

SINCLAIR BROADCAST GROUP INC
Form 10-Q
May 11, 2009
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2009

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: 000-26076

SINCLAIR BROADCAST GROUP, INC.

(Exact name of Registrant as specified in its charter)

Maryland

(State or other jurisdiction of
Incorporation or organization)

52-1494660

(I.R.S. Employer Identification No.)

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**10706 Beaver Dam Road
Hunt Valley, Maryland 21030**

(Address of principal executive offices, zip code)

(410) 568-1500

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year, if changed since last report)

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 the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such file). Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

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

Title of each class	Number of shares outstanding as of
Class A Common Stock	May 1, 2009 45,120,079
Class B Common Stock	34,453,859

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SINCLAIR BROADCAST GROUP, INC.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2009

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	As of March 31, 2009	As of December 31, 2008 (See Note 1)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 11,232	\$ 16,470
Accounts receivable, net of allowance for doubtful accounts of \$3,061 and \$3,327, respectively	92,382	107,376
Affiliate receivable	56	65
Current portion of program contract costs	40,698	55,751
Income taxes receivable	2,368	2,334
Prepaid expenses and other current assets	8,731	9,453
Deferred barter costs	4,391	2,654
Deferred tax assets	9,022	9,022
Total current assets	168,880	203,125
PROGRAM CONTRACT COSTS, less current portion	21,523	27,548
PROPERTY AND EQUIPMENT, net	317,363	336,964
GOODWILL	754,727	824,188
BROADCAST LICENSES	76,235	132,422
DEFINITE-LIVED INTANGIBLE ASSETS, net	199,313	205,743
OTHER ASSETS	88,223	86,417
Total assets	\$ 1,626,264	\$ 1,816,407
LIABILITIES AND EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	\$ 4,055	\$ 4,817
Accrued liabilities	53,328	79,584
Current portion of notes payable, capital leases and commercial bank financing	66,645	67,066
Current portion of notes and capital leases payable to affiliates	2,869	2,845
Current portion of program contracts payable	83,848	91,366
Deferred barter revenues	4,454	2,657
Total current liabilities	215,199	248,335
LONG-TERM LIABILITIES:		
Notes payable, capital leases and commercial bank financing, less current portion	1,236,288	1,261,506
Notes payable and capital leases to affiliates, less current portion	26,996	30,861
Program contracts payable, less current portion	64,857	81,315
Deferred tax liabilities	185,355	204,051
Other long-term liabilities	49,187	49,039
Total liabilities	1,777,882	1,875,107

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EQUITY (DEFICIT):

SINCLAIR BROADCAST GROUP SHAREHOLDERS EQUITY (DEFICIT):

Class A Common Stock, \$.01 par value, 500,000,000 shares authorized, 45,021,223 and 46,510,647 shares issued and outstanding, respectively	450	465
Class B Common Stock, \$.01 par value, 140,000,000 shares authorized, 34,453,859 shares issued and outstanding, respectively, convertible into Class A Common Stock	345	345
Additional paid-in capital	604,637	605,865
Accumulated deficit	(763,837)	(678,182)
Other comprehensive loss	(3,442)	(3,495)
Total Sinclair Broadcast Group shareholders' equity (deficit)	(161,847)	(75,002)
Noncontrolling interest	10,229	16,302
Total equity (deficit)	(151,618)	(58,700)
Total liabilities and equity (deficit)	\$ 1,626,264	\$ 1,816,407

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

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	Three Months Ended March 31,	
	2009	2008
	(See Note 1)	
REVENUES:		
Station broadcast revenues, net of agency commissions	\$ 131,305	\$ 160,892
Revenues realized from station barter arrangements	11,898	14,638
Other operating divisions revenues	11,535	11,127
Total revenues	154,738	186,657
OPERATING EXPENSES:		
Station production expenses	34,943	38,855
Station selling, general and administrative expenses	30,910	34,611
Expenses recognized from station barter arrangements	10,228	13,517
Amortization of program contract costs and net realizable value adjustments	20,758	19,709
Other operating divisions expenses	12,251	11,934
Depreciation of property and equipment	11,933	10,553
Corporate general and administrative expenses	6,359	6,721
Amortization of definite-lived intangible assets and other assets	5,201	4,539
Gain on asset exchange	(1,236)	
Impairment of goodwill, intangible and other assets	130,098	
Total operating expenses	261,445	140,439
Operating (loss) income	(106,707)	46,218
OTHER INCOME (EXPENSE):		
Interest expense and amortization of debt discount and deferred financing costs	(18,374)	(22,668)
Interest income	26	181
Gain from sale of assets	27	38
Gain (loss) from extinguishment of debt	18,986	(286)
Gain from derivative instruments		999
(Loss) income from equity and cost method investments	(445)	695
Other income, net	648	372
Total other income (expense)	868	(20,669)
(Loss) income from continuing operations before income taxes	(105,839)	25,549
INCOME TAX BENEFIT (PROVISION)		
(Loss) income from continuing operations	(87,039)	15,086
DISCONTINUED OPERATIONS:		
Loss from discontinued operations, net of related income tax provision of \$108 and \$139, respectively	(108)	(131)
NET (LOSS) INCOME	(87,147)	14,955
Net loss (income) attributable to the noncontrolling interest	1,492	(5)
NET (LOSS) INCOME ATTRIBUTABLE TO SINCLAIR BROADCAST GROUP	\$ (85,655)	\$ 14,950
Dividends declared per share	\$	\$ 0.20
BASIC AND DILUTED (LOSS) EARNINGS PER COMMON SHARE		
ATTRIBUTABLE TO SINCLAIR BROADCAST GROUP:		

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(Loss) earnings per share from continuing operations	\$	(1.06)	\$	0.17
Earnings per share from discontinued operations	\$		\$	
(Loss) earnings per share	\$	(1.06)	\$	0.17
Weighted average common shares outstanding		80,815		87,342
Weighted average common and common equivalent shares outstanding		80,815		94,054

AMOUNTS ATTRIBUTABLE TO SINCLAIR BROADCAST GROUP COMMON
SHAREHOLDERS

Loss (income) from continuing operations, net of tax	\$	(85,547)	\$	15,081
Loss from discontinued operations, net of tax		(108)		(131)
Net (loss) income	\$	(85,655)	\$	14,950

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

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SINCLAIR BROADCAST GROUP, INC.
CONSOLIDATED STATEMENT OF EQUITY (DEFICIT)
FOR THE THREE MONTHS ENDED MARCH 31, 2009

(In thousands) (Unaudited)

	Sinclair Broadcast Group Shareholders						
	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Accumulated Deficit	Other Comprehensive Loss	Noncontrolling Interests (See Note 1)	Total Equity (Deficit) (See Note 1)
BALANCE, December 31, 2008	\$ 465	\$ 345	\$ 605,865	\$ (678,182)	\$ (3,495)		