UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2024

OR

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

For the transition period from to .

Commission File Number: 000-50478

NEXSTAR MEDIA GROUP, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	**23-3083125**
(State of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
545 E. John Carpenter Freeway, Suite 700, Irving, Texas	**75062**
(Address of Principal Executive Offices)	**(Zip Code)**

(972) 373-8800
(Registrant's Telephone Number, Including Area Code)

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

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock	NXST	NASDAQ Global Select Market

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

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

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

As of August 7, 2024, the registrant had 32,258,162 shares of Common Stock outstanding.

TABLE OF CONTENTS

		Page
PART I	**FINANCIAL INFORMATION**	
ITEM 1.	Financial Statements (Unaudited)	
	Condensed Consolidated Balance Sheets as of June 30, 2024 and December 31, 2023	3
	Condensed Consolidated Statements of Operations for the Three and Six Months ended June 30, 2024 and 2023	4
	Condensed Consolidated Statements of Changes in Stockholders' Equity for the Three and Six Months ended June 30, 2024 and 2023	5
	Condensed Consolidated Statements of Cash Flows for the Six Months ended June 30, 2024 and 2023	7
	Notes to Unaudited Condensed Consolidated Financial Statements	
	Note 1: Organization and Business Operations	8
	Note 2: Summary of Significant Accounting Policies	8
	Note 3: Intangible Assets and Goodwill	12
	Note 4: Investments	13
	Note 5: Accrued Expenses	14
	Note 6: Retirement and Postretirement Plans	14
	Note 7: Debt	15
	Note 8: Leases	16
	Note 9: Fair Value Measurements	17
	Note 10: Common Stock	17
	Note 11: Income Taxes	18
	Note 12: Commitments and Contingencies	18
	Note 13: Segment Data	20
	Note 14: Subsequent Events	23
ITEM 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	24
ITEM 3.	Quantitative and Qualitative Disclosures About Market Risk	33
ITEM 4.	Controls and Procedures	33
PART II	**OTHER INFORMATION**	
ITEM 1.	Legal Proceedings	34
ITEM 1A.	Risk Factors	34
ITEM 2.	Unregistered Sales of Equity Securities and Use of Proceeds	34
ITEM 3.	Defaults Upon Senior Securities	34
ITEM 4.	Mine Safety Disclosures	34
ITEM 5.	Other Information	34
ITEM 6.	Exhibits	35

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

NEXSTAR MEDIA GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions, except for share and per share information, unaudited)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 146	$ 135
Restricted cash and cash equivalents	-	12
Accounts receivable, net of allowance for credit losses of $19 and $20, respectively	1,048	1,095
Broadcast rights	119	136
Prepaid expenses and other current assets	159	88
Total current assets	1,472	1,466
Property and equipment, net	1,251	1,269
Goodwill	2,946	2,946
FCC licenses	2,929	2,929
Network affiliation agreements, net	1,588	1,683
Other intangible assets, net	394	441
Investments	856	958
Other noncurrent assets, net	383	386
Total assets[(1)]	$ 11,819	$ 12,078
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of debt	$ 124	$ 124
Accounts payable	133	235
Broadcast rights payable	106	136
Accrued expenses	348	350
Operating lease liabilities	42	47
Other current liabilities	75	69
Total current liabilities	828	961
Debt	6,657	6,713
Deferred tax liabilities	1,506	1,520
Other noncurrent liabilities	548	571
Total liabilities[(1)]	9,539	9,765
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock - $0.01 par value, 200,000 shares authorized; none issued and outstanding at each of June 30, 2024 and December 31, 2023	-	-
Common stock - $0.01 par value, 100,000,000 shares authorized; 47,282,823 shares issued, 32,485,505 shares outstanding as of June 30, 2024 and 47,282,823 shares issued, 33,600,926 shares outstanding as of December 31, 2023	-	-
Additional paid-in capital	1,281	1,283
Accumulated other comprehensive income	1	1
Retained earnings	3,369	3,188
Treasury stock - at cost; 14,797,318 and 13,681,897 shares as of June 30, 2024 and December 31, 2023, respectively	(2,384)	(2,173)
Total Nexstar Media Group, Inc. stockholders' equity	2,267	2,299
Noncontrolling interests	13	14
Total stockholders' equity	2,280	2,313
Total liabilities and stockholders' equity	$ 11,819	$ 12,078

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

[(1)]The condensed consolidated total assets as of June 30, 2024 and December 31, 2023 include certain assets held by consolidated VIEs of $299 million and $300 million, respectively, which are not available to be used to settle the obligations of Nexstar. The condensed consolidated total liabilities as of June 30, 2024 and December 31, 2023 include certain liabilities of consolidated VIEs of $148 million and $152 million, respectively, for which the creditors of the VIEs have no recourse to the general credit of Nexstar. See Note 2 for additional information.

NEXSTAR MEDIA GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except for share and per share information, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	**2023**	**2024**	**2023**
Net revenue	$ 1,269	$ 1,240	$ 2,553	$ 2,497
Operating expenses:				
Direct operating, excluding depreciation and amortization	552	537	1,100	1,075
Selling, general and administrative, excluding depreciation and amortization	269	262	539	528
Depreciation and amortization	208	262	398	511
Total operating expenses	1,029	1,061	2,037	2,114
Income from operations	240	179	516	383
Income from equity method investments, net	16	32	35	57
Interest expense, net	(113)	(111)	(227)	(218)
Pension and other postretirement plans credit, net	7	10	14	19
Gain on disposal of an investment	-	-	40	-
Other expenses, net	(1)	-	-	(1)
Income before income taxes	149	110	378	240
Income tax expense	(43)	(35)	(105)	(77)
Net income	106	75	273	163
Net loss attributable to noncontrolling interests	12	21	20	44
Net income attributable to Nexstar Media Group, Inc.	$ 118	$ 96	$ 293	$ 207
Net income per common share attributable to Nexstar Media Group, Inc.:				
Basic	$ 3.59	$ 2.68	$ 8.85	$ 5.71
Diluted	$ 3.54	$ 2.64	$ 8.71	$ 5.61
Weighted average number of common shares outstanding:				
Basic (in thousands)	32,816	35,788	33,133	36,250
Diluted (in thousands)	33,287	36,314	33,656	36,878

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

NEXSTAR MEDIA GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Three Months Ended June 30, 2024 and 2023
(in millions, except for share and per share information, unaudited)

	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Treasury Stock		Noncontrolling	Total Stockholders'
	Shares	Amount	Capital	Earnings	Income	Shares	Amount	interests	Equity
Balances as of March 31, 2024	47,282,823	$ -	$ 1,290	$ 3,306	$ 1	(14,244,922)	$ (2,276)	$ 25	$ 2,346
Purchase of treasury stock	-	-	-	-	-	(847,904)	(135)	-	(135)
Stock-based compensation expense	-	-	20	-	-	-	-	-	20
Vesting of restricted stock units and exercise of stock options	-	-	(29)	-	-	295,508	27	-	(2)
Dividends declared on common stock ($1.69 per share)	-	-	-	(55)	-	-	-	-	(55)
Net income (loss)	-	-	-	118	-	-	-	(12)	106
Balances as of June 30, 2024	47,282,823	$ -	$ 1,281	$ 3,369	$ 1	(14,797,318)	$ (2,384)	$ 13	$ 2,280
Balances as of March 31, 2023	47,282,823	$ -	$ 1,275	$ 3,094	$ 27	(11,299,262)	$ (1,772)	$ 29	$ 2,653
Purchase of treasury stock	-	-	-	-	-	(857,843)	(142)	-	(142)
Stock-based compensation expense	-	-	13	-	-	-	-	-	13
Vesting of restricted stock units and exercise of stock options	-	-	(25)	-	-	255,682	25	-	-
Dividends declared on common stock ($1.35 per share)	-	-	-	(48)	-	-	-	-	(48)
Contribution from noncontrolling interests	-	-	-	-	-	-	-	12	12
Net income (loss)	-	-	-	96	-	-	-	(21)	75
Balances as of June 30, 2023	47,282,823	$ -	$ 1,263	$ 3,142	$ 27	(11,901,423)	$ (1,889)	$ 20	$ 2,563

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

NEXSTAR MEDIA GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
For the Six Months Ended June 30, 2024 and 2023
(in millions, except for share and per share information, unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock		Noncontrolling interests	Total Stockholders' Equity
	Shares	Amount				Shares	Amount		
Balances as of December 31, 2023	47,282,823	$ -	$ 1,283	$ 3,188	$ 1	(13,681,897)	$ (2,173)	$ 14	$ 2,313
Purchase of treasury stock	-	-	-	-	-	(1,514,478)	(248)	-	(248)
Stock-based compensation expense	-	-	38	-	-	-	-	-	38
Vesting of restricted stock units and exercise of stock options	-	-	(40)	-	-	399,057	37	-	(3)
Dividends declared on common stock ($3.38 per share)	-	-	-	(112)	-	-	-	-	(112)
Contribution from noncontrolling interests	-	-	-	-		-	-	19	19
Net income (loss)	-	-	-	293	-	-	-	(20)	273
Balances as of June 30, 2024	47,282,823	$ -	$ 1,281	$ 3,369	$ 1	(14,797,318)	$ (2,384)	$ 13	$ 2,280
Balances as of December 31, 2022	47,282,823	$ -	$ 1,288	$ 3,033	$ 27	(10,472,637)	$ (1,607)	$ 28	$ 2,769
Purchase of treasury stock	-	-	-	-	-	(1,877,783)	(318)	-	(318)
Stock-based compensation expense	-	-	27	-	-	-	-	-	27
Vesting of restricted stock units and exercise of stock options	-	-	(52)	-	-	448,997	36	-	(16)
Dividends declared on common stock ($2.70 per share)	-	-	-	(98)	-	-	-	-	(98)
Contribution from noncontrolling interests	-	-	-	-	-	-	-	36	36
Net income (loss)	-	-	-	207	-	-	-	(44)	163
Balances as of June 30, 2023	47,282,823	$ -	$ 1,263	$ 3,142	$ 27	(11,901,423)	$ (1,889)	$ 20	$ 2,563

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

NEXSTAR MEDIA GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions, unaudited)

	Six Months Ended June 30,	
	2024	**2023**
Cash flows from operating activities:		
Net income	$ 273	$ 163
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	398	511
Stock-based compensation expense	38	27
Gain on disposal of an investment	(40)	-
Deferred income taxes	(14)	(20)
Payments for broadcast rights	(166)	(218)
Income from equity method investments, net	(35)	(57)
Distribution from equity method investments – return on capital	139	251
Changes in operating assets and liabilities, net of acquisitions and dispositions:		
Accounts receivable	48	136
Prepaid and other current assets	(12)	(3)
Other noncurrent assets	(11)	(24)
Accounts payable	(94)	(63)
Accrued expenses and other current liabilities	(1)	27
Income tax payable	(59)	(24)
Other noncurrent liabilities	(21)	(25)
Other	9	(2)
Net cash provided by operating activities	452	679
Cash flows from investing activities:		
Purchases of property and equipment	(81)	(77)
Proceeds from disposal of an investment	40	-
Other investing activities, net	2	4
Net cash used in investing activities	(39)	(73)
Cash flows from financing activities:		
Proceeds from debt issuance, net of debt discounts	55	-
Repayments of long-term debt	(116)	(62)
Purchase of treasury stock	(246)	(315)
Common stock dividends paid	(112)	(98)
Payments for capitalized software obligations	(11)	(12)
Contribution from noncontrolling interests	19	36
Cash paid for shares withheld for taxes	(3)	(17)
Other financing activities, net	-	2
Net cash used in financing activities	(414)	(466)
Net increase (decrease) in cash, cash equivalents and restricted cash	(1)	140
Cash, cash equivalents and restricted cash at beginning of period	147	220
Cash, cash equivalents and restricted cash at end of period	$ 146	$ 360
Supplemental information:		
Interest paid	$ 219	$ 214
Income taxes paid, net of refunds	$ 177	$ 121
Non-cash investing and financing activities:		
Accrued and noncash purchases of property and equipment	$ 15	$ 27
Right-of-use assets obtained in exchange for operating lease obligations	$ 25	$ 25

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

Note 1: Organization and Business Operations

As used in this Quarterly Report on Form 10-Q, "Nexstar" refers to Nexstar Media Group, Inc., a Delaware corporation, and its consolidated wholly-owned and majority-owned subsidiaries; the "Company" refers to Nexstar and the variable interest entities ("VIEs") required to be consolidated in our financial statements under authoritative guidance related to the consolidation of VIEs; and all references to "we," "our," "ours," and "us" refer to Nexstar.

Nexstar is a leading diversified media company with television broadcasting, television network and digital media assets operating in the United States. As of June 30, 2024, we owned, operated, programmed or provided sales and other services to 201 full power television stations and one AM radio station, including those television stations owned by VIEs, in 117 markets in 40 states and the District of Columbia. The stations are affiliates of CBS, FOX, NBC, ABC, The CW, MyNetworkTV, and other broadcast television networks. As of June 30, 2024, Nexstar's stations reached approximately 39% of all U.S. television households (after applying the Federal Communications Commission's ("FCC") ultra-high frequency discount). Through various local service agreements, we provided sales, programming, and other services to 35 television stations owned by consolidated VIEs and two television stations owned by unconsolidated VIEs. Nexstar also owns a 75.0% ownership interest in The CW Network, LLC, the fifth major broadcast network in the U.S. ("The CW"), NewsNation, a national cable news network, two digital multicast networks, Antenna TV and REWIND TV, multicast network services provided to third parties, and a 31.3% ownership stake in Television Food Network, G.P. ("TV Food Network"). Our digital assets include 142 local websites, 279 mobile applications, 24 connected television applications, seven free ad-supported television channels representing products of our local television stations, The CW, NewsNation, The Hill and BestReviews, and a suite of advertiser solutions.

Note 2: Summary of Significant Accounting Policies

Principles of Consolidation

The Condensed Consolidated Financial Statements include the accounts of Nexstar, subsidiaries consolidated through voting interests and VIEs for which we are the primary beneficiary (see "Variable Interest Entities" section below). Noncontrolling interests represent the minority owners' share in profit or loss and equity of The CW and the VIE owners' share in profit or loss and equity in the consolidated VIEs. Noncontrolling interests are presented as a component separate from Nexstar's stockholders' equity in the accompanying Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Changes in Stockholders' Equity. All intercompany account balances and transactions have been eliminated in consolidation. Nexstar management evaluates each arrangement that may include variable interests and determines the need to consolidate an entity where it determines Nexstar is the primary beneficiary of a VIE in accordance with related authoritative literature and interpretive guidance.

Interim Financial Statements

The Condensed Consolidated Financial Statements as of June 30, 2024 and for the three and six months ended June 30, 2024 and 2023 are unaudited. However, in the opinion of management, such financial statements include all adjustments (consisting solely of normal recurring adjustments) necessary for the fair statement of the financial information included herein in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the rules and regulations of the United States Securities and Exchange Commission (the "SEC"). The preparation of the Condensed Consolidated Financial Statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the related disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the period. Results of operations for interim periods are not necessarily indicative of results for the full year. Estimates are used for, but are not limited to, allowance for credit losses, valuation of assets acquired and liabilities assumed in business combinations, distribution revenue recognized, income taxes, the recoverability of goodwill, FCC licenses and long-lived assets, the recoverability of investments, the recoverability of broadcast rights and the useful lives of property and equipment and intangible assets. As of June 30, 2024, the Company is not aware of any specific event or circumstance that would require an update to its estimates or judgments or revision of the carrying value of its assets or liabilities. However, these estimates and judgments may change as new events occur and additional information is obtained, which may result in changes being recognized in the Company's consolidated financial statements in future periods. Actual results could differ from those estimates and any such differences may have a material impact on the Company's Condensed Consolidated Financial Statements.

These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and related Notes included in Nexstar's Annual Report on Form 10-K for the year ended December 31, 2023. The balance sheet as of December 31, 2023 has been derived from the audited financial statements as of that date but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

Variable Interest Entities

Nexstar may determine that an entity is a VIE as a result of local service agreements entered into with that entity. The term local service agreement generally refers to a contract whereby the owner-operator of a television station contracts with a third party (typically another television station owner-operator) to provide it with administrative, sales and other services required for the operation of its station. Nevertheless, the owner-operator of each station retains control of and responsibility for the operation of its station, including ultimate responsibility over all programming broadcast on its station. A local service agreement can be (i) a time brokerage agreement ("TBA") or a local marketing agreement ("LMA") which allows Nexstar to program most of a station's broadcast time, sell the station's advertising time and retain the advertising revenue generated in exchange for monthly payments, frequently based on the station's monthly operating expenses, (ii) a shared services agreement ("SSA") which allows Nexstar to provide services to a station including news production, technical maintenance and security, in exchange for Nexstar's right to receive certain payments as described in the SSA, or (iii) a joint sales agreement ("JSA") which permits Nexstar to sell certain of a station's advertising time and retain a percentage of the related revenue, as described in the JSA.

Consolidated VIEs

Nexstar consolidates entities in which it is deemed under U.S. GAAP to have controlling financial interests for financial reporting purposes as a result of (i) local service agreements Nexstar has with the stations owned by these entities, (ii) Nexstar's (excluding The CW) guarantee of the obligations incurred under Mission Broadcasting, Inc.'s ("Mission") senior secured credit facility (see Note 7), (iii) Nexstar having power over significant activities affecting these VIEs' economic performance, including budgeting for advertising revenue, certain advertising sales and, in some cases, hiring and firing of sales force personnel and (iv) purchase options granted by each consolidated VIE which permit Nexstar to acquire the assets and assume the liabilities of these VIEs' stations, subject to FCC consent.

The following table summarizes the various local service agreements Nexstar had in effect as of June 30, 2024 with its consolidated VIEs:

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

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

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

	June 30, 2024	December 31, 2023
Current assets:		
Cash and cash equivalents	$ 8	$ 6
Accounts receivable, net	27	17
Prepaid expenses and other current assets	3	5
Total current assets	38	28
Property and equipment, net	57	58
Goodwill	151	151
FCC licenses	200	200
Network affiliation agreements, net	64	68
Other noncurrent assets, net	64	67
Total assets	$ 574	$ 572
Current liabilities:		
Current portion of debt	$ 3	$ 2
Other current liabilities	39	38
Total current liabilities	42	40
Debt	349	350
Deferred tax liabilities	38	36
Other noncurrent liabilities	73	78
Total liabilities	$ 502	$ 504

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

	June 30, 2024	December 31, 2023
Current assets	$ 3	$ 3
Property and equipment, net	11	11
Goodwill	62	62
FCC licenses	200	200
Network affiliation agreements, net	21	22
Other noncurrent assets, net	2	2
Total assets	$ 299	$ 300
Current liabilities	$ 37	$ 38
Noncurrent liabilities	111	114
Total liabilities	$ 148	$ 152

Non-Consolidated VIEs

Nexstar has an outsourcing agreement with Cunningham Broadcasting Corporation ("Cunningham") which continues through December 31, 2025. Under the outsourcing agreement, Nexstar provides certain engineering, production, sales and administrative services for WYZZ, the FOX affiliate in the Peoria, Illinois market, through WMBD, the Nexstar television station in that market. During the term of the outsourcing agreement, Nexstar retains the broadcasting revenue and related expenses of WYZZ and is obligated to pay a monthly fee to Cunningham based on the combined operating cash flow of WMBD and WYZZ, as defined in the agreement.

In January 2024, we entered into a multi-year TBA with KAZT, L.L.C., the owner of television station KAZT-TV in Phoenix, Arizona, and acquired the station's non-license assets for a nominal cash payment. We were also granted an option to purchase the station from KAZT, L.L.C., subject to FCC consent. On February 1, 2024, KAZT-TV became an affiliate of The CW.

Nexstar has determined that it has variable interests in WYZZ and KAZT-TV. Nexstar has also evaluated its arrangements with Cunningham and KAZT, L.L.C. and has determined that it is not the primary beneficiary of the variable interests because it does not have the ultimate power to direct the activities that most significantly impact the stations' economic performance. Therefore, Nexstar has not consolidated WYZZ and KAZT-TV under authoritative guidance related to the consolidation of VIEs. There were no significant transactions arising from Nexstar's outsourcing agreement with Cunningham or TBA with KAZT, L.L.C. Neither Cunningham nor KAZT, L.L.C. guarantees Nexstar's debt.

Income Per Share

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Weighted average shares outstanding – basic	32,816	35,788	33,133	36,250
Dilutive effect of equity incentive plan instruments	471	526	523	628
Weighted average shares outstanding – diluted	33,287	36,314	33,656	36,878

During the three and six months ended June 30, 2024, weighted average restricted stock units of 79,000 and 40,000, respectively, were excluded from the calculation of diluted income per share because their effect would have been anti-dilutive.

During the three and six months ended June 30, 2023, weighted average restricted stock units of 100,000 and 25,000, respectively, were excluded from the calculation of diluted income per share because their effect would have been anti-dilutive.

Recent Accounting Pronouncements

New Accounting Standards Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" ("ASU 2023-07"), which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses for all public entities. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. A public entity should apply the amendments in ASU 2023-07 retrospectively to all prior periods presented in the financial statements. The Company is currently evaluating the provisions of this ASU and expects to adopt them for the year ending December 31, 2024.

New Accounting Standards Not Yet Adopted

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures" ("ASU 2023-09"). ASU 2023-09 applies to all entities that are subject to Topic 740, Income Taxes and is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in ASU 2023-09 address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. The amendments in ASU 2023-09 will be effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the potential impacts ASU 2023-09 may have on its Consolidated Financial Statements.

Note 3: Intangible Assets and Goodwill

The Company's definite-lived intangible assets consisted of the following (dollars in millions):

	Estimated useful life, in years	June 30, 2024 Gross	June 30, 2024 Accumulated Amortization	June 30, 2024 Net	December 31, 2023 Gross	December 31, 2023 Accumulated Amortization	December 31, 2023 Net
Network affiliation agreements	15	$ 3,125	$ (1,537)	$ 1,588	$ 3,125	$ (1,442)	$ 1,683
Other definite-lived intangible assets	1-20	1,102	(708)	394	1,093	(652)	441
Definite-lived intangible assets		$ 4,227	$ (2,245)	$ 1,982	$ 4,218	$ (2,094)	$ 2,124

The following table presents the Company's estimate of amortization expense for the remainder of 2024, each of the five succeeding years ended December 31 and thereafter for definite-lived intangible assets as of June 30, 2024 (in millions):

Remainder of 2024	$ 145
2025	286
2026	267
2027	252
2028	237
2029	222
Thereafter	573
	$ 1,982

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

	Goodwill Gross	Goodwill Accumulated Impairment	Goodwill Net	FCC Licenses Gross	FCC Licenses Accumulated Impairment	FCC Licenses Net
Balances as of December 31, 2023	$ 3,145	$ (199)	$ 2,946	$ 2,977	$ (48)	$ 2,929
Balances as of June 30, 2024	$ 3,145	$ (199)	$ 2,946	$ 2,977	$ (48)	$ 2,929

Indefinite-lived intangible assets are not subject to amortization but are tested for impairment annually or whenever events or changes in circumstances indicate that such assets might be impaired. During the three and six months ended June 30, 2024, the Company did not identify events that would trigger impairment assessments.

Note 4: Investments

Investments in the Company's Condensed Consolidated Balance Sheets consisted of the following (in millions):

	June 30, 2024	December 31, 2023
Equity method investments	$ 852	$ 953
Other equity investments	4	5
Total investments	$ 856	$ 958

Equity Method Investments

During the three and six months ended June 30, 2024 and 2023, the Company received cash distributions from its equity method investments, primarily from its investment in TV Food Network, as discussed below.

During the three and six months ended June 30, 2024 and 2023, the income from equity method investments, net reported in the Company's unaudited Condensed Consolidated Statements of Operations consisted of the following (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Income from equity method investments, net, before amortization of basis difference	$ 34	$ 49	$ 70	$ 92
Amortization of basis difference	(18)	(17)	(35)	(35)
Income from equity method investments, net	$ 16	$ 32	$ 35	$ 57

At acquisition date, the Company measured its estimated share of the differences between the estimated fair values and carrying values (the "basis difference") of the investees' tangible assets and amortizable intangible assets had the fair value of the investments been allocated to the identifiable assets of the investees in accordance with ASC Topic 805, "Business Combinations." Additionally, the Company measured its estimated share of the basis difference attributable to investees' goodwill. The Company amortizes its share of the basis differences attributable to tangible assets and intangible long-lived assets of investees, including TV Food Network, and records the amortization (the "amortization of basis difference") as a reduction of income from equity method investments, net in the accompanying Condensed Consolidated Statements of Operations. The Company's share in these basis differences and related amortization is primarily attributable to its investment in TV Food Network (discussed in more detail below).

Distributions received from investments are classified in the Condensed Consolidated Statements of Cash Flows based on the nature of the investee activities that generated the distribution. Returns on capital distributions are presented as cash flow from operating activities whereas returns of capital distributions are presented as cash flow from investing activities.

Investment in TV Food Network

Nexstar acquired its 31.3% equity investment in TV Food Network through its acquisition of Tribune Media Company ("Tribune") on September 19, 2019. Nexstar's partner in TV Food Network is Warner Bros. Discovery, Inc. ("WBD"), which owns a 68.7% interest in TV Food Network and operates the network on behalf of the partnership.

TV Food Network operates two 24-hour television networks, Food Network and Cooking Channel, offering quality television, video, internet and mobile entertainment and information focusing on food and entertaining.

The partnership agreement governing TV Food Network provides that the partnership shall, unless certain actions are taken by the partners, dissolve and commence winding up and liquidating TV Food Network upon the first to occur of certain enumerated liquidating events, one of which is a specified date of December 31, 2024. Nexstar intends to renew its partnership agreement with WBD for TV Food Network before expiration. In the event of a liquidation, Nexstar would be entitled to its proportionate share of distributions to partners, which the partnership agreement provides would occur as promptly as is consistent with obtaining fair market value for the assets of TV Food Network. The partnership agreement also provides that the partnership may be continued or reconstituted in certain circumstances.

Nexstar's investment in TV Food Network had a book value of $834 million and $936 million as of June 30, 2024 and December 31, 2023, respectively.

As of June 30, 2024 and December 31, 2023, Nexstar had a remaining share in amortizable basis difference of $362 million and $397 million, respectively, related to its investment in TV Food Network. The remaining amortizable basis difference as of June 30, 2024 had a remaining useful life of approximately 5.2 years. As of June 30, 2024, Nexstar's share in the basis difference related to the TV Food Network's goodwill was $500 million (no change in 2024).

Nexstar had the following transactions related to its investment in TV Food Network during the three and six months ended June 30, 2024 and 2023, respectively (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cash distributions received	$ 19	$ 26	$ 138	$ 251
Recognized share in TV Food Network's net income	34	50	71	93
Recorded amortization of basis difference (expense)	(17)	(17)	(35)	(35)

Summarized financial information for TV Food Network is as follows (in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net revenue	$ 253	$ 296	$ 502	$ 581
Costs and expenses	141	138	274	290
Income from operations	112	158	228	291
Net income	109	160	228	298
Net income attributable to Nexstar Media Group, Inc.	34	50	71	93

Other Equity Investments

In February 2024, Nexstar received $40 million cash proceeds, and recorded a gain on disposal of an investment for the same amount, in connection with Broadcast Music Inc.'s ("BMI") sale to New Mountain Capital.

Note 5: Accrued Expenses

Accrued expenses consisted of the following (in millions):

	June 30, 2024	December 31, 2023
Compensation and related taxes	$ 99	$ 113
Interest payable	58	55
Network affiliation fees	91	85
Other	100	97
	$ 348	$ 350

Note 6: Retirement and Postretirement Plans

Nexstar has various funded, qualified non-contributory defined benefit retirement plans which cover certain employees and former employees. All of these retirement plans are frozen in terms of pay and service, except for a plan with immaterial pension benefit obligations.

Nexstar also has various other postretirement benefit plans ("OPEB"), including retiree medical savings account plans which reimburse eligible retired employees for certain medical expenses and unfunded plans that provide certain health and life insurance benefits to certain retired employees. The periodic benefit cost (credit) related to OPEB is not significant.

The following tables provide the components of net periodic benefit cost (credit) for Nexstar's pension benefit plans (in millions):

	Pension Benefit Plans			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Interest cost	$ 19	$ 21	$ 38	$ 42
Expected return on plan assets	(25)	(28)	(50)	(56)
Amortization of net gain	(1)	(2)	(3)	(4)
Net periodic benefit credit	$ (7)	$ (9)	$ (15)	$ (18)

During the three and six months ended June 30, 2024, there were no significant contributions to qualified pension benefit plans. Nexstar also anticipates nominal required contributions during the remainder of 2024.

Note 7: Debt

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

	June 30, 2024	December 31, 2023
Nexstar		
Term Loan A, due June 2027	$ 2,182	$ 2,243
Term Loan B, due September 2026	1,561	1,561
5.625% Notes, due July 2027	1,714	1,714
4.75% Notes, due November 2028	1,000	1,000
Mission		
Term Loan B, due June 2028	292	292
Revolving loans, due June 2027	62	62
Total outstanding principal	6,811	6,872
Less: unamortized financing costs and discount – Nexstar Term Loan A, due June 2027	(5)	(6)
Less: unamortized financing costs and discount – Nexstar Term Loan B, due September 2026	(20)	(24)
Add: unamortized premium, net of financing costs – Nexstar 5.625% Notes, due July 2027	3	3
Less: unamortized financing costs and discount – Nexstar 4.75% Notes, due November 2028	(6)	(6)
Less: unamortized financing costs and discount – Mission Term Loan B, due June 2028	(2)	(2)
Total outstanding debt	6,781	6,837
Less: current portion	(124)	(124)
Long-term debt, net of current portion	$ 6,657	$ 6,713

Nexstar's outstanding term loans are governed by Nexstar's credit agreement and Mission's outstanding term loans and revolving loans are governed by Mission's credit agreement. Each credit agreement is also herein referred to as a senior secured credit facility. Nexstar's senior unsecured notes are governed by the indentures.

2024 Activities

During the six months ended June 30, 2024, the Company repaid scheduled principal maturities of $61 million of its term loans. Also, Nexstar borrowed $55 million under its revolving credit facility for working capital purposes, which it repaid in full during the same period.

Unused Commitments and Borrowing Availability

Nexstar and Mission had $531 million (net of outstanding standby letters of credit of $19 million) and $14 million, respectively, of unused revolving loan commitments under each of their senior secured credit facility, all of which were available for borrowing, based on the covenant calculations as of June 30, 2024. The Company's ability to access funds under the senior secured credit facilities depends, in part, on its compliance with certain financial covenants. As of June 30, 2024, the Company was in compliance with its financial covenants.

Collateralization and Guarantees of Debt

The Company's senior secured credit facilities described above are collateralized by a security interest in substantially all the combined assets, excluding FCC licenses, the other assets of consolidated VIEs unavailable to creditors of Nexstar (see Note 2) and the assets of The CW. Nexstar (excluding The CW) guarantees full payment of all obligations incurred under the Mission senior secured credit facility in the event of Mission's default. Mission is a guarantor of Nexstar's senior secured credit facility, Nexstar's 5.625% Notes, due July 2027 and Nexstar's 4.75% Notes, due November 2028.

In consideration of Nexstar's guarantee of the Mission senior secured credit facility, Mission has granted Nexstar purchase options to acquire the assets and assume the liabilities of each Mission station, subject to FCC consent. These option agreements, which expire on various dates between 2024 and 2033, are freely exercisable or assignable by Nexstar without consent or approval by Mission. The Company expects these option agreements to be renewed upon expiration.

Debt Covenants

The Nexstar credit agreement (senior secured credit facility) contains a covenant which requires Nexstar to comply with a maximum consolidated first lien net leverage ratio of 4.25 to 1.00. The financial covenant, which is formally calculated on a quarterly basis, is based on the combined results of the Company, excluding the operating results of The CW, which Nexstar designated as an unrestricted subsidiary under its credit agreements and indentures. The Mission amended credit agreement does not contain financial covenant ratio requirements but does provide for default in the event Nexstar does not comply with all covenants contained in its credit agreement. As of June 30, 2024, Nexstar was in compliance with its financial covenants.

Note 8: Leases

The Company as a Lessee

The Company has operating leases for office spaces, tower facilities, antenna sites, studios and other real estate properties and equipment. The operating leases have remaining lease terms of one month to 90 years, some of which may include options to extend the leases from two to 99 years, and some of which may include options to terminate the leases within one year. Lease contracts that the Company has executed but which have not yet commenced as of June 30, 2024 were not material.

Supplemental balance sheet information related to operating leases was as follows (in millions, except lease term and discount rate):

	Balance Sheet Classification	June 30, 2024	December 31, 2023
Operating lease right-of-use assets, net	Other noncurrent assets, net	$ 288	$ 290
Current operating lease liabilities	Operating lease liabilities	$ 42	$ 47
Noncurrent operating lease liabilities	Other noncurrent liabilities	$ 256	$ 246
Weighted Average Remaining Lease Term of Operating leases		8 years	8 years
Weighted Average Discount Rate of Operating leases		4.9 %	5.0 %

Operating lease expense for the three months ended June 30, 2024 was $17 million, of which $7 million and $10 million were included in Direct operating and Selling, general and administrative expenses, respectively, excluding depreciation and amortization, in the accompanying Condensed Consolidated Statements of Operations. Operating lease expense for the three months ended June 30, 2023 was $16 million, of which $7 million and $9 million were included in Direct operating and Selling, general and administrative expenses, respectively, excluding depreciation and amortization, in the accompanying Condensed Consolidated Statements of Operations.

Operating lease expense for the six months ended June 30, 2024 was $33 million, of which $14 million and $19 million were included in Direct operating and Selling, general and administrative expenses, respectively, excluding depreciation and amortization, in the accompanying Condensed Consolidated Statements of Operations. Operating lease expense for the six months ended June 30, 2023 was $33 million, of which $14 million and $19 million were included in Direct operating and Selling, general and administrative expenses, respectively, excluding depreciation and amortization, in the accompanying Condensed Consolidated Statements of Operations.

Cash paid for operating leases included in the operating cash flows was $32 million for each of the six months ended June 30, 2024 and 2023.

Future minimum lease payments under non-cancellable leases as of June 30, 2024 were as follows (in millions):

	Operating Leases
Remainder of 2024	$ 31
2025	49
2026	42
2027	41
2028	37
2029	36
Thereafter	137
Total future minimum lease payments	373
Less: imputed interest	(75)
Total	$ 298

Note 9: Fair Value Measurements

The Company measures and records in its Condensed Consolidated Financial Statements certain assets and liabilities at fair value. ASC Topic 820, "Fair Value Measurement and Disclosures," establishes a fair value hierarchy for instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's own assumptions (unobservable inputs). This hierarchy consists of the following three levels:

•Level 1 – Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market.

•Level 2 – Assets and liabilities whose values are based on inputs other than those included in Level 1, including quoted market prices in markets that are not active; quoted prices of assets or liabilities with similar attributes in active markets; and valuation models whose inputs are observable or unobservable but corroborated by market data.

•Level 3 – Assets and liabilities whose values are based on valuation models or pricing techniques that utilize unobservable inputs that are significant to the overall fair value measurement.

The carrying values of cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, accounts payable, broadcast rights payable and accrued expenses approximate fair value due to their short-term nature. Estimated fair values and carrying amounts of the Company's long-term debt that are not measured at fair value on a recurring basis were as follows (dollars in millions):

	June 30, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Nexstar				
Term Loan A, due June 2027[1]	$ 2,177	$ 2,173	$ 2,237	$ 2,217
Term Loan B, due September 2026[1]	1,541	1,567	1,537	1,545
5.625% Notes, due July 2027[2]	1,717	1,622	1,717	1,654
4.75% Notes, due November 2028[2]	994	887	994	915
Mission				
Term Loan B, due June 2028[1]	290	289	290	288
Revolving loans due June 2027[1]	62	60	62	60

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

[2]The fair value of the Company's fixed rate debt is estimated based on bid prices obtained from an investment banking firm and are considered Level 2.

During the three and six months ended June 30, 2024, there were no events or changes in circumstance that triggered an impairment to the Company's significant assets, including equity method investments, indefinite-lived intangible assets, long-lived assets and goodwill.

Note 10: Common Stock

On July 27, 2022, Nexstar's board of directors approved a share repurchase program authorizing Nexstar to repurchase up to $1.5 billion of its common stock, of which $652 million of capacity remained available as of December 31, 2023. During the six months ended June 30, 2024, Nexstar repurchased a total of 1,514,478 shares of its common stock for $246 million, funded by cash on hand. As of June 30, 2024, the remaining available amount under the share repurchase authorization was $406 million.

Share repurchases are executed from time to time in open market transactions, block trades or private transactions, including through Rule 10b5-1 plans. There is no minimum number of shares that Nexstar is required to repurchase. The repurchase program does not have an expiration date and may be suspended or discontinued at any time without prior notice.

On January 26, 2024, Nexstar's board of directors approved a 25% increase in its quarterly cash dividend to $1.69 per share of outstanding common stock beginning with the first quarter of 2024.

Note 11: Income Taxes

Income tax expense was $43 million for the three months ended June 30, 2024 compared to $35 million for the same period in 2023. The effective tax rates were 28.9% and 31.8% for each of the respective periods.

For the three months ended June 30, 2024, changes in the valuation allowance resulted in a 2.0% decrease to the effective tax rate. Other permanent differences, including a reduction in losses related to the minority interest in The CW, resulted in a 2.8% decrease to the effective tax rate. This is partially offset by a decrease in the excess benefit from stock option exercises and restricted stock unit vesting in 2024 compared to 2023 which resulted in a 1.3% increase in the rate.

Income tax expense was $105 million for the six months ended June 30, 2024 compared to $77 million for the same period in 2023. The effective tax rates were 27.8% and 32.1% for each of the respective periods.

For the six months ended June 30, 2024, changes in the valuation allowance resulted in a 3.4% decrease to the effective tax rate. Other permanent differences, including a reduction in losses related to the minority interest in The CW, resulted in a 1.9% decrease to the effective tax rate. This is partially offset by a decrease in the excess benefit from stock option exercises and restricted stock unit vesting in 2024 compared to 2023 which resulted in a 1.0% increase in the rate.

The Company calculates its year-to-date provision for income taxes by applying the estimated annual effective tax rate to year-to-date pre-tax income or loss and adjusts the provision for discrete tax items recorded in the period. Future changes in the forecasted annual income projections could result in significant adjustments to quarterly income tax expense in future periods.

Note 12: Commitments and Contingencies

Guarantee of Mission Debt

Nexstar (excluding The CW) guarantees full payment of all obligations incurred under the Mission senior secured credit facility. In the event that Mission is unable to repay amounts due, Nexstar will be obligated to repay such amounts. The maximum potential amount of future payments that Nexstar would be required to make under this guarantee would be generally limited to the outstanding principal amounts. As of June 30, 2024, Mission had a maximum commitment of $367 million under its amended credit agreement, of which $353 million principal balance of debt was outstanding.

Indemnification Obligations

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

Litigation

From time to time, the Company is involved in litigation that arises from the ordinary operations of business, such as contractual or employment disputes or other general actions. In the event of an adverse outcome of these proceedings, the Company believes the resulting liabilities would not have a material adverse effect on its financial condition or results of operations.

Local TV Advertising Antitrust Litigation—On March 16, 2018, a group of companies including Nexstar and Tribune (the "Defendants") received a Civil Investigative Demand from the Antitrust Division of the Department of Justice ("DOJ") regarding an investigation into the exchange of certain information related to the pacing of sales related to the same period in the prior year among broadcast stations in some local markets in alleged violation of federal antitrust law. Without admitting any wrongdoing, some Defendants, including Tribune, entered into a proposed consent decree (referred to herein as the "consent decree") with the DOJ on November 6, 2018. Without admitting any wrongdoing, Nexstar agreed to settle the matter with the DOJ on December 5, 2018. The consent decree was entered in final form by the U.S. District Court for the District of Columbia on May 22, 2019. The consent decree, which settles claims by the government of alleged violations of federal antitrust laws in connection with the alleged information sharing, does not include any financial penalty. Pursuant to the consent decree, Nexstar and Tribune agreed not to exchange certain non-public information with other stations operating in the same market except in certain cases, and to implement certain antitrust compliance measures and monitor and report on compliance with the consent decree.

Starting in July 2018, a series of plaintiffs filed putative class action lawsuits against the Defendants and others alleging that they coordinated their pricing of television advertising, thereby harming a proposed class of all buyers of television advertising time from one or more of the Defendants since at least January 1, 2014. The plaintiff in each lawsuit seeks injunctive relief and money damages caused by the alleged antitrust violations. On October 9, 2018, these cases were consolidated in a multi-district litigation in the District Court for the Northern District of Illinois captioned *In Re: Local TV Advertising Antitrust Litigation,* No. 1:18-cv-06785 ("MDL Litigation"). On January 23, 2019, the Court in the MDL Litigation appointed plaintiffs' lead and liaison counsel.

The MDL Litigation is ongoing. The Plaintiffs' Consolidated Complaint was filed on April 3, 2019; Defendants filed a Motion to Dismiss on September 5, 2019. Before the Court ruled on that motion, the Plaintiffs filed their Second Amended Consolidated Complaint on September 9, 2019. This complaint added additional defendants and allegations. The Defendants filed a Motion to Dismiss and Strike on October 8, 2019. The Court denied that motion on November 6, 2020. On March 16, 2022, the Plaintiffs filed their Third Amended Complaint. The Third Amended Complaint adds two additional plaintiffs and an additional defendant, but does not make material changes to the allegations.

The parties are in the discovery phase of litigation. The Court has not yet set a trial date. Nexstar and Tribune deny all allegations against them and will defend their advertising practices.

Tribune Related Contingencies

In connection with Nexstar's acquisition of Tribune on September 19, 2019, Nexstar assumed contingencies from certain legal proceedings, as follows:

Chicago Cubs Transactions—On August 21, 2009, Tribune and Chicago Entertainment Ventures, LLC (formerly Chicago Baseball Holdings, LLC) ("CEV LLC"), and its subsidiaries (collectively, "New Cubs LLC"), among other parties, entered into an agreement (the "Cubs Formation Agreement") governing the contribution of certain assets and liabilities related to the businesses of the Chicago Cubs Major League Baseball franchise then owned by Tribune and its subsidiaries to New Cubs LLC. The transactions contemplated by the Cubs Formation Agreement and the related agreements thereto (the "Chicago Cubs Transactions") closed on October 27, 2009. As a result of these transactions, Northside Entertainment Holdings LLC (f/k/a Ricketts Acquisition LLC) ("NEH") owned 95% and Tribune owned 5% of the membership interests in CEV LLC. The fair market value of the contributed assets exceeded the tax basis and did not result in an immediate taxable gain as the transaction was structured to comply with the partnership provisions of the Internal Revenue Code and related regulations.

On June 28, 2016, the Internal Revenue Service ("IRS") issued Tribune a Notice of Deficiency which presented the IRS's position that the gain with respect to the Chicago Cubs Transactions should have been included in Tribune's 2009 taxable income. Accordingly, the IRS proposed a $182 million tax and a $73 million gross valuation misstatement penalty. During the third quarter of 2016, Tribune filed a petition in U.S. Tax Court to contest the IRS's determination. After-tax interest on the aforementioned proposed tax and penalty through June 30, 2024 would be approximately $211 million. In addition, if the IRS prevails in its position, under the tax rules for determining tax basis upon emergence from bankruptcy, the Company would be required to reduce its tax basis in certain assets. The reduction in tax basis would be required to reflect the reduction in the amount of the Company's guarantee of the New Cubs partnership debt which was included in the reported tax basis previously determined upon emergence from bankruptcy and subject to Tribune's 2014 and 2015 federal income tax audits (described below).

On September 19, 2019, Tribune became a wholly owned subsidiary of Nexstar following Nexstar's merger with Tribune. Nexstar disagrees with the IRS's position that the Chicago Cubs Transactions generated taxable gain in 2009, the proposed penalty and the IRS's calculation of the gain. If the IRS prevails in its position, the gain on the Chicago Cubs Transactions would be deemed to be taxable in 2009. Nexstar estimates that the federal and state income taxes would be approximately $225 million before interest and penalties. Any tax, interest and penalty due will be offset by tax payments made relating to this transaction subsequent to 2009. Tribune made approximately $154 million of tax payments prior to its merger with Nexstar.

A bench trial in the U.S. Tax Court took place between October 28, 2019 and November 8, 2019, and closing arguments took place on December 11, 2019. The Tax Court issued a separate opinion on January 6, 2020 holding that the IRS satisfied the procedural requirements for the imposition of the gross valuation misstatement penalty. The judge deferred any litigation of the penalty until a final determination was reached by the Tax Court or Court of Appeals.

On October 26, 2021, the Tax Court issued an opinion related to the Chicago Cubs Transactions, which held that Tribune's structure was, in substantial part, in compliance with partnership provisions of the Code and, as a result, did not trigger the entire 2009 taxable gain proposed by the IRS. On October 19, 2022, the Tax Court entered the decision that there is no tax deficiency or penalty due in the 2009 tax year. On January 13, 2023, the IRS filed a notice of appeal to the U.S. Court of Appeals for the Seventh Circuit. On February 3, 2023, the Company filed a notice of cross-appeal. On February 15, 2024, the case was argued before the U.S. Court of Appeals for the Seventh Circuit. The Company expects a ruling from the Court of Appeals in the second half of 2024.

As of June 30, 2024, Nexstar believes the tax impact of applying the Tax Court opinion to 2009 and its impact on subsequent tax years is not material to the Company's accounting for uncertain tax positions or to its Consolidated Financial Statements. Although management believes its estimates and judgments are reasonable, the timing and ultimate resolution are unpredictable and could materially change.

Revenue Agent's Report on Tribune's 2014 to 2015 Federal Income Tax Audits— Prior to Nexstar's merger with Tribune in September 2019, Tribune was undergoing federal income tax audits for taxable years 2014 and 2015. In the third quarter of 2020, the IRS completed its audits of Tribune and issued a Revenue Agent's Report which disallows the reporting of certain assets and liabilities related to Tribune's emergence from Chapter 11 bankruptcy on December 31, 2012. Nexstar disagrees with the IRS's proposed adjustments to the tax basis of certain assets and the related taxable income impact, and Nexstar is contesting the adjustments through the IRS administrative appeal procedures. If the IRS prevails in its position and after taking into account the impact of the Tax Court opinion, Nexstar would be required to reduce its tax basis in certain assets resulting in a $17 million increase in its federal and state taxes payable and a $69 million increase in deferred income tax liability as of June 30, 2024. In accordance with ASC Topic 740, the Company has reflected $11 million for certain contested issues in its liability for uncertain tax positions at June 30, 2024 and December 31, 2023.

Regulatory Matters

On March 21, 2024, the FCC issued a Notice of Apparent Liability for Forfeiture ("NAL") to Nexstar and to Mission, a consolidated VIE, for alleged violations of the Communications Act and FCC rules relating to Mission television station WPIX, New York, New York. The NAL alleges that Nexstar and Mission engaged in an unauthorized transfer of control of WPIX and that Nexstar violated the national television ownership limit by acquiring undisclosed attributable interests in the station. The NAL proposes forfeitures to Nexstar and Mission for the alleged violations and additionally requires that within 12 months of a forfeiture order or payment of the forfeitures, either (i) Mission divest WPIX to an "unrelated third party" or (ii) Mission sell WPIX to Nexstar, with Nexstar divesting a sufficient number of other stations to reduce its national reach below the FCC national ownership limit. Nexstar and Mission have filed responses vigorously disputing the NAL. Nexstar is unable to reasonably estimate the possible financial statement impact, if any, relating to the NAL.

WADL-TV

On May 22, 2024, Mission terminated its proposed acquisition of WADL-TV serving the Detroit, Michigan market from Adell Broadcasting Corporation. There were no fees that resulted from the termination.

Note 13: Segment Data

The Company's reportable broadcast segment includes (i) television stations and related local websites that Nexstar owns, operates, programs or provides sales and other services to in various markets across the United States, (ii) NewsNation, a national cable news network, (iii) two owned and operated digital multicast networks and other multicast network services, and (iv) WGN-AM, a Chicago radio station. The other activities of the Company include (i) The CW, (ii) digital businesses focused on the national marketplace, (iii) the management of certain real estate assets, including revenues from leasing certain owned office and production facilities, (iv) corporate functions, and (v) eliminations.

The Company evaluates the performance of its operating segments based on net revenue and segment profit (loss). Segment profit (loss) includes net revenue, direct operating expenses and selling, general and administrative expenses (excluding corporate) and payments for broadcast rights. Segment profit (loss) excludes depreciation and amortization, any nonrecurring transaction and restructuring expenses, reimbursement from the FCC related to station repack, impairment charges, gain on disposal of assets and business divestitures and non-operating income statement items. Other segment loss is calculated in this manner except it includes The CW's amortization of broadcast rights and excludes The CW's payments for broadcast rights.

Beginning in the first quarter of 2024, The CW's operating results and assets are included in the "Other" segment because they did not meet the threshold for separate segment disclosure. Additionally, The CW's segment loss is now reported at its full consolidated financial results in accordance with Nexstar's current internal financial reporting. Prior to this change, The CW reported its operating performance in past segment footnote disclosures at amounts reflecting Nexstar's ownership interest. These changes were reflected in the current presentation of "Other" segment in the tables below. The comparative prior year disclosures were also recast to conform with the current presentation.

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

Net revenue	Three Months Ended June 30, 2024	2023	Six Months Ended June 30, 2024	2023
Broadcast	$ 1,205	$ 1,145	$ 2,427	$ 2,324
Other	75	96	147	176
Corporate (unallocated)	(11)	(1)	(21)	(3)
Total net revenue	$ 1,269	$ 1,240	$ 2,553	$ 2,497

Operating income (loss)	Three Months Ended June 30, 2024	2023	Six Months Ended June 30, 2024	2023
Broadcast segment profit	$ 453	$ 414	$ 926	$ 861
Other segment loss	(42)	(72)	(68)	(149)
Corporate (unallocated)	(52)	(47)	(104)	(92)
Depreciation and amortization expense[1]	(137)	(142)	(275)	(284)
Payments for broadcast rights[2]	17	23	36	50
Miscellaneous, net	1	3	1	(3)
Income from operations	$ 240	$ 179	$ 516	$ 383

Assets	June 30, 2024	December 31, 2023
Broadcast[3]	$ 10,885	$ 11,203
Other	400	429
Corporate (unallocated)	534	446
	11,819	12,078
	$	$

Goodwill	June 30, 2024	December 31, 2023
Broadcast	$ 2,877	$ 2,877
Other	69	69
	$ 2,946	$ 2,946

[1] Excludes amortization of The CW's programming costs of $71 million and $120 million for the three months ended June 30, 2024 and 2023, respectively, and $123 million and $227 million for the six months ended June 30, 2024 and 2023, respectively, which are included in Other segment loss.

[2] Excludes payments for The CW's broadcast rights of $73 million and $53 million for the three months ended June 30, 2024 and 2023, respectively, and $130 million and $168 million for the six months ended June 30, 2024 and 2023, respectively, which are not included in Other segment loss.

[3] While the Company's investment in TV Food Network ($834 million at June 30, 2024 and $936 million at December 31, 2023) has not been allocated to a Company reporting unit or operating segment, such asset has been included in the Company's disclosure of Broadcast segment assets given the similar nature of the investment to that segment. For additional information on equity investments, see Note 4.

The following tables present the disaggregation of the Company's revenue under ASC 606 for the periods presented (in millions):

Three Months Ended June 30, 2024	Broadcast	Other	Corporate & Eliminations (unallocated)	Consolidated
Distribution	$ 719	$ 26	$ (11)	$ 734
Advertising	476	46	-	522
Other	10	3	-	13
Total net revenue	$ 1,205	$ 75	$ (11)	$ 1,269

Six Months Ended June 30, 2024	Broadcast	Other	Corporate & Eliminations (unallocated)	Consolidated
Distribution	$ 1,466	$ 51	$ (22)	$ 1,495
Advertising	942	92	-	1,034
Other	19	4	1	24
Total net revenue	$ 2,427	$ 147	$ (21)	$ 2,553

Three Months Ended June 30, 2023	Broadcast	Other	Corporate & Eliminations (unallocated)	Consolidated
Distribution	$ 684	$ 14	$ (2)	$ 696
Advertising	451	60	-	511
Other	10	22	1	33
Total net revenue	$ 1,145	$ 96	$ (1)	$ 1,240

Six Months Ended June 30, 2023	Broadcast	Other	Corporate & Eliminations (unallocated)	Consolidated
Distribution	$ 1,397	$ 31	$ (4)	$ 1,424
Advertising	907	121	-	1,028
Other	20	24	1	45
Total net revenue	$ 2,324	$ 176	$ (3)	$ 2,497

Our primary sources of revenue include: (i) distribution, comprised primarily of retransmission revenue, carriage fees, affiliation fees and spectrum leasing revenue and (ii) advertising, comprised of non-political and political advertising.

Distribution revenue, our largest category of revenue, primarily results from compensation from cable, satellite and other multichannel video distributors ("MVPDs") and online video distributors, or virtual multichannel video distributors, ("vMVPDs") in return for our consent to the retransmission of the signals of our television stations and the carriage of NewsNation, typically based on the number of subscribers the MVPDs and vMVPDs have. We also generate distribution revenues from affiliation fees paid by affiliates of The CW and from programmers who lease the use of our spectrum in selected local markets to air their content on our multicast streams. Distribution revenue is recognized at the point in time the broadcast signal or cable network feed is delivered to the distributors in the case of retransmission and carriage fee revenue or, in the case of affiliation fees and spectrum leasing revenue, as network programming and spectrum capacity are delivered to our affiliates and customers.

Advertising revenue primarily results from the sale to local, regional and national businesses, political candidates and other political advertisers of commercial airtime by our stations and networks and the sale of advertising on our owned or third-party websites, and through mobile and OTT applications and other digital advertising solutions. Advertising revenue is generally highest in the second and fourth quarters of each year, due in part to increases in consumer advertising in the spring and retail advertising in the period leading up to, and including, the holiday season. Advertising revenue is generally higher during even-numbered years when congressional and/or presidential elections occur and advertising is aired during the Olympic Games. Advertising revenue is recognized at the time the advertisement airs or is delivered on our websites or mobile or OTT applications or the advertising solution is delivered.

During the three and six months ended June 30, 2024, revenues for two of the Company's customers exceeded 10% of the Company's consolidated net revenues. Each of these customers represented approximately 13% of the Company's consolidated net revenues during the three and six months ended June 30, 2024. During the three and six months ended June 30, 2023, revenues for two of the Company's customers exceeded 10% of the Company's consolidated net revenues. The first customer represented approximately 12% and 13% of the Company's consolidated net revenues during the three and six months ended June 30, 2023, respectively, and the second customer represented approximately 14% of the Company's consolidated net revenues during each of the three and six months ended June 30, 2023.

Note 14: Subsequent Events

On July 26, 2024, Nexstar's Board of Directors declared a quarterly cash dividend of $1.69 per share of its common stock. The dividend is payable on August 23, 2024 to stockholders of record on August 9, 2024.

On July 26, 2024, Nexstar announced that its Board of Directors increased its share repurchase authorization by $1.5 billion.

From July 1, 2024 to August 7, 2024, we repurchased 266,014 shares of our common stock for $46 million, funded by cash on hand. As of the date of filing this Quarterly Report on Form 10-Q, the remaining available amount under the share repurchase authorization was $1.9 billion. From July 1, 2024 to August 7, 2024, in connection with vesting of restricted stock units, Nexstar issued 38,671 shares of its common stock, net of any shares withheld for taxes.

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

The following discussion and analysis should be read in conjunction with our Condensed Consolidated Financial Statements and related Notes included elsewhere in this Quarterly Report on Form 10-Q and the Consolidated Financial Statements and related Notes contained in our Annual Report on Form 10-K for the year ended December 31, 2023.

As used in this Quarterly Report on Form 10-Q and unless the context indicates otherwise, "Nexstar" refers to Nexstar Media Group, Inc., a Delaware corporation, and its consolidated wholly owned and majority-owned subsidiaries; the "Company" refers to Nexstar and the variable interest entities ("VIEs") required to be consolidated in our financial statements; and all references to "we," "our," "ours," and "us" refer to Nexstar.

As a result of our deemed controlling financial interests in the consolidated VIEs in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), we consolidate the financial position, results of operations and cash flows of these VIEs as if they were wholly-owned entities. We believe this presentation is meaningful for understanding our financial performance. Refer to Note 2 to our Condensed Consolidated Financial Statements for a discussion of our determinations of VIE consolidation under the related authoritative guidance. The following discussion of our financial position and results of operations includes the consolidated VIEs' financial position and results of operations.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "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"). All statements other than statements of historical fact are "forward-looking statements" for purposes of federal and state securities laws, including: the risks and uncertainties of current economic factors that are beyond our control, such as inflation, rising interest rates and supply chain disruptions; any projections or expectations of earnings, revenue, financial performance, liquidity and capital resources or other financial items; any assumptions or projections about the television broadcasting industry; any statements of our plans, strategies and objectives for our future operations, performance, liquidity and capital resources or other financial items; any statements concerning proposed new products, services or developments; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing. Forward-looking statements may include the words "may," "will," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and other similar words.

Although we believe that the expectations reflected in our forward-looking statements are reasonable, actual results could differ from a projection or assumption in any of our forward-looking statements. Our future financial position and results of operations, as well as any forward-looking statements, are subject to change and inherent risks and uncertainties, including those described in our Annual Report on Form 10-K for the year ended December 31, 2023 and in our other filings with the United States Securities and Exchange Commission ("SEC"). The forward-looking statements made in this Quarterly Report on Form 10-Q are made only as of the date hereof, and we do not have or undertake any obligation to update any forward-looking statements to reflect subsequent events or circumstances.

Executive Summary

Six Months Ended June 2024 Highlights

- Net revenue increased 2.3% to $1.3 billion and 2.2% to $2.6 billion during the three and six months ended June 30, 2024, respectively, compared to the same period in 2023.
- Returned approximately $190 million and $358 million, for the three and six months ended June 30, 2024, respectively, of capital to stockholders through repurchases of common stock and dividends, funded by cash on hand.
- Expanded NewsNation news programming to 24 hours per day, 7 days per week beginning June 1, 2024.
- Received $40 million in cash in connection with Broadcast Music Inc.'s ("BMI") sale to New Mountain Capital in February 2024.
- Entered into a time brokerage agreement with KAZT-TV in the Phoenix, Arizona market. KAZT-TV became an affiliate of The CW Network on February 1, 2024.

Overview of Operations

As of June 30, 2024, we owned, operated, programmed or provided sales and other services to 201 full power television stations and one AM radio station, including those owned by VIEs, in 117 markets in 40 states and the District of Columbia. The stations are affiliates of ABC, NBC, FOX, CBS, The CW, MyNetworkTV and other broadcast television networks. Through various local service agreements, we provided sales, programming and other services to 37 full power television stations owned by independent third parties, of which 35 full power television stations are VIEs that are consolidated into our financial statements. We also own a 75.0% interest in The CW, the fifth major broadcast network in the U.S., NewsNation, a national cable news network, two digital multicast networks, Antenna TV and REWIND TV, multicast network services provided to third parties, and a 31.3% ownership stake in TV Food Network. Our digital assets include 142 local websites, 279 mobile applications, 24 connected television applications, seven free ad-supported television channels representing products of our local television stations, The CW, NewsNation, The Hill and BestReviews, and a suite of advertiser solutions.

We (excluding The CW) guarantee full payment of all obligations incurred under Mission Broadcasting, Inc.'s ("Mission") senior secured credit facility in the event of its default. Mission is a guarantor of our senior secured credit facility, our 5.625% Notes, due July 2027 and our 4.75% Notes, due November 2028. In consideration of our guarantee of Mission's senior secured credit facility, Mission has granted us purchase options to acquire the assets and assume the liabilities of each Mission station, subject to FCC consent. These option agreements (which expire on various dates between 2024 and 2033) are freely exercisable or assignable by us without consent or approval by Mission or its shareholders. We expect these option agreements to be renewed upon expiration.

We do not own the consolidated VIEs or their television stations. However, we are deemed under U.S. GAAP to have controlling financial interests for financial reporting purposes in these entities because of (i) the local service agreements we have with their stations, (ii) our (excluding The CW) guarantee of the obligations incurred under Mission's senior secured credit facility, (iii) our power over significant activities affecting the VIEs' economic performance, including budgeting for advertising revenue, certain advertising sales and, in some cases, hiring and firing of sales force personnel and (iv) purchase options granted by each consolidated VIE which permit us to acquire the assets and assume the liabilities of each of these VIEs' stations at any time, subject to FCC consent. In compliance with FCC regulations for all the parties, each of the consolidated VIEs maintains complete responsibility for and control over programming, finances and personnel for its stations.

See Note 2, "Variable Interest Entities" to our unaudited Condensed Consolidated Financial Statements in Part I, Item 1 of this Form 10-Q for additional information on VIEs, including a discussion of the local service agreements we have with these independent third parties.

Seasonality

In even-numbered years we generate substantial advertising revenue from the political advertising we sell to candidates and non-candidate entities such as political action committees and political parties. Advertising revenue is also positively affected by certain events such as the Olympic Games or the Super Bowl. Advertising revenue is generally highest in the second and fourth quarters of each year, due in part to increases in consumer advertising in the spring and retail advertising in the period leading up to, and including, the holiday season. As 2024 is an election year, we expect an increase in political advertising revenue, a component of our advertising revenue, to be reported in 2024 compared to 2023.

Historical Performance

Results of Operations

The following table sets forth the Company's operating results (dollars in millions):

	Three Months Ended June 30,			Six Months Ended June 30,		
	2024	2023	% Change	2024	2023	% Change
Net revenue:						
Distribution	$ 734	$ 696	5.5	$ 1,495	$ 1,424	5.0
Advertising	522	511	2.2	1,034	1,028	0.6
Other	13	33	(60.6)	24	45	(46.7)
Net revenue	1,269	1,240	2.3	2,553	2,497	2.2
Operating expenses:						
Direct operating	552	537	2.8	1,100	1,075	2.3
Selling, general and administrative	269	262	2.7	539	528	2.1
Depreciation and amortization	208	262	(20.6)	398	511	(22.1)
Total operating expenses	1,029	1,061	(3.0)	2,037	2,114	(3.6)
Income from operations	240	179	34.1	516	383	34.7
Income from equity method investments, net	16	32		35	57	
Interest expense, net	(113)	(111)		(227)	(218)	
Pension and other postretirement plans credit, net	7	10		14	19	
Gain on disposal of an investment	-	-		40	-	
Other expenses, net	(1)	-		-	(1)	
Income before income taxes	149	110		378	240	
Income tax expense	(43)	(35)		(105)	(77)	
Net income	106	75		273	163	
Net loss attributable to noncontrolling interests	12	21		20	44	
Net income attributable to Nexstar Media Group, Inc.	$ 118	$ 96		$ 293	$ 207	

Three Months Ended June 30, 2024 Compared to the Same Period in 2023

The Company's revenues increased 2.3% for the three months ended June 30, 2024, compared to the same period in 2023, primarily due to higher revenues from distribution and political advertising, partially offset by lower revenue from non-political advertising.

Distribution revenue increased by $38 million primarily due to the successful renewal of our distribution agreements in 2023 on terms favorable to us and scheduled annual escalation of rates per subscriber, growth in vMVPD subscribers, the addition of CW affiliations on certain of our stations, and the return of our partner stations on one MVPD in January, partially offset by continued MVPD subscriber attrition. We anticipate a continued increase in retransmission fees year over year until there is a more balanced relationship between viewers delivered and fees paid for delivery of such viewers, subject to trends in subscriber attrition or growth.

Advertising revenue increased by $11 million, primarily due to an increase in political advertising of $37 million as 2024 is an election year, offset in part by a decrease in non-political revenue of $24 million due to ongoing advertising market softness.

Direct operating expenses, consisting primarily of programming, news and technical expenses, and selling, general and administrative expenses increased by $22 million primarily due to increase in news programming, stock-based compensation expense from new restricted stock grants and the timing of restricted stock grants, direct digital operating, and various administrative expenses, partially offset by a reduction in restructuring costs at The CW.

Depreciation and amortization expenses decreased by $54 million, as follows:

- Amortization of broadcast rights was $87 million for the three months ended June 30, 2024, compared to $140 million for the same period in 2023, a decrease of $53 million, primarily due to lower amortization of broadcast rights at The CW of $49 million to $71 million from $120 million.
- Depreciation of property and equipment was $46 million for the three months ended June 30, 2024, compared to $44 million for the same period in 2023 (no significant change).
- Amortization of intangible assets was $75 million for the three months ended June 30, 2024, compared to $78 million for the same period in 2023 (no significant change).

Income from equity method investments, net decreased by $16 million primarily due to a decrease in net income of TV Food Network, our largest equity method investment. TV Food Network's net income decreased primarily due to a decrease in its advertising revenue. For additional information on our investment in TV Food Network, refer to Note 4 to our Condensed Consolidated Financial Statements.

The Company's effective tax rates were 28.9% and 31.8% for each of the respective periods.

For the three months ended June 30, 2024, changes in the valuation allowance resulted in a 2.0% decrease to the effective tax rate. Other permanent differences, including a reduction in losses related to the minority interest in The CW, resulted in a 2.8% decrease to the effective tax rate. This is partially offset by a decrease in the excess benefit from stock option exercises and restricted stock unit vesting in 2024 compared to 2023 which resulted in a 1.3% increase in the rate.

The Company calculates its year-to-date provision for income taxes by applying the estimated annual effective tax rate to year-to-date pre-tax income or loss and adjusts the provision for discrete tax items recorded in the period. Future changes in the forecasted annual income projections could result in significant adjustments to quarterly income tax expense in future periods.

Six Months Ended June 30, 2024 Compared to the Same Period in 2023

The Company's revenues increased 2.2% for the six months ended June 30, 2024, compared to the same period in 2023, primarily due to higher revenues from distribution and political advertising, partially offset by lower revenue from non-political advertising.

Distribution revenue increased by $71 million for the six months ended June 30, 2024, compared to the same period in 2023, primarily due to the successful renewal of our distribution agreements in 2023 on terms favorable to us and scheduled annual escalation of rates per subscriber, growth in vMVPD subscribers, the addition of CW affiliations on certain of our stations and the return of our partner stations on one MVPD in January, partially offset by continued MVPD subscriber attrition. We anticipate a continued increase in retransmission fees year over year until there is a more balanced relationship between viewers delivered and fees paid for delivery of such viewers, subject to trends in subscriber attrition or growth.

Advertising revenue increased by $6 million for the six months ended June 30, 2024, compared to the same period in 2023, primarily due to an increase of $67 million in political advertising as 2024 is an election year, offset in part by a decrease in non-political revenue of $61 million due to ongoing advertising market softness.

Direct operating expenses, consisting primarily of programming, news and technical expenses, and selling, general and administrative expenses increased by $36 million primarily due to increase in news programming, stock-based compensation expense from new restricted stock grants and the timing of restricted stock grants, direct digital operating, and various administrative expenses, partially offset by a reduction in restructuring costs at The CW.

Depreciation and amortization expense decreased by $113 million, as follows:

•Amortization of broadcast rights was $156 million for the six months ended June 30, 2024, compared to $269 million for the same period in 2023, a decrease of $113 million, primarily due to lower amortization of broadcast rights at The CW of $104 million to $123 million from $227 million.

•Depreciation of property and equipment was $91 million for the six months ended June 30, 2024, compared to $87 million for the same period in 2023 (no significant change).

•Amortization of intangible assets was $151 million for the six months ended June 30, 2024, compared to $155 million for the same period in 2023 (no significant change).

Income from equity method investments, net decreased by $22 million primarily due to a decrease in net income of TV Food Network, our largest equity method investment. TV Food Network's net income decreased primarily due to a decrease in its advertising revenue. For additional information on our investment in TV Food Network, refer to Note 4 to our Condensed Consolidated Financial Statements.

Interest expense, net increased by $9 million, primarily due to increases in interest rates in the Company's outstanding loans under its senior secured credit facilities, partially offset by decreases in interest expense from debt repayments.

In February 2024, Nexstar received $40 million in cash proceeds, and recorded a gain on disposal of an investment for the same amount, in connection with BMI's sale to New Mountain Capital.

The Company's effective tax rates were 27.8% and 32.1% for each of the respective periods.

For the six months ended June 30, 2024, changes in the valuation allowance resulted in a 3.4% decrease to the effective tax rate. Other permanent differences, including a reduction in losses related to the minority interest in The CW, resulted in a 1.9% decrease to the effective tax rate. This is partially offset by a decrease in the excess benefit from stock option exercises and restricted stock unit vesting in 2024 compared to 2023 which resulted in a 1.0% increase in the rate.

The Company calculates its year-to-date provision for income taxes by applying the estimated annual effective tax rate to year-to-date pre-tax income or loss and adjusts the provision for discrete tax items recorded in the period. Future changes in the forecasted annual income projections could result in significant adjustments to quarterly income tax expense in future periods.

Liquidity and Capital Resources

The Company is leveraged, which makes it vulnerable to changes in general economic conditions. The Company's ability to repay or refinance its debt will depend on, among other things, financial, business, market, competitive and other conditions, many of which are beyond the Company's control. The Company's primary sources of liquidity include cash on hand, borrowing capacity under its revolving credit facilities (with a maturity date of June 2027) and cash generated from operations. The Company believes these sources of liquidity are sufficient to meet its business operating requirements, its capital expenditures and to continue to service its debt for at least the next 12 months as of the filing date of this Quarterly Report on Form 10-Q. As of June 30, 2024, the Company was in compliance with the financial covenants contained in the amended credit agreements governing its senior secured credit facilities.

Any future adverse economic conditions, including those resulting from heightened and sustained inflation and higher interest rates, could adversely affect the Company's future operating results, cash flows and financial condition.

Cash Flow Summary

The following tables present summarized financial information management believes is helpful in evaluating the Company's liquidity and capital resources (in millions):

	Six Months Ended June 30,	
	2024	**2023**
Net cash provided by operating activities	$ 452	$ 679
Net cash used in investing activities	(39)	(73)
Net cash used in financing activities	(414)	(466)
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (1)	$ 140
Cash paid for interest	$ 219	$ 214
Income taxes paid, net of refunds	$ 177	$ 121

	As of June 30, 2024	As of December 31, 2023
Cash, cash equivalents and restricted cash	$ 146	$ 147

Cash Flows—Operating Activities

Net cash flows provided by operating activities decreased by $227 million during the six months ended June 30, 2024, compared to the same period in 2023. This was primarily due to an increase in uses of cash from (i) timing of receipts and payables of $174 million, including prepaying fees associated with our TBA of KAZT-TV and (ii) a decrease in distribution from our equity investment in TV Food Network of $112 million, partially offset by a decrease in payments for broadcast rights of $52 million.

Cash Flows—Investing Activities

Net cash flows used in investing activities decreased by $34 million during the six months ended June 30, 2024, compared to the same period in 2023. This was primarily due to the proceeds received from the disposal of an investment in connection with BMI's sale to New Mountain Capital of $40 million, partially offset by an increase in capital expenditures of $4 million.

Cash Flows—Financing Activities

Net cash flows used in financing activities decreased by $52 million during the six months ended June 30, 2024, compared to the same period in 2023. This was primarily due to fewer shares of Nexstar common stock repurchased in the current year, or a decrease in stock buybacks of $69 million and lower cash paid for shares withheld for taxes of $14 million, offset in part by a $17 million decrease in contribution from noncontrolling interests and a $14 million increase in common stock dividends paid.

Subsequent Investing and Financing Activities

On July 26, 2024, Nexstar announced that its Board of Directors increased its share repurchase authorization by $1.5 billion. From July 1, 2024 to August 7, 2024, we repurchased 266,014 shares of our common stock for $46 million, funded by cash on hand. As of the date of filing this Quarterly Report on Form 10-Q, the remaining available amount under the share repurchase authorization was $1.9 billion.

On July 26, 2024, Nexstar's Board of Directors declared a quarterly cash dividend of $1.69 per share of Nexstar's common stock. The dividend is payable on August 23, 2024 to stockholders of record on August 9, 2024.

Our senior secured credit facility may limit the amount of dividends we may pay to stockholders over the term of the agreement.

Long-term debt

As of June 30, 2024, the Company had total outstanding debt of $6.781 billion, net of unamortized financing costs, discounts and premium, which represented 74.9% of the Company's combined capitalization. The Company's high level of debt requires that a substantial portion of cash flow be dedicated to pay principal and interest on debt, which reduces the funds available for working capital, capital expenditures, acquisitions and other general corporate purposes.

(dollars in millions)	As of June 30, 2024	As of December 31, 2023
Nexstar senior secured credit facility	$ 3,743	$ 3,804
Mission senior secured credit facility	354	354
5.625% Notes, due July 2027	1,714	1,714
4.75% Notes, due November 2028	1,000	1,000
Total outstanding principal	6,811	6,872
Less: Unamortized financing costs, discounts and premium, net	(30)	(35)
Total outstanding debt	$ 6,781	$ 6,837
Unused revolving loan commitments under senior secured credit facilities [1]	$ 545	$ 544

[1] Based on covenant calculations as of June 30, 2024, all of the $531 million and $14 million in unused revolving loan commitments under the respective Nexstar and Mission senior secured credit facilities were available for borrowing.

The following table summarizes the principal indebtedness scheduled to mature for the periods referenced as of June 30, 2024 (in millions):

		Payments Due by Period				
	Total	Remainder of 2024	2025	2026-2027	2028-2029	Thereafter
Nexstar senior secured credit facility	$ 3,743	$ 60	$ 121	$ 3,562	$ -	$ -
Mission senior secured credit facility	354	2	3	68	281	-
5.625% Notes, due July 2027	1,714	-	-	1,714	-	-
4.75% Notes, due November 2028	1,000	-	-	-	1,000	-
	$ 6,811	$ 62	$ 124	$ 5,344	$ 1,281	$ -

We (excluding The CW) guarantee full payment of all obligations incurred under Mission's senior secured credit facility in the event of its default. Mission is a guarantor of our senior secured credit facility, our 5.625% Notes, due July 2027 and our 4.75% Notes, due November 2028. In consideration of our guarantee of Mission's senior secured credit facility, Mission has granted us purchase options to acquire the assets and assume the liabilities of each Mission station, subject to FCC consent. These option agreements (which expire on various dates between 2024 and 2033) are freely exercisable or assignable by us without consent or approval by Mission or its shareholders. We expect these option agreements to be renewed upon expiration.

We make semiannual interest payments on the 5.625% Notes, due July 2027 on January 15 and July 15 of each year. We make semiannual interest payments on our 4.75% Notes, due November 2028 on May 1 and November 1 of each year. Interest payments on our and Mission's senior secured credit facilities are generally paid every one to three months and are payable based on the type of interest rate selected.

The terms of our and Mission's senior secured credit facilities, as well as the indentures governing our 5.625% Notes, due July 2027 and 4.75% Notes, due November 2028, limit, but do not prohibit us or Mission, from incurring substantial amounts of additional debt in the future. The Company's senior secured credit facilities and the indentures governing our existing notes may limit the amount of dividends we may pay to stockholders and share repurchases we may make over the term of the agreement.

The Company does not have any rating downgrade triggers that would accelerate the maturity dates of its debt. However, a downgrade in the Company's credit rating could adversely affect its ability to renew the existing credit facilities, obtain access to new credit facilities or otherwise issue debt in the future and could increase the cost of such debt.

The Company's ability to access funds under its senior secured credit facilities depends, in part, on its compliance with certain financial covenants. Any additional drawings under the senior secured credit facilities will reduce the Company's future borrowing capacity and the amount of total unused revolving loan commitments. Any future adverse economic conditions, including those resulting from heightened and sustained inflation and higher interest rates, could adversely affect our future operating results and cash flows and may cause us to seek alternative sources of funding, including accessing capital markets, subject to market conditions. Such alternative sources of funding may not be available on commercially reasonable terms or at all.

Our credit agreement contains a covenant which requires us to comply with a maximum consolidated first lien net leverage ratio of 4.25 to 1.00. The financial covenant, which is formally calculated on a quarterly basis, is based on the Company's combined results, excluding the operating results of The CW, which Nexstar designated as an unrestricted subsidiary under its credit agreements and indentures. The Mission amended credit agreement does not contain financial covenant ratio requirements but does provide for default in the event we do not comply with all covenants contained in our credit agreement. As of June 30, 2024, we were in compliance with our financial covenant. We believe the Company will be able to maintain compliance with all covenants contained in the credit agreements governing its senior secured facilities and the indentures governing Nexstar's 5.625% Notes, due July 2027 and Nexstar's 4.75% Notes, due November 2028 for a period of at least the next 12 months as of the filing date of this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

As of June 30, 2024, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or VIEs, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. All of our arrangements with our VIEs in which we are the primary beneficiary are on-balance sheet arrangements. Our variable interests in other entities are obtained through local service agreements, which have valid business purposes and transfer certain station activities from the station owners to us. We are, therefore, not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

As of June 30, 2024, we had outstanding standby letters of credit with various financial institutions amounting to $19 million. The outstanding balance of standby letters of credit is deducted against our unused revolving loan commitment under our senior secured credit facility and would not be available for withdrawal.

Issuer and Guarantor Summarized Financial Information

Nexstar Media Inc. (the "Issuer") is the issuer of 5.625% Notes, due July 2027 and 4.75% Notes, due November 2028. These notes are fully and unconditionally guaranteed, jointly and severally, by Nexstar Media Group, Inc. ("Parent"), Mission (a consolidated VIE) and the Subsidiary Guarantors (as defined below). The Issuer, Subsidiary Guarantors, Parent and Mission are collectively referred to as the "Obligor Group" for the 5.625% Notes, due July 2027 and 4.75% Notes, due November 2028. "Subsidiary Guarantors" refers to certain of the Issuer's restricted subsidiaries (excluding The CW) that guarantee these notes. The guarantees of the notes are subject to release in limited circumstances upon the occurrence of certain customary conditions set forth in the indentures governing the 5.625% Notes, due July 2027 and the 4.75% Notes, due November 2028. The 5.625% Notes, due July 2027 and 4.75% Notes, due November 2028 are not registered with the SEC.

The following combined summarized financial information is presented for the Obligor Group after elimination of intercompany transactions between Parent, Issuer, Subsidiary Guarantors and Mission in the Obligor Group and amounts related to investments in any subsidiary that is a non-guarantor. This information is not intended to present the financial position or results of operations of the consolidated group of companies in accordance with U.S. GAAP.

***Summarized Balance Sheet Information for the Obligor Group (in millions)**:*

	June 30, 2024	December 31, 2023
Current assets – external[1]	$ 1,266	$ 1,246
Current assets – due from consolidated entities outside of Obligor Group	12	7
Total current assets	$ 1,278	$ 1,253
Noncurrent assets – external[1][2]	9,279	9,429
Noncurrent assets – due from consolidated entities outside of Obligor Group	74	75
Total noncurrent assets	$ 9,353	$ 9,504
Total current liabilities[1]	$ 716	$ 818
Total noncurrent liabilities[1]	$ 8,680	$ 8,775
Noncontrolling interests	$ -	$ -

[1]Excludes the assets and liabilities of The CW as it is not a guarantor of the 4.75% Notes, due November 2028 and 5.625% Notes, due July 2027.

[2]Excludes Issuer's equity investments of $856 million and $958 million as of June 30, 2024 and December 31, 2023, respectively, in unconsolidated investees. These unconsolidated investees do not guarantee the 4.75% Notes, due November 2028 and 5.625% Notes, due July 2027. For additional information on equity investments, refer to Note 4 to our Condensed Consolidated Financial Statements.

***Summarized Statements of Operations Information for the Obligor Group (in millions)**:*

	Six Months Ended June 30, 2024
Net revenue – external	$ 2,458
Net revenue – from consolidated entities outside of Obligor Group	9
Total net revenue	2,467
Costs and expenses – external	1,849
Costs and expenses – to consolidated entities outside of Obligor Group	30
Total costs and expenses	1,879
Income from operations	$ 588
Net income	$ 308
Net income attributable to Obligor Group	$ 308
Income from equity method investments, net	$ 35

Critical Accounting Estimates

Our Condensed Consolidated Financial Statements have been prepared in accordance with U.S. GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenue and expenses and related disclosures. On an ongoing basis, we base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from those estimates, and any such differences could be material to our Condensed Consolidated Financial Statements.

Information with respect to the Company's critical accounting estimates which it believes could have the most significant effect on the Company's reported results and require subjective or complex judgments by management is contained in our Annual Report on Form 10-K for the year ended December 31, 2023. Management believes that as of June 30, 2024, there has been no material change to this information.

Recent Accounting Pronouncements

Refer to Note 2 of our Condensed Consolidated Financial Statements in Part I, Item 1 of this Quarterly Report on Form 10-Q for a discussion of recently issued accounting pronouncements, including our expected date of adoption and effects on results of operations and financial position.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

The Company's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations.

The term loan borrowings under the Company's senior secured credit facilities bear interest at rates ranging from 6.84% to 7.84% as of June 30, 2024, which represent (i) the base rate, the Secured Overnight Financing Rate ("SOFR") plus (ii) a credit spread adjustment, and (iii) the applicable margin, as defined. Interest is payable in accordance with the credit agreements.

Based on the outstanding balances of the Company's senior secured credit facilities (term loans and revolving loans) as of June 30, 2024, an increase in SOFR by 100 basis points would increase our annual interest expense and decrease our cash flow from operations by $41 million (excluding tax effects). A decrease in SOFR by 100 basis points would decrease our annual interest expense and increase our cash flow from operations by $41 million (excluding tax effects). Our 5.625% Notes, due July 2027 and 4.75% Notes, due November 2028 are fixed rate debt obligations and therefore are not exposed to market interest rate changes. As of June 30, 2024, the Company has no financial instruments in place to hedge against changes in the benchmark interest rates on its senior secured credit facilities.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Nexstar's management, with the participation of its Chairman and Chief Executive Officer along with its Chief Financial Officer, conducted an evaluation as of the end of the period covered by this report of the effectiveness of the design and operation of Nexstar's disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act.

Based upon that evaluation, Nexstar's Chairman and Chief Executive Officer and its Chief Financial Officer concluded that as of the end of the period covered by this report, Nexstar's disclosure controls and procedures were effective in providing reasonable assurance that information required to be disclosed in the reports that it files or submits under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) is accumulated and communicated to Nexstar's management, including its Chairman and Chief Executive Officer and its Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

As of the quarter ended June 30, 2024, there have been no changes in Nexstar's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

From time to time, the Company is involved in litigation that arises from the ordinary operations of business, such as contractual or employment disputes or other general actions. In the event of an adverse outcome of these proceedings, the Company believes the resulting liabilities would not have a material adverse effect on its financial condition or results of operations. See Part I, Item 1, Note 12, "Commitments and Contingencies" for detailed discussion of ongoing litigation.

ITEM 1A. Risk Factors

There have been no material changes to the risk factors that were previously disclosed in Item 1A in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 filed with the SEC on February 28, 2024.

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

On July 27, 2022, Nexstar's board of directors approved a share repurchase program authorizing Nexstar to repurchase up to $1.5 billion of its common stock, of which $652 million of capacity remained available as of December 31, 2023. During the six months ended June 30, 2024, Nexstar repurchased a total of 1,514,478 shares of its common stock for $246 million, funded by cash on hand, which was accounted for as treasury cost. As of June 30, 2024, the remaining available amount under the share repurchase authorization was $406 million.

The following is a summary of Nexstar's repurchases of its common stock by month during the quarter ended June 30, 2024 (in millions, except for share and per share information):

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs
April 4 to 30, 2024	231,460	$ 163.51	231,460	$ 504
May 1 to 31, 2024	185,708	$ 162.33	185,708	474
June 3 to 27, 2024	430,736	$ 155.55	430,736	406
	847,904	$ 159.21	847,904	

On July 26, 2024, Nexstar announced that its Board of Directors increased its share repurchase authorization by $1.5 billion. From July 1, 2024 to August 7, 2024, we repurchased 266,014 shares of our common stock for $46 million, funded by cash on hand. As of the date of filing this Quarterly Report on Form 10-Q, the remaining available amount under the share repurchase authorization was $1.9 billion.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

None.

ITEM 5. Other Information

(a)None.

(b)None.

(c)Rule 10b5-1 and Non-Rule 10b5-1 Trading Arrangements

None of the Company's directors or officers adopted, modified, or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended June 30, 2024.

ITEM 6. Exhibits

Exhibit No.	Description
31.1	Certification of Perry A. Sook pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
31.2	Certification of Lee Ann Gliha pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
32.1	Certification of Perry A. Sook pursuant to 18 U.S.C. ss. 1350.*
32.2	Certification of Lee Ann Gliha pursuant to 18 U.S.C. ss. 1350.*
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbases Document.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NEXSTAR MEDIA GROUP, INC.

/S/ PERRY A. SOOK
By: Perry A. Sook
Its: Chairman and Chief Executive Officer (Principal Executive Officer)

/S/ LEE ANN GLIHA
By: Lee Ann Gliha
Its: Chief Financial Officer (Principal Accounting and Financial Officer)

Dated: August 8, 2024