

Sinclair Reports Third Quarter After Tax Cash Flow Per Share Of \$0.25

BALTIMORE, Nov. 8 /PRNewswire/ --

Sinclair Broadcast Group, Inc. (Nasdaq: SBGI), the "Company" or "Sinclair," today reported financial results for the three months and nine months ended September 30, 2001.

Highlights:

- Net broadcast revenues of \$153.1 million
- Broadcast cash flow of \$58.4 million
- After tax cash flow per share of \$0.25, exceeds First Call consensus estimate of \$0.13
- Short-term Bank Credit Facility amendment approved
- Investment Banker retained to review television station portfolio
- Outsourcing agreement entered into in Tallahassee

Financial Results:

On a reported basis, net broadcast revenues from continuing operations were \$153.1 million for the three months ended September 30, 2001, a decrease of 12.0% versus the prior year period, and within the revised public guidance of down 12% to down 14% provided after the September 11th terrorist attacks. Broadcast cash flow from continuing operations was \$58.4 million in the three-month period, a decrease of 26.6% versus the prior year period. After tax cash flow per share of \$0.25 decreased 39.0% from the prior year period result of \$0.41, but exceeded First Call consensus estimates of \$0.13.

On a reported basis, net broadcast revenues from continuing operations were \$478.4 million for the nine months ended September 30, 2001, a decrease of 9.3% versus the prior year period. Broadcast cash flow from continuing operations was \$187.4 million in the nine-month period, a decrease of 21.2% versus the prior year period. After tax cash flow per share of \$0.88 decreased 16.2% from the prior year period result of \$1.05.

Commenting on the quarter, David Smith, President and CEO, stated, "Although the September 11th attacks have had a significant impact on the revenues of media-related businesses, they highlight the public's need and desire for immediate news coverage and dissemination of critical, public safety information. This call to public service was answered by over-the-air television broadcasters who dutifully aired commercial-free news coverage during and in the days following the attacks. The impact to our Company from the September 11th events was a \$5.4 million revenue loss in the third quarter. Prior to the attacks and excluding their revenue impact, we were on track to meet our original public guidance of down 8.5% to down 10.5%."

Smith continued, "Although the auto sector's 'Zero Percent Financing' initiatives have resulted in an increase in automotive advertising in October, our industry continues to face a weak advertising climate, the uncertainty of possible further attacks, and the lack of visibility for future ad demand. In light of such uncertainty and based on our current outlook for the fourth quarter, as highlighted in this release under the 'Outlook' section, we requested and successfully obtained a short-term amendment of our financial covenants under our \$1.1 billion credit facility. The amendment, which is effective through September 30, 2002, provides relief for those covenant calculation periods that include the 2001 financial impact from the September 11th attacks."

"As previously announced, we retained Bear Stearns & Co. to advise us on our television station make-up in anticipation of the possibility for deregulation of the television ownership rules. Currently, the FCC and the courts are reviewing the rules governing the national ownership cap, duopoly, and cross-ownership. Our objective is to build our local franchises in those markets we deem strategic and to divest or swap our non-strategic stations. We believe that there is value to be created by this strategy and would expect

to benefit from deregulation particularly given the number of stations we operate, our predominant middle-market position, and our affiliation with the FOX, WB and UPN networks," commented Smith.

"On a different front, we recently entered into our first outsourcing agreement in Tallahassee, Florida in which our NBC affiliate, WTWC-TV, provides non-programming related sales, operational and managerial services for Media Ventures' ABC affiliate, WTXL-TV. We believe this structure allows both stations to achieve operational efficiencies and economies of scale, which should improve their broadcast cash flow and competitive position," stated Smith.

Operating and Financial Highlights:

- Local advertising revenues decreased 7.5%, excluding political advertising revenues, while national advertising revenues were down 17.1% in the quarter versus the third quarter 2000. In addition to the \$5.4 million revenue loss from the attacks, the quarter continued to be impacted by lower advertising revenues generated from the fast food, grocery, telecommunications, and home product sectors, offset by improvements in the services sector. Although the auto category was down, the rate of decline continued to improve, ending the quarter down 2.7% versus last year. Local revenues, excluding political revenues, represented 56.9% of time sales, as compared to 54.2% for the third quarter 2000.
- Political advertising revenues were \$0.3 million in the quarter as compared to \$5.3 million for the third quarter 2000.
- Although all affiliation station groups were down in the quarter, our FOX stations, which represented 35% of net broadcast revenues, were down 6.5% versus third quarter 2000, posting the least decline of all our station groups. Our stations affiliated with the big 3 traditional networks were down 20%, impacted primarily by the decline in the ABC network ratings, and by having to replace political and Olympic dollars versus third quarter last year.
- Second quarter 2001 market share survey results, which recently became available, reflected that we increased our share of the local television advertising market, excluding political, to 18.2% versus 18.1% in the second quarter 2000.
- We incurred a \$5.1 million non-cash contract termination cost relating to the change in national sales representation firms.
- We took a \$1.4 million write-off of Internet-related investments.
- We incurred a \$1.1 million restructuring charge associated with the closure of the news operation at our St. Louis station.

Pro Forma Results for Continuing Operations:
(Dollars in millions)

	Q1 2000	Q2 2000	Q3 2000	Q4 2000	FY2000
Net broadcast revenues	\$166.3	\$194.4	\$175.6	\$199.5	\$735.8
Broadcast cash flow	\$67.2	\$93.1	\$79.8	\$101.2	\$341.3
	Q1 2001	Q2 2001	Q3 2001		
Net broadcast revenues	\$149.7	\$175.6	\$153.1		
Broadcast cash flow	\$54.0	\$75.0	\$58.4		

References to "pro forma" or "pro forma basis" means that the financial results being discussed include the financial results of all stations owned or programmed as of September 30, 2001, as if they were owned for the entire period covered by the discussion.

Balance Sheet Analysis:

The Company's net debt of \$1,647.6 million at September 30, 2001, which is net of \$7.0 million in cash, decreased by \$3.0 million from the net debt of \$1,650.6 million at June 30, 2001. Capital expenditures totaled \$9.8 million in the quarter. Financial leverage, as defined by total indebtedness, before the HYTOPS, divided by the 12-month trailing pro forma EBITDA, was 6.12x at September 30, 2001, up from 5.49x at September 30, 2000. As of September 30, 2001, 40.9 million Class A common shares and 43.4 million Class B common shares were outstanding, for a total of 84.3 million common shares outstanding.

Outlook:

In accordance with Regulation Fair Disclosure (Reg. FD), Sinclair is providing public dissemination through this press release of its expectations for its fourth quarter 2001 financial performance. The Company assumes no obligation to update its expectations. All matters discussed in the "Outlook" section are forward-looking and, as such, persons relying on this information should refer to the "Forward-Looking Statements" section below.

"Prior to September 11th, we had been on track to meet our original third quarter public guidance and had no reason to believe that we would not meet our full year guidance," commented David Amy, EVP and CFO. "Like many industries, the events of September 11th had a negative impact on the media sector, which prompted us to previously withdraw our full year guidance. Unfortunately, the ripple effects from the attacks continue today. Many advertisers are re-evaluating their marketing plans, which has continued to limit our visibility regarding the advertising climate. Additionally, fourth quarter revenues in 2001 will not include the level of political advertising revenue received in the fourth quarter of 2000. Despite the uncertainty, we continue to be encouraged by the 0% financing initiatives in the auto sector and are hopeful for the retail holiday season. Looking ahead, we believe we have been prudent and proactive in the steps taken with our lenders to ensure on-going liquidity and compliance in these uncertain times."

- For the full-year 2001, the Company's guidance for net broadcast revenue is revised to down 12.5% to down 13%, broadcast cash flow is revised to down 26.5% to down 27.5%, and after-tax cash flow (ATCF) per share is revised to be \$1.05 to \$1.07.

Fourth Quarter 2001:

- The Company expects pro forma net broadcast revenues for the fourth quarter to be down approximately 17.5% to 18.5% from fourth quarter 2000 pro forma net broadcast revenues of \$199.5 million. This expectation includes the continued impact from September 11th and the need to replace approximately \$16 million in political advertising revenues generated in the fourth quarter 2000. Excluding political, the outlook reflects a 10.5% to 11.5% decline in core revenues.
- The Company expects pro forma broadcast cash flow to be down approximately 38% to 40% from fourth quarter 2000 pro forma broadcast cash flow of \$101.2 million, primarily due to the decline in net broadcast revenues.
- The Company expects fourth quarter ATCF per share of approximately \$0.17 to \$0.19, down from the fourth quarter 2000 ATCF per share of

\$0.54. This assumes achievement of the operating results discussed in this section and that the shares outstanding remain equal to the number of shares outstanding on September 30, 2001.

- The Company expects fourth quarter program contract payments of approximately \$26 million, assuming no changes in existing contract terms, but the addition of new programming.
- The Company expects fourth quarter program contract amortization to be approximately \$33 million, assuming no changes in existing contract terms and the addition of "Everyone Loves Raymond" in 16 markets and "Just Shoot Me" in 21 markets.
- The Company expects net interest expense, before the \$5.8 million subsidiary trust minority interest expense, to be approximately \$35 million in the fourth quarter, assuming changes in debt levels based upon achievement of operating results discussed in this section, no changes in the current interest rate yield curve, and bank borrowing rates per the Company's amended credit facility terms.
- The Company expects corporate overhead of approximately \$4 million in the fourth quarter, assuming current levels of staffing.
- The Company expects a current tax benefit from continuing operations of approximately \$8 million in the fourth quarter.
- The Company's number of common shares outstanding at September 30, 2001 was 84.3 million shares.
- The Company expects to spend approximately \$16 million in capital expenditures in the fourth quarter, the majority of which will be for the digital television conversion.

Broadcast cash flow is a measurement utilized by lenders to measure our ability to service our debt and is utilized by industry analysts to determine a private market value of our television stations and to determine our operating performance. See "Notes" below for a full definition of broadcast cash flow.

After tax cash flow is a measurement utilized by industry analysts to determine a public market value of our television stations and to determine our operating performance. See "Notes" below for a full definition of after tax cash flow.

Sinclair Conference Call:

The senior management of Sinclair will hold a conference call to discuss its third quarter results on Thursday, November 8, 2001, at 5:00 p.m. EST. After the call, an audio replay will be available at www.sbg.net under "Conference Call" until 11:59 pm EST on November 15, 2001. The press and the public will be welcome on the call in a listen-only mode. The dial-in number is (800) 289-0496.

About Sinclair:

Sinclair Broadcast Group, Inc., one of the largest and most diversified television broadcasting companies, currently owns and operates, programs or provides sales services to 63 television stations in 40 markets. Sinclair's television group reaches approximately 25.0% of U.S. television households and includes ABC, CBS, FOX, NBC, WB, and UPN affiliates. Sinclair, through its wholly owned subsidiary, Sinclair Ventures, Inc., owns equity interests in Internet companies including G1440, Inc., an Internet consulting and development company, and Synergy Brands, Inc. Sinclair has a strategic alliance with Acrodyne Communications, Inc., a manufacturer of transmitters and other television broadcast equipment.

Historical Financial Highlights and Other Data:
(Dollars in thousands except for per share data)

	Three Months			Nine Months		
	Ended September 30, 2001	2000	Incr.(Dec.) %	Ended September 30, 2001	2000	Incr.(Dec.) %
Net broadcast revenues	\$153,091	\$ 173,984	(12.0)	\$478,440	\$ 527,522	(9.3)
Total revenues	167,579	187,628	(10.7)	525,731	571,815	(8.1)
Broadcast cash flow	58,374	79,502	(26.6)	187,417	237,750	(21.2)
Adjusted EBITDA	53,567	74,785	(28.4)	172,701	220,838	(21.8)
After tax cash flow	21,179	37,017	(42.8)	74,598	97,881	(23.8)
After tax cash flow per share	0.25	0.41	(39.0)	0.88	1.05	(16.2)
Corporate expense	4,807	4,717	1.9	14,716	16,912	(13.0)
SG&A expenses related to G1440	1,880	1,171	60.5	6,401	2,919	119.3
Program contract payments	24,726	23,340	5.9	76,708	72,750	5.4
Cash and cash equivalents	6,983	22,063	(68.3)	6,983	22,063	(68.3)
Capital expenditures	9,793	11,606	(15.6)	22,483	26,640	(15.6)
Current tax provision (benefit) from operations	(13,410)	1,489	N.M.	(33,270)	4,151	N.M.
Deferred tax provision (benefit) related to operations	(6,497)	10,066	N.M.	4,959	(3,906)	N.M.

N.M. - Not meaningful

Notes:

The definitions used for the terms "Broadcast Cash Flow" and "Adjusted EBITDA" conform to those used in the Company's most recent report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2001, plus restructuring charges, contract termination costs, and impairment and write down of long-lived assets.

"After tax cash flow" (ATCF) is defined as net income (loss) available to common shareholders, plus depreciation and amortization (excluding film amortization), impairment and write down charge of long-lived assets, stock-based compensation, the cumulative adjustment for change in assets held for sale, restructuring charges, contract termination costs, amortization of deferred financing costs, the loss from equity investments (or minus the gain), the loss on derivative instruments (or minus the gain), extraordinary loss, the deferred tax provision related to operations (or minus the deferred

tax benefit) and minus the gain on sale of assets and deferred NOL carrybacks. After tax cash flow should not be considered in isolation or as a substitute for measures of performance or to represent cash provided by operating activities prepared in accordance with generally accepted accounting principles. ATCF is a measurement utilized by industry analysts to determine a public market value of our television stations and to determine our operating performance.

"After tax cash flow per share" is defined as after tax cash flow divided by diluted weighted average common and common equivalent shares outstanding. Fiscal year 2000 weighted average shares outstanding, assuming dilution, have been revised to reflect the dilutive effect of equity put options.

After tax cash flow calculation:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2001	2000	2001	2000
Net income (loss) available to common shareholders	\$(32,447)	\$16,259	\$(91,955)	\$10,473
Depreciation of property and equipment	10,076	9,782	29,241	27,872
Amortization of acquired intangible broadcast assets and other assets	28,745	27,328	86,373	80,581
Impairment and write down charge of long-lived assets	---	---	5,590	---
Restructuring charge	1,069	---	3,492	---
Contract termination costs	5,135	---	5,135	---
Cumulative adjustment for change in assets held for sale	---	---	---	619
Stock based compensation	575	651	1,595	2,028
Amortization of deferred financing costs	867	828	2,477	2,484
Gain on sale of asset	---	---	(446)	---
Loss on derivative instruments	12,240	300	22,040	296
Loss from equity investments	1,416	8,307	1,398	10,159
Extraordinary loss, net of taxes	---	---	4,699	---
Depreciation and amortization related to discontinued operations	---	1,481	---	5,260
Gain on sale radio broadcast assets	---	(37,985)	---	(37,985)
Deferred tax provision (benefit) related to operations	(6,497)	10,066	4,959	(3,906)

After tax cash flow	\$21,179	\$37,017	\$74,598	\$97,881
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Discontinued Operations:

As a result of the Company's strategy to divest of its radio broadcasting segment, "Discontinued Operations" accounting has been adopted in the financial statements for all periods presented in this press release. As such, the results from operations of the radio broadcast segment, net of related income taxes, has been reclassified from income from operations and reflected as net income from discontinued operations in the financial statements for all periods presented in this press release.

Forward-Looking Statements:

The matters discussed in this press release, particularly those in the section labeled "Outlook," include forward-looking statements regarding, among other things, future operating results. When used in this press release, the words "outlook," "intends to," "believes," "anticipates," "expects," "achieves," and similar expressions are intended to identify forward-looking statements. Such statements are subject to a number of risks and uncertainties. Actual results in the future could differ materially and adversely from those described in the forward-looking statements as a result of various important factors, including and in addition to the assumptions identified above, the impact of changes in national and regional economies, successful integration of acquired television stations (including achievement of synergies and cost reductions), outsourcing agreements, pricing and demand fluctuations in local and national advertising, volatility in programming costs, the market acceptance of new programming, the effectiveness of new salespeople, terrorist attacks on America and the other risk factors set forth in the Company's most recent report on Form 10-K filed with the Securities and Exchange Commission on March 30, 2001. There can be no assurances that the assumptions and other factors referred to in this release will occur. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements.

SINCLAIR BROADCAST GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2001	2000	2001	2000
REVENUES:				
Station broadcast				
revenues, net of				
agency commissions	\$153,091	\$173,984	\$478,440	\$527,522
Revenues realized				
from barter				
arrangements	13,127	13,205	41,895	43,122
Other revenues	1,361	439	5,396	1,171
Total revenues	167,579	187,628	525,731	571,815
OPERATING EXPENSES:				
Program and production	35,223	37,067	110,600	114,609
Selling, general and				
administrative	42,904	41,075	129,523	126,318
Expenses realized from				
barter arrangements	11,678	12,093	37,204	39,048
Amortization of program				

contract costs and net realizable value adjustments	27,254	22,015	79,745	70,501
Depreciation of property and equipment	10,076	9,782	29,241	27,872
Impairment and write down charge of long-lived assets	---	---	5,590	---
Amortization of acquired intangible broadcast assets and other assets	28,745	27,328	86,373	80,581
Stock based compensation	575	651	1,595	2,028
Restructuring charge	1,069	---	3,492	---
Contract termination costs	5,135	---	5,135	---
Cumulative adjustment for change in assets held for sale	---	---	---	619
Total operating expenses	162,659	150,011	488,498	461,576
Operating income	4,920	37,617	37,233	110,239
OTHER INCOME (EXPENSE):				
Interest expense	(36,648)	(39,453)	(107,733)	(115,959)
Subsidiary trust minority interest expense	(5,813)	(5,813)	(17,438)	(17,438)
Interest income	895	654	2,105	1,908
Loss from equity investments	(1,416)	(8,307)	(1,398)	(10,159)
Gain on asset sale	---	---	446	---
Loss on derivative instrument	(12,240)	(300)	(22,040)	(296)
Other income (expense)	536	(103)	1,021	127
Total other expense	(54,686)	(53,322)	(145,037)	(141,817)
Loss before income taxes	(49,766)	(15,705)	(107,804)	(31,578)
Benefit (provision) for income taxes	19,907	(4,908)	28,311	7,089
Net loss from continuing operations	(29,859)	(20,613)	(79,493)	(24,489)
Gain on sale of broadcast assets, net of taxes	---	37,985	---	37,985
Net income from discontinued operations, net of taxes	---	1,475	---	4,740
Extraordinary loss, net of taxes	---	---	(4,699)	---
Net income (loss)	\$(29,859)	\$18,847	\$(84,192)	\$18,236
Preferred stock dividends payable	2,588	2,588	7,763	7,763
Net loss available				

to common shareholders	\$(32,447)	\$16,259	\$(91,955)	\$10,473
Basic loss per share from continuing operations	\$(0.39)	\$(0.26)	\$(1.03)	\$(0.35)
Basic earnings per share from discontinued operations	\$---	\$0.44	\$---	\$0.47
Basic loss per share from extraordinary item	\$---	\$---	\$(0.06)	\$---
Basic loss per share	\$(0.39)	\$0.18	\$(1.09)	\$0.11
Diluted loss per share from continuing operations	\$(0.39)	\$(0.26)	\$(1.03)	\$(0.35)
Diluted earnings per share from discontinued operations	\$---	\$0.44	\$---	\$0.47
Diluted loss per share from extraordinary item	\$---	\$---	\$(0.06)	\$---
Diluted loss per share	\$(0.39)	\$0.18	\$(1.09)	\$0.11
Weighted average shares outstanding- no dilution	84,247	90,358	84,371	91,869
Weighted average shares outstanding- assuming dilution	84,329	91,173	84,697	92,965

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