Broadcast Group	**$ (406)**	$ (2,422)	$ 46

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

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT) AND REDEEMABLE NONCONTROLLING INTERESTS FOR THE YEARS ENDED DECEMBER 31, 2019
(In millions, except share data)

		Sinclair Broadcast Group Shareholders								
	Redeemable Noncontrolling Interests	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
		Shares	Values	Shares	Values					
BALANCE, December 31, 2018	$ —	68,897,723	$ 1	25,670,684	$ —	$ 1,121	$ 518	$ (1)	$ (39)	$ 1,600
Issuance of redeemable subsidiary preferred equity, net of issuance costs	985	—	—	—	—	—	—	—	—	—
Dividends declared and paid on Class A and Class B Common Stock ($0.80 per share)	—	—	—	—	—	—	(73)	—	—	(73)
Class B Common Stock converted into Class A Common Stock	—	943,002	—	(943,002)	—	—	—	—	—	—
Repurchases of Class A Common Stock	—	(4,555,487)	—	—	—	(145)	—	—	—	(145)
Class A Common Stock issued pursuant to employee benefit plans	—	1,544,872	—	—	—	35	—	—	—	35
Noncontrolling interests acquired in a business combination	380	—	—	—	—	—	—	—	248	248
Distributions to noncontrolling interests, net	(38)	—	—	—	—	—	—	—	(27)	(27)
Redemption of redeemable subsidiary preferred equity, net of fees	(297)	—	—	—	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	—	—	(1)	—	(1)
Net income	48	—	—	—	—	—	47	—	10	57
BALANCE, December 31, 2019	$ 1,078	66,830,110	$ 1	24,727,682	$ —	$ 1,011	$ 492	$ (2)	$ 192	$ 1,694

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

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT) AND REDEEMABLE NONCONTROLLING INTERESTS FOR THE YEARS ENDED DECEMBER 31, 2020
(In millions, except share data)

		Sinclair Broadcast Group Shareholders								
	Redeemable Noncontrolling Interest	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity (Deficit)
		Shares	Values	Shares	Values					
BALANCE, December 31, 2019	$ 1,078	66,830,110	$ 1	24,727,682	$ —	$ 1,011	$ 492	$ (2)	$ 192	$ 1,694
Dividends declared and paid on Class A and Class B Common Stock ($0.80 per share)	—	—	—	—	—	—	(64)	—	—	(64)
Repurchases of Class A Common Stock	—	(19,418,934)	—	—	—	(343)	—	—	—	(343)
Class A Common Stock issued pursuant to employee benefit plans	—	1,841,495	—	—	—	53	—	—	—	53
Noncontrolling interests issued	22	—	—	—	—	—	—	—	—	—
Distributions to noncontrolling interests, net	—	—	—	—	—	—	—	—	(32)	(32)
Distributions to redeemable noncontrolling interests	(419)	—	—	—	—	—	—	—	—	—
Redemption of redeemable subsidiary preferred equity, net of fees	(547)	—	—	—	—	—	—	—	—	—
Other comprehensive loss	—	—	—	—	—	—	—	(8)	—	(8)
Net income (loss)	56	—	—	—	—	—	(2,414)	—	(71)	(2,485)
BALANCE, December 31, 2020	$ 190	49,252,671	$ 1	24,727,682	$ —	$ 721	$ (1,986)	$ (10)	$ 89	$ (1,185)

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

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT) AND REDEEMABLE NONCONTROLLING INTERESTS FOR THE YEARS ENDED DECEMBER 31, 2021
(In millions, except share data)

		Sinclair Broadcast Group Shareholders								
	Redeemable Noncontrolling Interests	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Deficit
		Shares	Values	Shares	Values					
BALANCE, December 31, 2020	$ 190	49,252,671	$ 1	24,727,682	$ —	$ 721	$ (1,986)	$ (10)	$ 89	$ (1,185)
Dividends declared and paid on Class A and Class B Common Stock ($0.80 per share)	—	—	—	—	—	—	**(60)**	—	—	**(60)**
Class B Common Stock converted into Class A Common Stock	—	**952,626**	—	**(952,626)**	—	—	—	—	—	—
Repurchases of Class A Common Stock	—	**(2,438,585)**	—	—	—	**(61)**	—	—	—	**(61)**
Class A Common Stock issued pursuant to employee benefit plans	—	**1,547,591**	—	—	—	**31**	—	—	—	**31**
Distributions to noncontrolling interests, net	**(11)**	—	—	—	—	—	—	—	**(95)**	**(95)**
Other comprehensive loss	—	—	—	—	—	—	—	**8**	—	**8**
Net income (loss)	**18**	—	—	—	—	—	**(414)**	—	**70**	**(344)**
BALANCE, December 31, 2021	**$ 197**	**49,314,303**	**$ 1**	**23,775,056**	**$ —**	**$ 691**	**$ (2,460)**	**$ (2)**	**$ 64**	**$ (1,706)**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019 (In millions)

	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) income	**$ (326)**	$ (2,429)	$ 105
Adjustments to reconcile net (loss) income to net cash flows from operating activities:			
Impairment of goodwill and definite-lived intangible assets	**—**	4,264	—
Amortization of sports programming rights	**2,350**	1,078	637
Amortization of definite-lived intangible and other assets	**477**	572	327
Depreciation of property and equipment	**114**	102	97
Amortization of program contract costs	**93**	86	90
Stock-based compensation	**60**	52	33
Deferred tax benefit	**(92)**	(604)	(5)
Gain on asset disposition and other, net of impairment	**(69)**	(119)	(62)
(Income) loss from equity method investments	**(45)**	36	35
Loss (income) from investments	**38**	(152)	6
Distributions from investments	**54**	27	6
Sports programming rights payments	**(1,834)**	(1,345)	(578)
Rebate payments to distributors	**(202)**	—	—
Loss on extinguishment of debt	**7**	10	10
Measurement adjustment gain on variable payment obligations	**(15)**	(159)	—
Changes in assets and liabilities, net of acquisitions:			
(Increase) decrease in accounts receivable	**(187)**	70	70
(Increase) decrease in prepaid expenses and other current assets	**(86)**	48	(27)
Increase (decrease) in accounts payable and accrued and other current liabilities	**113**	(3)	334
Net change in current and long-term net income taxes payable/receivable	**(52)**	(127)	(127)
Decrease in program contracts payable	**(102)**	(96)	(94)
Increase (decrease) in other long-term liabilities	**3**	198	(1)
Other, net	**28**	39	60
Net cash flows from operating activities	**327**	1,548	916
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Acquisition of property and equipment	**(80)**	(157)	(156)
Acquisition of businesses, net of cash acquired	**(4)**	(16)	(8,999)
Spectrum repack reimbursements	**24**	90	62
Proceeds from the sale of assets	**43**	36	8
Purchases of investments	**(256)**	(139)	(452)
Other, net	**27**	27	7
Net cash flows used in investing activities	**(246)**	(159)	(9,530)
CASH FLOWS (USED IN) FROM FINANCING ACTIVITIES:			
Proceeds from notes payable and commercial bank financing	**357**	1,819	9,956
Repayments of notes payable, commercial bank financing, and finance leases	**(601)**	(1,739)	(1,236)
Proceeds from the issuance of redeemable subsidiary preferred equity, net	**—**	—	985
Repurchase of outstanding Class A Common Stock	**(61)**	(343)	(145)
Dividends paid on Class A and Class B Common Stock	**(60)**	(63)	(73)
Dividends paid on redeemable subsidiary preferred equity	**(5)**	(36)	(33)
Redemption of redeemable subsidiary preferred equity	**—**	(547)	(297)
Debt issuance costs	**(1)**	(19)	(199)
Distributions to noncontrolling interests, net	**(95)**	(32)	(27)
Distributions to redeemable noncontrolling interests	**(6)**	(383)	(5)
Other, net	**(52)**	(117)	(39)
Net cash flows (used in) from financing activities	**(524)**	(1,460)	8,887
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	**(443)**	(71)	273
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	**1,262**	1,333	1,060
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	**$ 819**	$ 1,262	$ 1,333

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

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

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

Nature of Operations

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

As of December 31, 2021, we had two reportable segments for accounting purposes, broadcast and local sports. The broadcast segment consists primarily of our 185 broadcast television stations in 86 markets, which we own, provide programming and operating services pursuant to agreements commonly referred to as local marketing agreements (LMAs), or provide sales services and other non-programming operating services pursuant to other outsourcing agreements (such as JSAs and SSAs). These stations broadcast 634 channels as of December 31, 2021. For the purpose of this report, these 185 stations and 634 channels are referred to as “our” stations and channels. The local sports segment consists primarily of our Bally Sports network brands (Bally RSNs), the Marquee Sports Network (Marquee) joint venture, and a minority equity interest in the Yankee Entertainment and Sports Network, LLC (YES Network). We refer to the Bally RSNs and Marquee as "the RSNs". The RSNs and YES Network own the exclusive rights to air, among other sporting events, the games of professional sports teams in designated local viewing areas.

Principles of Consolidation

The consolidated financial statements include our accounts and those of our wholly-owned and majority-owned subsidiaries, including the operating results of the Acquired RSNs acquired on August 23, 2019, as discussed in *Note 2. Acquisitions and Dispositions of Assets*, and VIEs for which we are the primary beneficiary. Noncontrolling interests represent a minority owner’s proportionate share of the equity in certain of our consolidated entities. Noncontrolling interests which may be redeemed by the holder, and the redemption is outside of our control, are presented as redeemable noncontrolling interests. All intercompany transactions and account balances have been eliminated in consolidation.

We consolidate VIEs when we are the primary beneficiary. We are the primary beneficiary of a VIE when we have the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and have the obligation to absorb losses or the right to receive returns that would be significant to the VIE. See *Note 14. Variable Interest Entities* for more information on our VIEs.

Investments in entities over which we have significant influence but not control are accounted for using the equity method of accounting. Income (loss) from equity method investments represents our proportionate share of net income or loss generated by equity method investees.

Use of Estimates

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

The impact of the outbreak of the novel coronavirus (COVID-19) continues to create significant uncertainty and disruption in the global economy and financial markets. It is reasonably possible that these uncertainties could further materially impact our estimates related to, but not limited to, revenue recognition, goodwill and intangible assets, program contract costs, sports programming rights, and income taxes. As a result, many of our estimates and assumptions require increased judgment and carry a higher degree of variability and volatility. Our estimates may change as new events occur and additional information emerges, and such changes are recognized or disclosed in our consolidated financial statements.

Recent Accounting Pronouncements

In June 2016, the FASB issued amended guidance on the accounting for credit losses on financial instruments. Among other provisions, this guidance introduces a new impairment model for most financial assets and certain other instruments. For trade and other receivables, held-to-maturity debt securities, loans and other instruments, entities will be required to use a forward-looking “expected loss” model that will replace the current “incurred loss” model that will generally result in the earlier recognition of allowances for losses. We adopted this guidance during the first quarter of 2020. The impact of the adoption did not have a material impact on our consolidated financial statements.

In August 2018, the FASB issued guidance which aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software, with the capitalized implementation costs of a hosting arrangement that is a service contract expensed over the term of the hosting arrangement. We adopted this guidance during the first quarter of 2020. The impact of the adoption did not have a material impact on our consolidated financial statements.

In October 2018, the FASB issued guidance for determining whether a decision-making fee is a variable interest. The amendments require organizations to consider indirect interests held through related parties under common control on a proportional basis rather than as the equivalent of a direct interest in its entirety, as currently required in generally accepted accounting principles (GAAP). We adopted this guidance during the first quarter of 2020. The impact of the adoption did not have a material impact on our consolidated financial statements.

In March 2019, the FASB issued guidance which requires that an entity test a film or license agreement within the scope of Subtopic 920-350 for impairment at the film group level, when the film or license agreement is predominantly monetized with other films and/or license agreements. We adopted this guidance during the first quarter of 2020. The impact of the adoption did not have a material impact on our consolidated financial statements.

In December 2019, the FASB issued guidance which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 will be effective for interim and annual periods beginning after December 15, 2020. Early adoption is permitted. We early adopted this guidance during the third quarter of 2020. The impact of the adoption did not have a material impact on our consolidated financial statements.

In March 2020, the FASB issued guidance providing optional expedients and exceptions for applying GAAP to derivative contracts, hedging relationships, and other transactions affected by the discontinuation of the London Interbank Offered Rate (LIBOR) or by another reference rate expected to be discontinued. The guidance was effective for all entities immediately upon issuance of the update and may be applied prospectively to applicable transactions existing as of or entered into from the date of adoption through December 31, 2022. This guidance did not have an impact on our consolidated financial statements.

In October 2021, the FASB issued guidance to improve the accounting for acquired revenue contracts with customers in a business combination by addressing diversity in practice. ASU 2021-08 requires that an acquiring entity recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, as if it had originated the contracts. The guidance is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. We are currently evaluating the impact of this guidance, but do not expect a material impact on our consolidated financial statements.

Cash and Cash Equivalents

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

Accounts Receivable

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

A rollforward of the allowance for doubtful accounts for the years ended December 31, 2021, 2020, and 2019 is as follows (in millions):

	2021	2020	2019
Balance at beginning of period	**$ 5**	$ 8	$ 2
Charged to expense	**3**	2	9
Net write-offs	**(1)**	(5)	(3)
Balance at end of period	**$ 7**	$ 5	$ 8

As of December 31, 2021, three customers accounted for 15%, 15%, and 12%, respectively, of our accounts receivable, net. As of December 31, 2020, three customers accounted for 19%, 17%, and 15%, respectively, of our accounts receivable, net. For purposes of this disclosure, a single customer may include multiple entities under common control.

Broadcast Television Programming

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

The rights to this programming are reflected in the accompanying consolidated balance sheets at the lower of unamortized cost or fair value. Program contract costs are amortized on a straight-line basis except for contracts greater than three years which are amortized utilizing an accelerated method. Program contract costs estimated by management to be amortized in the succeeding year are classified as current assets. Payments of program contract liabilities are typically made on a scheduled basis and are not affected by amortization or fair value adjustments.

Fair value is determined utilizing a discounted cash flow model based on management's expectation of future advertising revenues, net of sales commissions, to be generated by the program material. We assess our program contract costs on a quarterly basis to ensure the costs are recorded at the lower of unamortized cost or fair value.

Sports Programming Rights

We have multi-year program rights agreements that provide the Company with the right to produce and telecast professional live sports games within a specified territory in exchange for a rights fee. A prepaid asset is recorded for rights acquired related to future games upon payment of the contracted fee. The assets recorded for the acquired rights are classified as current or non-current based on the period when the games are expected to be aired. Liabilities are recorded for any program rights obligations that have been incurred but not yet paid at period end. We amortize these programming rights as an expense over each season based upon contractually stated rates. Amortization is accelerated in the event that the stated contractual rates over the term of the rights agreement results in an expense recognition pattern that is inconsistent with the projected growth of revenue over the contractual term.

On March 12, 2020, the NBA, NHL, and MLB suspended or delayed the start of their seasons as a result of the COVID-19 pandemic. On that date, the Company suspended the recognition of amortization expense associated with prepaid program rights agreements with teams within these leagues. Amortization expense resumed for the NBA, NHL, and MLB over the modified seasons when the games commenced during the third quarter of 2020. The NBA and NHL also delayed the start of their 2020-2021 seasons until December 22, 2020 and January 13, 2021, respectively; sports rights expense associated with these seasons was recognized over the modified term of these seasons.

Certain rights agreements with professional teams contain provisions which require the rebate of rights fees paid by the Company if a contractually minimum number of live games are not delivered. The actual amount of rebates to be received will vary depending on changes in the final game counts of each league's respective season. Rights fees paid in advance of expense recognition, inclusive of any contractual rebates due to the Company, are included within prepaid sports rights in our consolidated balance sheets.

Impairment of Goodwill, Indefinite-lived Intangible Assets, and Other Long-lived Assets

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

In the performance of our annual assessment of goodwill for impairment, we have the option to qualitatively assess whether it is more likely than not that a reporting unit has been impaired. As part of this qualitative assessment, we weigh the relative impact of factors that are specific to the reporting units as well as industry, regulatory, and macroeconomic factors that could affect the significant inputs used to determine the fair value of the assets. We also consider the significance of the excess fair value over carrying value in prior quantitative assessments.

If we conclude that it is more likely than not that a reporting unit is impaired, or if we elect not to perform the optional qualitative assessment, we will determine the fair value of the reporting unit and compare it to the net book value of the reporting unit. If the fair value is less than the net book value, we will record an impairment to goodwill for the amount of the difference. We estimate the fair value of our reporting units utilizing the income approach involving the performance of a discounted cash flow analysis. Our discounted cash flow model is based on our judgment of future market conditions based on our internal forecast of future performance, as well as discount rates that are based on a number of factors including market interest rates, a weighted average cost of capital analysis, and includes adjustments for market risk and company specific risk.

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

We evaluate our long-lived assets for impairment if events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. We evaluate the recoverability of long-lived assets by comparing the carrying amount of the assets within an asset group to the estimated undiscounted future cash flows associated with the asset group. An asset group represents the lowest level of cash flows generated by a group of assets that are largely independent of the cash flows of other assets. At the time that such evaluations indicate that the future undiscounted cash flows are not sufficient to recover the carrying value of the asset group, an impairment loss is determined by comparing the estimated fair value of the asset group to the carrying value. We estimate fair value using an income approach involving the performance of a discounted cash flow analysis.

Our RSNs included in the local sports segment were negatively impacted by the loss of three Distributors in 2020. In addition, our existing Distributors experienced elevated levels of subscriber erosion which we believe was influenced, in part, by shifting consumer behaviors resulting from media fragmentation, the current economic environment, the COVID-19 pandemic and related uncertainties. Most of these factors are also expected to have a negative impact on future projected revenues and margins of our RSNs. As a result of these factors, we performed an impairment test of the RSN reporting units' goodwill and long-lived asset groups during the third quarter of 2020 which resulted in a non-cash impairment charge for the year ended December 31, 2020 on goodwill of $2,615 million, customer relationships of $1,218 million, and other definite-lived intangible assets of $431 million, included within impairment of goodwill and definite-lived intangible assets in our consolidated statements of operations. During the year ended December 31, 2021, we did not identify any indicators that our definite-lived intangible assets may not be recoverable. See *Note 5. Goodwill, Indefinite-Lived Intangible Assets, and Other Intangible Assets* for more information.

We believe we have made reasonable estimates and utilized appropriate assumptions in the performance of our impairment assessments. If future results are not consistent with our assumptions and estimates, including future events such as a deterioration of market conditions, loss of significant customers, failure to execute on DSG's DTC strategy significant increases in discount rates, among other factors, we could be exposed to impairment charges in the future. Any resulting impairment loss could have a material adverse impact on our consolidated balance sheets, consolidated statements of operations and consolidated statements of cash flows.

When factors indicate that there may be a decrease in value of an equity method investment, we assess whether a loss in value has occurred. If that loss is deemed to be other than temporary, an impairment loss is recorded accordingly. For any equity method investments that indicate a potential impairment, we estimate the fair values of those investments using a combination of a market-based approach, which considers earnings and cash flow multiples of comparable businesses and recent market transactions, as well as an income approach involving the performance of a discounted cash flow analysis. See *Note 6. Other Assets* for more information.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following as of December 31, 2021 and 2020 (in millions):

	2021	2020
Compensation and employee benefits	**$ 142**	$ 131
Interest	**126**	127
Programming related obligations	**227**	183
Legal, litigation, and regulatory	**6**	2
Accounts payable and other operating expenses	**154**	90
Total accounts payable and accrued liabilities	**$ 655**	$ 533

We expense these activities when incurred.

Income Taxes

We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. We provide a valuation allowance for deferred tax assets if we determine that it is more likely than not that some or all of the deferred tax assets will not be realized. In evaluating our ability to realize net deferred tax assets, we consider all available evidence, both positive and negative, including our past operating results, tax planning strategies, current and cumulative losses, and forecasts of future taxable income. In considering these sources of taxable income, we must make certain judgments that are based on the plans and estimates used to manage our underlying businesses on a long-term basis. As of December 31, 2021 and 2020, a valuation allowance has been provided for deferred tax assets related to certain temporary basis differences, interest expense carryforwards under the Internal Revenue Code (IRC) Section 163(j) and a substantial amount of our available state net operating loss carryforwards based on past operating results, including the RSN impairment, expected timing of the reversals of existing temporary basis differences, alternative tax strategies and projected future taxable income. Future changes in operating and/or taxable income or other changes in facts and circumstances could significantly impact the ability to realize our deferred tax assets which could have a material effect on our consolidated financial statements.

Management periodically performs a comprehensive review of our tax positions, and we record a liability for unrecognized tax benefits if such tax positions are more likely than not to be sustained upon examination based on their technical merits, including the resolution of any appeals or litigation processes. Significant judgment is required in determining whether positions taken are more likely than not to be sustained, and it is based on a variety of facts and circumstances, including interpretation of the relevant federal and state income tax codes, regulations, case law and other authoritative pronouncements. Based on this analysis, the status of ongoing audits and the expiration of applicable statute of limitations, liabilities are adjusted as necessary. The resolution of audits is unpredictable and could result in tax liabilities that are significantly higher or lower than for what we have provided. See *Note 12. Income Taxes*, for further discussion of accrued unrecognized tax benefits.

Supplemental Information — Statements of Cash Flows

During the years ended December 31, 2021, 2020, and 2019, we had the following cash transactions (in millions):

	2021	2020	2019
Income taxes paid	**$ 16**	$ 11	$ 32
Income tax refunds	**$ 44**	$ 2	$ 2
Interest paid	**$ 583**	$ 634	$ 283

Non-cash investing activities included property and equipment purchases of $5 million, $6 million, and $10 million for the years ended December 31, 2021, 2020, and 2019, respectively; the receipt of equipment with a fair value of $58 million in connection with completing the repack process as more fully described in *Note 2. Acquisitions and Dispositions of Assets* for the year ended December 31, 2021; and the transfer of an asset for property of $7 million for the year ended December 31, 2020.

During the year ended December 31, 2020 the Company entered into a commercial agreement with Bally's and received equity interests in the business with a value of $199 million. See *Note 6. Other Assets* and *Note 18. Fair Value Measurements* for further discussion. Non-cash transactions related to sports rights were $22 million for the year ended December 31, 2020. During the year ended December 31, 2021, we received preferred shares in an investment valued at $6 million in exchange for an equivalent value of advertising spots.

Revenue Recognition

The following table presents our revenue disaggregated by type and segment for the years ended December 31, 2021, 2020, and 2019 (in millions):

For the year ended December 31, 2021	Broadcast	Local sports	Other	Eliminations	Total
Distribution revenue	**$ 1,475**	**$ 2,620**	**$ 193**	**$ —**	**$ 4,288**
Advertising revenue	**1,106**	**409**	**217**	**(41)**	**1,691**
Other media, non-media, and intercompany revenue	**176**	**27**	**71**	**(119)**	**155**
Total revenues	**$ 2,757**	**$ 3,056**	**$ 481**	**$ (160)**	**$ 6,134**

For the year ended December 31, 2020	Broadcast	Local sports	Other	Eliminations	Total
Distribution revenue	$ 1,414	$ 2,472	$ 199	$ —	$ 4,085
Advertising revenue	1,364	196	131	(2)	1,689
Other media, non-media, and intercompany revenue	144	18	121	(114)	169
Total revenues	$ 2,922	$ 2,686	$ 451	$ (116)	$ 5,943

For the year ended December 31, 2019	Broadcast	Local sports	Other	Eliminations	Total
Distribution revenue	$ 1,341	$ 1,029	$ 130	$ —	$ 2,500
Advertising revenue	1,268	103	110	(1)	1,480
Other media, non-media, and intercompany revenue	81	7	230	(58)	260
Total revenues	$ 2,690	$ 1,139	$ 470	$ (59)	$ 4,240

Distribution Revenue. We generate distribution revenue through fees received from Distributors for the right to distribute our stations, RSNs, and other properties. Distribution arrangements are generally governed by multi-year contracts and the underlying fees are based upon a contractual monthly rate per subscriber. These arrangements represent licenses of intellectual property; revenue is recognized as the signal or network programming is provided to our customers (as usage occurs) which corresponds with the satisfaction of our performance obligation. Revenue is calculated based upon the contractual rate multiplied by an estimated number of subscribers. Our customers will remit payments based upon actual subscribers a short time after the conclusion of a month, which generally does not exceed 120 days. Historical adjustments to subscriber estimates have not been material.

Certain of our distribution arrangements contain provisions that require the Company to deliver a minimum number of live professional sports games or tournaments during a defined period which usually corresponds with a calendar year. If the minimum threshold is not met, we may be obligated to refund a portion of the distribution fees received if shortfalls are not cured within a specified period of time. Our ability to meet these requirements is primarily driven by the delivery of games by the professional sports leagues. Prior to the COVID-19 pandemic, the Company had not historically paid any material rebates under these contractual provisions as it is unusual for there to be an event which is significant enough to preclude the Company from meeting or exceeding these thresholds. The COVID-19 pandemic has resulted in significant disruptions to the normal operations of the professional sports leagues resulting in delays and uncertainty with respect to regularly scheduled games. Decisions made by the leagues during the second quarter of 2020 regarding the timing and format of the revised 2020 season and decisions made by the NHL and NBA during the fourth quarter of 2020 and the first and third quarters of 2021 regarding the timing and format of their revised 2020-2021 seasons have resulted, in some cases, in our inability to meet these minimum game requirements and the need to reduce revenue based upon estimated rebates due to our Distributors. Accrued rebates as of December 31, 2021 and 2020 were $210 million and $420 million, respectively. The decrease in accrued rebates during the year ended December 31, 2021 includes $202 million of payments and $8 million of adjustments related to rebates accrued in 2020 due primarily to changes in estimated game counts. As of December 31, 2021, all rebates are reflected in other current liabilities in our consolidated balance sheets. We expect these rebates to be paid during 2022. There were no rebates accrued during the year ended December 31, 2021 that related to the 2020-2021 seasons, as we were not in a shortfall position in 2021. There can be no assurances that additional rebates will not be required if there are future postponements of the professional sports leagues, including the outcome of the current MLB lockout.

Advertising Revenue. We generate advertising revenue primarily from the sale of advertising spots/impressions within our broadcast television, RSNs, and digital platforms. Advertising revenue is recognized in the period in which the advertising spots/impressions are delivered. In arrangements where we provide audience ratings guarantees, to the extent that there is a ratings shortfall, we will defer a proportionate amount of revenue until the ratings shortfall is settled through the delivery of additional advertising. The term of our advertising arrangements is generally less than one year and the timing between when an advertisement is aired and when payment is due is not significant. In certain circumstances, we require customers to pay in advance; payments received in advance of satisfying our performance obligations are reflected as deferred revenue.

Practical Expedients and Exemptions. We expense sales commissions when incurred because the period of benefit for these costs is one year or less. These costs are recorded within media selling, general and administrative expenses. In accordance with ASC 606, we do not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) distribution arrangements which are accounted for as a sales/usage based royalty.

Arrangements with Multiple Performance Obligations. Our contracts with customers may include multiple performance obligations. For such arrangements, we allocate revenues to each performance obligation based on its relative standalone selling price, which is generally based on the prices charged to customers.

Deferred Revenues. We record deferred revenue when cash payments are received or due in advance of our performance, including amounts which are refundable. We classify deferred revenue as either current in other current liabilities or long-term in other long-term liabilities within our consolidated balance sheets, based on the timing of when we expect to satisfy our performance obligations. Deferred revenue was $235 million, $233 million, and $54 million as of December 31, 2021, 2020, and 2019, respectively, of which $164 million and $184 million as of December 31, 2021 and 2020, respectively, was reflected in other long-term liabilities in our consolidated balance sheets. Deferred revenue recognized during the years ended December 31, 2021 and 2020 that was included in the deferred revenue balance as of December 31, 2020 and 2019 was $45 million and $49 million, respectively.

On November 18, 2020, the Company and DSG entered into an enterprise-wide commercial agreement with Bally's Corporation, including providing certain branding integrations in our RSNs, broadcast networks, and other properties. These branding integrations include naming rights associated with the majority of our RSNs (other than Marquee). The initial term of this arrangement is ten years and we began performing under this arrangement in 2021. The Company received non-cash consideration initially valued at $199 million which is reflected as a contract liability and recognized as revenue as the performance obligations under the arrangement are satisfied. See *Note 6. Other Assets* for more information.

For the year ended December 31, 2021, three customers accounted for 19%, 18%, and 14%, respectively, of our total revenues. For the year ended December 31, 2020, three customers accounted for 18%, 17%, and 12%, respectively, of our total revenues. For the year ended December 31, 2019, three customers accounted for 16%, 13%, and 10%, respectively, of our total revenues. For purposes of this disclosure, a single customer may include multiple entities under common control.

Advertising Expenses

Promotional advertising expenses are recorded in the period when incurred and are included in media production and other non-media expenses. Total advertising expenses, net of advertising co-op credits, were $22 million, $23 million, and $25 million for the years ended December 31, 2021, 2020, and 2019.

Financial Instruments

Financial instruments, as of December 31, 2021 and 2020, consisted of cash and cash equivalents, trade accounts receivable, accounts payable, accrued liabilities, stock options and warrants, and notes payable. The carrying amounts approximate fair value for each of these financial instruments, except for the notes payable. See *Note 18. Fair Value Measurements* for additional information regarding the fair value of notes payable.

Post-retirement Benefits

We maintain a supplemental executive retirement plan (SERP) which we inherited upon the acquisition of certain stations. As of December 31, 2021, the estimated projected benefit obligation was $18 million, of which $1 million is included in accrued expenses and $17 million is included in other long-term liabilities in our consolidated balance sheets. At December 31, 2021, the projected benefit obligation was measured using a 2.61% discount rate compared to a discount rate of 2.10% for the year ended December 31, 2020. For each of the years ended December 31, 2021 and 2020, we made $2 million in benefit payments. We recognized actuarial gains of $1 million and actuarial losses of $2 million through other comprehensive income for the years ended December 31, 2021 and 2020, respectively. For each of the years ended December 31, 2021 and 2020, we recognized $1 million of periodic pension expense, reported in other (expense) income, net in our consolidated statements of operations.

We also maintain other post-retirement plans provided to certain employees. The plans are voluntary programs that primarily allow participants to defer eligible compensation and they may also qualify to receive a discretionary match on their deferral. As of December 31, 2021, the assets and liabilities included in our consolidated balance sheets related to deferred compensation plans were $48 million and $38 million, respectively.

Reclassifications

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

2. ACQUISITIONS AND DISPOSITIONS OF ASSETS:

During the years ended December 31, 2021, 2020, and 2019, we acquired certain businesses for an aggregate purchase price, net of cash acquired, of $9 billion, including working capital adjustments and other adjustments.

The following summarizes the acquisition activity during the years ended December 31, 2021, 2020, and 2019:

2021 Acquisitions

During the year ended December 31, 2021, we completed the acquisition of ZypMedia for approximately $7 million in cash. The acquired assets and liabilities were recorded at fair value as of the closing date of the transactions.

During the year ended December 31, 2021, we purchased 360IA, LLC for $5 million, with $2 million being paid in cash and the remaining to paid in $1 million increments on each of the first three anniversaries following the closing date.

2020 Acquisitions

During the year ended December 31, 2020, we completed the acquisition of the license asset and certain non-license assets of a radio station for $7 million and the license assets and certain non-license assets of two television stations for $9 million. The acquisitions were completed using cash on hand.

2019 Acquisitions

RSN Acquisition. In May 2019, DSG entered into a definitive agreement to acquire controlling interests in 21 Regional Sports Network brands and Fox College Sports (collectively, the Acquired RSNs), from Disney for $9.6 billion plus certain adjustments. On August 23, 2019, we completed the acquisition (the RSN Acquisition) for an aggregate purchase price, including cash acquired, and subject to an adjustment based upon finalization of working capital, net debt, and other adjustments, of $9,817 million, accounted for as a business combination under the acquisition method of accounting. The RSN Acquisition provides an expansion to our premium sports programming including the exclusive regional distribution rights to 42 professional teams consisting of 14 MLB teams, 16 NBA teams, and 12 NHL teams. The Acquired RSNs are reported within our local sports segment. See *Note 17. Segment Data.*

The transaction was funded through a combination of debt financing raised by Diamond Sports Group, LLC (DSG) and Sinclair Television Group, Inc. (STG), as described in *Note 7. Notes Payable and Commercial Bank Financing,* and redeemable subsidiary preferred equity, as described in *Note 10. Redeemable Noncontrolling Interests.*

The following table summarizes the fair value of acquired assets, assumed liabilities, and noncontrolling interests of the Acquired RSNs (in millions):

Cash and cash equivalents	$	824
Accounts receivable, net		606
Prepaid expenses and other current assets		175
Property and equipment, net		25
Customer relationships, net		5,439
Other definite-lived intangible assets, net		1,286
Other assets		52
Accounts payable and accrued liabilities		(181)
Other long-term liabilities		(396)
Goodwill		2,615
Fair value of identifiable net assets acquired	$	10,445
Redeemable noncontrolling interests		(380)
Noncontrolling interests		(248)
Gross purchase price	$	9,817
Purchase price, net of cash acquired	$	8,993

The final purchase price allocation presented above is based upon management's estimates of the fair value of the acquired assets, assumed liabilities, and noncontrolling interest at the time of acquisition using valuation techniques including income and cost approaches. The fair value estimates are based on, but not limited to, projected revenue, projected margins, and discount rates used to present value future cash flows. The adjustments made to the initial allocation were based on more detailed information obtained about the specific assets acquired and liabilities assumed and did not result in material changes to the amortization expense recorded in previous quarters.

The definite-lived intangible assets of $6,725 million are primarily comprised of customer relationships, which represent existing advertiser relationships and contractual relationships with Distributors of $5,439 million, the fair value of contracts with sports teams of $1,271 million, and tradenames/trademarks of $15 million. The intangible assets will be amortized over a weighted average useful life of 2 years for tradenames/trademarks, 13 years for customer relationships, and 12 for contracts with sports teams on a straight-line basis. The fair value of the sports team contracts will be amortized over the respective contract term. Acquired property and equipment will be depreciated on a straight-line basis over the respective estimated remaining useful lives. Goodwill is calculated as the excess of the consideration transferred over the fair value of the identifiable net assets acquired and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, as well as expected future synergies. We estimate that $2.4 billion of goodwill, which represents our interest in the Acquired RSNs, will be deductible for tax purposes. See *Note 5. Goodwill, Indefinite-Lived Intangible Assets, and Other Intangible Assets* for discussion of the impairment of the acquired goodwill and definite-lived intangible assets during the year ended December 31, 2020.

Financial Results of Acquisitions

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

		2021		2020		2019
Revenues:						
Acquired RSNs	**$**	**2,834**	$	2,562	$	1,139
Other acquisitions in 2020		**4**		3		—
Other acquisitions in 2021		**8**		—		—
Total net revenues	**$**	**2,846**	$	2,565	$	1,139

		2021		2020		2019
Operating (Loss) Income:						
Acquired RSNs (a)	**$**	**(395)**	$	(3,585)	$	70
Other acquisitions in 2020		**(9)**		(2)		—
Other acquisitions in 2021		**(45)**		—		—
Total operating (loss) income	**$**	**(449)**	$	(3,587)	$	70

(a) Operating (loss) income for the years ended December 31, 2020 and 2019 includes transaction costs discussed below, and for the years ended December 31, 2021, 2020, and 2019 excludes $109 million, $98 million, and $35 million, respectively, of selling, general, and administrative expenses for services provided by broadcast to local sports, which are eliminated in consolidation.

In connection with the 2020 and 2019 acquisitions, for the years ended December 31, 2020 and 2019 we recognized $5 million and $96 million, respectively, of transaction costs which we expensed as incurred and classified as corporate general and administrative expenses in our consolidated statements of operations.

Unaudited Pro Forma Information

The following table sets forth unaudited pro forma results of operations, assuming that the RSN Acquisition, along with transactions necessary to finance the acquisition, occurred at the beginning of the year preceding the year of acquisition (in millions, except per data share):

	Unaudited	
	2019	
Total revenues	$	6,689
Net income	$	328
Net income attributable to Sinclair Broadcast Group	$	130
Basic earnings per share attributable to Sinclair Broadcast Group	$	1.41
Diluted earnings per share attributable to Sinclair Broadcast Group	$	1.39

This pro forma financial information is based on historical results of operations, adjusted for the allocation of the purchase price and other acquisition accounting adjustments, and is not indicative of what our results would have been had we operated the Acquired RSNs for the period presented because the pro forma results do not reflect expected synergies. The pro forma adjustments reflect depreciation expense and amortization of intangible assets related to the fair value adjustments of the assets acquired and any adjustments to interest expense to reflect the debt financing of the transactions. Depreciation and amortization expense are higher than amounts recorded in the historical financial statements of the acquiree due to the fair value adjustments recorded for long-lived tangible and intangible assets in purchase accounting.

Dispositions

2021 Dispositions. In September 2021, we sold all of our radio broadcast stations, KOMO-FM, KOMO-AM, KPLZ-FM and KVI-AM in Seattle, WA, for consideration valued at $13 million. For the year ended December 31, 2021, we recorded a net loss of $12 million related to the sale, which is included within gain on asset dispositions and other, net of impairment in our consolidated statements of operations, and was primarily related to the write-down of the carrying value of the assets to estimate the selling price.

In June 2021, we sold our controlling interest in Triangle Sign & Service, LLC (Triangle) for $12 million. We recorded a gain on the sale of Triangle of $6 million, of which $3 million was attributable to noncontrolling interests, for the year ended December 31, 2021, which is included in the gain on asset dispositions and other, net of impairment and net (loss) income attributable to the noncontrolling interests, respectively, in our consolidated statements of operations.

In February 2021, we sold two of our television broadcast stations, WDKA-TV in Paducah, KY and KBSI-TV in Cape Girardeau, MO, for an aggregate sale price of $28 million. We recorded a gain of $12 million for the year ended December 31, 2021, which is included within gain on asset dispositions and other, net of impairment in our consolidated statements of operations.

2020 Dispositions. In January 2020, we agreed to sell the license and non-license assets of WDKY-TV in Lexington, KY and certain non-license assets associated with KGBT-TV in Harlingen, Texas for an aggregate purchase price of $36 million. The KGBT-TV and WDKY-TV transactions closed during the first and third quarters of 2020, respectively, and we recorded gains of $8 million and $21 million, respectively, for the year ended December 31, 2020, which are included within gain on asset dispositions and other, net of impairment in our consolidated statements of operations.

Broadcast Incentive Auction. In 2012, Congress authorized the Federal Communication Commission (FCC) to conduct so-called "incentive auctions" to auction and re-purpose broadcast television spectrum for mobile broadband use. Pursuant to the auction, television broadcasters submitted bids to receive compensation for relinquishing all or a portion of their rights in the television spectrum of their full-service and Class A stations. Low power stations were not eligible to participate in the auction and are not protected and therefore may be displaced or forced to go off the air as a result of the post-auction repacking process.

In the repacking process associated with the auction, the FCC has reassigned some stations to new post-auction channels. We do not expect reassignment to new channels to have a material impact on our coverage. We have received notification from the FCC that 100 of our stations have been assigned to new channels. Legislation has provided the FCC with a $3 billion fund to reimburse reasonable costs incurred by stations that are reassigned to new channels in the repack. We expect that the reimbursements from the fund will cover the majority of our expenses related to the repack. We recorded gains related to reimbursements for the spectrum repack costs incurred of $24 million, $90 million, and $62 million for the years ended December 31, 2021, 2020, and 2019, respectively, which are recorded within gain on asset dispositions and other, net of impairment in our consolidated statements of operations. For the years ended December 31, 2021, 2020, and 2019, capital expenditures related to the spectrum repack were $12 million, $61 million, and $66 million, respectively.

In December 2020, the FCC began a similar repacking process associated with a portion of the C-Band spectrum in order to free up this spectrum for the use of 5G wireless services. The repack is scheduled to be completed in two phases, the first ended on December 31, 2021 and the second will end on December 31, 2023. We entered into an agreement with a communications provider in which we received equipment to complete the repack process at a maximum cost to us of $15 million. For the year ended December 31, 2021, we recognized a gain of $43 million, which is recorded within gain on asset dispositions and other, net of impairment in our consolidated statements of operations, equal to the fair value of the equipment that we received of $58 million, less the maximum cost to us of $15 million.

3. STOCK-BASED COMPENSATION PLANS:

In June 1996, our Board of Directors adopted, upon approval of the shareholders by proxy, the 1996 Long-Term Incentive Plan (LTIP). The purpose of the LTIP is to reward key individuals for making major contributions to our success and the success of our subsidiaries and to attract and retain the services of qualified and capable employees. Under the LTIP, we have issued restricted stock awards (RSAs), stock grants to our non-employee directors, stock-settled appreciation rights (SARs), and stock options. A total of 19,000,000 shares of Class A Common Stock are reserved for awards under this plan. As of December 31, 2021, 7,099,237 shares were available for future grants. Additionally, we have the following arrangements that involve stock-based compensation: employer matching contributions (the Match) for participants in our 401(k) plan, an employee stock purchase plan (ESPP), and subsidiary stock awards. Stock-based compensation expense has no effect on our consolidated cash flows. For the years ended December 31, 2021, 2020, and 2019, we recorded stock-based compensation of $60 million, $51 million, and $33 million, respectively. Below is a summary of the key terms and methods of valuation of our stock-based compensation awards:

RSAs. RSAs issued in 2021, 2020, and 2019 have certain restrictions that lapse over two years at 50% and 50%, respectively. As the restrictions lapse, the Class A Common Stock may be freely traded on the open market. Unvested RSAs are entitled to dividends, and therefore, are included in weighted shares outstanding, resulting in a dilutive effect on basic and diluted earnings per share. The fair value assumes the closing value of the stock on the measurement date.

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

	RSAs		Weighted-Average Price
Unvested shares at December 31, 2020	441,709	$	28.86
2021 Activity:			
Granted	**693,019**		**32.78**
Vested	**(615,736)**		**33.25**
Forfeited	**(17,611)**		**29.61**
Unvested shares at December 31, 2021	**501,381**	**$**	**28.87**

For the years ended December 31, 2021, 2020, and 2019, we recorded compensation expense of $21 million, $23 million, and $9 million, respectively. The majority of the unrecognized compensation expense of $6 million as of December 31, 2021 will be recognized in 2022.

Stock Grants to Non-Employee Directors. In addition to fees paid in cash to our non-employee directors, on the date of each annual meetings of shareholders, each non-employee director receives a grant of unrestricted shares of Class A Common Stock. We issued 45,836 shares in 2021, 63,600 shares in 2020, and 24,000 shares in 2019. We recorded expense of $2 million for the year ended December 31, 2021 and $1 million for each of the years ended December 31, 2020 and 2019, which was based on the average share price of the stock on the date of grant. Additionally, these shares are included in the total shares outstanding, which results in a dilutive effect on our basic and diluted earnings per share.

SARs. These awards entitle holders to the appreciation in our Class A Common Stock over the base value of each SAR over the term of the award. The SARs have a 10-year term with vesting periods ranging from zero to four years. The base value of each SAR is equal to the closing price of our Class A Common Stock on the date of grant. For the years ended December 31, 2021, 2020, and 2019, we recorded compensation expense of $15 million, $6 million, and $4 million, respectively.

The following is a summary of the 2021 activity:

	SARs		Weighted-Average Price
Outstanding SARs at December 31, 2020	3,205,562	$	23.32
2021 Activity:			
Granted	**1,343,693**		**33.05**
Exercised	**(2,254,008)**		**20.99**
Outstanding SARs at December 31, 2021	**2,295,247**	**$**	**31.29**

As of December 31, 2021, there was no aggregate intrinsic value of the SARs outstanding and the outstanding SARs have a weighted average remaining contractual life of 7 years as of.

Valuation of SARS. Our SARs were valued using the Black-Scholes pricing model utilizing the following assumptions:

	2021	2020	2019
Risk-free interest rate	**0.6 %**	1.2% - 1.6%	2.5 %
Expected years to exercise	**5 years**	5 years	5 years
Expected volatility	**48.2 %**	35.0 %	33.8 %
Annual dividend yield	**2.5 %**	2.4% - 2.9%	2.5 %

The risk-free interest rate is based on the U.S. Treasury yield curve, in effect at the time of grant, for U.S. Treasury STRIPS that approximate the expected life of the award. The expected volatility is based on our historical stock prices over a period equal to the expected life of the award. The annual dividend yield is based on the annual dividend per share divided by the share price on the grant date.

Options. As of December 31, 2021, there were options outstanding to purchase 375,000 shares of Class A Common Stock. These options are fully vested and have a weighted average exercise price of $31.25 and a weighted average remaining contractual term of 4 years. As of December 31, 2021, there was no aggregate intrinsic value for the options outstanding. There was no grant, exercise, or forfeiture activity during the year ended December 31, 2021. There was no expense recognized during the years ended December 31, 2021, 2020, and 2019.

During 2019, outstanding SARs and options increased the weighted average shares outstanding for purposes of determining dilutive earnings per share.

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

The value of the Match is based on the level of elective deferrals into the 401(k) Plan. The number of our Class A Common shares granted under the Match is determined based upon the closing price on or about March 1st of each year for the previous calendar year's Match. For the years ended December 31, 2021, 2020, and 2019, we recorded $20 million, $19 million, and $17 million, respectively, of stock-based compensation expense related to the Match. A total of 7,000,000 shares of Class A Common Stock are reserved for matches under the plan. As of December 31, 2021, 2,314,064 shares were available for future grants.

ESPP. The ESPP allows eligible employees to purchase Class A Common Stock at 85% of the lesser of the fair value of the common stock as of the first day of the quarter and as of the last day of that quarter, subject to certain limits as defined in the ESPP. The stock-based compensation expense recorded related to the ESPP for the years ended December 31, 2021, 2020, and 2019 was $2 million, $3 million, and $1 million, respectively. A total of 4,200,000 shares of Class A Common Stock are reserved for awards under the plan. As of December 31, 2021, 1,097,156 shares were available for future purchases.

4. PROPERTY AND EQUIPMENT:

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

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

Acquired property and equipment is depreciated on a straight-line basis over the respective estimated remaining useful lives.

Property and equipment consisted of the following as of December 31, 2021 and 2020 (in millions):

	2021	2020
Land and improvements	**$ 72**	$ 74
Real estate held for development and sale	**21**	25
Buildings and improvements	**308**	307
Operating equipment	**973**	939
Office furniture and equipment	**129**	123
Leasehold improvements	**60**	59
Automotive equipment	**63**	66
Finance lease assets	**61**	59
Construction in progress	**34**	36
	1,721	1,688
Less: accumulated depreciation	**(888)**	(865)
	$ 833	$ 823

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

Goodwill, which arises from the purchase price exceeding the assigned value of the net assets of an acquired business, represents the value attributable to unidentifiable intangible elements being acquired. The change in the carrying amount of goodwill at December 31, 2021 and 2020 was as follows (in millions):

	Broadcast	Local sports	Other	Consolidated
Balance at December 31, 2019	$ 2,026	2,615	$ 75	$ 4,716
Assets held for sale (b)	(9)	—	—	(9)
Impairment	—	(2,615)	—	(2,615)
Balance at December 31, 2020	2,017	—	75	2,092
Disposition (a)	**(1)**	—	**(3)**	**(4)**
Balance at December 31, 2021	**$ 2,016**	**$ —**	**$ 72**	**$ 2,088**

(a) See *Note 2. Acquisitions and Dispositions of Assets* for discussion of dispositions made during 2021.

(b) Assets held for sale as of December 31, 2020 were sold during the year ended December 31, 2021. See *Note 2. Acquisitions and Dispositions of Assets* for discussion of dispositions during 2021 and 2020.

During the year ended December 31, 2020, we recorded a $2,615 million goodwill impairment charge related to our regional sports networks included within the local sports segment based upon an interim impairment test performed during the three-month period ended September 30, 2020. See *Impairment of Goodwill and Definite-Lived Intangible Assets* below for additional discussion surrounding this impairment charge. Our accumulated goodwill impairment as of December 31, 2021 and 2020 was $3,029 million, respectively.

For our annual goodwill impairment tests related to our broadcast and other reporting units in 2021, 2020, and 2019, we concluded that it was more-likely-than-not that goodwill was not impaired for the reporting units in which we performed a qualitative assessment. The qualitative factors reviewed during our annual assessments indicated stable or improving margins and favorable or stable forecasted economic conditions including stable discount rates and comparable or improving business multiples. For one reporting unit in 2019, we elected to perform a quantitative assessment and concluded that its fair value significantly exceeded the carrying value. Additionally, the results of prior quantitative assessments supported significant excess fair value over carrying value of our reporting units. We did not have any indicators of impairment in any interim period in 2021 or 2019, and therefore did not perform interim impairment tests for goodwill during those periods.

As of December 31, 2021 and 2020, the carrying amount of our indefinite-lived intangible assets was as follows (in millions):

	Broadcast	Other	Consolidated
Balance at December 31, 2019 (a)	$ 131	$ 27	$ 158
Acquisition / Disposition (c)	13	—	13
Balance at December 31, 2020 (a) (b)	144	27	171
Acquisition / Disposition (c)	**(21)**	—	**(21)**
Balance at December 31, 2021 (a) (b)	**$ 123**	**$ 27**	**$ 150**

(a) Our indefinite-lived intangible assets in our broadcast segment relate to broadcast licenses and our indefinite-lived intangible assets in other relate to trade names.

(b) Approximately $14 million of indefinite-lived intangible assets relate to consolidated VIEs as of December 31, 2021 and 2020.

(c) See *Note 2. Acquisitions and Dispositions of Assets* for discussion of acquisitions and dispositions during 2021 and 2020.

We did not have any indicators of impairment for our indefinite-lived intangible assets in any interim period in 2021 or 2020, and therefore did not perform interim impairment tests during those periods. We performed our annual impairment tests for indefinite-lived intangibles in 2021 and 2020 and as a result of our qualitative assessments, we recorded no impairment.

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

	As of December 31, 2021		
	Gross Carrying Value	**Accumulated Amortization**	**Net**
Amortized intangible assets:			
Customer relationships	**$ 5,323**	**$ (1,419)**	**$ 3,904**
Network affiliation	**1,436**	**(861)**	**575**
Favorable sports contracts	**840**	**(251)**	**589**
Other	**51**	**(31)**	**20**
Total other definite-lived intangible assets, net (a)	**$ 2,327**	**$ (1,143)**	**$ 1,184**

	As of December 31, 2020		
	Gross Carrying Value	**Accumulated Amortization**	**Net**
Amortized intangible assets:			
Customer relationships (b)	$ 5,329	$ (1,043)	$ 4,286
Network affiliation	1,438	(775)	663
Favorable sports contracts (b)	840	(174)	666
Other	35	(26)	9
Total other definite-lived intangible assets, net (a)	$ 2,313	$ (975)	$ 1,338

(a) Approximately $47 million and $54 million of definite-lived intangible assets relate to consolidated VIEs as of December 31, 2021 and 2020, respectively.

(b) As of December 31, 2020, we recorded a total impairment loss relating to customer relationships and favorable sports contracts of $1,218 million and $431 million, respectively, which is reflected as a reduction within the Gross Carrying Value column.

Definite-lived intangible assets and other assets subject to amortization are being amortized on a straight-line basis over their estimated useful lives. The definite-lived intangible assets are amortized over a weighted average useful life of 13 years for customer relationships, 15 years for network affiliations, and 12 years for favorable sports contracts. The amortization expense of the definite-lived intangible and other assets for the years ended December 31, 2021, 2020, and 2019 was $554 million, $703 million, and $370 million, respectively, of which $77 million, $131 million, and $43 million, respectively, was associated with the amortization of favorable sports contracts and is presented within media programming and production expenses in our statements of operations.

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

2022	$ 548
2023	530
2024	517
2025	507
2026	497
2027 and thereafter	2,489
	$ 5,088

Impairment of Goodwill and Definite-Lived Intangible Assets

In conjunction with the interim third quarter 2020 impairment testing related to our RSNs discussed below, during the year ended December 31, 2020, we recorded a non-cash impairment charge associated with customer relationships and other definite-lived intangible assets of $1,218 million and $431 million, respectively, included in impairment of goodwill and definite-lived intangible assets in our consolidated statements of operations. After the recognition of these impairments there were no asset groups which have a heightened risk of impairment because the projected undiscounted cash flows of the individual asset groups were substantially greater than their carrying values. However, significant deterioration in the factors described below could result in future material impairments. There were no impairment charges recorded for the years ended December 31, 2021 and 2019, as there were no indicators of impairment.

The Company performed an interim goodwill and long-lived asset impairment test during the three-month period ending September 30, 2020. Our RSNs, included in the local sports segment, were negatively impacted by the loss of certain distributors. In addition, our existing distributors experienced elevated levels of subscriber erosion which we believe was influenced, in part, by shifting consumer behaviors resulting from media fragmentation, the current economic environment, the COVID 19 pandemic, and related uncertainties. These factors are also expected to have a negative impact on future projected revenue and margins of our RSNs.

The long-lived asset impairment test requires a comparison of undiscounted cash flows expected to be generated over the useful life of an asset group to the carrying value of the asset group. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. We evaluated each of our RSNs individually as asset groups. We estimated the projected undiscounted cash flows over the remaining useful life of each asset group. The more sensitive inputs used in the undiscounted cash flow analysis include projected revenues and margins. We identified 10 RSNs which had carrying values in excess of the future undiscounted cash flows. For these RSNs, an impairment loss was measured as the amount by which the carrying value of the asset group exceeded the fair value. The calculated impairment was then allocated to the long-lived assets within the asset group, which primarily consists of definite lived intangible assets, based upon relative fair value.

The fair value of the asset groups, reporting units and definite lived intangible assets were determined based upon a discounted cash flow analysis which uses the present value of projected cash flows. The projected cash flows were based upon our estimates of future revenues and margins, among other inputs. The discount rates used in the valuation were based on a weighted-average cost of capital determined from relevant market comparisons and taking into consideration the risk specifically associated with our asset groups and underlying assets. Terminal values were determined based upon the final year of projected cash flows which reflected our estimate of stable perpetual growth. The more sensitive inputs used in the discounted cash flow analysis include projected revenues and margins, as well as the discount rates used to calculate the present value of future cash flows. Projected revenue was based on the consideration of historical experience of the business, market data surrounding subscriber projections and advertising growth, our ability to retain existing customers and our ability to obtain new customers. Our revenue projections could be negatively impacted by the further loss of key distributors, inability to obtain new or retain existing distributors on terms similar to those expiring, greater than expected consumer migration away from traditional linear distributors, or our inability to successfully execute on our DTC strategy and develop alternative revenue streams, among other factors. Our future margins may also be affected by our inability to renew sports rights agreements on terms favorable to us.

We tested the RSN reporting units' goodwill for impairment on an interim basis by comparing the fair value of each of the RSN reporting units to their revised carrying value after adjustments were made related to the impairments of the asset groups, as described above. To the extent that the carrying value of the respective reporting units exceeded the fair value, a goodwill impairment charge was recorded. The fair value of the reporting units was determined based upon a discounted cash flow analysis, as described above. For the year ended December 31, 2020, we recorded a non-cash goodwill impairment charge of $2,615 million, included in impairment of goodwill and definite-lived intangible assets in our consolidated statements of operations. As of December 31, 2021, there was no remaining goodwill within our local sports segment and the remaining balance of the customer relationship intangible asset was $3,380 million and the aggregate remaining balance of the other definite-lived intangible assets was $589 million within our local sports segment.

6. OTHER ASSETS:

Other assets as of December 31, 2021 and 2020 consisted of the following (in millions):

	2021	2020
Equity method investments	**$ 517**	$ 451
Other investments	**567**	450
Post-retirement plan assets	**50**	44
Other	**274**	113
Total other assets	**$ 1,408**	$ 1,058

Equity Method Investments

We have a portfolio of investments, including our investment in the YES Network and entities that are primarily focused on the development of real estate, sustainability initiatives, and other non-media businesses. For the years ended December 31, 2021, 2020, and 2019, none of our investments were individually significant.

Summarized Financial Information. As described under *Principles of Consolidation* within *Note 1. Nature of Operations and Summary of Significant Accounting Policies*, we record our proportionate share of net income generated by equity method investees in income (loss) from equity method investments in our consolidated statements of operations. The summarized results of operations and financial position of the investments accounted for under the equity method are as follows (in millions):

	For the Years Ended December 31,		
	2021	2020	2019
Revenues, net	**$ 994**	$ 611	$ 386
Operating income	**$ 316**	$ 147	$ 47
Net income	**$ 465**	$ 23	$ 13

	As of December 31,	
	2021	2020
Current assets	**$ 468**	$ 493
Noncurrent assets	**$ 4,259**	$ 4,219
Current liabilities	**$ 184**	$ 410
Noncurrent liabilities	**$ 2,030**	$ 2,327

YES Network Investment. We account for our investment in the YES Network as an equity method investment, which is recorded within other assets in our consolidated balance sheets, and in which our proportionate share of the net income generated by the investment is represented within income (loss) from equity method investments in our consolidated statements of operations. We recorded income of $41 million, $6 million, and $16 million related to our investment for the years ended December 31, 2021, 2020, and 2019, respectively. We did not identify any other than temporary impairments associated with our investment in the YES Network during the years ended December 31, 2021, 2020, and 2019.

Other Investments

We measure our investments, excluding equity method investments, at fair value or, in situations where fair value is not readily determinable, we have the option to value investments at cost plus observable changes in value, less impairment, Additionally, certain investments are measured at net asset value (NAV).

At December 31, 2021 and 2020, we held $402 million and $400 million, respectively, in investments measured at fair value and $147 million and $24 million, respectively, in investments measured at NAV. We recognized a fair value adjustment loss of $42 million and gains of $156 million and $2 million during the years ended December 31, 2021, 2020, and 2019, respectively, associated with these securities, which is reflected in other (expense) income, net in our consolidated statements of operations.

Investments accounted for utilizing the measurement alternative were $18 million, net of $7 million of cumulative impairments, as of December 31, 2021, and $26 million, net of $7 million of cumulative impairments, as of December 31, 2020. We recorded no impairments related to these investments for the years ended December 31, 2021 and 2020. We recorded a $7 million impairment related to two investments for the year ended December 31, 2019, which is reflected in other (expense) income, net in our consolidated statements of operations.

On November 18, 2020, we entered into a commercial agreement with Bally's. As part of this arrangement, we received warrants to acquire up to 8.2 million shares of Bally's Common stock for a penny per share, of which 3.3 million are exercisable upon meeting certain performance metrics. We also received options to purchase up to 1.6 million shares of Bally's common stock with exercise prices between $30 and $45 per share, exercisable after four years. In April 2021, we made an incremental investment of $93 million in Bally's in the form of non-voting perpetual warrants, convertible into 1.7 million shares of Bally's common stock at an exercise price of $0.01 per share, subject to certain adjustments. These investments are reflected at fair value within our financial statements. See *Note 18. Fair Value Measurements* for further discussion.

As of December 31, 2021 and 2020, our unfunded commitments related to certain equity investments totaled $111 million and $98 million, respectively, including $81 million and $27 million, respectively, related to investments measured at NAV.

7. NOTES PAYABLE AND COMMERCIAL BANK FINANCING:

Notes payable, finance leases, and commercial bank financing (including finance leases to affiliates) consisted of the following as of December 31, 2021 and 2020 (in millions):

	2021	2020
STG Bank Credit Agreement:		
Term Loan B-1, due January 3, 2024	**$ 379**	$ 1,119
Term Loan B-2, due September 30, 2026	**1,271**	1,284
Term Loan B-3, due April 1, 2028 (a)	**736**	—
DSG Bank Credit Agreement (b):		
Term Loan, due August 24, 2026	**3,226**	3,259
STG Notes:		
5.875% Unsecured Notes, due March 15, 2026	**348**	348
5.125% Unsecured Notes, due February 15, 2027	**400**	400
5.500% Unsecured Notes, due March 1, 2030	**500**	500
4.125% Senior Secured Notes, due December 1, 2030	**750**	750
DSG Notes:		
12.750% Senior Secured Notes, due December 1, 2026 (b)	**31**	31
5.375% Senior Secured Notes, due August 15, 2026 (b)	**3,050**	3,050
6.625% Unsecured Notes, due August 15, 2027	**1,744**	1,744
DSG Accounts Receivable Securitization Facility (c)	**—**	177
Debt of variable interest entities	**9**	17
Debt of non-media subsidiaries	**17**	17
Finance leases	**28**	30
Finance leases - affiliate	**9**	8
Total outstanding principal	**12,498**	12,734
Less: Deferred financing costs and discounts	**(158)**	(183)
Less: Current portion	**(66)**	(56)
Less: Finance leases - affiliate, current portion	**(3)**	(2)
Net carrying value of long-term debt	**$ 12,271**	$ 12,493

(a) On April 1, 2021, STG amended the STG Bank Credit Agreement to raise term loans in an aggregate principal amount of $740 million (STG Term Loan B-3), the proceeds of which were used to refinance a portion of STG's term loan maturing in January 2024, as more fully described below under STG Bank Credit Agreement.

(b) On March 1, 2022, DSG completed a refinancing transaction relating to the DSG Bank Credit Agreement, the DSG 5.375% Secured Notes (defined below under *DSG Notes*) and the DSG 12.750% Secured Notes (defined below under *DSG Notes*). See *Note 20. Subsequent Events* for a discussion of the refinancing transaction.

(c) On November 5, 2021, SBG purchased and assumed the lenders' and the administrative agent's rights and obligations under the DSG Accounts Receivable Facility (A/R Facility). SBG purchased the lenders' outstanding loans and commitments under the A/R Facility by making a payment to the lenders as consideration for the purchase of the lenders' respective rights and obligations under the A/R Facility equal to approximately $184 million, representing 101% of the aggregate outstanding principal amount of the loans under the A/R Facility, plus any accrued interest and outstanding fees and expenses. Transactions related to the A/R Facility are now intercompany transactions and therefore, are eliminated in consolidation.

Debt under the STG Bank Credit Agreement, DSG Bank Credit Agreement, notes payable and finance leases as of December 31, 2021 matures as follows (in millions):

	Notes and Bank Credit Agreements	Finance Leases	Total
2022	$ 63	$ 8	$ 71
2023	54	8	62
2024	433	7	440
2025	68	6	74
2026	7,748	6	7,754
2027 and thereafter	4,095	14	4,109
Total minimum payments	12,461	49	12,510
Less: Deferred financing costs, discounts, and premiums	(158)	—	(158)
Less: Amount representing future interest	—	(12)	(12)
Net carrying value of debt	$ 12,303	$ 37	$ 12,340

Interest expense in our consolidated statements of operations was $618 million, $656 million, and $422 million for the years ended December 31, 2021, 2020, and 2019, respectively. Interest expense included amortization of deferred financing costs, debt discounts, and premiums of $30 million, $31 million, and $17 million for the years ended December 31, 2021, 2020, and 2019, respectively.

The stated and weighted average effective interest rates on the above obligations are as follows, for the years ended December 31, 2021 and 2020:

		Weighted Average Effective Rate	
	Stated Rate	**2021**	**2020**
STG Bank Credit Agreement:			
Term Loan B	LIBOR plus 2.25%	**2.36%**	2.94%
Term Loan B-2	LIBOR plus 2.50%	**2.77%**	3.29%
Term Loan B-3	LIBOR plus 3.00%	**3.89%**	—%
Revolving Credit Facility (a)	LIBOR plus 2.00%	**—%**	—%
DSG Bank Credit Agreement (b):			
Term Loan	LIBOR plus 3.25%	**3.62%**	4.21%
Revolving Credit Facility (c)	LIBOR plus 3.00%	**—%**	—%
DSG Accounts Receivable Securitization Facility (d)	LIBOR plus 4.97%	**—%**	4.77%
STG Notes:			
5.875% Unsecured Notes	5.88%	**6.09%**	6.09%
5.125% Unsecured Notes	5.13%	**5.33%**	5.33%
5.500% Unsecured Notes	5.50%	**5.66%**	5.66%
4.125% Secured Notes	4.13%	**4.31%**	4.31%
DSG Notes:			
12.750% Secured Notes (b)	12.75%	**11.95%**	11.95%
5.375% Secured Notes (b)	5.38%	**5.73%**	5.73%
6.625% Unsecured Notes	6.63%	**7.00%**	7.00%

(a) We incur a commitment fee on undrawn capacity of 0.25%, 0.375%, or 0.50% if our first lien indebtedness ratio is less than or equal to 2.75x, less than or equal to 3.0x but greater than 2.75x, or greater than 3.0x, respectively. The STG Revolving Credit Facility is priced at LIBOR plus 2.00%, subject to decrease if the specified first lien leverage ratio (as defined in the STG Bank Credit Agreement) is less than or equal to certain levels. As of December 31, 2021 and 2020, there were no outstanding borrowings, $1 million in letters of credit outstanding, and $649 million available under the STG Revolving Credit Facility. See *STG Bank Credit Agreement* below for further information.

(b) On March 1, 2022 DSG completed a refinancing transaction relating to the DSG Bank Credit Agreement, the DSG 5.375% Secured Notes (defined below under *DSG Notes*) and the DSG 12.750% Secured Notes (defined below under *DSG Notes*). See *Note 20. Subsequent Events* for a discussion of the refinancing transaction.

(c) We incur a commitment fee on undrawn capacity of 0.25%, 0.375%, or 0.50% if our first lien indebtedness ratio is less than or equal to 3.25x, less than or equal to 3.75x but greater than 3.25x, or greater than 3.75x, respectively. The DSG Revolving Credit Facility is priced at LIBOR plus 3.00%, subject to decrease if the specified first lien leverage ratio (as defined in the DSG Bank Credit Agreement) is less than or equal to certain levels. As of December 31, 2021 and 2020, there were no outstanding borrowings, no letters of credit outstanding, and $228 million available under the DSG Revolving Credit Facility. See *DSG Bank Credit Agreement* below for further information.

(d) On November 5, 2021, SBG purchased and assumed the lenders' and the administrative agent's rights and obligations under the A/R Facility. SBG purchased the lenders' outstanding loans and commitments under the A/R Facility by making a payment to the lenders as consideration for the purchase of the lenders' respective rights and obligations under the A/R Facility equal to approximately $184 million, representing 101% of the aggregate outstanding principal amount of the loans under the A/R Facility, plus any accrued interest and outstanding fees and expenses. Transactions related to the A/R Facility are now intercompany transactions and, therefore, are eliminated in consolidation.

We recorded $4 million of debt issuance costs and original issuance discounts during the year ended December 31, 2021, $19 million of debt issuance costs and a $25 million original issuance premium during the year ended December 31, 2020, and $222 million of debt issuance costs and original issuance discounts during the year ended December 31, 2019. Debt issuance costs and original issuance discounts and premiums are presented as a direct deduction from, or addition to, the carrying amount of an associated debt liability, except for debt issuance costs related to our STG Revolving Credit Facility and DSG Revolving Credit Facility, which are presented within other assets in our consolidated balance sheets.

STG Bank Credit Agreement

We have a syndicated credit facility which includes both revolving credit and issued term loans (the STG Bank Credit Agreement).

On August 13, 2019, we issued a seven-year incremental term loan facility in an aggregate principal amount of $600 million (the STG Term Loan B-2b) with an original issuance discount of $3 million, which bears interest at LIBOR plus 2.50%. The proceeds from the Term Loan B-2b were used, together with cash on hand, to redeem, at par value, $600 million aggregate principal amount of STG's 5.375% Senior Notes due 2021 (the STG 5.375% Notes). We recognized a loss on the extinguishment of the STG 5.375% Notes of $2 million for the year ended December 31, 2019.

On August 23, 2019, we amended and restated the STG Bank Credit Agreement which provided additional operating flexibility and revisions to certain restrictive covenants. Concurrent with the amendment, we raised a seven-year incremental term loan facility of $700 million (the STG Term Loan B-2a, and, together with the STG Term Loan B-2b, the STG Term Loan B-2) with an original issuance discount of $4 million, which bears interest at LIBOR plus 2.50%.

Additionally, in connection with the amendment, we replaced STG's existing revolving credit facility with a new $650 million five-year revolving credit facility (the STG Revolving Credit Facility), priced at LIBOR plus 2.00%, subject to decrease if the specified first lien leverage ratio (as defined in the STG Bank Credit Agreement) is less than or equal to certain levels, which includes capacity for up to $50 million of letters of credit and for borrowings of up to $50 million under swingline loans. On December 4, 2020, we entered into an amendment to the STG Bank Credit Agreement to extend the maturity date of the STG Revolving Credit Facility to December 4, 2025.

On April 1, 2021, STG amended the STG Bank Credit Agreement to raise additional term loans in an aggregate principal amount of $740 million (STG Term Loan B-3), with an original issuance discount of $4 million, the proceeds of which were used to refinance a portion of the STG Term Loan B-1 maturing in January 2024. The STG Term Loan B-3 matures in April 2028 and bears interest at LIBOR (or successor rate) plus 3.00%.

The STG Term Loan B-2 and STG Term Loan B-3 amortize in equal quarterly installments in an aggregate amount equal to 1% of the original amount of such term loan, with the balance being payable on the maturity date.

The STG Bank Credit Agreement includes a financial maintenance covenant, the first lien leverage ratio (as defined in the STG Bank Credit Agreements), which requires such applicable ratio not to exceed 4.5x, measured as of the end of each fiscal quarter. The financial maintenance covenant is only applicable if 35% or more of the capacity (as a percentage of total commitments) under the STG Revolving Credit Facility, measured as of the last day of each quarter, is utilized under the STG Revolving Credit Facility as of such date. Since there was no utilization under the STG Revolving Credit Facility as of December 31, 2021, STG was not subject to the financial maintenance covenant under the STG Bank Credit Agreement. As of December 31, 2021, the STG first lien leverage ratio was below 4.5x. The STG Bank Credit Agreement contains other restrictions and covenants which we were in compliance with as of December 31, 2021.

STG Notes

On November 27, 2019, we issued $500 million of senior notes, which bear interest at a rate of 5.500% per annum and mature on March 1, 2030 (the STG 5.500% Notes). The net proceeds of the STG 5.500% Notes were used, plus cash on hand, to redeem $500 million aggregate principal amount of STG's 6.125% senior unsecured notes due 2022 (the STG 6.125% Notes) for a redemption price, including the outstanding principal amount of the STG 6.125% Notes, accrued and unpaid interest, and a make-whole premium, of $510 million. We recognized a loss on the extinguishment of the STG 6.125% Notes of $8 million for the year ended December 31, 2019.

Prior to December 1, 2024, we may redeem the STG 5.500% Notes, in whole or in part, at any time or from time to time at a price equal to 100% of the principal amount of the STG 5.500% Notes plus accrued and unpaid interest, if any, to the redemption date, plus a “make-whole” premium. In addition, on or prior to December 1, 2022, we may redeem up to 40% of the STG 5.500% Notes using the proceeds of certain equity offerings. Beginning on December 1, 2024, we may redeem some or all of the STG 5.500% Notes at any time or from time to time at certain redemption prices, plus accrued and unpaid interest, if any, to the date of redemption. If the notes are redeemed during the twelve-month period beginning December 1, 2024, 2025, 2026, and 2027 and thereafter, then the redemption prices for the STG 5.500% Notes are 102.750%, 101.833%, 100.917%, and 100%, respectively. Upon the sale of certain of STG’s assets or certain changes of control, the holders of the STG 5.500% Notes may require us to repurchase some or all of the STG 5.500% Notes.

STG’s obligations under the STG 5.500% Notes are guaranteed, jointly and severally, on a senior unsecured basis, by the Company and each wholly-owned subsidiary of STG or the Company that guarantees the STG Bank Credit Agreement and rank equally with all of STG’s other senior unsecured debt.

On May 21, 2020, we purchased $2.5 million aggregate principal amount of STG's 5.875% senior unsecured notes due 2026 (the STG 5.875% Notes) in open market transactions for consideration of $2.3 million. The STG 5.875% Notes acquired in May 2020 were canceled immediately following their acquisition. We recognized a gain on extinguishment of the STG 5.875% Notes of $0.2 million for the year ended December 31, 2020.

On December 4, 2020, we issued $750 million aggregate principal amount of senior secured notes, which bear interest at a rate of 4.125% per annum and mature on December 1, 2030 (the STG 4.125% Secured Notes). The net proceeds of the STG 4.125% Secured Notes were used, plus cash on hand, to redeem $550 million aggregate principal amount of STG's 5.625% senior unsecured notes due 2024 (the STG 5.625% Notes) for a redemption price, including the outstanding principal amount of the STG 5.625% Notes, accrued and unpaid interest, and a call premium, of $571 million and to prepay $200 million outstanding under the STG Term Loan B-1. We recognized a loss on extinguishment of the STG 5.625% Notes and prepayment of the STG Term Loan B-1 of $15 million for the year ended December 31, 2020.

Prior to December 1, 2025, we may redeem the STG 4.125% Secured Notes, in whole or in part, at any time or from time to time at a price equal to 100% of the principal amount of the STG 4.125% Secured Notes plus accrued and unpaid interest, if any, to the redemption date, plus a “make-whole” premium. In addition, on or prior to December 1, 2023, we may redeem up to 40% of the STG 4.125% Secured Notes using the proceeds of certain equity offerings. Beginning on December 1, 2025, we may redeem some or all of the STG 4.125% Secured Notes at any time or from time to time at certain redemption prices, plus accrued and unpaid interest, if any, to the date of redemption. If the notes are redeemed during the twelve-month period beginning December 1, 2025, 2026, 2027, and 2028 and thereafter, then the redemption prices for the STG 4.125% Secured Notes are 102.063%, 101.375%, 100.688%, and 100%, respectively. Upon the sale of certain of STG’s assets or certain changes of control, we may be required to repurchase some or all of the STG 4.125% Secured Notes.

STG’s obligations under the STG 4.125% Secured Notes are secured on a first-lien basis by substantially all tangible and intangible personal property of STG and each wholly-owned subsidiary of STG or the Company that guarantees the STG Bank Credit Agreement (the Guarantors) and on a pari passu basis with all of STG's and the Guarantor's existing and future debt that is secured by a first-priority lien on the collateral securing the STG 4.125% Secured Notes, including the debt under the STG Bank Credit Agreement, subject to permitted liens and certain other exceptions.

Upon issuance, the STG 5.875% Notes and STG 5.125% Notes were redeemable up to 35%. We may redeem 100% of these notes upon the date set forth in the indenture of each note. The price at which we may redeem the notes is set forth in the indenture of each note. Also, if we sell certain of our assets or experience specific kinds of changes of control, the holders of these notes may require us to repurchase some or all of the outstanding notes.

DSG Bank Credit Agreement

On August 23, 2019, DSG and Diamond Sports Intermediate Holdings LLC (Holdings), an indirect wholly owned subsidiary of the Company and an indirect parent of DSG, entered into a credit agreement (the DSG Bank Credit Agreement). Pursuant to the DSG Bank Credit Agreement, DSG raised a seven-year $3,300 million aggregate amount term loan (the DSG Term Loan), with an original issuance discount of $17 million, which bears interest at LIBOR plus 3.25%.

The DSG Term Loan amortizes in equal quarterly installments in an aggregate amount equal to 1% of the original amount of such term loan, with the balance being payable on the maturity date. Following the end of each fiscal year, we are required to prepay the DSG Term Loan in an aggregate amount equal to (a) 50% of excess cash flow for such fiscal year if the first lien leverage ratio is greater than 3.75 to 1.00, (b) 25% of excess cash flow for such fiscal year if the first lien leverage ratio is greater than 3.25 to 1.00 but less than or equal to 3.75 to 1.00, and (c) 0% of excess cash flow for such fiscal year if the first lien leverage ratio is equal to or less than 3.25 to 1.00.

Additionally, in connection with the DSG Bank Credit Agreement, DSG obtained a $650 million five-year revolving credit facility (the DSG Revolving Credit Facility, and, together with the DSG Term Loan, the DSG Credit Facilities), priced at LIBOR plus 3.00%, subject to reduction based on a first lien net leverage ratio, which includes capacity for up to $50 million of letters of credit and for borrowings of up to $50 million under swingline loans.

The DSG Bank Credit Agreement includes a financial maintenance covenant, the first lien leverage ratio (as defined in the DSG Bank Credit Agreements), which requires such applicable ratio not to exceed 6.25x, measured as of the end of each fiscal quarter. The financial maintenance covenant is only applicable if 35% or more of the capacity (as a percentage of total commitments) under the DSG Revolving Credit Facility, measured as of the last day of each quarter, is utilized under the DSG Revolving Credit Facility as of such date. Since there was no utilization under the DSG Revolving Credit Facility as of December 31, 2021, DSG was not subject to the financial maintenance covenant under the DSG Bank Credit Agreement. As of December 31, 2021, the DSG first lien leverage ratio was above 6.25x. We expect that the DSG first lien leverage ratio will remain above 6.25x for at least the next twelve months, which will restrict our ability to utilize the full DSG Revolving Credit Facility. We do not currently expect to have more than 35% of the capacity of the DSG Revolving Credit Facility outstanding as of any quarterly measurement date during the next twelve months, therefore we do not expect DSG will be subject to the financial maintenance covenant. The DSG Bank Credit Agreement contains other restrictions and covenants which we were in compliance with as of December 31, 2021.

DSG's obligations under the DSG Bank Credit Agreement are (i) jointly and severally guaranteed by Holdings and DSG's direct and indirect, existing and future wholly-owned domestic restricted subsidiaries, subject to certain exceptions, and (ii) secured by first-priority lien on substantially all tangible and intangible assets (whether now owned or hereafter arising or acquired) of DSG and the guarantors, subject to certain permitted liens and other agreed upon exceptions. The DSG Credit Facilities are not guaranteed by the Company, STG, or any of STG's subsidiaries.

On March 1, 2022, DSG completed a refinancing transaction relating to the DSG Bank Credit Agreement. See *Note 20. Subsequent Events* for a discussion of the refinancing transaction.

DSG Notes

On August 2, 2019, DSG issued $3,050 million principal amount of senior secured notes, which bear interest at a rate of 5.375% per annum and mature on August 15, 2026 (the DSG 5.375% Secured Notes), and issued $1,825 million principal amount of senior notes, which bear interest at a rate of 6.625% per annum and mature on August 15, 2027 (the DSG 6.625% Notes). The proceeds of the DSG 5.375% Secured Notes and DSG 6.625% Notes were used, in part, to fund the RSN Acquisition.

In March 2020 and June 2020, we purchased a total of $15 million aggregate principal amount of the DSG 6.625% Notes in open market transactions for consideration of $10 million. The DSG 6.625% Notes acquired in March 2020 and June 2020 were canceled immediately following their acquisition. We recognized a gain on extinguishment of the DSG 6.625% Notes of $5 million for year ended December 31, 2020.

On June 10, 2020, we exchanged $66.5 million aggregate principal amount of the DSG 6.625% Notes for cash payments of $10 million, including accrued but unpaid interest, and $31 million aggregate principal amount of newly issued senior secured notes, which bear interest at a rate of 12.750% per annum and mature on December 1, 2026 (the DSG 12.750% Secured Notes, and together with the DSG 5.375% Secured Notes, the DSG Existing Secured Notes, and together with the DSG 6.625% Notes, the DSG Notes).

Prior to August 15, 2022, we may redeem the DSG Notes, in whole or in part, at any time or from time to time, at a price equal to 100% of the principal amount of the applicable DSG Notes plus accrued and unpaid interest, if any, to the date of redemption, plus a "make-whole" premium. Beginning on August 15, 2022, we may redeem the DSG Notes, in whole or in part, at any time or from time to time at certain redemption prices, plus accrued and unpaid interest, if any, to the date of redemption. In addition, on or prior to August 15, 2022, we may redeem up to 40% of each series of the DSG Notes using the proceeds of certain equity offerings. If the notes are redeemed during the twelve-month period beginning August 15, 2022, 2023, and 2024 and thereafter, then the redemption prices for the DSG 5.375% Secured Notes are 102.688%, 101.344%, and 100%, respectively, the redemption prices for the DSG 6.625% Notes are 103.313%, 101.656%, and 100%, respectively, and the redemption prices for the DSG 12.750% Secured Notes are 102.688%, 101.344%, and 100%, respectively.

DSG's obligations under the DSG Notes are jointly and severally guaranteed by Holdings, DSG's direct parent, and certain wholly-owned subsidiaries of Holdings. The RSNs wholly-owned by Holdings and its subsidiaries will also jointly and severally guarantee the Issuers' obligations under the DSG Notes. The DSG Notes are not guaranteed by the Company, STG, or any of STG's subsidiaries.

On March 1, 2022, DSG completed a refinancing transaction relating to the DSG 5.375% Secured Notes and the DSG 12.750% Secured Notes. See *Note 20. Subsequent Events* for a discussion of the refinancing transaction.

A/R Facility

On September 23, 2020 (the Closing Date), the Company's and DSG's indirect wholly-owned subsidiary, DSPV, entered into a $250 million A/R Facility which matures on September 23, 2023, in order to enable DSG to raise incremental funding for the ongoing business needs of DSG and its subsidiaries. On November 5, 2021, the Company purchased and assumed the lenders' and the administrative agent's rights and obligations under the A/R Facility by making a payment to the lenders equal to approximately $184 million, representing 101% of the aggregate outstanding principal amount of the loans under the A/R Facility, plus any accrued interest and outstanding fees and expenses. In connection therewith, the Company and DSPV entered into an omnibus amendment to the A/R Facility to provide greater flexibility to DSG, including, (i) increasing the maximum facility limit availability from up to $250 million to up to $400 million; (ii) eliminating the early amortization event related to DSG's earnings before interest, taxes, depreciation and amortization (EBITDA), as defined in the agreement governing the A/R Facility, less interest expense covenant; (iii) extending the stated maturity date by one year from September 23, 2023 to September 23, 2024; and (iv) relaxing certain concentration limits thereby increasing the amounts of certain accounts receivable eligible to be sold. The other material terms of the A/R Facility remain unchanged. Transactions related to the A/R Facility are now intercompany transactions and, therefore, are eliminated in consolidation.

DSG's ability to make scheduled payments on its debt obligations depends on its financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, competitive, legislative, regulatory and other factors beyond its control. The impact of the outbreak of COVID-19 continues to create significant uncertainty and disruption in the global economy and financial markets. Further, DSG's success is dependent upon, among other things, the terms of its agreements with Distributors, OTT and other streaming providers and the successful execution of its DTC strategy. Primarily as a result of losses of Distributors, increased subscriber churn and the COVID-19 pandemic, DSG has experienced operating losses since the second quarter of 2020 and we expect it will continue to incur operating losses in future periods. DSG has taken steps to mitigate the impacts of this uncertainty, including managing its controllable costs, amending its A/R Facility and entering into a Transaction Support Agreement with the Company and certain lenders holding term loans under the DSG Bank Credit Agreement and certain holders of, or investment advisors, sub-advisors, or managers of funds or accounts that hold, the DSG Existing Secured Notes which contemplates that, among other things, DSG would obtain a new $635 million first-priority lien term loan credit facility which would mature in May 2026 and would rank first in lien priority on shared collateral ahead of DSG's loans and/or commitments under the DSG Bank Credit Agreement and DSG Existing Secured Notes. See *Note 20. Subsequent Events*.

Debt of variable interest entities and guarantees of third-party debt

We jointly, severally, unconditionally, and irrevocably guarantee $39 million and $49 million of debt of certain third parties as of December 31, 2021 and 2020, respectively, of which $9 million and $16 million, net of deferred financing costs, related to consolidated VIEs is included in our consolidated balance sheets as of December 31, 2021 and 2020, respectively. These guarantees primarily relate to the debt of Cunningham as discussed under *Cunningham Broadcasting Corporation* within *Note 15. Related Person Transactions*. The credit agreements and term loans of these VIEs each bear interest of LIBOR plus 2.50%. As of December 31, 2021, we have determined that it is not probable that we would have to perform under any of these guarantees.

Finance leases

For more information related to our finance leases and affiliate finance leases see *Note 8. Leases* and *Note 15. Related Person Transactions*, respectively.

8. LEASES:

We determine if a contractual arrangement is a lease at inception. Our lease arrangements provide the Company the right to utilize certain specified tangible assets for a period of time in exchange for consideration. Our leases primarily relate to building space, tower space, and equipment. We do not separate non-lease components from our building and tower leases for the purposes of measuring our lease liabilities and assets. Our leases consist of operating leases and finance leases which are presented separately in our consolidated balance sheets. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

We recognize a lease liability and a right of use asset at the lease commencement date based on the present value of the future lease payments over the lease term discounted using our incremental borrowing rate. Implicit interest rates within our lease arrangements are rarely determinable. Right of use assets also include, if applicable, prepaid lease payments and initial direct costs, less incentives received.

We recognize operating lease expense on a straight-line basis over the term of the lease within operating expenses. Expense associated with our finance leases consists of two components, including interest on our outstanding finance lease obligations and amortization of the related right of use assets. The interest component is recorded in interest expense and amortization of the finance lease asset is recognized on a straight-line basis over the term of the lease in depreciation of property and equipment.

Our leases do not contain any material residual value guarantees or material restrictive covenants. Some of our leases include optional renewal periods or termination provisions which we assess at inception to determine the term of the lease, subject to reassessment in certain circumstances.

The following table presents lease expense we have recorded in our consolidated statements of operations for the years ended December 31, 2021, 2020, and 2019 (in millions):

	2021	2020	2019
Finance lease expense:			
Amortization of finance lease asset	**$ 3**	$ 3	$ 3
Interest on lease liabilities	**3**	4	4
Total finance lease expense	**6**	7	7
Operating lease expense (a)	**60**	64	47
Total lease expense	**$ 66**	$ 71	$ 54

(a) Includes variable lease expense of $7 million for each of the years ended December 31, 2021 and 2020 and $5 million for the year ended December 31, 2019 and short-term lease expense of $1 million for each of the years ended December 31, 2021, 2020, and 2019.

The following table summarizes our outstanding operating and finance lease obligations as of December 31, 2021 (in millions):

	Operating Leases	Finance Leases	Total
2022	$ 47	$ 8	$ 55
2023	41	8	49
2024	35	7	42
2025	34	6	40
2026	29	6	35
2027 and thereafter	121	14	135
Total undiscounted obligations	307	49	356
Less imputed interest	(67)	(12)	(79)
Present value of lease obligations	$ 240	$ 37	$ 277

The following table summarizes supplemental balance sheet information related to leases as of December 31, 2021 and December 31, 2020 (in millions, except lease term and discount rate):

	2021			2020		
	Operating Leases	Finance Leases		Operating Leases	Finance Leases	
Lease assets, non-current	$ 207	$ 18	(a)	$ 197	$ 17	(a)
Lease liabilities, current	35	5		34	5	
Lease liabilities, non-current	205	32		198	33	
Total lease liabilities	$ 240	$ 37		$ 232	$ 38	
Weighted average remaining lease term (in years)	8.39	7.71		9.39	8.39	
Weighted average discount rate	5.4 %	7.9 %		5.7 %	8.4 %	

(a) Finance lease assets are reflected in property and equipment, net in our consolidated balance sheets.

The following table presents other information related to leases for the years ended December 31, 2021, 2020, and 2019 (in millions):

	2021	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 52	$ 55	$ 38
Operating cash flows from finance leases	$ 3	$ 3	$ 4
Financing cash flows from finance leases	$ 5	$ 5	$ 5
Leased assets obtained in exchange for new operating lease liabilities	$ 50	$ 20	$ 35
Leased assets obtained in exchange for new finance lease liabilities	$ 4	$ 6	$ —

9. PROGRAM CONTRACTS:

Future payments required under television program contracts as of December 31, 2021 were as follows (in millions):

2022	$ 97
2023	14
2024	6
2025	1
2026	—
Total	118
Less: Current portion	97
Long-term portion of program contracts payable	$ 21

Each future period's film liability includes contractual amounts owed, but what is contractually owed does not necessarily reflect what we are expected to pay during that period. While we are contractually bound to make the payments reflected in the table during the indicated periods, industry protocol typically enables us to make film payments on a three-month lag. Included in the current portion amount are payments due in arrears of $21 million. In addition, we have entered into non-cancelable commitments for future television program rights aggregating to $31 million as of December 31, 2021.

10. REDEEMABLE NONCONTROLLING INTERESTS:

We account for redeemable noncontrolling interests in accordance with ASC 480, *Distinguishing Liabilities from Equity*, and classify them as mezzanine equity in our consolidated balance sheets because their possible redemption is outside of the control of the Company. Our redeemable non-controlling interests consist of the following:

Redeemable Subsidiary Preferred Equity. On August 23, 2019, DSH, an indirect parent of DSG and indirect wholly-owned subsidiary of the Company, issued preferred equity (the Redeemable Subsidiary Preferred Equity) for $1,025 million.

The Redeemable Subsidiary Preferred Equity is redeemable by the holder in the following circumstances (1) in the event of a change of control with respect to DSH, the holder will have the right (but not the obligation) to require the redemption of the securities at a per unit amount equal to the liquidation preference per share plus accrued and unpaid dividends (2) in the event of the sale of new equity interests in DSG or direct and indirect subsidiaries to the extent of proceeds received and (3) beginning on August 23, 2027, so long as any Redeemable Subsidiary Preferred Equity remains outstanding, the holder, subject to certain minimum holding requirements, or investors holding a majority of the outstanding Redeemable Subsidiary Preferred Equity, may compel DSH and DSG to initiate a process to sell DSG and/or conduct an initial public offering.

We may redeem some or all of the Redeemable Subsidiary Preferred Equity from time to time thereafter at a price equal to $1,000 per unit plus the amount of dividends per unit previously paid in kind (the Liquidation Preference), multiplied by the applicable premium as follows (presented as a percentage of the Liquidation Preference): (i) on or after November 22, 2019 until February 19, 2020: 100%; (ii) on or after February 20, 2020 until August 22, 2020: 102%; (iii) on or after August 23, 2020 but prior to August 23, 2021: at a customary "make-whole" premium representing the present value of 103% plus all required dividend payments due on such Redeemable Subsidiary Preferred Equity through August 23, 2021; (iv) on or after August 23, 2021 until August 22, 2022: 103%; (v) on or after August 23, 2022 until August 22, 2023: 101%; and (vi) August 23, 2023 and thereafter: 100%, in each case, plus accrued and unpaid dividends.

The Redeemable Subsidiary Preferred Equity accrues an initial quarterly dividend equal to 1-Month LIBOR (with a 0.75% floor) plus 7.5% (8% if paid in kind) per annum on the sum of (i) $1,025 million (the Aggregate Liquidation Preference) plus (ii) the amount of aggregate accrued and unpaid dividends as of the end of the immediately preceding dividend accrual period, payable, at DSH's election, in cash or, to the extent not paid in cash, by automatically increasing the Aggregate Liquidation Preference, whether or not such dividends have been declared and whether or not there are profits, surplus, or other funds legally available for the payment of dividends. The Redeemable Subsidiary Preferred Equity dividend rate is subject to rate step-ups of 0.5% per annum, beginning on August 23, 2022; provided that, and subject to other applicable increases in the dividend rate described below, the cumulative dividend rate will be capped at 1-Month LIBOR plus 10.5% per annum until (a) on February 23, 2028, the Redeemable Subsidiary Preferred Equity dividend rate will increase by 1.50% with further increases of 0.5% on each six month anniversary thereafter and (b) the Redeemable Subsidiary Preferred Equity dividend rate will increase by 2% if we do not redeem the Redeemable Subsidiary Preferred Equity, to the extent elected by holders of the Redeemable Subsidiary Preferred Equity, upon a change of control; provided, in each case, that the cumulative dividend rate will be capped at 1-Month LIBOR plus 14% per annum.

Subject to limited exceptions, DSH shall not, and shall not permit its subsidiaries, directly or indirectly, to pay a dividend or make a distribution, unless DSH applies 75% of the amount of such dividend or distribution payable to DSH or its subsidiaries (with the amount payable calculated on a pro rata basis based on their direct or indirect common equity ownership by DSH) to make an offer to the holders of Redeemable Subsidiary Preferred Equity to redeem the Redeemable Subsidiary Preferred Equity (subject to certain redemption restrictions) at a price equal to 100% of the Liquidation Preference of such Redeemable Subsidiary Preferred Equity, plus accrued and unpaid dividends.

We redeemed no Redeemable Subsidiary Preferred Equity during the year ended December 31, 2021. During the year ended December 31, 2020, we redeemed 550,000 units of the Redeemable Subsidiary Preferred Equity for an aggregate redemption price equal to $550 million plus accrued and unpaid dividends, representing 100% of the unreturned capital contribution with respect to the units redeemed, plus accrued and unpaid dividends with respect to the units redeemed up to, but not including, the redemption date, and after giving effect to any applicable rebates.

Dividends accrued during the years ended December 31, 2021, 2020, and 2019 were $14 million, $36 million, and $33 million, respectively, and are reflected in net (loss) income attributable to the noncontrolling interests in our consolidated statements of operations. Dividends accrued during the 2nd, 3rd, and 4th quarters of 2021 were paid in kind and added to the liquidation preference. The balance of the Redeemable Subsidiary Preferred Equity, net of issuance costs, was $181 million and $170 million as of December 31, 2021 and 2020, respectively.

In connection with the Redeemable Subsidiary Preferred Equity, the Company provides a guarantee of collection of distributions.

Subsidiary Equity Put Right. A noncontrolling equity holder of one of our subsidiaries had the right to sell its interest to the Company at a fair market sale value of $376 million, plus any undistributed income, which was exercised and settled in January 2020.

A noncontrolling equity holder of one of our subsidiaries has the right to sell its interest to the Company at any time during the 30-day period following September 30, 2025. The value of this redeemable noncontrolling interest was $16 million and $20 million as of December 31, 2021 and 2020, respectively.

11. COMMON STOCK:

Holders of Class A Common Stock are entitled to one vote per share and holders of Class B Common Stock are entitled to ten votes per share, except for votes relating to "going private" and certain other transactions. Substantially all of the Class B Common Stock is held by David D. Smith, Frederick G. Smith, J. Duncan Smith and Robert E. Smith who entered into a stockholders' agreement pursuant to which they have agreed to vote for each other as candidates for election to our board of directors until December 31, 2025. The Class A Common Stock and the Class B Common Stock vote together as a single class, except as otherwise may be required by Maryland law, on all matters presented for a vote. Holders of Class B Common Stock may at any time convert their shares into the same number of shares of Class A Common Stock. During 2021, 952,626 Class B Common Stock shares were converted into Class A Common Stock shares. During 2020, no Class B Common Stock shares were converted into Class A Common Stock shares.

Our Bank Credit Agreements and some of our subordinate debt instruments have restrictions on our ability to pay dividends on our common stock unless certain specific conditions are satisfied, including but not limited to:

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

During 2021 and 2020, our Board of Directors declared a quarterly dividend in the months of February, May, August, and November which were paid in March, June, September, and December, respectively. Total dividend payments for both the year ended December 31, 2021 and 2020 were $0.80 per share. In February 2022, our Board of Directors declared a quarterly dividend of $0.25 per share. Future dividends on our common shares, if any, will be at the discretion of our Board of Directors and will depend on several factors including our results of operations, cash requirements and surplus, financial condition, covenant restrictions, and other factors that the Board of Directors may deem relevant. The Class A Common Stock and Class B Common Stock holders have the same rights related to dividends.

On August 4, 2020, the Board of Directors authorized an additional $500 million share repurchase authorization in addition to the previous repurchase authorization of $1 billion. There is no expiration date and currently, management has no plans to terminate this program. For the year ended December 31, 2021, we repurchased approximately 2.4 million shares of Class A Common Stock for $61 million. As of December 31, 2021, the total remaining repurchase authorization was $819 million. As of February 23, 2022, we repurchased an additional 2 million shares of Class A Common Stock for $55 million since January 1, 2022. All shares were repurchased under a 10b5-1 plan.

12. INCOME TAXES:

The (benefit) provision for income taxes consisted of the following for the years ended December 31, 2021, 2020, and 2019 (in millions):

	2021	2020	2019
Current (benefit) provision for income taxes:			
Federal	**$ (78)**	$ (126)	$ (89)
State	**2**	9	(2)
	(76)	(117)	(91)
Deferred benefit for income taxes:			
Federal	**(93)**	(584)	(4)
State	**(4)**	(19)	(1)
	(97)	(603)	(5)
Benefit for income taxes	**$ (173)**	$ (720)	$ (96)

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

	2021	2020	2019
Federal statutory rate	**21.0 %**	21.0 %	21.0 %
Adjustments:			
Federal tax credits (a)	**10.6 %**	1.7 %	(684.6)%
Net Operating Loss Carryback (b)	**7.5 %**	1.9 %	— %
State income taxes, net of federal tax benefit (c)	**(4.2)%**	4.0 %	56.6 %
Noncontrolling interest (d)	**2.6 %**	0.7 %	(138.9)%
Valuation allowance (e)	**(1.5)%**	(6.1)%	(237.1)%
Change in unrecognized tax benefits (f)	**(1.0)%**	(0.2)%	72.2 %
Stock-based compensation	**(0.2)%**	(0.1)%	(15.9)%
Non-deductible items (g)	**(0.1)%**	— %	192.7 %
Effect of consolidated VIEs (h)	**0.1 %**	(0.1)%	46.3 %
Spectrum sales (i)	**— %**	— %	(386.7)%
Capital loss carryback (j)	**— %**	— %	(26.0)%
Other	**(0.1)%**	0.1 %	(3.0)%
Effective income tax rate	**34.7 %**	22.9 %	(1,103.4)%

(a) Our 2021, 2020, and 2019 income tax provisions include a benefit of $40 million, $42 million, and $57 million, respectively, related to investments in sustainability initiatives whose activities qualify for federal income tax credits through 2021.

(b) Our 2021 and 2020 income tax provisions include a benefit of $38 million and $61 million, respectively, as result of the CARES Act allowing for the 2020 federal net operating loss to be carried back to the pre-2018 years when the federal tax rate was 35%.

(c) Included in state income taxes are deferred income tax effects related to certain acquisitions, intercompany mergers, law changes, and/or impact of changes in apportionment.

(d) Our 2021, 2020, and 2019 income tax provisions include a $13 million, $23 million, and $12 million benefit, respectively, related to noncontrolling interest of various partnerships.

(e) Our 2021 income tax provision includes a net $8 million addition related to an increase in valuation allowance associated with the federal interest expense carryforwards under the IRC Section 163(j) and primarily offset by a decrease in valuation allowance on certain state deferred tax assets as a result of the changes in estimate of the state apportionment. Our 2020 income tax provision includes a $192 million addition related to an increase in valuation allowance primarily due to the change in judgement in the realizability of certain deferred tax assets resulting from the reduction in forecast of future operating income and the RSN impairment. Our 2019 income tax provision includes a $16 million benefit related to a release of valuation allowance on certain state net operating losses where utilization was expected as a result of a business combination.

(f) Our 2021, 2020, and 2019 income tax provisions include $1 million, $5 million, and $4 million additions, respectively, related to tax positions of prior tax years.

(g) Our 2019 income tax provision includes a $17 million addition primarily related to regulatory costs, executive compensation and other not tax-deductible expenses.

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

(i) Our 2019 income tax provision includes a benefit of $34 million related to the treatment of the gain from the sale of certain broadcast spectrum in connection with the Broadcast Incentive Auction.

(j) Our 2019 income tax provision includes a $2 million benefit related to capital losses that will be carried back to the pre-2018 tax years when the federal tax rate was 35%.

Temporary differences between the financial reporting carrying amounts and the tax bases of assets and liabilities give rise to deferred taxes. Total deferred tax assets and deferred tax liabilities as of December 31, 2021 and 2020 were as follows (in millions):

	2021	2020
Deferred Tax Assets:		
Net operating losses:		
Federal	**$ 16**	$ 22
State	**120**	130
Goodwill and intangible assets	**6**	9
Basis in DSH	**814**	834
Tax Credits	**87**	67
Other	**108**	53
	1,151	1,115
Valuation allowance for deferred tax assets	**(256)**	(252)
Total deferred tax assets	**$ 895**	$ 863
Deferred Tax Liabilities:		
Goodwill and intangible assets	**$ (397)**	$ (402)
Property & equipment, net	**(165)**	(221)
Other	**(40)**	(43)
Total deferred tax liabilities	**(602)**	(666)
Net deferred tax assets	**$ 293**	$ 197

At December 31, 2021, the Company had approximately $76 million and $2.6 billion of gross federal and state net operating losses, respectively. Except for those without an expiration date, these losses will expire during various years from 2022 to 2041, and some of them are subject to annual limitations under the IRC Section 382 and similar state provisions. As discussed in *Income Taxes* under *Note 1. Nature of Operations and Summary of Significant Accounting Policies*, we establish valuation allowances in accordance with the guidance related to accounting for income taxes. As of December 31, 2021, a valuation allowance has been provided for deferred tax assets related to certain temporary basis differences, interest expense carryforwards under the IRC Section 163(j) and a substantial portion of our available state net operating loss carryforwards based on past operating results, expected timing of the reversals of existing temporary basis differences, alternative tax strategies, current and cumulative losses, and projected future taxable income. Although realization is not assured for the remaining deferred tax assets, we believe it is more likely than not that they will be realized in the future. During the year ended December 31, 2021, we increased our valuation allowance by $4 million to $256 million. The increase in valuation allowance was primarily due to uncertainty in the realizability of deferred tax assets related to interest expense carryforwards under the IRC Section 163(j), offset by a change in judgement in the realizability of certain state deferred tax assets. During the year ended December 31, 2020, we increased our valuation allowance by $187 million to $252 million. The increase in valuation allowance was primarily due to the change in judgement in the realizability of certain deferred tax assets resulting from the reduction in forecast of future operating income and the RSN impairment.

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

	2021	2020	2019
Balance at January 1,	**$ 11**	$ 11	$ 7
Additions related to prior year tax positions	**1**	5	4
Additions related to current year tax positions	**3**	3	—
Reductions related to prior year tax positions	—	(1)	—
Reductions related to settlements with taxing authorities	—	(4)	—
Reductions related to expiration of the applicable statute of limitations	—	(3)	—
Balance at December 31,	**$ 15**	$ 11	$ 11

We are subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. Our 2016 through 2019 federal tax returns are currently under audit, and several of our subsidiaries are currently under state examinations for various years. Certain of our 2017 and subsequent federal and/or state tax returns remain subject to examination by various tax authorities. We do not anticipate the resolution of these matters will result in a material change to our consolidated financial statements. In addition, we do not believe that our liability for unrecognized tax benefits would be materially impacted, in the next twelve months, as a result of expected statute of limitations expirations, the application of limits under available state administrative practice exceptions, and the resolution of examination issues and settlements with federal and certain state tax authorities.

13. COMMITMENTS AND CONTINGENCIES:

Sports Programming Rights

We are contractually obligated to make payments to purchase sports programming rights. The following table presents our annual non-cancellable commitments relating to the local sports segment's sports programming rights agreements as of December 31, 2021. These commitments assume that sports teams fully deliver the contractually committed games, and do not reflect the impact of rebates expected to be paid by the teams.

(in millions)		
2022	$	1,819
2023		1,773
2024		1,707
2025		1,573
2026		1,373
2027 and thereafter		5,723
Total	$	13,968

Other Liabilities

In connection with the RSN Acquisition, we assumed certain fixed payment obligations which are payable through 2027. We recorded these obligations in purchase accounting at estimated fair value. As of December 31, 2021 and 2020, $32 million and $31 million, respectively, was recorded within other current liabilities and $71 million and $97 million, respectively, was recorded within other long-term liabilities in our consolidated balance sheets. Interest expense of $6 million, $8 million, and $4 million was recorded for the years ended December 31, 2021, 2020, and 2019, respectively.

In connection with the RSN Acquisition, we assumed certain variable payment obligations which are payable through 2030. These contractual obligations are based upon the excess cash flow of certain RSNs. We recorded these obligations in purchase accounting at estimated fair value. As of December 31, 2021 and 2020, $8 million and $12 million, respectively, was recorded within other current liabilities and $23 million and $41 million, respectively, was recorded within other long-term liabilities in our consolidated balance sheets. These obligations are measured at the present value of the estimated amount of cash to be paid over the term of the contracts. We recorded measurement adjustment gains of $15 million and $159 million for the years ended December 31, 2021 and 2020, respectively, recorded within other (expense) income, net in our consolidated statements of operations.

Litigation

We are a party to lawsuits, claims, and regulatory matters from time to time in the ordinary course of business. Actions currently pending are in various stages and no material judgments or decisions have been rendered by hearing boards or courts in connection with such actions. Except as noted below, we do not believe the outcome of these matters, individually or in the aggregate, will have a material effect on the Company's financial statements.

FCC Litigation Matters

On May 22, 2020, the FCC released an Order and Consent Decree pursuant to which the Company agreed to pay $48 million to resolve the matters covered by a Notice of Apparent Liability for Forfeiture (NAL) issued in December 2017 proposing a $13 million fine for alleged violations of the FCC's sponsorship identification rules by the Company and certain of its subsidiaries, the FCC's investigation of the allegations raised in the Hearing Designation Order issued in connection with the Company's proposed acquisition of Tribune, and a retransmission related matter. The Company submitted the $48 million payment on August 19, 2020. As part of the consent decree, the Company also agreed to implement a 4-year compliance plan. Two petitions were filed on June 8, 2020 seeking reconsideration of the Order and Consent Decree. The Company filed an opposition to the petitions on June 18, 2020, and the petitions remain pending.

On September 1, 2020, one of the individuals who filed a petition for reconsideration of the Order and Consent Decree filed a petition to deny the license renewal application of WBFF(TV), Baltimore, MD, and the license renewal applications of two other Baltimore, MD stations with which the Company has a JSA or LMA, Deerfield Media station WUTB(TV) and Cunningham station WNUV(TV). The Company filed an opposition to the petition on October 1, 2020, and the petition remains pending.

On September 2, 2020, the FCC adopted a Memorandum Opinion and Order and NAL against the licensees of several stations with whom the Company has LMAs, JSAs, and/or SSAs in response to a complaint regarding those stations' retransmission consent negotiations. The NAL proposed a $0.5 million penalty for each station, totaling $9 million. The licensees filed a response to the NAL on October 15, 2020, asking the Commission to dismiss the proceeding or, alternatively, to reduce the proposed forfeiture to $25,000 per station. On July 28, 2021, the FCC issued a forfeiture order in which the $0.5 million penalty was upheld for all but one station. The Company is not a party to this forfeiture order; however, our consolidated financial statements include an accrual of additional expenses of $8 million for the above legal matters during the year ended December 31, 2021, as we consolidate these stations as VIEs.

Other Litigation Matters

On November 6, 2018, the Company agreed to enter into a proposed consent decree with the Department of Justice (DOJ). This consent decree resolves the DOJ's investigation into the sharing of pacing information among certain stations in some local markets. The DOJ filed the consent decree and related documents in the U.S. District Court for the District of Columbia on November 13, 2018. The U.S. District Court for the District of Columbia entered the consent decree on May 22, 2019. The consent decree is not an admission of any wrongdoing by the Company and does not subject the Company to any monetary damages or penalties. The Company believes that even if the pacing information was shared as alleged, it would not have impacted any pricing of advertisements or the competitive nature of the market. The consent decree requires the Company to adopt certain antitrust compliance measures, including the appointment of an Antitrust Compliance Officer, consistent with what the DOJ has required in previous consent decrees in other industries. The consent decree also requires the Company's stations not to exchange pacing and certain other information with other stations in their local markets, which the Company's management has already instructed them not to do.

The Company is aware of twenty-two putative class action lawsuits that were filed against the Company following published reports of the DOJ investigation into the exchange of pacing data within the industry. On October 3, 2018, these lawsuits were consolidated in the Northern District of Illinois. The consolidated action alleges that the Company and thirteen other broadcasters conspired to fix prices for commercials to be aired on broadcast television stations throughout the United States and engaged in unlawful information sharing, in violation of the Sherman Antitrust Act. The consolidated action seeks damages, attorneys' fees, costs and interest, as well as injunctions against adopting practices or plans that would restrain competition in the ways the plaintiffs have alleged. The Court denied the Defendants' motion to dismiss on November 6, 2020. Since then, the Plaintiffs have served the Defendants with written discovery requests, and the Court has set a pretrial schedule which now requires discovery to be completed by December 30, 2022 and briefing on class certification to be completed by May 15, 2023. The Company believes the lawsuits are without merit and intends to vigorously defend itself against all such claims.

Changes in the Rules of Television Ownership, Local Marketing Agreements, Joint Sales Agreements, Retransmission Consent Negotiations, and National Ownership Cap

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

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

In September 2015, the FCC released a Notice of Proposed Rulemaking in response to a Congressional directive in STELAR to examine the "totality of the circumstances test" for good-faith negotiations of retransmission consent. The proposed rulemaking seeks comment on new factors and evidence to consider in its evaluation of claims of bad faith negotiation, including service interruptions prior to a "marquee sports or entertainment event," restrictions on online access to broadcast programming during negotiation impasses, broadcasters' ability to offer bundles of broadcast signals with other broadcast stations or cable networks, and broadcasters' ability to invoke the FCC's exclusivity rules during service interruptions. On July 14, 2016, the FCC's Chairman at the time announced that the FCC would not, at that time, proceed to adopt additional rules governing good faith negotiations of retransmission consent but did not formally terminate the rulemaking. No formal action has yet been taken on this Proposed Rulemaking, and we cannot predict if the Commission will terminate the rulemaking or take other action.

In August 2016, the FCC completed both its 2010 and 2014 quadrennial reviews of its media ownership rules and issued an order (Ownership Order) which left most of the existing multiple ownership rules intact, but amended the rules to provide for the attribution of JSAs under certain circumstances. Certain existing JSAs were later grandfathered until 2025. On November 20,

2017, the FCC released an Ownership Order on Reconsideration that, among other things, eliminated the JSA attribution rule. The Ownership Order on Reconsideration (including elimination of the JSA attribution rule) became effective on February 7, 2018. The Ownership Order on Reconsideration was vacated and remanded by the U.S. Court of Appeals for the Third Circuit in September 2019, but the Supreme Court ultimately reversed the Third Circuit's decision on April 1, 2021 and the Ownership Order on Reconsideration is currently in effect.

On December 18, 2017, the Commission released a Notice of Proposed Rulemaking to examine the FCC's national ownership cap, including the UHF discount. The UHF discount allows television station owners to discount the coverage of UHF stations when calculating compliance with the FCC's national ownership cap, which prohibits a single entity from owning television stations that reach, in total, more than 39% of all the television households in the nation. All but 34 of the stations we currently own and operate, or to which we provide programming services are UHF. We cannot predict the outcome of the rulemaking proceeding. With the application of the UHF discount counting all our present stations we reach approximately 24% of U.S. households. Changes to the national ownership cap could limit our ability to make television station acquisitions.

On December 13, 2018, the FCC released a Notice of Proposed Rulemaking to initiate the 2018 Quadrennial Regulatory Review of the FCC's broadcast ownership rules. The NPRM seeks comment on whether certain of its ownership rules continue to be necessary in the public interest or whether they should be modified or eliminated. With respect to the local television ownership rule specifically, among other things, the NPRM seeks comment on possible modifications to the rule's operation, including the relevant product market, the numerical limit, the top-four prohibition; and the implications of multicasting, satellite stations, low power stations and the next generation standard. In addition, the NPRM examines further several diversity related proposals raised in the last quadrennial review proceeding. The public comment period began on April 29, 2019, and reply comments were due by May 29, 2019. On July 16, 2021, the FCC extended the comment deadline to September 2, 2021and extended the reply comment deadline to October 1, 2021. We cannot predict the outcome of the rulemaking proceeding. Changes to these rules could impact our ability to make radio or television station acquisitions.

14. VARIABLE INTEREST ENTITIES:

Certain of our stations provide services to other station owners within the same respective market through agreements, such as LMAs, where we provide programming, sales, operational, and administrative services, and JSAs and SSAs, where we provide non-programming, sales, operational, and administrative services. In certain cases, we have also entered into purchase agreements or options to purchase the license related assets of the licensee. We typically own the majority of the non-license assets of the stations, and in some cases where the licensee acquired the license assets concurrent with our acquisition of the non-license assets of the station, we have provided guarantees to the bank for the licensee's acquisition financing. The terms of the agreements vary, but generally have initial terms of over five years with several optional renewal terms. Based on the terms of the agreements and the significance of our investment in the stations, we are the primary beneficiary when, subject to the ultimate control of the licensees, we have the power to direct the activities which significantly impact the economic performance of the VIE through the services we provide and we absorb losses and returns that would be considered significant to the VIEs. The fees paid between us and the licensees pursuant to these arrangements are eliminated in consolidation.

We are party to a joint venture associated with Marquee. Marquee is party to a long term telecast rights agreement which provides the rights to air certain live game telecasts and other content, which we guarantee. In connection with the RSN Acquisition, we became party to a joint venture associated with one other regional sports network. We participate significantly in the economics and have the power to direct the activities which significantly impact the economic performance of these regional sports networks, including sales and certain operational services. We consolidate these regional sports networks because they are variable interest entities and we are the primary beneficiary.

The carrying amounts and classification of the assets and liabilities of the VIEs mentioned above which have been included in our consolidated balance sheets as of December 31, 2021 and 2020 were as follows (in millions):

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 43**	$ 64
Accounts receivable, net	**83**	70
Prepaid sports rights	**2**	2
Other current assets	**4**	5
Total current asset	**132**	141
Property and equipment, net	**17**	16
Operating lease assets	**5**	6
Goodwill and indefinite-lived intangible assets	**15**	15
Definite-lived intangible assets, net	**47**	54
Other assets	**1**	1
Total assets	**$ 217**	$ 233
LIABILITIES		
Current liabilities:		
Other current liabilities	**$ 62**	$ 40
Notes payable, finance leases, and commercial bank financing, less current portion	**—**	10
Operating lease liabilities, less current portion	**4**	5
Program contracts payable, less current portion	**2**	4
Other long term liabilities	**4**	17
Total liabilities	**$ 72**	$ 76

The amounts above represent the consolidated assets and liabilities of the VIEs described above, for which we are the primary beneficiary. Total liabilities associated with certain outsourcing agreements and purchase options with certain VIEs, which are excluded from above, were $127 million and $131 million as of December 31, 2021 and December 31, 2020, respectively, as these amounts are eliminated in consolidation. The assets of each of these consolidated VIEs can only be used to settle the obligations of the VIE. As of December 31, 2021, all of the liabilities are non-recourse to us except for the debt of certain VIEs. See *Debt of variable interest entities and guarantees of third-party debt* under *Note 7. Notes Payable and Commercial Bank Financing* for further discussion. The risk and reward characteristics of the VIEs are similar.

Other VIEs

We have several investments in entities which are considered VIEs. However, we do not participate in the management of these entities, including the day-to-day operating decisions or other decisions which would allow us to control the entity, and therefore, we are not considered the primary beneficiary of these VIEs.

The carrying amounts of our investments in these VIEs for which we are not the primary beneficiary were $175 million and $75 million as of December 31, 2021 and 2020, respectively, and are included in other assets in our consolidated balance sheets. See *Note 6. Other Assets* for more information related to our equity investments. Our maximum exposure is equal to the carrying value of our investments. The income and loss related to equity method investments and other equity investments are recorded in income (loss) from equity method investments and other (expense) income, net, respectively, in our consolidated statements of operations. We recorded a gain of $37 million and losses of $38 million and $50 million for the years ended December 31, 2021, 2020, and 2019, respectively, related to these investments.

15. RELATED PERSON TRANSACTIONS:

Transactions with our controlling shareholders

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

Leases. Certain assets used by us and our operating subsidiaries are leased from entities owned by the controlling shareholders. Lease payments made to these entities were $5 million for each of the years ended December 31, 2021, 2020, and 2019.

Finance leases payable related to the aforementioned relationships were $9 million, net of $1 million interest, and $8 million, net of $2 million interest, as of December 31, 2021 and 2020, respectively. The finance leases mature in periods through 2029. For further information on finance leases to affiliates, see *Note 7. Notes Payable and Commercial Bank Financing*.

Charter Aircraft. We lease aircraft owned by certain controlling shareholders. For all leases, we incurred aggregate expenses of $1 million for each of the years ended December 31, 2021 and 2020 and $2 million for the year ended December 31, 2019.

Cunningham Broadcasting Corporation

Cunningham owns a portfolio of television stations, including: WNUV-TV Baltimore, Maryland; WRGT-TV Dayton, Ohio; WVAH-TV Charleston, West Virginia; WMYA-TV Anderson, South Carolina; WTTE-TV Columbus, Ohio; WDBB-TV Birmingham, Alabama; WBSF-TV Flint, Michigan; WGTU-TV/WGTQ-TV Traverse City/Cadillac, Michigan; WEMT-TV Tri-Cities, Tennessee; WYDO-TV Greenville, North Carolina; KBVU-TV/KCVU-TV Eureka/Chico-Redding, California; WPFO-TV Portland, Maine; and KRNV-DT/KENV-DT Reno, Nevada/Salt Lake City, Utah (collectively, the Cunningham Stations). Certain of our stations provide services to these Cunningham Stations pursuant to LMAs or JSAs and SSAs. See *Note 14. Variable Interest Entities*, for further discussion of the scope of services provided under these types of arrangements. As of December 31, 2021, we have jointly, severally, unconditionally, and irrevocably guaranteed $37 million of Cunningham debt, of which $7 million, net of $0.2 million deferred financing costs, relates to the Cunningham VIEs that we consolidate.

All of the non-voting stock of the Cunningham Stations is owned by trusts for the benefit of the children of our controlling shareholders. We consolidate certain subsidiaries of Cunningham with which we have variable interests through various arrangements related to the Cunningham Stations.

The services provided to WNUV-TV, WMYA-TV, WTTE-TV, WRGT-TV and WVAH-TV are governed by a master agreement which has a current term that expires on July 1, 2023 and there are two additional five-year renewal terms remaining with final expiration on July 1, 2033. We also executed purchase agreements to acquire the license related assets of these stations from Cunningham, which grant us the right to acquire, and grant Cunningham the right to require us to acquire, subject to applicable FCC rules and regulations, 100% of the capital stock or the assets of these individual subsidiaries of Cunningham. Pursuant to the terms of this agreement we are obligated to pay Cunningham an annual fee for the television stations equal to the greater of (i) 3% of each station's annual net broadcast revenue or (ii) $5 million. The aggregate purchase price of these television stations increases by 6% annually. A portion of the fee is required to be applied to the purchase price to the extent of the 6% increase. The cumulative prepayments made under these purchase agreements were $58 million and $54 million as of December 31, 2021 and 2020, respectively. The remaining aggregate purchase price of these stations, net of prepayments, was $54 million for both the years ended December 31, 2021 and 2020. Additionally, we provide services to WDBB-TV pursuant to an LMA, which expires April 22, 2025, and have a purchase option to acquire for $0.2 million. We paid Cunningham, under these agreements, $11 million for the year ended December 31, 2021 and $8 million for each of the years ended December 31, 2020 and 2019.

The agreements with KBVU-TV/KCVU-TV, KRNV-DT/KENV-DT, WBSF-TV, WEMT-TV, WGTU-TV/WGTQ-TV, WPFO-TV, and WYDO-TV expire between May 2023 and November 2029, and certain stations have renewal provisions for successive eight-year periods.

As we consolidate the licensees as VIEs, the amounts we earn or pay under the arrangements are eliminated in consolidation and the gross revenues of the stations are reported in our consolidated statements of operations. Our consolidated revenues include $144 million, $157 million, and $155 million for the years ended December 31, 2021, 2020, and 2019, respectively, related to the Cunningham Stations.

We have an agreement with Cunningham to provide master control equipment and provide master control services to a station in Johnstown, PA with which Cunningham has an LMA that expires in June 2022. Under the agreement, Cunningham paid us an initial fee of $1 million and pays us $0.2 million annually for master control services plus the cost to maintain and repair the equipment. In addition, we have an agreement with Cunningham to provide a news share service with the Johnstown, PA station for an annual fee of $0.5 million and increased by 3% on each anniversary and which expires in November 2024.

Atlantic Automotive Corporation

We sell advertising time to Atlantic Automotive Corporation (Atlantic Automotive), a holding company that owns automobile dealerships and an automobile leasing company. David D. Smith, our Executive Chairman, has a controlling interest in, and is a member of the Board of Directors of, Atlantic Automotive. We received payments for advertising totaling $0.1 million for the year ended December 31, 2021 and $0.2 million for each of the years ended December 31, 2020 and 2019.

Leased property by real estate ventures

Certain of our real estate ventures have entered into leases with entities owned by members of the Smith Family. Total rent received under these leases was $1 million for each of the years ended December 31, 2021, 2020, and 2019.

Equity method investees

YES Network. In August 2019, YES Network, an equity method investee, entered into a management services agreement with the Company, in which the Company provides certain services for an initial term that expires on August 29, 2025. The agreement will automatically renew for two 2-year renewal terms, with a final expiration on August 29, 2029. Pursuant to the terms of the agreement, the YES Network paid us a management services fee of $6 million, $5 million, and $2 million for the years ended December 31, 2021, 2020, and 2019, respectively.

We have a minority interest in certain mobile production businesses, which we account for as equity method investments. We made payments to these businesses for production services totaling $45 million, $19 million, and $12 million for the years ended December 31, 2021, 2020, and 2019, respectively.

We have a minority interest in a sports marketing company, which we account for as an equity method investment. We made payments to this business for marketing services totaling $17 million for the year ended December 31, 2021.

Programming rights

As of December 31, 2021, affiliates of six professional teams have non-controlling equity interests in certain of our RSNs. These agreements expire on various dates during the fiscal years ended 2025 through 2032. The Company paid $424 million, $168 million, net of rebates, and $73 million for the years ended December 31, 2021, 2020, and 2019, respectively, under sports programming rights agreements covering the broadcast of regular season games to professional teams who have non-controlling equity interests in certain of our RSNs.

Employees

Jason Smith, an employee of the Company, is the son of Frederick Smith, a Vice President of the Company and a member of the Company's Board of Directors. Jason Smith received total compensation of $0.2 million, consisting of salary and bonus, for each of the years ended December 31, 2021, 2020, and 2019, and was granted RSAs with respect to 2,239 and 355 shares, vesting over two years, for the years ended December 31, 2021 and 2020, respectively. Amberly Thompson, an employee of the Company, is the daughter of Donald Thompson, Executive Vice President and Chief Human Resources Officer of the Company. Amberly Thompson received total compensation of $0.2 million, consisting of salary and bonus, for each of the years ended December 31, 2021, 2020, and 2019. Edward Kim, an employee of the company, is the brother-in-law of Christopher Ripley, President and Chief Executive Officer of the Company. Edward Kim received total compensation of $0.2 million and $0.1 million, consisting of salary, for the years ended December 31, 2021 and 2020, respectively.

16. EARNINGS PER SHARE:

The following table reconciles income (numerator) and shares (denominator) used in our computations of earnings per share for the years ended December 31, 2021, 2020, and 2019 (in millions, except share amounts which are reflected in thousands):

	2021	2020	2019
Income (Numerator)			
Net (loss) income	**$ (326)**	$ (2,429)	$ 105
Net income attributable to the redeemable noncontrolling interests	**(18)**	(56)	(48)
Net (income) loss attributable to the noncontrolling interests	**(70)**	71	(10)
Numerator for basic and diluted earnings per common share available to common shareholders	**$ (414)**	$ (2,414)	$ 47
Shares (Denominator)			
Basic weighted-average common shares outstanding	**75,050**	79,924	92,015
Dilutive effect of stock settled appreciation rights and outstanding stock options	—	—	1,170
Diluted weighted-average common and common equivalent shares outstanding	**75,050**	79,924	93,185

The net earnings per share amounts are the same for Class A and Class B Common Stock because the holders of each class are legally entitled to equal per share distributions whether through dividends or in liquidation.

The following table shows the weighted-average stock-settled appreciation rights and outstanding stock options (in thousands) that are excluded from the calculation of diluted earnings per common share as the inclusion of such shares would be anti-dilutive.

	2021	2020	2019
Weighted-average stock-settled appreciation rights and outstanding stock options excluded	**1,973**	3,288	238

17. SEGMENT DATA:

We measure segment performance based on operating income (loss). We have two reportable segments: broadcast and local sports. Our broadcast segment, previously referred to as our local news and marketing services segment, provides free over-the-air programming to television viewing audiences and includes stations in 86 markets located throughout the continental United States. Our local sports segment, previously referred to as our sports segment, provides viewers with live professional sports content and includes our regional sports network brands, Marquee, and a minority equity interest in the YES Network. Other and corporate are not reportable segments but are included for reconciliation purposes. Other primarily consists of original networks and content, including Tennis, non-broadcast digital and internet solutions, technical services, and other non-media investments. Corporate costs primarily include our costs to operate as a public company and to operate our corporate headquarters location. All of our businesses are located within the United States.

Segment financial information is included in the following tables for the years ended December 31, 2021, 2020, and 2019 (in millions):

As of December 31, 2021	Broadcast	Local sports	Other & Corporate	Eliminations	Consolidated
Goodwill	**$ 2,016**	**$ —**	**$ 72**	**$ —**	**$ 2,088**
Assets	**4,793**	**5,769**	**2,009**	**(30)**	**12,541**
Capital expenditures	**52**	**16**	**12**	**—**	**80**

As of December 31, 2020	Broadcast	Local sports	Other & Corporate	Eliminations	Consolidated
Goodwill	$ 2,017	$ —	$ 75	$ —	$ 2,092
Assets	4,908	6,620	1,867	(13)	13,382
Capital expenditures	101	24	32	—	157

For the year ended December 31, 2021	Broadcast		Local sports		Other & Corporate	Eliminations		Consolidated
Revenue	$ 2,757		$ 3,056		$ 481	$ (160)	(c)	$ 6,134
Depreciation of property and equipment and amortization of definite-lived intangible assets and other assets	247		316		31	(3)		591
Amortization of sports programming rights (a)	—		2,350		—	—		2,350
Amortization of program contract costs	76		—		17	—		93
Corporate general and administrative expenses	147		10		13	—		170
Gain on asset dispositions and other, net of impairment	(24)	(b)	(43)	(b)	(4)	—		(71)
Operating income (loss)	374	(b)	(317)	(b)	39	(1)		95
Interest expense including amortization of debt discount and deferred financing costs	4		436		192	(14)		618
Income (loss) from equity method investments	—		49		(4)	—		45

For the year ended December 31, 2020	Broadcast		Local sports	Other & Corporate	Eliminations		Consolidated
Revenue	$ 2,922		$ 2,686	$ 451	$ (116)	(c)	$ 5,943
Depreciation of property and equipment and amortization of definite-lived intangible assets and other assets	239		410	27	(2)		674
Amortization of sports programming rights (a)	—		1,078	—	—		1,078
Amortization of program contract costs	83		—	3	—		86
Corporate general and administrative expenses	119		10	19	—		148
(Gain) loss on asset dispositions and other, net of impairment	(118)	(b)	—	3	—		(115)
Impairment of goodwill and definite-lived intangible assets	—		4,264	—	—		4,264
Operating income (loss)	789	(b)	(3,602)	47	(6)		(2,772)
Interest expense including amortization of debt discount and deferred financing costs	5		460	203	(12)		656
Income (loss) from equity method investments	—		6	(42)	—		(36)

For the year ended December 31, 2019	Broadcast		Local sports	Other & Corporate	Eliminations		Consolidated
Revenue	$ 2,690		$ 1,139	$ 470	$ (59)	(c)	$ 4,240
Depreciation of property and equipment and amortization of definite-lived intangible assets and other assets	246		157	22	(1)		424
Amortization of sports programming rights (a)	—		637	—	—		637
Amortization of program contract costs	90		—	—	—		90
Corporate general and administrative expenses	144		93	151	(1)		387
Gain on asset dispositions and other, net of impairment	(62)	(b)	—	(30)	—		(92)
Operating income (loss)	546	(b)	30	(98)	(8)		470
Interest expense including amortization of debt discount and deferred financing costs	5		200	230	(13)		422
Income (loss) from equity method investments	—		18	(53)	—		(35)

(a) The amortization of sports programming rights is included within media programming and production expenses on our consolidated statements of operations.

(b) Includes gains of $67 million for the year ended December 31, 2021 related to the fair value of equipment that we received for the C-Band spectrum repack and reimbursements for spectrum repack costs, and gains of $90 million and $62 million for the years ended December 31, 2020 and 2019, respectively, related to reimbursements for spectrum repack costs. See *Note 2. Acquisitions and Dispositions of Assets.*

(c) Includes $111 million, $100 million, and $35 million of revenue for the years ended December 31, 2021, 2020, and 2019, respectively, for services provided by broadcast to local sports and other, which are eliminated in consolidation.

18. FAIR VALUE MEASUREMENTS:

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

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

The following table sets forth the carrying value and fair value of our financial assets and liabilities as of December 31, 2021 and 2020 (in millions):

	2021		2020	
	Carrying Value	**Fair Value**	**Carrying Value**	**Fair Value**
Level 1:				
Investments in equity securities	**$ 5**	**$ 5**	$ 68	$ 68
STG:				
Money market funds	**265**	**265**	448	448
Deferred compensation assets	**48**	**48**	42	42
Deferred compensation liabilities	**38**	**38**	36	36
DSG:				
Money market funds	**101**	**101**	292	292
Level 2:				
Investments in equity securities (a)	**114**	**114**	—	—
STG (b):				
5.875% Senior Unsecured Notes due 2026	**348**	**357**	348	358
5.500% Senior Unsecured Notes due 2030	**500**	**489**	500	520
5.125% Senior Unsecured Notes due 2027	**400**	**391**	400	408
4.125% Senior Secured Notes due 2030	**750**	**712**	750	770
Term Loan B	**379**	**373**	1,119	1,107
Term Loan B-2	**1,271**	**1,239**	1,284	1,264
Term Loan B-3 (c)	**736**	**722**	—	—
DSG (b):				
12.750% Senior Secured Notes due 2026	**31**	**17**	31	28
6.625% Senior Unsecured Notes due 2027	**1,744**	**490**	1,744	1,056
5.375% Senior Secured Notes due 2026	**3,050**	**1,525**	3,050	2,483
Term Loan	**3,226**	**1,484**	3,259	2,884
Accounts Receivable Securitization Facility	—	—	177	177
Debt of variable interest entities (b)	**9**	**9**	17	17
Debt of non-media subsidiaries (b)	**17**	**17**	17	17
Level 3:				
Investments in equity securities (d)	**282**	**282**	332	332

(a) Consists of unrestricted warrants to acquire marketable common equity securities. The fair value of the warrants are derived from the quoted trading prices of the underlying common equity securities less the exercise price.

(b) Amounts are carried in our consolidated balance sheets net of debt discount, premium, and deferred financing costs, which are excluded in the above table, of $158 million and $183 million as of December 31, 2021 and 2020, respectively.

(c) On April 1, 2021, STG amended the STG Bank Credit Agreement to raise term loans in an aggregate principle amount of $740 million, the net proceeds of which were used to refinance a portion of the STG Term Loan B-1 maturing in January 2024. *Note 7. Notes Payable and Commercial Bank Financing* for additional information.

(d) On November 18, 2020, we entered into a commercial agreement with Bally's and received warrants and options to acquire common equity in the business. During the years ended December 31, 2021 and 2020 we recorded a fair value adjustment loss of $50 million and gain of $133 million, respectively, related to these interests. The fair value of the warrants is primarily derived from the quoted trading prices of the underlying common equity adjusted for a 16% and 25% discount for lack of marketability (DLOM) as of December 31, 2021 and 2020, respectively. The fair value of the options is derived utilizing the Black Scholes valuation model. The most significant inputs include the trading price of the underlying common stock, the exercise price of the options, which range from $30 to $45 per share, and a DLOM of 16% and 25% as of December 31, 2021 and 2020, respectively. There are certain restrictions surrounding the sale and ownership of common stock through the second anniversary of the agreement. The Company is also precluded from owning more than 4.9% of the outstanding common shares of Bally's, inclusive of shares obtained through the exercise of the warrants and options described above. See *Note 6. Other Assets* for further discussion.

The following table summarizes the changes in financial assets measured at fair value on a recurring basis and categorized as Level 3 under the fair value hierarchy (in millions):

	Options and Warrants
Fair value at December 31, 2019	$ —
Acquisition	199
Measurement adjustments	133
Fair value at December 31, 2020	$ 332
Measurement adjustments	**(50)**
Fair value at December 31, 2021	**$ 282**

19. CONDENSED CONSOLIDATING FINANCIAL STATEMENTS:

Sinclair Television Group, Inc. (STG), a wholly-owned subsidiary and the television operating subsidiary of Sinclair Broadcast Group, Inc. (SBG), is the primary obligor under STG's Bank Credit Agreement, 5.875% unsecured notes, 5.125% unsecured notes, 5.500% unsecured notes, and 4.125% secured notes. Our Class A Common Stock and Class B Common Stock as of December 31, 2021, were obligations or securities of SBG and not obligations or securities of STG. SBG is a guarantor under STG's Bank Credit Agreement, 5.875% unsecured notes, 5.125% unsecured notes, 5.500% unsecured notes, and 4.125% secured notes. As of December 31, 2021, our consolidated total debt of $12,340 million included $4,385 million of debt related to STG and its subsidiaries of which SBG guaranteed $4,347 million.

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

The following condensed consolidating financial statements present the consolidated balance sheets, consolidated statements of operations and comprehensive income, and consolidated statements of cash flows of SBG, STG, KDSM, LLC and the guarantor subsidiaries, the direct and indirect non-guarantor subsidiaries of SBG and the eliminations necessary to arrive at our information on a consolidated basis and are provided pursuant to the terms of certain of our debt agreements. Investments in the subsidiaries of SBG, STG, KDSM, LLC and the guarantor subsidiaries, the direct and indirect non-guarantor subsidiaries of SBG are presented in each column under the equity method of accounting. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted. As such, these condensed consolidating financial statements should be read in conjunction with the accompanying notes to consolidated financial statements.

CONDENSED CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2021 (In millions)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Cash and cash equivalents	$ 2	$ 316	$ 2	$ 496	$ —	$ 816
Accounts receivable, net	—	—	649	596	—	1,245
Other current assets	10	82	293	136	(111)	410
Total current assets	12	398	944	1,228	(111)	2,471
Property and equipment, net	1	31	664	161	(24)	833
Investment in equity of consolidated subsidiaries	451	3,448	—	—	(3,899)	—
Restricted cash	—	—	—	3	—	3
Goodwill	—	—	2,081	7	—	2,088
Indefinite-lived intangible assets	—	—	136	14	—	150
Definite-lived intangible assets, net	—	—	1,105	4,019	(36)	5,088
Other long-term assets	331	1,956	427	1,853	(2,659)	1,908
Total assets	$ 795	$ 5,833	$ 5,357	$ 7,285	$ (6,729)	$ 12,541
Accounts payable and accrued liabilities	$ 31	$ 85	$ 295	$ 279	$ (35)	$ 655
Current portion of long-term debt	—	20	5	45	(1)	69
Other current liabilities	2	6	155	392	(77)	478
Total current liabilities	33	111	455	716	(113)	1,202
Long-term debt	915	4,317	33	8,488	(1,482)	12,271
Investment in deficit of consolidated subsidiaries	1,605	—	—	—	(1,605)	—
Other long-term liabilities	12	69	1,426	468	(1,398)	577
Total liabilities	2,565	4,497	1,914	9,672	(4,598)	14,050
Redeemable noncontrolling interests	—	—	—	197	—	197
Total Sinclair Broadcast Group (deficit) equity	(1,770)	1,336	3,443	(2,644)	(2,135)	(1,770)
Noncontrolling interests in consolidated subsidiaries	—	—	—	60	4	64
Total liabilities, redeemable noncontrolling interests, and equity	$ 795	$ 5,833	$ 5,357	$ 7,285	$ (6,729)	$ 12,541

CONDENSED CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2020
(In millions)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Cash and cash equivalents	$ —	$ 458	$ —	$ 801	$ —	1,259
Accounts receivable, net	—	—	558	502	—	1,060
Other current assets	7	46	372	560	(87)	898
Total current assets	7	504	930	1,863	(87)	3,217
Property and equipment, net	1	33	706	109	(26)	823
Investment in equity of consolidated subsidiaries	430	3,549	—	—	(3,979)	—
Restricted cash	—	—	—	3	—	3
Goodwill	—	—	2,082	10	—	2,092
Indefinite-lived intangible assets	—	—	156	15	—	171
Definite-lived intangible assets	—	—	1,256	4,409	(41)	5,624
Other long-term assets	139	1,718	280	1,569	(2,254)	1,452
Total assets	$ 577	$ 5,804	$ 5,410	$ 7,978	$ (6,387)	$ 13,382
Accounts payable and accrued liabilities	$ 19	$ 70	$ 247	$ 284	$ (87)	$ 533
Current portion of long-term debt	—	13	5	41	(1)	58
Other current liabilities	1	2	134	306	—	443
Total current liabilities	20	85	386	631	(88)	1,034
Long-term debt	700	4,337	33	8,460	(1,037)	12,493
Investment in deficit of consolidated subsidiaries	1,118	—	—	—	(1,118)	—
Other liabilities	12	121	1,445	710	(1,438)	850
Total liabilities	1,850	4,543	1,864	9,801	(3,681)	14,377
Redeemable noncontrolling interests	—	—	—	190	—	190
Total Sinclair Broadcast Group (deficit) equity	(1,273)	1,261	3,546	(2,098)	(2,710)	(1,274)
Noncontrolling interests in consolidated subsidiaries	—	—	—	85	4	89
Total liabilities, redeemable noncontrolling interests, and equity	$ 577	$ 5,804	$ 5,410	$ 7,978	$ (6,387)	$ 13,382

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2021
(In millions)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Net revenue	$ —	$ 111	$ 2,979	$ 3,251	$ (207)	$ 6,134
Media programming and production expenses	—	4	1,425	2,916	(54)	4,291
Selling, general and administrative	12	160	715	336	(145)	1,078
Depreciation, amortization and other operating expenses	1	8	327	341	(7)	670
Total operating expenses	13	172	2,467	3,593	(206)	6,039
Operating (loss) income	(13)	(61)	512	(342)	(1)	95
Equity in (loss) earnings of consolidated subsidiaries	(350)	435	—	—	(85)	—
Interest expense	(13)	(180)	(3)	(450)	28	(618)
Other (expense) income	(63)	16	(24)	111	(16)	24
Total other (expense) income, net	(426)	271	(27)	(339)	(73)	(594)
Income tax benefit (provision)	25	35	(44)	157	—	173
Net (loss) income	(414)	245	441	(524)	(74)	(326)
Net income attributable to the redeemable noncontrolling interests	—	—	—	(18)	—	(18)
Net income attributable to the noncontrolling interests	—	—	—	(70)	—	(70)
Net (loss) income attributable to Sinclair Broadcast Group	$ (414)	$ 245	$ 441	$ (612)	$ (74)	$ (414)
Comprehensive (loss) income	$ (414)	$ 246	$ 441	$ (517)	$ (74)	$ (318)

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020 (In millions)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Net revenue	$ —	$ 100	$ 3,081	$ 2,946	$ (184)	$ 5,943
Media programming and production expenses	—	3	1,284	1,519	(71)	2,735
Selling, general and administrative	18	122	658	279	(97)	980
Impairment of goodwill and definite-lived intangible assets	—	—	—	4,264	—	4,264
Depreciation, amortization and other operating expenses	2	8	211	525	(10)	736
Total operating expenses	20	133	2,153	6,587	(178)	8,715
Operating (loss) income	(20)	(33)	928	(3,641)	(6)	(2,772)
Equity in (loss) earnings of consolidated subsidiaries	(2,409)	877	—	—	1,532	—
Interest expense	(13)	(191)	(3)	(474)	25	(656)
Other income (expense)	27	4	(41)	303	(14)	279
Total other (expense) income, net	(2,395)	690	(44)	(171)	1,543	(377)
Income tax benefit	1	51	3	665	—	720
Net (loss) income	(2,414)	708	887	(3,147)	1,537	(2,429)
Net income attributable to the redeemable noncontrolling interests	—	—	—	(56)	—	(56)
Net loss attributable to the noncontrolling interests	—	—	—	71	—	71
Net (loss) income attributable to Sinclair Broadcast Group	$ (2,414)	$ 708	$ 887	$ (3,132)	$ 1,537	$ (2,414)
Comprehensive (loss) income	$ (2,414)	$ 707	$ 887	$ (3,154)	$ 1,537	$ (2,437)

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019
(In millions)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Net revenue	$ —	$ 35	$ 2,841	$ 1,487	$ (123)	$ 4,240
Media programming and production expenses	—	—	1,238	894	(59)	2,073
Selling, general and administrative	147	147	663	202	(40)	1,119
Depreciation, amortization and other operating expenses	—	(20)	278	334	(14)	578
Total operating expenses	147	127	2,179	1,430	(113)	3,770
Operating (loss) income	(147)	(92)	662	57	(10)	470
Equity in earnings of consolidated subsidiaries	165	577	—	—	(742)	—
Interest expense	(5)	(216)	(4)	(216)	19	(422)
Other income (expense)	2	(7)	(53)	24	(5)	(39)
Total other income (expense), net	162	354	(57)	(192)	(728)	(461)
Income tax benefit (provision)	32	66	(21)	19	—	96
Net income (loss)	47	328	584	(116)	(738)	105
Net income attributable to redeemable noncontrolling interests	—	—	—	(48)	—	(48)
Net income attributable to the noncontrolling interests	—	—	—	(10)	—	(10)
Net income (loss) attributable to Sinclair Broadcast Group	$ 47	$ 328	$ 584	$ (174)	$ (738)	$ 47
Comprehensive income (loss)	$ 47	$ 327	$ 584	$ (116)	$ (738)	$ 104

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021 (In millions)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
NET CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	$ (5)	$ (216)	$ 583	$ (46)	$ 11	$ 327
CASH FLOWS USED IN INVESTING ACTIVITIES:						
Acquisition of property and equipment	—	(2)	(64)	(18)	4	(80)
Acquisition of businesses, net of cash acquired	—	—	(4)	—	—	(4)
Proceeds from the sale of assets	—	—	34	9	—	43
Purchases of investments	(9)	(9)	(46)	(192)	—	(256)
Spectrum repack reimbursements	—	—	24	—	—	24
Other, net	(183)	—	(1)	28	183	27
Net cash flows used in investing activities	(192)	(11)	(57)	(173)	187	(246)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:						
Proceeds from notes payable and commercial bank financing	—	341	—	46	(30)	357
Repayments of notes payable, commercial bank financing and finance leases	—	(362)	(6)	(51)	(182)	(601)
Dividends paid on Class A and Class B Common Stock	(60)	—	—	—	—	(60)
Repurchase of outstanding Class A Common Stock	(61)	—	—	—	—	(61)
Dividends paid on redeemable subsidiary preferred equity	—	—	—	(5)	—	(5)
Distributions to noncontrolling interests	—	—	—	(95)	—	(95)
Distributions to redeemable noncontrolling interests	—	—	—	(6)	—	(6)
Increase (decrease) in intercompany payables	333	106	(518)	65	14	—
Other, net	(13)	—	—	(40)	—	(53)
Net cash flows from (used in) financing activities	199	85	(524)	(86)	(198)	(524)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	2	(142)	2	(305)	—	(443)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of period	—	458	—	804	—	1,262
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of period	$ 2	$ 316	$ 2	$ 499	$ —	$ 819

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2020 (In million)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
NET CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	$ (119)	$ (75)	$ 864	$ 875	$ 3	$ 1,548
CASH FLOWS USED IN INVESTING ACTIVITIES:						
Acquisition of property and equipment	—	(8)	(130)	(26)	7	(157)
Acquisition of businesses, net of cash acquired	—	—	(16)	—	—	(16)
Proceeds from the sale of assets	—	—	36	—	—	36
Purchases of investments	(43)	(8)	(43)	(45)	—	(139)
Spectrum repack reimbursements	—	—	90	—	—	90
Other, net	1	—	(2)	28	—	27
Net cash flows used in investing activities	(42)	(16)	(65)	(43)	7	(159)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:						
Proceeds from notes payable and commercial bank financing	—	1,398	—	421	—	1,819
Repayments of notes payable, commercial bank financing and finance leases	—	(1,434)	(4)	(301)	—	(1,739)
Dividends paid on Class A and Class B Common Stock	(63)	—	—	—	—	(63)
Repurchases of outstanding Class A Common Stock	(343)	—	—	—	—	(343)
Dividends paid on redeemable subsidiary preferred equity	—	—	—	(36)	—	(36)
Redemption of redeemable subsidiary preferred equity	—	—	—	(547)	—	(547)
Debt issuance costs	—	(11)	—	(8)	—	(19)
Distributions to noncontrolling interests	—	—	—	(32)	—	(32)
Distributions to redeemable noncontrolling interests	—	—	—	(383)	—	(383)
Increase (decrease) in intercompany payables	565	239	(798)	4	(10)	—
Other, net	2	—	—	(119)	—	(117)
Net cash flows from (used in) financing activities	161	192	(802)	(1,001)	(10)	(1,460)
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	—	101	(3)	(169)	—	(71)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of period	—	357	3	973	—	1,333
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of period	$ —	$ 458	$ —	$ 804	$ —	$ 1,262

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019 (In millions)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
NET CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	$ (5)	$ (210)	$ 734	$ 396	$ 1	$ 916
CASH FLOWS USED IN INVESTING ACTIVITIES:						
Acquisition of property and equipment	—	(4)	(152)	(11)	11	(156)
Acquisition of businesses, net of cash acquired	—	—	—	(8,999)	—	(8,999)
Spectrum repack reimbursements	—	—	62	—	—	62
Proceeds from the sale of assets	—	—	—	8	—	8
Purchases of investments	(6)	(39)	(54)	(353)	—	(452)
Other, net	—	3	(1)	5	—	7
Net cash flows used in investing activities	(6)	(40)	(145)	(9,350)	11	(9,530)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:						
Proceeds from notes payable and commercial bank financing	—	1,793	—	8,163	—	9,956
Repayments of notes payable, commercial bank financing and finance leases	—	(1,213)	(4)	(19)	—	(1,236)
Proceeds from the issuance of redeemable subsidiary preferred equity, net	—	—	—	985	—	985
Dividends paid on Class A and Class B Common Stock	(73)	—	—	—	—	(73)
Dividends paid on redeemable subsidiary preferred equity	—	—	—	(33)	—	(33)
Repurchase of outstanding Class A Common Stock	(145)	—	—	—	—	(145)
Redemption of redeemable subsidiary preferred equity	—	—	—	(297)	—	(297)
Debt issuance costs	—	(25)	—	(174)	—	(199)
Distributions to noncontrolling interests	—	—	—	(27)	—	(27)
Distributions to redeemable noncontrolling interests	—	—	—	(5)	—	(5)
Increase (decrease) in intercompany payables	227	(905)	(601)	1,291	(12)	—
Other, net	2	(5)	—	(36)	—	(39)
Net cash flows from (used in) financing activities	11	(355)	(605)	9,848	(12)	8,887
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	—	(605)	(16)	894	—	273
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of period	—	962	19	79	—	1,060
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of period	$ —	$ 357	$ 3	$ 973	$ —	$ 1,333

20. SUBSEQUENT EVENTS:

On March 1, 2022, DSG consummated the following financing transactions (the “Transaction”):

- DSG First Lien Term Loan: $635 million of a newly funded first-priority lien term loan (the DSG First Lien Term Loan) pursuant to a new first-priority lien credit agreement (the DSG First Lien Credit Agreement), ranking first in lien priority on shared collateral ahead of (i) new second lien credit facilities issued in exchange for existing loans and/or commitments under the existing DSG Bank Credit Agreement, each of which will rank second in lien priority on shared collateral, (ii) 5.375% Second Lien Secured Notes due 2026 (the DSG 5.375% Second Lien Secured Notes) issued in exchange for the DSG 5.375% Secured Notes in an exchange offer, each of which will rank second in lien priority on shared collateral and (iii) loans and/or commitments under the DSG Bank Credit Agreement and DSG 5.375% Secured Notes that do not participate in or consent to the Transaction, each of which will rank third in lien priority on shared collateral.

- DSG First and Second Lien Credit Facilities and DSG 5.375% Second Lien Secured Notes: All lenders under the DSG Bank Credit Agreement that participates in the applicable Transaction and all holders of DSG 5.375% Secured Notes that participate in an exchange offer exchanged their applicable existing debt holdings for:

  - In the case of existing term loans under the DSG Bank Credit Agreement, new second-priority lien term loans (the DSG Second Lien Term Loan), with the same or substantially the same maturity, pricing and other economic terms as the existing term loans under the DSG Bank Credit Agreement, but with more restrictive covenants and other terms substantially consistent with the DSG First Lien Term Loan, at an exchange rate of $100 of DSG Second Lien Term Loans for each $100 of existing term loans under the DSG Bank Credit Agreement.

  - In the case of the existing DSG Revolving Credit Facility, a new second-priority lien revolving credit facility (the DSG Second Lien Revolving Credit Facility, together with the DSG Second Lien Term Loan, the DSG Second Lien Credit Facilities, and together with the DSG First Lien Term Loan, the DSG First and Second Lien Credit Facilities) with more restrictive covenants and other terms as compared with the existing DSG Revolving Credit Facility, which terms are substantially consistent with the DSG Second Lien Term Loan other than an extended term to May 2026, and were exchanged into the DSG Second Lien Revolving Credit Facility for a principal amount equal to 35.0% of such lender’s total revolving commitments existing under the existing DSG Revolving Credit Facility. The DSG Second Lien Credit Facilities were issued pursuant to a new second-priority lien credit agreement (the “DSG Second Lien Credit Agreement,” and together with the DSG First Lien Credit Agreement, the “DSG First and Second Lien Credit Agreements”). The DSG First and Second Lien Credit Agreements and the existing DSG Bank Credit Agreement are collectively referred to as the DSG Credit Agreements.

  - In the case of the DSG 5.375% Secured Notes, the DSG 5.375% Second Lien Secured Notes.

- Non-Participating Lenders under the DSG Bank Credit Agreement and DSG 5.375% Secured Notes: All loans under the DSG Bank Credit Agreement that did not participate in the Transaction (the "DSG Third Lien Term Loan") and all DSG 5.375% Secured Notes that did not participate in an exchange offer rank third in lien priority on shared collateral behind each of the DSG First and Second Lien Credit Facilities and the DSG 5.375% Second Lien Secured Notes, and certain of the covenants, events of default and related definitions in the DSG Bank Credit Agreement and the indenture governing the DSG 5.375% Secured Notes were eliminated in a manner customary for covenant strips as part of exit consents for transactions of this type.

- Redemption of DSG 12.750% Secured Notes. DSG redeemed the 12.750% Secured Notes and satisfied and discharged the indenture governing the DSG 12.750% Secured Notes. The redemption price was equal to the sum of 100% of the principal amount of the DSG 12.750% Notes outstanding plus the Applicable Premium (as defined in the indenture governing the DSG 12.750% Secured Notes), together with accrued and unpaid interest on the principal amount being redeemed up to, but not including, March 2, 2022.

Immediately following the Transactions, DSG had $3,036 million of DSG 5.375% Second Lien Notes outstanding, $14 million of DSG 5.375% Secured Notes outstanding, $635 million outstanding under the DSG First Lien Term Loan, $3,449 million outstanding under the DSG Second Lien Term Loan, and $4 million outstanding under the DSG Third Lien Term Loan. In addition, we had $227.5 million of availability under the DSG Second Lien Revolving Credit Facility.

Borrowings under the DSG First and Second Lien Credit Facilities bear interest, at a rate per annum equal to an applicable margin of 7.00% in the case of base rate DSG First Lien Term Loan borrowings or 8.00%, plus customary credit spread adjustments in the case of Term SOFR rate DSG First Lien Term Loan borrowings; at a rate per annum equal to an applicable margin of 2.25% in the case of base rate DSG Second Lien Term Loan borrowings or 3.25% plus customary credit spread adjustments in the case of Term SOFR rate DSG Second Lien Term Loan borrowings; and 2.00% in the case of base rate DSG Second Lien Revolving Credit Facility borrowings or 3.00% plus customary credit spread adjustments in the case of Term SOFR rate DSG Second Lien Revolving Credit Facility borrowings, and, in the case of the DSG Second Lien Revolving Credit Facility, subject to decrease if the specified second lien net leverage ratio is less than or equal to certain levels, in each such case over either, at our option, (a) a base rate determined by reference to the highest of (1) the "Prime Rate" last quoted by The Wall Street Journal as the "Prime Rate" in the U.S. or, if The Wall Street Journal ceases to quote such rate, the highest per annum interest rate published by the Federal Reserve Board in Federal Reserve Statistical Release H.15 (519) (Selected Interest Rates) as the "bank prime loan" rate or, if such rate is no longer quoted therein, any similar rate quoted therein (as determined by the Administrative Agent) or any similar release by the Federal Reserve Board (as determined by the Administrative Agent), (2) the federal funds effective rate plus ½ of 1% and (3) the Term SOFR (or successor) rate for a one month interest period (including the applicable credit spread adjustment) plus 1.00% or (b) the Term SOFR rate determined by reference to the interest period relevant to such borrowing, subject to a 0% interest rate floor.

The DSG First and Second Lien Credit Agreements contain customary mandatory prepayment requirements, including with respect to excess cash flow, asset sale proceeds and proceeds from certain incurrences of indebtedness. DSG may voluntarily repay outstanding loans under the DSG First Lien Term Loan at a prepayment price equal to 100% of the principal amount of the DSG First Lien Term Loan being prepaid plus accrued and unpaid interest, if any, to the prepayment date plus (i) prior to the third anniversary of the closing date of DSG First Lien Term Loan, a make-whole premium (to be defined based on the net present value, calculated on the basis of a treasury rate + 50 basis points, of the interest payments that would have otherwise been paid up to such third anniversary date) plus a prepayment charge equal to 7.0% of the principal amount so prepaid, (ii) 7.0% of the amount so prepaid, if such prepayment occurs on or after the third anniversary of the closing date of the DSG First Lien Term Loan but prior to the date that is one year prior to the maturity date of the DSG First Lien Term Loan, and (iii) 0.0%, if such prepayment occurs on or after the date that is one year prior to the maturity date of the DSG First Lien Term Loan, and in each case subject to customary breakage costs with respect to Term SOFR rate loans. DSG may voluntarily repay outstanding loans under the DSG Second Lien Credit Facilities at any time without premium or penalty, other than customary breakage costs with respect to Term SOFR (or successor) loans.

The DSG First Lien Term Loan and the DSG Second Lien Term Loan both amortize in equal quarterly installments in an aggregate annual amount equal to 1.00% of the original principal amount of such term loans (commencing with the first full fiscal quarter after the closing date thereof), with the balance being payable on the respective maturity date of such term loans.

All obligations under the DSG First Lien Term Loan are secured, subject to permitted liens and other customary exceptions, by: (i) a perfected first priority pledge of (a) all the equity interests of DSG and each wholly owned restricted subsidiary of Holdings that is directly held by Holdings, DSG or a subsidiary guarantor, (b) subject to certain exceptions, the equity held by such entities in non-wholly owned restricted subsidiaries and (c) in certain limited circumstances, the equity held by such entities in non-subsidiary joint ventures and (ii) perfected first priority security interests in substantially all tangible and intangible personal property of Holdings and the subsidiary guarantors.

All obligations under the DSG Second Lien Credit Facilities (including with respect to certain cash management services provided by lenders or agents thereunder or affiliates thereof) are secured, subject to permitted liens and other customary exceptions, by: (i) a perfected second priority pledge of (a) all the equity interests of DSG and each wholly owned restricted subsidiary of Holdings that is directly held by Holdings, DSG or a subsidiary guarantor, (b) subject to certain exceptions, the equity held by such entities in non-wholly owned restricted subsidiaries and (c) in certain limited circumstances, the equity held by such entities in non-subsidiary joint ventures and (ii) perfected second priority security interests in substantially all tangible and intangible personal property of Holdings and the subsidiary guarantors.

The DSG First and Second Lien Credit Facilities are jointly and severally guaranteed by the guarantors party thereto, which currently includes Holdings and each of its wholly owned direct or indirect domestic subsidiaries. The DSG First and Second Lien Credit Facilities contain affirmative covenants including, among others: delivery of annual audited and quarterly unaudited financial statements; delivery of notices of defaults, material litigation and material ERISA events; submission to certain inspections; maintenance of property and customary insurance; payment of taxes; compliance with laws and regulations; a requirement that the DTC application and intellectual property developed as part of or derived from the DTC application shall be developed at and at all times be and remain owned by Holdings, DSG or guarantors and a requirement to maintain an independent board of DSG (including the selection solely by the required lenders under the DSG First Lien Term Loan of two of the independent board members). The DSG First and Second Lien Credit Facilities also contain negative covenants that, subject to certain exceptions, qualifications and "baskets," generally limit the ability of (i) Holdings, DSG and its restricted subsidiaries to incur debt, create liens, make fundamental changes, enter into asset sales, make certain investments, pay dividends or distribute or redeem certain equity interests, prepay or redeem certain debt, enter into certain transactions with affiliates, amend the Management Agreement with Sinclair Television Group, Inc., transfer certain assets to or engage in certain types of transactions with unrestricted subsidiaries or other non-guarantor subsidiaries, transfer content rights, the DTC application and related intellectual property other than to Holdings, DSG and the guarantors, and forming and transferring assets to joint ventures and (ii) unrestricted subsidiaries to own or hold assets or engage in certain types of transactions as well as customary events of default, including relating to a change of control. The DSG First and Second Lien Credit Facilities also contain customary events of default, including relating to a change of control. If an event of default occurs, the lenders under the DSG First and Second Lien Credit Agreements will be entitled to take various actions, including the acceleration of amounts due under the DSG First and Second Lien Credit Agreements and all actions permitted to be taken by secured creditors under applicable law.

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

	For the Quarter Ended			
	3/31/2021	**6/30/2021**	**9/30/2021**	**12/31/21**
Total revenues	**$ 1,511**	**$ 1,612**	**$ 1,535**	**$ 1,476**
Operating income (loss)	**$ 35**	**$ (178)**	**$ 73**	**$ 165**
Net income (loss)	**$ 26**	**$ (328)**	**$ 17**	**$ (41)**
Net (loss) income attributable to Sinclair Broadcast Group	**$ (12)**	**$ (332)**	**$ 19**	**$ (89)**
Basic (loss) earnings per common share	**$ (0.16)**	**$ (4.41)**	**$ 0.25**	**$ (1.18)**
Diluted (loss) earnings per common share	**$ (0.16)**	**$ (4.41)**	**$ 0.25**	**$ (1.18)**

	For the Quarter Ended			
	3/31/2020	6/30/2020	9/30/2020	12/31/20
Total revenues	$ 1,609	$ 1,283	$ 1,539	$ 1,512
Operating income (loss)	$ 327	$ 492	$ (4,216)	$ 625
Net income (loss)	$ 151	$ 273	$ (3,367)	$ 514
Net income (loss) attributable to Sinclair Broadcast Group	$ 123	$ 252	$ (3,256)	$ 467
Basic earnings (loss) per common share	$ 1.36	$ 3.13	$ (43.53)	$ 6.32
Diluted earnings (loss) per common share	$ 1.35	$ 3.12	$ (43.53)	$ 6.27

Report of Independent Registered Public Accounting Firm

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

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Sinclair Broadcast Group, Inc. and its subsidiaries (the "Company") as of December 31, 2021 and 2020, and the related consolidated statements of operations, comprehensive income, equity and redeemable noncontrolling interests and of cash flows for each of the three years in the period ended December 31, 2021, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Report of Management on Internal Control over Financial Reporting appearing under *Controls and Procedures*. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated

financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Bally's equity securities

As described in Notes 6 and 18 to the consolidated financial statements, as of December 31, 2021, the Company has investments in Bally’s equity securities in the form of options and warrants with a fair value of $282 million, which are categorized as level 3 investments under the fair value hierarchy. As disclosed by management, the fair value of the options is derived by management utilizing the Black Scholes valuation model. Using this model, management uses inputs related to the trading price of the underlying common stock and the exercise price of the options and applies a discount for lack of marketability. The fair value of the warrants is primarily derived from the trading price of the underlying common stock, the exercise price of the warrants and a discount for lack of marketability. The fair value of the equity securities are derived using significant inputs related to quoted trading prices of the underlying common equity and a discount for lack of marketability, which requires management to exercise judgment.

The principal considerations for our determination that performing procedures relating to the valuation of the Bally’s equity securities is a critical audit matter are (i) the significant judgment by management to determine the fair value of these securities, which included developing the significant assumption for discount for lack of marketability used in valuing these securities; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate management’s significant assumption related to the discount for lack of marketability; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the valuation of the Bally’s equity securities, including controls over the significant assumption. These procedures also included, among others, reading the commercial agreements and testing management’s process for determining the fair value of the Bally’s equity securities. Testing management’s process included (i) evaluating the appropriateness of the valuation methods, (ii) testing the completeness and accuracy of underlying data and inputs used in the methods, and (iii) evaluating the reasonableness of management’s significant assumption related to the discount for lack of marketability. Professionals with specialized skill and knowledge were used to assist in evaluating whether the significant assumption related to the discount for lack of marketability used by management was reasonable considering consistency with external market data.

PricewaterhouseCoopers LLP

Baltimore, Maryland
March 1, 2022

We have served as the Company’s auditor since 2009

Corporate

Delbert R. Parks III
President of Technology

Brian S. Bark
Executive Vice President,
Chief Information Officer

Donald H. Thompson
Executive Vice President,
Chief Human Resources Officer

David R. Bochenek
Senior Vice President,
Chief Accounting Officer

Justin L. Bray
Senior Vice President,
Treasurer

Scott H. Shapiro
Chief Development Officer,
Chief Operating Officer / Chief Financial
Officer - Bally Sports

Jeffrey E. Lewis
Vice President,
Chief Compliance Officer

Divisions

Mark A. Aitken
President, ONE Media, 3.0 LLC

W. Gary Dorsch
President, Keyser Capital LLC

Steven S. Rosenberg
President, Bally Sports

Kenneth A. Solomon
President, Tennis Channel Inc.

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

Board of Directors

David D. Smith
Chairman of the Board,
Executive Chairman
Sinclair Broadcast Group, Inc.

Frederick G. Smith
Vice President
Sinclair Broadcast Group, Inc.

J. Duncan Smith
Secretary,
Vice President
Sinclair Broadcast Group, Inc.

Robert E. Smith
Founder
Stages Music Arts

Laurie R. Beyer
Executive Vice President, Chief Financial Officer
GBMC Healthcare, Inc.

Howard E. Friedman
Founding Partner
Lanx Management LLC

Daniel C. Keith
President and Founder
Cavanaugh Group, Inc.

Martin R. Leader
Retired Partner
ShawPittman

Benson E. Legg
Retired Chief Judge
United States District Court for the District of Maryland

Lawrence E. McCanna
Retired Managing Director
Gross, Mendelsohn & Associates, P.A.

Corporate Officers

David D. Smith
Executive Chairman

Christopher S. Ripley
President & Chief Executive Officer

Robert D. Weisbord
Chief Operating Officer and President, Broadcast

Lucy A. Rutishauser
Executive Vice President, Chief Financial Officer

David B. Gibber
Senior Vice President, General Counsel

Common Stock

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

Independent Registered Public Accounting Firm

PricewaterhouseCoopers, LLP
100 East Pratt Street, Suite 2600
Baltimore, MD 21202-1096

Annual Meeting

The Annual Meeting of stockholders will be held at Sinclair Broadcast Group's corporate offices,
10706 Beaver Dam Road
Hunt Valley, MD 21030
Thursday, June 9, 2022 at 10:00am.

Transfer Agent & Registrar

Questions regarding stock certificates, change of address, or other stock transfer account matters may be directed to:
American Stock Transfer & Trust Company, LLC
Operations Center
6201 15th Ave.
Brooklyn, NY 11219
Toll Free: 1-800-937-5449
Email: help@astfinancial.com
Website: www.astfinancial.com

Form 10-K Annual Report

A copy of the Company's 2021 Form 10-K, as filed with the Securities and Exchange Commission, is available, at no charge, on the Company's website www.sbgi.net or upon written request to:
Investor Relations
Sinclair Broadcast Group, Inc.
10706 Beaver Dam Road
Hunt Valley, MD 21030
410-568-1500