Table of Contents

Selected Financial Data........ 2

Management's Discussion and Analysis........ 4

Consolidated Balance Sheets........ 13

Consolidated Statements of Operations........ 14

Consolidated Statements of Stockholders' Equity........ 15

Consolidated Statements of Cash Flows........ 18

Notes to Consolidated Financial Statements........ 20

Report of Independent Public Accountants........ 43

SELECTED FINANCIAL DATA

The selected consolidated financial data for the years ended December 31, 1996, 1997, 1998, 1999 and 2000 have been derived from our audited consolidated financial statements. The consolidated financial statements for the years ended December 31, 1998, 1999 and 2000 are included elsewhere in this annual report.

The information below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements included elsewhere in this annual report.

STATEMENT OF OPERATIONS DATA
(dollars in thousands, except per share data)

	Years Ended December 31,				
	1996	1997	1998	1999	**2000**
Net broadcast revenues (a)	$ 308,888	$ 407,410	$ 564,727	$ 670,252	**$ 727,017**
Barter revenues	29,707	42,468	59,697	63,387	**57,351**
Other revenues	---	---	---	---	**4,494**
Total revenues	338,595	449,878	624,424	733,639	**788,862**
Operating costs (b)	117,129	153,935	220,538	283,334	**329,489**
Expenses from barter arrangements	25,189	38,114	54,067	57,561	**51,300**
Depreciation and amortization (c)	113,848	137,286	177,224	224,553	**250,613**
Stock-based compensation	739	1,410	2,908	2,494	**1,801**
Cumulative adjustment for change in assets held for sale	---	---	---	---	**619**
Operating income	81,690	119,133	169,687	165,697	**155,040**
Interest expense	(84,314)	(98,393)	(138,952)	(178,281)	**(148,906)**
Subsidiary trust minority interest expense (d)	---	(18,600)	(23,250)	(23,250)	**(23,250)**
Gain (loss) on sale of broadcast assets	---	---	1,232	(418)	**---**
Unrealized (loss) gain on derivative instrument	---	---	(9,050)	15,747	**(296)**
Loss related to investments	---	---	---	(504)	**(16,764)**
Interest and other income	3,478	2,231	6,694	3,990	**3,217**
Income (loss) before income taxes	854	4,371	6,361	(17,019)	**(30,959)**
Provision for income taxes	(4,130)	(13,201)	(32,562)	(25,107)	**(4,816)**
Net loss from continuing operations	(3,276)	(8,830)	(26,201)	(42,126)	**(35,775)**
Discontinued Operations:					
Net income from discontinued operations, net of related income taxes	4,407	4,466	14,102	17,538	**4,876**
Gain (loss) on sale of broadcast assets, net of related income taxes	---	(132)	6,282	192,372	**108,264**
Extraordinary item:					
Loss on early extinguishment of debt, net of related income tax benefit	---	(6,070)	(11,063)	---	**---**
Net income (loss)	$ 1,131	$ (10,566)	$ (16,880)	$ 167,784	**$ 77,365**
Net income (loss) available to common shareholders	$ 1,131	$ (13,329)	$ (27,230)	$ 157,434	**$ 67,015**
Other Data:					
Broadcast cash flow (e)	$ 175,211	$ 221,631	$ 305,304	$ 332,307	**$ 338,909**
Broadcast cash flow margin (f)	56.7%	54.4%	54.1%	49.6%	**46.6%**
Adjusted EBITDA (g)	$ 167,441	$ 209,220	$ 288,712	$ 313,271	**$ 316,352**
Adjusted EBITDA margin (f)	54.2%	51.4%	51.1%	46.7%	**43.5%**
After tax cash flow (h)	$ 77,484	$ 104,884	$ 149,759	$ 137,245	**$ 145,469**
Program contract payments	28,836	48,609	61,107	79,473	**94,303**
Corporate overhead expense	7,770	12,411	16,592	19,036	**22,557**
Capital expenditures	12,609	19,425	19,426	30,861	**33,256**
Cash flows from operating activities	69,298	96,625	150,480	130,665	**69,127**
Cash flows from (used in) investing activities	(1,019,853)	(218,990)	(1,812,682)	452,499	**209,820**
Cash flows from (used in) financing activities	840,446	259,351	1,526,143	(570,024)	**(291,264)**

	Years Ended December 31,				
	1996	1997	1998	1999	**2000**
Per Share Data:					
Basic loss per share from continuing operations	$ (0.05)	$ (0.16)	$ (0.39)	$ (0.54)	**$ (0.50)**
Basic earnings per share from discontinued operations	$ 0.06	$ 0.06	$ 0.22	$ 2.17	**$ 1.24**
Basic loss per share from extraordinary item	$ ---	$ (0.08)	$ (0.12)	$ ---	**$ ---**
Basic net income (loss) per share	$ 0.02	$ (0.19)	$ (0.29)	$ 1.63	**$ 0.73**
Diluted loss per share from continuing operations	$ (0.05)	$ (0.16)	$ (0.39)	$ (0.54)	**$ (0.50)**
Diluted earnings per share from discontinued operations	$ 0.06	$ 0.06	$ 0.22	$ 2.17	**$ 1.24**
Diluted loss per share from extraordinary item	$ ---	$ (0.08)	$ (0.12)	$ ---	**$ ---**
Diluted net income (loss) per share	$ 0.02	$ (0.19)	$ (0.29)	$ 1.63	**$ 0.73**
Balance Sheet Data:					
Cash and cash equivalents	$ 2,341	$ 139,327	$ 3,268	$ 16,408	**$ 4,091**
Total assets	1,707,297	2,034,234	3,852,752	3,619,510	**3,400,640**
Total debt (i)	1,288,103	1,080,722	2,327,221	1,792,339	**1,616,426**
HYTOPS (j)	---	200,000	200,000	200,000	**200,000**
Total stockholders' equity	237,253	534,288	816,043	974,917	**912,530**

(a) "Net broadcast revenues" are defined as broadcast revenues net of agency commissions.

(b) Operating costs include program and production expenses and selling, general and admininstrative expenses.

(c) Depreciation and amortization includes amortization of program contract costs and net realizable value adjustments, depreciation and amortization of property and equipment, and amortization of acquired intangible broadcasting assets and other assets including amortization of deferred financing costs related to excess syndicated programming.

(d) Subsidiary trust minority interest expense represents the distributions on the HYTOPS. See footnote j.

(e) "Broadcast cash flow" (BCF) is defined as operating income plus corporate expenses, selling, general and administrative expenses related to internet operations, special bonuses paid to executive officers, stock-based compensation, depreciation and amortization (including film amortization and amortization of deferred compensation), cumulative adjustment for change in assets held for sale, less other revenue and cash payments for program rights. Cash program payments represent cash payments made for current programs payable and do not necessarily correspond to program usage. We have presented BCF data, which we believe is comparable to the data provided by the other companies in the industry, because such data are commonly used as a measure of performance for broadcast companies; however, there can be no assurance that it is comparable. However, BCF does not purport to represent cash provided by operating activities as reflected in our consolidated statements of cash flows and is not a measure of financial performance under generally accepted accounting principles. In addition, BCF should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. Management believes the presentation of BCF is relevant and useful because 1) it is a measurement utilized by lenders to measure our ability to service our debt, 2) it is a measurement utilized by industry analysts to determine a private market value of our television stations and 3) it is a measurement industry analysts utilize when determining our operating performance.

(f) "Broadcast cash flow margin" is defined as broadcast cash flow divided by net broadcast revenues. "Adjusted EBITDA margin" is defined as Adjusted EBITDA divided by net broadcast revenues.

(g) "Adjusted EBITDA" is defined as broadcast cash flow less corporate expenses and is a commonly used measure of performance for broadcast companies. We have presented Adjusted EBITDA data, which we believe is comparable to the data provided by other companies in the industry, because such data are commonly used as a measure of performance for broadcast companies; however, there can be no assurances that it is comparable. Adjusted EBITDA does not purport to represent cash provided by operating activities as reflected in our consolidated statements of cash flows and is not a measure of financial performance under generally accepted accounting principles. In addition, Adjusted EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. Management believes the presentation of Adjusted EBITDA is relevant and useful because 1) it is a measurement utilized by lenders to measure our ability to service our debt, 2) it is a measurement utilized by industry analysts to determine a private market value of our television stations and 3) it is a measurement industry analysts utilize when determining our operating performance.

(h) "After tax cash flow" (ATCF) is defined as net income (loss) available to common shareholders, plus extraordinary items (before the effect of related tax benefits) plus depreciation and amortization (excluding film amortization), stock-based compensation, the cumulative adjustment for change in assets held for sale, the loss of equity investments (or minus the gain), unrealized loss on derivative instrument (or minus the gain), the deferred tax provision related to operations or minus the deferred tax benefit, and minus the gain on sale of assets and deferred NOL carry backs. We have presented after tax cash flow data, which we believe is comparable to the data provided by other companies in the industry, because such data are commonly used as a measure of perfomance for broadcast companies; however, there can be no assurances that it is comparable. ATCF is presented here not as a measure of operating results and does not purport to represent cash provided by operating activities. ATCF should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. Management believes the presentation of ATCF is relevant and useful because ATCF is a measurement utilized by industry analysts to determine a public market value of our television stations and ATCF is a measurement analysts utilize when determining our operating performance.

(i) "Total debt" is defined as long-term debt, net of unamortized discount, and capital lease obligations, including current portion thereof. Total debt does not include the HYTOPS or our preferred stock.

(j) HYTOPS represents our Obligated Mandatorily Redeemable Security of Subsidiary Trust Holding Solely KDSM Senior Debentures representing $200 million aggregate liquidation value.

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

Introduction

We are a diversified broadcasting company that owns and operates or provides programming services pursuant to LMAs to more television stations than all but one other commercial broadcasting group in the United States. We currently own and operate, or provide programming services pursuant to LMAs to 62 television stations in 40 markets. During 1999, we sold the majority of our radio stations and during 2000, we sold our remaining 11 radio stations. In addition, we own equity interests in several Internet-related companies and have a strategic alliance with a manufacturer of transmitters and other broadcast equipment.

Our operating revenues are derived from local and national advertisers and, to a much lesser extent, from political advertisers and television network compensation. Our revenues from local advertisers have continued to trend upward and revenues from national advertisers have continued to trend downward when measured as a percentage of gross broadcast revenue. We believe this trend is primarily resulting from our focus on increasing local ad revenues as a percentage of total ad revenues and from an increase in the number of media outlets providing national advertisers a means by which to advertise their goods or services. Our efforts to mitigate this trend include continuing our efforts to increase local revenues and the development of innovative marketing strategies to sell traditional and non-traditional services to national advertisers.

Our primary operating expenses involved in owning, operating or programming the television stations are syndicated program rights fees, commissions on revenues, employee salaries, and news-gathering and station promotional costs. Amortization and depreciation of costs associated with the acquisition of the stations and interest carrying charges are significant factors in determining our overall profitability.

Set forth below are the principal types of broadcast revenues received by our stations for the periods indicated and the percentage contribution of each type to our total gross broadcast revenues:

BROADCAST REVENUE
(dollars in thousands)

	Years ended December 31,					
	1998		1999		**2000**	
Local/regional advertising	$ 317,285	48.4%	$ 397,047	51.1%	**$ 423,902**	**50.3%**
National advertising	296,864	45.3%	354,257	45.6%	**366,681**	**43.5%**
Network compensation	18,203	2.8%	19,186	2.5%	**17,657**	**2.1%**
Political advertising	20,422	3.1%	3,157	0.4%	**30,326**	**3.6%**
Production	2,617	0.4%	3,530	0.4%	**4,030**	**0.5%**
Broadcast revenues	655,391	100.0%	777,177	100.0%	**842,596**	**100.0%**
Less: agency commissions	(90,664)		(106,925)		**(115,579)**	
Broadcast revenues, net	564,727		670,252		**727,017**	
Barter revenues	59,697		63,387		**57,351**	
Other revenues	---		---		**4,494**	
Total revenues	$ 624,424		$ 733,639		**$ 788,862**	

Our primary types of programming and their approximate percentages of 2000 net broadcast revenues were syndicated programming (49.5%), network programming (29.0%), news (12.3%), direct advertising programming (5.8%), sports programming (2.3%) and children's programming (1.1%). Similarly, our five largest categories of advertising and their approximate percentages of 2000 net broadcast revenues were automotive (21.5%), fast food advertising (8.7%), professional services (6.9%), retail department stores (6.7%), and paid programming (6.0%). No other advertising category accounted for more than 5% of our net broadcast revenues in 2000. No individual advertiser accounted for more than 2% of our consolidated net broadcast revenues in 2000.

The following table sets forth certain of our operating data for the years ended December 31, 1998, 1999 and 2000. For definitions of items, see footnotes on page 3 of this annual report.

OPERATING DATA
(dollars in thousands)

	Years ended December 31,		
	1998	1999	**2000**
Net broadcast revenue	$ 564,727	$ 670,252	**$ 727,017**
Barter revenues	59,697	63,387	**57,351**
Other revenues	---	---	**4,494**
Total revenues	624,424	733,639	**788,862**
Operating costs	220,538	283,334	**329,489**
Expenses from barter arrangements	54,067	57,561	**51,300**
Depreciation and amortization	177,224	224,553	**250,613**
Stock-based compensation	2,908	2,494	**1,801**
Cumulative adjustment for change in assets held for sale	---	---	**619**
Operating income	$ 169,687	$ 165,697	**$ 155,040**
Net income (loss)	$ (16,880)	$ 167,784	**$ 77,365**
Net income (loss) available to common shareholders	$ (27,230)	$ 157,434	**$ 67,015**
Other Data:			
Broadcast cash flow	$305,304	$332,307	**$338,909**
BCF margin	54.1%	49.6%	**46.6%**
Adjust EBITDA	$288,712	$313,271	**$316,352**
Adjusted EBITDA margin	51.1%	46.7%	**43.5%**
After tax cash flow	$149,759	$137,245	**$145,469**
Program contract payments	61,107	79,473	**94,303**
Corporate expense	16,592	19,036	**22,557**
Capital expenditures	19,426	30,861	**33,256**
Cash flows from operating activities	150,480	130,665	**69,127**
Cash flows from (used in) investing activities	(1,812,682)	452,499	**209,820**
Cash flows from (used in) financing activities	1,526,143	(570,024)	**(291,264)**

Results of Operations

Years ended December 31, 2000 and 1999

Net broadcast revenues increased $56.7 million to $727.0 million for the year ended December 31, 2000 from $670.3 million for the year ended December 31, 1999, or 8.5%. The increase in net broadcast revenue for the year ended December 31, 2000 as compared to the year ended December 31, 1999 comprised of $26.2 million related to businesses acquired or disposed of by us in 1999 and 2000 (collectively the 1999 and 2000 Transactions) and a $30.5 million increase in net broadcast revenues on a same station basis, representing a 4.7% increase over the prior year's net broadcast revenue for these stations. The increase in net broadcast revenues on a same station basis for the year ended December 31, 2000 as compared to the year ended December 31, 1999 primarily resulted from an increase in political revenues and an increase in revenues from our WB affiliates.

Other revenue for the year ended December 31, 2000 resulted from revenues derived from G1440, Inc., our majority owned internet company which provides e-business solutions to various clients.

Total operating costs increased $46.2 million to $329.5 million for the year ended December 31, 2000 from $283.3 million for the year ended December 31, 1999, or 16.3%. The increase in operating costs for the year ended December 31, 2000 as compared to the year ended December 31, 1999 comprised of $23.3 million related to the 1999 and 2000 Transactions, $3.6 million related to an increase in corporate overhead expenses, and $19.3 million related to an increase in operating costs on a same station basis, representing a 7.9% increase over the prior year's operating costs for those stations. The increase in corporate overhead expenses for the year ended December 31, 2000 related to our Internet business development and digital television technology investments which were not incurred during the same period in 1999. The increase in operating costs on a same station basis primarily resulted from costs incurred during 2000 related to our agreements with the Fox and WB networks which were not incurred during the same period of 1999. Our payments to the Fox network related to the purchase of additional prime time inventory and our payments to the WB network related to our agreement with the network which requires us to make payments as ratings increase. We expect to incur these costs in future periods. In addition, we experienced an increase in commission rates due to an increase in the number of local account executives during the year. The increased number of account executives is part of our strategy to increase the percentage of our revenues derived from local advertising. As a result of a voluntary early retirement plan as well as a reduction in force, each of which was instituted in early 2001, we anticipate a decrease of approximately 186 employees and to incur a restructuring charge of approximately $2.5 million during the first quarter of 2001.

Depreciation and amortization increased $26.0 million to $250.6 million for the year ended December 31, 2000 from $224.6 million for the year ended December 31, 1999. The increase in depreciation and amortization related to fixed asset, intangible asset, and program contract additions associated with the 1999 and 2000 Transactions and program contract additions related to our investment to upgrade our programming.

Interest expense decreased $29.4 million to $148.9 million for the year ended December 31, 2000 from $178.3 million for the year ended December 31, 1999, or 16.5%. The decrease in interest expense for the year ended December 31, 2000 as compared to the year ended December 31, 1999 primarily resulted from the reduction of our indebtedness using the proceeds from the disposition of our radio broadcast assets in December 1999 and during 2000. Subsidiary trust minority interest expense of $23.3 million for the year ended December 31, 2000 is related to the private placement of the $200 million aggregate liquidation value $11\frac{5}{8}$% high yield trust offered preferred securities (the HYTOPS) completed March 12, 1997.

Interest and other income decreased to $3.2 million for the year ended December 31, 2000 from $4.0 million for the year ended December 31, 1999. This decrease was primarily due to the decrease in the average cash balance during the 2000 fiscal year as compared to the same period in 1999.

Loss related to investments increased to $16.8 million for the year ended December 31, 2000 as compared to $0.5 million for the year ended December 31, 1999. The increase in loss related to investments for the year ended December 31, 2000 as compared to the year ended December 31, 1999 primarily relates to a loss of $10.1 million recognized during 2000 as a result of our write-off of our investment in Acrodyne Communications, Inc. (Acrodyne), of which we hold approximately a 35% equity interest. Acrodyne, which manufactures transmitters and other broadcast equipment, announced in August 2000 that it would be restating its financial statements for the year ended December 31, 1999 and for the three months ended March 31, 2000 due to a restatement of inventory balances and gross profits for these periods. Acrodyne was delisted from NASDAQ as they have not yet completed these restatements. No assurance can be made that we will not incur future losses related to our investment in Acrodyne. We also recognized a loss of $3.7 million related to our investment in BeautyBuys.com, which includes $2.7 million related to an agreement we entered into with BeautyBuys.com and Icon International (Icon). Under the terms of this agreement, BeautyBuys.com would transfer and sell to Icon its remaining amount of advertising and promotional support to be received from us for a combination of $2.7 million in cash and certain trade credits from Icon. The cash received by BeautyBuys.com from Icon represents a measurement of the value of the future advertising we will need to provide to Icon and was recognized as expense during the fourth quarter of 2000. In addition, we recognized a loss of $2.2 million on our investment in Channel 23, LLC in Tuscaloosa, Alabama.

Net income from discontinued operations, net of taxes, decreased to $4.9 million for the year ended December 31, 2000 from $17.5 million for the year ended December 31, 1999. The decrease in net income from discontinued operations, net of taxes for the year ended December 31, 2000 as compared to the year ended December 31, 1999 primarily resulted from the disposition of our radio broadcast assets in December 1999 and during 2000.

Net income decreased for the year ended December 31, 2000 to $77.4 million or $0.73 per share from $167.8 million or $1.63 per share for the year ended December 31, 1999. The decrease in net income for the year ended December 31, 2000 as compared to the year ended December 31, 1999 was primarily due to a decrease in net income and gain on sale of radio broadcast assets related to discontinued operations, an increase in operating costs, an increase in depreciation and amortization, a decrease in gain (loss) on derivative instrument, and an increase in loss from equity investments offset by an increase in net broadcast revenues and a decrease in interest expense.

As noted above, our net income for the year ended December 31, 2000 included recognition of an unrealized loss of $0.3 million on a treasury option derivative instrument. Upon execution of the treasury option derivative instrument, we received a cash payment of $9.5 million. The treasury option derivative instrument required us to make five annual payments equal to the difference between 6.14% minus the interest rate yield on five-year treasury securities on September 30, 2000 times the $300 million notional amount of the instrument. Upon the termination of the treasury option derivative instrument, we made a one-time cash settlement payment of $3.0 million which was equal to the difference between the strike price (6.14%) and the settlement rate (5.906%) multiplied by the $300 million notional amount of the instrument discounted over a five-year period. We realized a $6.4 million cash profit over the life of the transaction.

Broadcast cash flow increased $6.6 million to $338.9 million for the year ended December 31, 2000 from $332.3 million for the year ended December 31, 1999, or 2.0%. The increase in broadcast cash flow for the year ended December 31, 2000 as compared to the year ended December 31, 1999 was comprised of $7.4 million related to the 1999 and 2000 Transactions offset by a $0.8 million decrease in broadcast cash flow on a same station basis, representing a 0.3% decrease over the prior year's broadcast cash flow for those stations. This decrease in broadcast cash flow on a same station basis primarily resulted from an increase in operating expenses and film payments offset by an increase in net broadcast revenues. Our broadcast cash flow margin decreased to 46.6% for the year ended December 31, 2000 from 49.6% for the year ended December 31, 1999. On a same station basis, broadcast cash flow margin decreased from 50.0% for the year ended December 31, 1999 to 47.7% for the year ended December 31, 2000. The decrease in broadcast cash flow margin for the year ended December 31, 2000 as compared to the year ended December 31, 1999 primarily resulted from an increase in operating expenses and film payments offset by an increase in net broadcast revenues.

Adjusted EBITDA represents broadcast cash flow less corporate expenses. Adjusted EBITDA increased $3.1 million to $316.4 million for the year ended December 31, 2000 from $313.3 million for the year ended December 31, 1999, or 1.0%. The increase in adjusted EBITDA for the year ended December 31, 2000 as compared to the year ended December 31, 1999 resulted from the 1999 and 2000 Transactions offset by a $3.6 million increase in corporate overhead expenses, as described above. Our adjusted EBITDA margin decreased to 43.5% for the year ended December 31, 2000 from 46.7% for the year ended December 31, 1999. This decrease in adjusted EBITDA margin resulted primarily from the circumstances affecting broadcast cash flow margins as noted above combined with an increase in corporate expenses.

After tax cash flow increased $8.3 million to $145.5 million for the year ended December 31, 2000 from $137.2 million for the year ended December 31, 1999, or 6.0%. The increase in after tax cash flow for the year ended December 31, 2000 as compared to the year ended December 31, 1999 primarily resulted from an increase in net broadcast revenues, a decrease in interest expense and a decrease in current taxes offset by an increase in amortization of program contracts as a result of our investment to upgrade our television programming and a decrease in earnings from discontinued operations resulting from the disposition of our radio broadcast assets in December 1999 and during 2000.

Years ended December 31, 1999 and 1998

Net broadcast revenues increased $105.6 million to $670.3 million for the year ended December 31, 1999 from $564.7

million for the year ended December 31, 1998, or 18.7%. The increase in net broadcast revenue for the year ended December 31, 1999 as compared to the year ended December 31, 1998 comprised of $106.9 million related to businesses acquired or disposed of by us in 1998 and 1999 (collectively the 1998 and 1999 Transactions) offset by a $1.3 million decrease in net broadcast revenues on a same station basis, representing a 0.3% decrease over prior year's net broadcast revenue for these stations. On a same station basis, revenues were negatively impacted by a decrease in revenues in the Raleigh, Norfolk and Sacramento markets. Our television stations in the Raleigh and Norfolk markets experienced a decrease in ratings which resulted in a loss in revenues and market revenue share primarily due to the loss of their affiliation agreements with Fox, which expired on August 31, 1998. In the Sacramento market, revenues decreased for the year ended December 31, 1999 as compared to the same period in 1998 due to the absence of political and Olympics revenues experienced during 1998.

On a same station basis, our national revenues decreased approximately 4.0% and our local revenues increased approximately 4.2%. Our revenues from local advertisers have continued to trend upward and revenues from national advertisers have continued to trend downward when measured as a percentage of total broadcast revenue. We believe this trend is primarily resulting from an increase in the number of media outlets providing national advertisers a means by which to advertise their goods or services.

Total operating costs increased $62.8 million to $283.3 million for the year ended December 31, 1999 from $220.5 million for the year ended December 31, 1998, or 28.5%. The increase in operating costs for the year ended December 31, 1999 as compared to the year ended December 31, 1998 comprised of $55.4 million related to the 1998 and 1999 Transactions, $2.4 million related to an increase in corporate overhead expenses, and $5.0 million related to an increase in operating costs on a same station basis, representing a 3.5% increase over prior year's operating costs for those stations. The increase in corporate overhead expenses for the year ended December 31, 1999 primarily resulted from an increase in legal fees and an increase in salary costs incurred to manage a larger base of operations. The increase in operating costs on a same station basis primarily resulted from costs incurred during 1999 related to our agreements with the Fox and WB networks which were not incurred in 1998. Our payments to the Fox network related to the purchase of additional prime time inventory and our payments to the WB network related to our agreement with the network which requires us to make payments as ratings increase. We expect to incur these costs in future periods. In addition, we experienced an increase in commissions due to a larger number of local account executives. The increased number of account executives is part of our strategy to increase the percentage of our revenues derived from local advertising and we expect this to increase further in 2000 as we add additional account executives.

Depreciation and amortization increased $47.4 million to $224.6 million for the year ended December 31, 1999 from $177.2 million for the year ended December 31, 1998. The increase in depreciation and amortization was related to fixed asset, intangible asset, and program contract additions associated with the 1998 and 1999 Transactions.

Interest expense increased $39.3 million to $178.3 million for the year ended December 31, 1999 from $139.0 million for the year ended December 31, 1998, or 28.3%. The increase in interest expense for the year ended December 31, 1999 as compared to the year ended December 31, 1998 primarily resulted from higher interest expense related to acquisitions closed in the second half of 1998 and a high applicable interest rate margin for borrowing under our bank credit agreement. Subsidiary trust minority interest expense of $23.3 million for the year ended December 31, 1999 is related to the private placement of the $200 million aggregate liquidation value $11\frac{5}{8}$% high yield trust offered preferred securities (the HYTOPS) completed March 12, 1997.

Interest and other income decreased to $4.0 million for the year ended December 31, 1999 from $6.7 million for the year ended December 31, 1998. This decrease was primarily due to the decrease in the average cash balance during the 1999 fiscal year as compared to the same period in 1998.

Net income for the year ended December 31, 1999 was $167.8 million or $1.63 per share compared to a net loss of $16.9 million or $0.29 per share for the year ended December 31, 1998. The change in net income for the year ended December 31, 1999 as compared to the net loss for the year ended December 31, 1998 was primarily due to the gain on the sale of radio broadcast assets related to discontinued operations. In addition, the change in net income for the year ended December 31, 1999 as compared to the net loss for the year ended December 31, 1998 was also attributable to the recognition of an unrealized gain on a treasury option derivative instrument, offset by an increase in interest expense.

As noted above, our net income for the year ended December 31, 1999 included recognition of an unrealized gain of $15.7 million on a treasury option derivative instrument. Upon execution of the treasury option derivative instrument, we received a cash payment of $9.5 million. The treasury option derivative instrument will require us to make five annual payments equal to the difference between 6.14% minus the interest rate yield on five-year treasury securities on September 30, 2000 times the $300 million notional amount of the instrument. If the yield on five-year treasuries is equal to or greater than 6.14% on September 30, 2000, we will not be required to make any payment under the terms of this instrument. If the rate is below 6.14% on that date, we will be required to make payments, as described above, and the size of the payment will increase as the rate goes down. Each year, we recognize income or expense equal to the change in the projected liability under this arrangement based on interest rates at the end of the year. If the yield on five year treasuries at September 30, 2000 were to equal the two year forward five year treasury rate on December 31, 1999 for treasuries settled on September 30, 2000, we would not be required to make payments.

Broadcast cash flow increased $27.0 million to $332.3 million for the year ended December 31, 1999 from $305.3 million for the year ended December 31, 1998, or 8.8%. The increase in broadcast cash flow for the year ended December 31, 1999 as compared to the year ended December 31, 1998 was comprised of $36.0 million related to the 1998 and 1999 Transactions offset by a $9.0 million decrease in broadcast cash flow on a same station basis, representing a 4.1% decrease over prior year's broadcast cash flow for those stations. This decrease in broadcast cash flow on a same station basis primarily resulted from an increase in operating expenses and film payments combined with a slight decrease in net broadcast revenues. Our broadcast cash flow margin decreased to 49.6% for the year ended December 31, 1999 from 54.1% for the year ended December 31, 1998. On a same station basis, broadcast cash flow margin decreased from 52.9% for the year ended December 31, 1998 to 50.9% for the year ended December 31, 1999. The decrease in broadcast cash flow margin for the year ended December 31, 1999 as compared to the year ended December 31, 1998 primarily resulted from an increase in operating expenses and film payments combined with a slight decrease in net broadcast revenues.

Adjusted EBITDA represents broadcast cash flow less corporate expenses. Adjusted EBITDA increased $24.6 million to $313.3 million for the year ended December 31, 1999 from $288.7 million for the year ended December 31, 1998, or 8.5%. The increase in adjusted EBITDA for the year ended December 31, 1999 as compared to the year ended December 31, 1998 resulted from the 1998 and 1999 Transactions offset by a $2.4 million increase in corporate overhead expenses, as described above. Our adjusted EBITDA margin decreased to 46.7% for the year ended December 31, 1999 from 51.1% for the year ended December 31, 1998. This decrease in adjusted EBITDA margin resulted primarily from the circumstances affecting broadcast cash flow margins as noted above combined with an increase in corporate expenses.

After tax cash flow decreased $12.6 million to $137.2 million for the year ended December 31, 1999 from $149.8 million for the year ended December 31, 1998, or 8.4%. The decrease in after tax cash flow for the year ended December 31, 1999 as compared to the year ended December 31, 1998 primarily resulted from an increase in interest expense offset by a net increase in broadcast operating income related to the 1998 and 1999 Transactions.

Recent Accounting Pronouncements

Statement of Financial Accounting Standards (SFAS) No. 133, *Accounting for Derivative Instruments and Hedging Activities,* as amended by SFAS No. 137, *Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB Statement No. 133,* and SFAS 138, *Accounting for Derivative Instruments and Hedging Activities* requires that an entity recognize all derivative instruments and hedging activities as either assets or liabilities on the balance sheet measured at their fair values. Changes in fair value of all derivative instruments and hedging activities are required to be recognized through earnings unless specific hedge accounting criteria are met. We do not believe that our derivative instruments and hedging activities will meet the qualifications for hedge accounting and will therefore be required to recognize the change in fair values of these instruments through earnings. We do not expect the initial adoption of SFAS No. 133 to have a material effect on our operations or financial position. We are required to adopt SFAS No. 133 as of January 1, 2001.

During 2000, the FASB issued Emerging Issues Task Force Topic No. 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, A Company's Own Stock* (EITF No. 00-19) clarifying how freestanding contracts that are indexed to, and potentially settled in, a company's own stock should be classified and measured. As a result of the adoption of EITF No. 00-19, we reclassified our remaining equity put option contract from Additional Paid-In Capital – Equity Put Options in the stockholders' equity section of our December 31, 2000 balance sheet to Equity Put Option in the mezzanine section of our December 31, 2000 balance sheet.

Liquidity and Capital Resources

Our primary source of liquidity is cash provided by operations and availability under our 1998 bank credit agreement. As of December 31, 2000, we had $4.1 million in cash balances and working capital of approximately $(94.1) million. We anticipate that cash flow from our operations and revolving credit facility will be sufficient to satisfy our debt service obligations, dividend requirements, capital expenditure requirements and operating cash needs for the next year. There can be no assurance that we will be successful in obtaining the required amount of funds for these items. As of March 15, 2001, the remaining balance available under the revolving credit facility was $774.0 million. Based on pro forma trailing cash flow levels for the twelve months ended December 31, 2000, we had approximately $294.4 million available of current borrowing capacity under our revolving credit facility.

We closed on the sale of four radio stations in Kansas City, Missouri in July 2000 for a purchase price of $126.6 million. In October 2000, we closed on the sale of our radio stations in the St. Louis market for a purchase price of $220.0 million and on the purchase of the stock of Grant Television, Inc., including the non-license assets of WNYO-TV in Buffalo, New York together with a $3.2 million note receivable issued by the company that holds the license assets, for a purchase price of $48.0 million. In November 2000, we closed on the sale of our radio station in Wilkes-Barre, Pennsylvania for a purchase price of $0.6 million. These transactions are expected to generate net after-tax proceeds of approximately $229.0 million. We used the after-tax proceeds from these sales to repay bank debt, but we may subsequently re-borrow the money to finance our share repurchase program or to fund other investments and acquisitions.

On April 19, 1999, we entered into an agreement (the ATC Agreement) with American Tower Corporation, an independent owner, operator and developer of broadcast and wireless communication sites in the United States. Under the agreement, we would provide American Tower access to tower sites in a number of our markets currently expected to include Nashville, TN, Dayton, OH, Birmingham, AL and Indianapolis, IN. American Tower would construct new towers in each of these markets and would lease space on the towers to us. American Towers is also expected to provide tower space for Sinclair on existing towers in Des Moines, IA, Pensacola, FL, Greensboro, NC, Norfolk, VA, Rochester, NY, Syracuse, NY, Flint, MI, and Las Vegas, NV. This is expected to provide us the additional tower capacity required to develop our digital television transmission needs in these markets at an initial capital outlay lower than would be required if we constructed these towers ourselves. The form of the master lease has been completed and agreed to; however, each market is subject to individual negotiations on terms specific to that market, which are still being negotiated with American Tower Corporation. If we cannot agree with American Tower on the terms and conditions of the individual market leases, neither party will have any obligation to the other under the ATC Agreement, which will then become a nullity.

Net cash flows from operating activities decreased to $69.1 million for the year ended December 31, 2000 from $130.7 million for the year ended December 31, 1999. We made income tax payments of $121.4 million for the year ended December 31, 2000 as compared to $7.4 million for the year ended December 31, 1999. This increase in income tax payments was primarily due to income tax payments of $115.1 million made in connection with the sale of our radio broadcast assets in December 1999 and 2000. We made interest payments on outstanding indebtedness and payments for subsidiary trust minority interest expense totaling $163.1 million for the year ended December 31, 2000 as compared to $227.2 million for the year ended December 31, 1999. The reduction of interest payments for the year ended December 31, 2000 as compared to the year ended December 31, 1999 primarily related to the reduction of our indebtedness as a result of the disposition of our radio broadcast assets in December 1999 and during 2000. Program rights payments increased to $94.3 million for the year ended December 31, 2000 from $79.5 million for the year ended December 31, 1999. This increase in program rights payments was comprised of $2.8 million related to the 1999 and 2000 Transactions and $12.0 million related to an increase in programming costs on a same station basis, which increased 15.3%. This increase in program rights payments resulted from our investment to upgrade our television programming.

Net cash flows from investing activities decreased to $209.8 million for the year ended December 31, 2000 from $452.5 million for the year ended December 31, 1999. For the year ended December 31, 2000, we made cash payments of approximately $89.9 million related to the acquisition of television broadcast assets and received cash proceeds of $346.4 million related to the sale of broadcast assets. During the year ended December 31, 2000, we made equity investments of approximately $13.5 million. We made payments for property and equipment of $33.3 million for the year ended December 31, 2000. In addition, we anticipate that future requirements for capital expenditures will include capital expenditures incurred during the ordinary course of business, including costs related to our conversion to digital television and additional strategic station acquisitions and equity investments if suitable investments can be identified on acceptable terms. We expect to fund such capital expenditures with cash generated from operating activities and funding from our Revolving Credit Facility.

Net cash flows used in financing activities decreased to $291.3 million for the year ended December 31, 2000 from $570.0 million for the year ended December 31, 1999. During the year ended December 31, 2000, we repaid $879.5 million under the Term Loan Facility and utilized borrowings under the Revolving Credit Facility of $707.5 million. In addition, we repurchased 12.6 million shares of our Class A Common Stock for $107.3 million for the year ended December 31, 2000.

Income Taxes

The income tax provision decreased to $77.9 million for the year ended December 31, 2000 from $174.9 million for the year ended December 31, 1999. For the year ended December 31, 2000, the provision for continuing operations and discontinued operations was $4.8 million and $73.1 million, respectively. For the year ended December 31, 1999, the provision for continuing operations and discontinuing operations was $25.1 and $149.8 million, respectively. For 2000, our pre-tax book loss from continuing operations was $31.0 million and we recorded a tax expense of $4.8 million. We recognized this provision on a pre-tax loss because our non-deductible tax items were in excess of the pre-tax loss and these items caused continuing operations to have taxable income. These non-deductible tax items primarily consisted of non-deductible goodwill associated with stock acquisitions.

As of December 31, 2000, we have a net deferred tax liability of $243.1 million as compared to a net deferred tax liability of $228.7 million as of December 31, 1999. The increase is primarily due to accelerated tax depreciation and amortization of fixed and intangible assets. Additionally, $8.7 million of deferred tax liabilities associated with stock acquisitions during the year were added to the balance sheet. Our effective tax rate decreased to 15.6% for the year ended December 31, 2000 from 147.5% for the year ended December 31, 1999. The decrease in the effective tax rate primarily resulted from the relative impact of the non-deductible tax items in relation to changes in pre-tax income for these years.

The income tax provision increased to $174.9 million for the year ended December 31, 1999 from a provision of $45.7 million for the year ended December 31, 1998. As of December 31, 1999, we had a net deferred tax liability of $228.7 million as compared to a net deferred tax liability of $165.5 million as of December 31, 1998. This increase is primarily due to the use of federal and state net operating losses and alternative minimum tax credits as a result of the sale of radio assets. Additionally, accelerated tax depreciation and amortization of fixed and intangible assets contributed to an increase in deferred tax liabilities. Our effective tax rate decreased to 147.5% for the year ended December 31, 1999 from 511.9% for the year ended December 31, 1998. The decrease in the effective tax rate primarily resulted from the relative impact of the non-deductible tax items in relation to changes in pre-tax income for these years.

Seasonality

Our results usually are subject to seasonal fluctuations, which result in fourth quarter broadcast operating income being greater usually than first, second and third quarter broadcast operating income. This seasonality is primarily attributable to increased expenditures by advertisers in anticipation of holiday season spending and an increase in viewership during this period. In addition, revenues from political advertising tend to be higher in even numbered years.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates. To manage our exposure to changes in interest rates, we enter into interest rate derivative hedging agreements. Additionally, we have entered into put and call option derivative instruments relating to our class A common stock in order to hedge against the possible dilutive effects of employees exercising stock options pursuant to our stock option plans. We do not enter into derivative instruments for speculative trading purposes.

Interest Rate Risks

We are exposed to market risk from changes in interest rates, which arises from the floating rate debt. As of December 31, 2000, we were obligated on $831 million of indebtedness carrying a floating interest rate. We enter into interest rate derivative agreements to reduce the impact of changing interest rates on our floating rate debt.

As of December 31, 2000, we had one floating-to-fixed interest rate swap agreement which expires on June 3, 2004. The swap agreement effectively sets fixed rates on our floating rate debt in the range of 6.00% to 6.55%. Floating interest rates are based upon the three month London Interbank Offered Rate (LIBOR), and the measurement and settlement is performed quarterly. Settlements of this agreement are recorded as adjustments to interest expense in the relevant periods. The notional amount related to this agreement was $575 million at December 31, 2000. In addition, we entered into a fixed-to-floating rate derivative with a notional amount of $250 million. Based on our currently hedged position, $825 million or 52% of our outstanding indebtedness is hedged.

At December 31, 2000, we had $831 million of floating rate debt of which $575 million was effectively converted to fixed rate debt by way of a swap. Additionally, we had $750 million of fixed rate debt at December 31, 2000 of which $250 million was converted to floating rate debt by way of a swap. Consequently, we had $506 million of floating rate debt at December 31, 2000 and a 1% increase in LIBOR rate would result in annualized interest expense of approximately $5.1 million.

We are also exposed to risk from a change in interest rates to the extent we are required to refinance existing fixed rate indebtedness at rates higher than those prevailing at the time the existing indebtedness was incurred. As of December 31, 2000, we have senior subordinated notes totaling $300 million and $450 million expiring in the years 2005 and 2007, respectively. Based upon the quoted market price, the fair value of the notes was $692.0 million as of December 31, 2000. Generally, the fair market value of the notes will decrease as interest rates rise and increase as interest rates fall. We estimate that a 1% increase from prevailing interest rates would result in a decrease in fair value of the notes by approximately $29.9 million as of December 31, 2000.

Equity Put Option Derivatives

We are exposed to market risk relating to our equity put option derivative instrument. The contract terms relating to this instrument provide for settlement of 2.7 million options on July 2, 2001. The contract terms require us to make a settlement payment to the counterparties to this contract (payable in either cash or shares of our class A common stock) in an amount that is approximately equal to the put strike price of $28.931 minus the price of our class A common stock as of the termination date. This payment is limited by a strike price differential of $26.038 resulting in a maximum settlement of $2.893 per option.

If the put strike price is less than the price of our class A common stock as of the termination date, we would not be obligated to make a settlement payment. We would incur settlement costs of $7.8 million assuming a market price of $8.75 (the closing price on March 15, 2001). We would incur settlement costs of $7.8 million assuming a market price of $7.86 (the closing price on March 15, 2001, minus 10%).

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	As of December 31, 1999	2000
ASSETS		
CURRENT ASSETS:		
Cash	$ 16,408	**$ 4,091**
Accounts receivable, net of allowance for doubtful accounts of $5,016 and $5,751, respectively	192,469	**165,913**
Current portion of program contract costs	74,138	**72,841**
Prepaid expenses and other current assets	25,292	**11,461**
Deferred barter costs	1,823	**3,472**
Broadcast assets related to discontinued operations, net of liabilities	172,983	---
Broadcast assets held for sale, current	77,962	---
Deferred tax assets	5,215	**11,939**
Total current assets	566,290	**269,717**
PROGRAM CONTRACT COSTS, less current portion	53,002	**53,698**
LOANS TO OFFICERS AND AFFILIATES	8,772	**8,269**
PROPERTY AND EQUIPMENT, net	251,783	**280,987**
BROADCAST ASSETS HELD FOR SALE, less current portion	144,316	---
OTHER ASSETS	108,383	**103,863**
ACQUIRED INTANGIBLE BROADCAST ASSETS, net of accumulated amortization of $331,308 and $382,398, respectively	2,486,964	**2,684,106**
Total Assets	$ 3,619,510	**$3,400,640**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 7,600	**$ 6,865**
Accrued liabilities	67,078	**80,626**
Income taxes payable	116,821	**55,912**
Notes payable, capital lease, and commercial bank financing	75,008	**100,018**
Notes and capital leases payable to affiliates	5,890	**5,838**
Current portion of program contracts payable	111,992	**110,217**
Deferred barter revenues	3,244	**4,296**
Total current liabilities	387,633	**363,772**
LONG-TERM LIABILITIES:		
Notes payable, capital lease, and commercial bank financing	1,677,299	**1,481,561**
Notes and capital leases payable to affiliates	34,142	**29,009**
Program contracts payable	87,220	**99,146**
Deferred tax liability	233,927	**255,088**
Other long-term liabilities	20,444	**46,746**
Total liabilities	2,440,665	**2,275,322**
EQUITY PUT OPTION	---	**7,811**
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	3,928	**4,977**
COMMITMENTS AND CONTINGENCIES		
COMPANY OBLIGATED MANDATORILY REDEEMABLE SECURITIES OF SUBSIDIARY TRUST HOLDING SOLELY KDSM SENIOR DEBENTURES	200,000	**200,000**
STOCKHOLDERS' EQUITY:		
Series D Preferred Stock, $.01 par value, 3,450,000 shares authorized and 3,450,000 shares issued and outstanding, liquidation preference of $172,500,000	35	**35**
Class A Common Stock, $.01 par value, 500,000,000 shares authorized and 49,142,513 and 39,032,277 shares issued and outstanding, respectively	491	**390**
Class B Common Stock, $.01 par value, 140,000,000 shares authorized and 47,608,347 and 45,479,578 shares issued and outstanding, respectively	476	**455**
Additional paid-in capital	834,393	**750,372**
Additional paid-in capital – equity put options	46,068	---
Additional paid-in capital – deferred compensation	(4,489)	**(2,618)**
Retained earnings	97,943	**164,958**
Other comprehensive loss	---	**(1,062)**
Total stockholders' equity	974,917	**912,530**
Total Liabilities and Stockholders' Equity	$3,619,510	**$3,400,640**

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

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 1998, 1999 AND 2000
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	1998	1999	**2000**
REVENUES:			
Station broadcast revenues, net of agency commissions of $90,664, $106,925 and $115,579, respectively	$ 564,727	$ 670,252	**$ 727,017**
Revenues realized from station barter arrangements	59,697	63,387	**57,351**
Other revenue	---	---	**4,494**
Total revenues	624,424	733,639	**788,862**
OPERATING EXPENSES:			
Program and production	104,463	137,597	**156,065**
Selling, general and administrative	116,075	145,737	**173,424**
Expenses realized from station barter arrangements	54,067	57,561	**51,300**
Amortization of program contract costs and net realizable value adjustments	69,453	86,857	**100,357**
Stock-based compensation	2,908	2,494	**1,801**
Depreciation and amortization of property and equipment	25,216	32,042	**38,111**
Amortization of acquired intangible broadcast assets, non-compete and consulting agreements and other assets	82,555	105,654	**112,145**
Cumulative adjustment for change in assets held for sale	---	---	**619**
Total operating costs	454,737	567,942	**633,822**
Operating income	169,687	165,697	**155,040**
OTHER INCOME (EXPENSE):			
Interest and amortization of debt discount expense	(138,952)	(178,281)	**(148,906)**
Subsidiary trust minority interest expense	(23,250)	(23,250)	**(23,250)**
Net gain (loss) on sale of broadcast assets	1,232	(418)	**---**
Unrealized gain (loss) on derivative instrument	(9,050)	15,747	**(296)**
Interest income	5,672	3,371	**2,645**
Loss related to investments	---	(504)	**(16,764)**
Other income	1,022	619	**572**
Income (loss) before income taxes	6,361	(17,019)	**(30,959)**
PROVISION FOR INCOME TAXES	(32,562)	(25,107)	**(4,816)**
Net loss from continuing operations	(26,201)	(42,126)	**(35,775)**
DISCONTINUED OPERATIONS:			
Net income from discontinued operations, net of related income tax provision of $8,609, $12,340 and $3,250, respectively	14,102	17,538	**4,876**
Gain on sale of broadcast assets, net of related income tax provision of $4,487, $137,431 and $69,870, respectively	6,282	192,372	**108,264**
EXTRAORDINARY ITEM:			
Loss on early extinguishment of debt, net of related income tax benefit of $7,370	(11,063)	--	**--**
NET INCOME (LOSS)	$ (16,880)	$ 167,784	**$ 77,365**
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS	$ (27,230)	$ 157,434	**$ 67,015**
BASIC EARNINGS PER SHARE:			
Loss per share from continuing operations	$ (0.39)	$ (0.54)	**$ (0.50)**
Income per share from discontinued operations	$ 0.22	$ 2.17	**$ 1.24**
Loss per share from extraordinary item	$ (0.12)	$ --	**$ --**
Income (loss) per common share	$ (0.29)	$ 1.63	**$ 0.73**
Weighted average common shares outstanding	94,321	96,615	**91,405**
DILUTED EARNINGS PER SHARE:			
Loss per share from continuing operations	$ (0.39)	$ (0.54)	**$ (0.50)**
Income per share from discontinued operations	$ 0.22	$ 2.17	**$ 1.24**
Loss per share from extraordinary item	$ (0.12)	$ --	**$ --**
Income (loss) per common share	$ (0.29)	$ 1.63	**$ 0.73**
Weighted average common and common equivalent shares outstanding	95,692	96,635	**91,432**

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1998, 1999 AND 2000
(IN THOUSANDS)

	Series B Preferred Stock	Series D Preferred Stock	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Additional Paid-In Capital – Equity Put Options	Additional Paid-In Capital – Deferred Compensation	Accumulated Deficit	Total Stockholders' Equity
BALANCE, December 31, 1997	$ 11	$ 35	$ 274	$ 509	$552,557	$23,117	$ (954)	$(32,261)	$543,288
Class B Common Stock converted into Class A Common Stock	---	---	18	(18)	---	---	---	---	---
Series B Preferred Stock converted into Class A Common Stock	(11)	---	75	---	(64)	---	---	---	---
Dividends payable on Series D Preferred Stock	---	---	---	---	---	---	---	(10,350)	(10,350)
Stock option grants	---	---	---	---	8,383	---	(8,383)	---	---
Stock options exercised	---	---	1	---	1,143	---	---	---	1,144
Class A Common Stock issued pursuant to employee benefit plans	---	---	1	---	1,989	---	---	---	1,990
Equity put options	---	---	---	---	(20,083)	20,083	---	---	---
Repurchase and retirement of 1,505,000 shares of Class A Common Stock	---	---	(15)	---	(26,650)	---	---	---	(26,665)
Equity put option premiums	---	---	---	---	(12,938)	---	---	---	(12,938)
Issuance of Class A Common Stock	---	---	120	---	335,003	---	---	---	335,123
Amortization of deferred compensation	---	---	---	---	---	---	1,721	---	1,721
Income tax benefit related to deferred compensation	---	---	---	---	(390)	---	---	---	(390)
Net loss	---	---	---	---	---	---	---	(16,880)	(16,880)
BALANCE, December 31, 1998	$ ---	$ 35	$ 474	$ 491	$838,950	$43,200	$(7,616)	$(59,491)	$816,043

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 1998, 1999 AND 2000 (IN THOUSANDS)

	Series B Preferred Stock	Series D Preferred Stock	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Additional Paid-In Capital – Equity Put Options	Additional Paid-In Capital – Deferred Compensation	Accumulated Deficit	Total Stockholders' Equity
BALANCE, December 31, 1998..	$ ---	$ 35	$ 474	$ 491	$838,950	$43,200	$(7,616)	$(59,491)	$816,043
Class B Common Stock converted into Class A Common Stock	---	---	15	(15)	---	---	---	---	---
Series B Preferred Stock converted into Class A Common Stock	(1)	---	8	---	(7)	---	---	---	---
Class A Common Stock converted to Series B Preferred Stock....................	1	---	(6)	---	5	---	---	---	---
Series B Preferred Stock redemptions........................	---	---	---	---	(1,498)	---	---	---	(1,498)
Repurchase and retirement of 320,000 shares of Class A Common Stock.......	---	---	(3)	---	(3,491)	---	---	---	(3,494)
Dividends payable on Series D Preferred Stock.......	---	---	---	---	---	---	---	(10,350)	(10,350)
Stock options exercised	---	---	1	---	1,779	---	---	---	1,780
Class A Common Stock issued pursuant to employee benefit plans	---	---	2	---	3,124	---	---	---	3,126
Equity put options..................	---	---	---	---	(2,868)	2,868	---	---	---
Net payments relating to equity put options...........	---	---	---	---	751	---	---		751
Amortization of deferred compensation......................	---	---	---	---	---	---	1,135	---	1,135
Income tax benefit related to deferred compensation.....	---	---	---	---	(360)	---	---	---	(360)
Deferred compensation adjustment related to forfeited stock options..........	---	---	---	---	(1,992)	---	1,992	---	---
Net income	---	---	---	---	---	---	---	167,784	167,784
BALANCE, December 31, 1999..	$ ---	$ 35	$ 491	$ 476	$834,393	$46,068	$(4,489)	$ 97,943	$974,917

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY FOR THE YEARS ENDED DECEMBER 31, 1998, 1999 AND 2000 (IN THOUSANDS)

	Series D Preferred Stock	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Additional Paid-In Capital – Equity Put Options	Additional Paid-In Capital – Deferred Compensation	Accumulated Deficit	Other Comprehensive Loss	Total Stockholders' Equity
BALANCE, December 31, 1999..	$ 35	$ 491	$ 476	$834,393	$46,068	$(4,489)	$ 97,943	$ ---	$974,917
Class B Common Stock converted into Class A Common Stock..................	---	21	(21)	---	---	---	---	---	---
Repurchase and retirement of 12,560,400 shares of Class A Common Stock......	---	(126)	---	(123,174)	---	---	---	---	(123,300)
Dividends payable on Series D Preferred Stock....................	---	---	---	---	---	---	(10,350)	---	(10,350)
Stock option grants..................	---	---	---	558	---	(558)	---	---	---
Stock options exercised............	---	---	---	53	---	---	---	---	53
Class A Common Stock issued pursuant to employee benefit plans........................	---	4	---	2,655	---	---	---	---	2,659
Equity put options..................	---	---	---	38,257	(38,257)	---	---	---	---
Reclassification due to adoption of EITF No. 00-19.............	---	---	---	---	(7,811)	---	---	---	(7,811)
Amortization of deferred compensation......................	---	---	---	---	---	92	---	---	92
Income tax benefit related to deferred compensation.........	---	---	---	(33)	---	---	---	---	(33)
Deferred compensation adjustment related to forfeited stock options.........	---	---	---	(2,337)	---	2,337	---	---	---
Net income.............................	---	---	---	---	---	---	77,365	---	77,365
Other comprehensive oss on investments, net of tax benefit of $695..........	---	---	---	---	---	---	---	(1,062)	(1,062)
Comprehensive income...........	---	---	---	---	---	---	---	---	76,303
BALANCE, December 31, 2000.	**$ 35**	**$ 390**	**$ 455**	**$750,372**	**$ ---**	**$(2,618)**	**$164,958**	**$ (1,062)**	**$912,530**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1998, 1999 AND 2000
(IN THOUSANDS)

	1998	1999	**2000**
NET CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (16,880)	$ 167,784	**$ 77,365**
Adjustments to reconcile net income (loss) to net to cash flows from operating activities -			
Extraordinary loss	18,433	---	**---**
(Gain) loss on sale of broadcast assets	(1,232)	418	**---**
Gain on sale of broadcast assets related to discontinued operations	(10,769)	(329,803)	**(178,134)**
Loss (gain) on derivative instrument	9,050	(15,747)	**296**
Cumulative adjustment for change in assets held for sale	---	---	**(1,237)**
Loss from equity investments	---	504	**16,764**
Amortization of debt discount	98	98	**131**
Depreciation of property and equipment	29,153	36,419	**40,101**
Amortization of acquired intangible broadcast assets, non-compete and consulting agreements and other assets	98,372	123,273	**118,208**
Amortization of program contract costs and net realizable value adjustments	72,403	90,021	**100,655**
Amortization of deferred compensation	1,721	1,135	**92**
Deferred tax provision related to operations	30,700	25,197	**11,760**
Deferred tax provision (benefit) related to sale of broadcast assets from discontinued operations	---	37,988	**(5,342)**
Net effect of change in deferred barter revenues and deferred barter costs	(624)	(911)	**(497)**
(Decrease) increase in minority interest	(98)	316	**(891)**
Changes in assets and liabilities, net of effects of acquisitions and dispositions -			
(Increase) decrease in accounts receivable, net	(68,207)	(4,579)	**31,529**
(Increase) decrease in prepaid expenses and other current assets	(2,475)	(6,154)	**2,019**
Decrease in refundable income taxes	10,581	---	**---**
Increase (decrease) in accounts payable and accrued liabilities	40,878	(25,483)	**(344)**
Increase (decrease) in income taxes payable	---	106,033	**(60,909)**
Increase in other long-term liabilities	483	3,629	**11,864**
Payments on program contracts payable	(61,107)	(79,473)	**(94,303)**
Net cash flows from operating activities	$ 150,480	$ 130,665	**$ 69,127**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1998, 1999 AND 2000
(IN THOUSANDS)

	1998	1999	**2000**
NET CASH FLOWS FROM OPERATING ACTIVITIES	$ 150,480	$ 130,665	**$ 69,127**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property and equipment	(19,426)	(30,861)	**(33,256)**
Payments for acquisitions of television and radio stations	(2,068,258)	(237,274)	**(89,936)**
Distribution from (contributions in) investments	665	(15,016)	**(13,465)**
Proceeds from sale of broadcast assets	273,290	733,916	**346,439**
Loans to officers and affiliates	(2,073)	(859)	**(639)**
Repayments of loans to officers and affiliates	3,120	2,593	**677**
Net cash flows (used in) from investing activities	(1,812,682)	452,499	**209,820**
NET CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from notes payable and commercial bank financing	1,822,677	357,500	**707,500**
Repayments of notes payable, commercial bank financing and capital leases	(578,285)	(909,399)	**(879,500)**
Repayments of notes and capital leases to affiliates	(1,798)	(5,314)	**(6,079)**
Payments of costs related to bank financings	(11,138)	---	**---**
Repurchases of Class A Common Stock	(26,665)	(3,494)	**(107,322)**
Dividends paid on Series D Preferred Stock	(10,350)	(10,350)	**(10,350)**
Proceeds from exercise of stock options	1,144	1,780	**53**
Proceeds from execution/termination of derivative instruments	9,450	---	**4,434**
Net (premiums paid) proceeds related to equity put options	(14,015)	751	**---**
Payments for redemption of Series B Preferred Stock	---	(1,498)	**---**
Net proceeds from issuances of Class A Common Stock	335,123	---	**---**
Net cash flows from (used in) financing activities	1,526,143	(570,024)	**(291,264)**
NET (DECREASE) INCREASE IN CASH	(136,059)	13,140	**(12,317)**
CASH, beginning of period	139,327	3,268	**16,408**
CASH, end of period	$ 3,268	$ 16,408	**$ 4,091**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1998, 1999 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Sinclair Broadcast Group, Inc., and all other consolidated subsidiaries, which are collectively referred to hereafter as "the Company, Companies or SBG." The Company owns or provides programming services pursuant to local marketing agreements ("LMAs") to television stations throughout the United States.

Discontinued Operations

In July 1999, the Company entered into an agreement to sell 46 of its radio stations in nine markets to Entercom Communications Corporation ("Entercom") for $824.5 million in cash (adjusted for closing costs). In December 1999, the Company completed the sale of 41 of its radio stations in eight markets to Entercom for $700.4 million in cash recognizing a gain, net of tax of $192.4 million. The Company completed the sale of four of the remaining five radio stations to Entercom in July 2000 for $126.6 million in cash and completed the sale of the remaining radio station in Wilkes-Barre to Entercom in November 2000 for a purchase price of $0.6 million in cash. In addition, in October 2000, the Company completed its sale to Emmis Communications Corporation ("Emmis") of the remaining radio stations serving the St. Louis market for a purchase price of $220.0 million. The Company recognized a gain, net of tax of $108.3 million on the sales of these remaining radio stations for the year ended December 31, 2000.

Based on the Company's strategy to divest of its radio broadcasting segment, "Discontinued Operations" accounting has been adopted for the periods presented in the accompanying financial statements and the notes thereto. 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 income from discontinued operations in the accompanying consolidated statements of operations for all periods presented. In addition, assets and liabilities relating to the radio broadcast segment are reflected in "Broadcast assets related to discontinued operations, net of liabilities" in the accompanying consolidated balance sheets for all periods presented. Included in the balance of "Broadcast assets related to discontinued operations, net of liabilities" as of December 31, 1999 was property and programming assets of $13.8 million, intangible assets of $163.9 million, other long-term assets of $1.3 million, programming liabilities of $5.0 million and other long-term liabilities of $1.0 million. Accounts receivable related to discontinued operations, which the Company will continue to own the rights to and collect, is included in "Accounts receivable, net of allowance for doubtful accounts," in the accompanying consolidated balance sheets for all periods presented. "Accounts receivable, net of allowance for doubtful accounts" includes accounts receivable related to discontinued operations balances of $26.9 million, net of allowance of $1.4 million and $1.8 million, net of allowance of $1.4 million as of December 31, 1999 and 2000, respectively.

"Net income from discontinued operations" includes net broadcast revenues of $112.4 million, $133.8 million and $27.9 million for the years ended December 31, 1998, 1999 and 2000, respectively.

Discontinued operations have not been segregated in the Statement of Consolidated Cash Flows and therefore, amounts for certain captions will not agree with the accompanying Consolidated Statements of Operations.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all its wholly-owned and majority-owned subsidiaries. Minority interest represents a minority owner's proportionate share of the equity in certain of the Company's subsidiaries. All significant intercompany transactions and account balances have been eliminated.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses in the financial statements and in the disclosures of contingent assets and liabilities. While actual results could differ from those estimates, management believes that actual results will not be materially different from amounts provided in the accompanying consolidated financial statements.

Programming

The Company has agreements with distributors for the rights to television programming over contract periods which generally run from one to seven years. Contract payments are made in installments over terms that are generally shorter than the contract period. Each contract is recorded as an asset and a liability at an amount equal to its gross contractual commitment when the license period begins and the program is available for its first showing. The portion of program contracts which become payable within one year is reflected as a current liability in the accompanying consolidated balance sheets.

The rights to program materials are reflected in the accompanying consolidated balance sheets at the lower of unamortized cost or estimated net realizable value. Estimated net realizable values are based upon management's expectation of future advertising revenues net of sales commissions to be generated by the program material. Amortization of program contract costs is generally computed using either a four year accelerated method or based on usage, whichever yields the greater amortization for each program. Program contract costs, estimated by management to be amortized in the succeeding year, are classified as current assets. Payments of program contract liabilities are typically paid on a scheduled basis and are not affected by adjustments for amortization or estimated net realizable value.

Barter Arrangements

Certain program contracts provide for the exchange of advertising air time in lieu of cash payments for the rights to such programming. These contracts are recorded as the programs are aired at the estimated fair value of the advertising air time given in exchange for the program rights. Network programming is excluded from these calculations.

The Company broadcasts certain customers' advertising in exchange for equipment, merchandise and services. The estimated fair value of the equipment, merchandise or services received is recorded as deferred barter costs and the corresponding obligation to broadcast advertising is recorded as deferred barter revenues. The deferred barter costs are expensed or capitalized as they are used, consumed or received. Deferred barter revenues are recognized as the related advertising is aired.

Other Assets

Other assets as of December 31, 1999 and 2000 consist of the following (in thousands):

	1999	**2000**
Unamortized costs relating to securities issuances	$ 27,236	**$ 23,307**
Investments	19,329	**14,063**
Notes and other accounts receivable	54,101	**52,558**
Deposits and other costs relating to future acquisitions	7,195	**2,272**
Fair value of derivative instrument	---	**6,050**
Other	522	**5,613**
	$108,383	**$103,863**

The Company uses the equity method of accounting for investments in which it has a 20% to 50% ownership interest or when the Company has significant influence. For investments in which it has less than a 20% interest, the Company uses the lower of cost or fair market value method of accounting.

The Company has a 35% ownership interest in Acrodyne Communications, Inc. ("Acrodyne"), a manufacturer of television transmitters and other broadcast equipment. The Company accounts for its investment in Acrodyne under the equity method of accounting. During August 2000, Acrodyne announced that it would be restating its financial

statements for the year ended December 31, 1999 and the three months ended March 31, 2000 due to an overstatement of revenue, inventory and gross profits. The impact of the 1999 restatement, which would have increased the Company's equity share of Acrodyne's losses from $0.5 million to $2.3 million was not material to the Company's 1999 net income. As a result of the restatement, Acrodyne was unable to fulfill its quarterly reporting requirements with the SEC for the quarters ended June 30, 2000 and September 30, 2000 on a timely basis. During September 2000, Acrodyne was delisted from NASDAQ. As a result, the Company wrote-off its investment in Acrodyne to zero and recorded a loss of $6.9 million, including its equity in the revised 1999 losses described above and the 2000 losses through the write-off date, which has been reflected in the accompanying Statements of Operations as "Loss related to investments".

In addition, during 2000, the Company advanced and guaranteed loans to Acrodyne under two credit facilities which were fully reserved as of December 31, 2000. Accordingly, the Company incurred a loss of $3.2 million during 2000 which has also been reflected in the accompanying Statements of Operations as "Loss related to investments".

In 1999, the Company made a $2.0 million investment, representing a 30% ownership interest, in Channel 23 LLC, a start-up entity created to purchase a FCC license and retransmit a signal in the Tuscaloosa, Alabama market. Channel 23 LLC had no operations and was abandoned by the Company during 2000 resulting in a loss of $2.2 million which has also been reflected in the accompanying Statements of Operations as "Loss related to investments".

The Company has no other investments, which were material, individually, or in the aggregate to the accompanying financial statements.

Acquired Intangible Broadcast Assets

Acquired intangible broadcast assets are being amortized on a straight-line basis over periods of 1 to 40 years. These amounts result from the acquisition of certain television station license and non-license assets. The Company monitors the individual financial performance of each of the stations and continually evaluates the realizability of intangible and tangible assets and the existence of any impairment to its recoverability based on the projected undiscounted cash flows of the respective stations. As of December 31, 2000, management believes that the carrying amounts of the Company's tangible and intangible assets have not been impaired.

Intangible assets as of December 31, 1999 and 2000, consist of the following (in thousands):

	Amortization Period	1999	**2000**
Goodwill	40 years	$1,539,151	**$1,733,958**
Intangibles related to LMAs	15 years	463,067	**460,463**
Decaying advertiser base	3-15 years	92,000	**88,584**
FCC licenses	25 years	433,790	**515,044**
Network affiliations	25 years	241,356	**223,359**
Other	1 – 40 years	48,908	**45,096**
		2,818,272	**3,066,504**
Less – Accumulated amortization		(331,308)	**(382,398)**
		$2,486,964	**$2,684,106**

Accrued Liabilities

Accrued liabilities consist of the following as of December 31, 1999 and 2000 (in thousands):

	1999	**2000**
Compensation	$ 20,862	**$ 18,635**
Interest	27,478	**23,864**
Unsettled stock repurchases	---	**15,979**
Other accruals relating to operating expenses	18,738	**22,148**
	$ 67,078	**$ 80,626**

Supplemental Information – Statement of Cash Flows

During 1998, 1999 and 2000, the Company incurred the following transactions (in thousands):

	1998	1999	**2000**
• Purchase accounting adjustments related to deferred taxes	$ 113,950	$ ---	**$ ---**
• Capital leases obligations incurred	$ 3,807	$ 22,208	**$ 5,319**
• Income taxes paid from operations	$ 3,588	$ 7,433	**$ 6,383**
• Income taxes paid related to sale of discontinued operations	$ ---	$ ---	**$ 115,054**
• Income tax refund received	$ 10,486	$ 2,231	**$ 3,598**
• Subsidiary trust minority interest payments	$ 23,250	$ 23,250	**$ 23,250**
• Interest paid	$ 117,658	$ 203,976	**$ 139,833**

Local Marketing Agreements

The Company generally enters into LMAs and similar arrangements with stations located in markets in which the Company already owns and operates a station, and in connection with acquisitions, pending regulatory approval of transfer of License Assets. Under the terms of these agreements, the Company makes specified periodic payments to the owner-operator in exchange for the grant to the Company of the right to program and sell advertising on a specified portion of the station's inventory of broadcast time. Nevertheless, as the holder of the Federal Communications Commission ("FCC") license, the owner-operator retains control and responsibility for the operation of the station, including responsibility over all programming broadcast on the station.

Included in the accompanying consolidated statements of operations for the years ended December 31, 1998, 1999 and 2000, are net revenues of $202.5 million, $263.0 million and $253.9 million, respectively, that relate to LMAs.

Broadcast Assets Held For Sale

In March 1999, the Company entered into an agreement to sell to Sunrise Television Corporation ("STC") the television stations WICS/WICD-TV in the Springfield/Champaign, Illinois market and KGAN-TV in the Cedar Rapids, Iowa market. In April 1999, the Justice Department requested additional information in response to STC's filing under the Hart-Scott-Rodino Antitrust Improvements Act. Pursuant to the agreement, if the transaction did not close by March 16, 2000, either STC or the Company had the option to terminate the agreement at that time. On March 15, 2000, the Company entered into an agreement to terminate the STC transaction. As a result of its termination, the Company recorded a cumulative accounting adjustment during the first quarter of 2000 as the Company had previously recorded the assets and liabilities related to these stations as "Broadcast Assets Held for Sale" and deferred the losses related to these stations until they were sold.

As of December 31, 1999, broadcast assets held for sale, less current portion, included the assets of KDNL-TV in the St. Louis, Missouri market. The assets were reclassified to the appropriate balance sheet classifications during the second quarter of 2000 as the option to sell these assets was subsequently terminated (see Note 11).

Revenue Recognition

Advertising revenues, net of agency and national representatives' commissions, are recognized in the period during which time spots are aired. Total revenues includes (i) cash and barter advertising revenues, net of agency and national representatives' commissions, (ii) network compensation, and (iii) other revenues.

Reclassifications

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

2. PROPERTY AND EQUIPMENT:

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

Buildings and improvements	10 – 35 years
Station equipment	5 – 10 years
Office furniture and equipment	5 – 10 years
Leasehold improvements	10 – 31 years
Automotive equipment	3 – 5 years
Property and equipment and autos under capital leases	Shorter of 10 years or the lease term

Property and equipment consisted of the following as of December 31, 1999 and 2000 (in thousands):

	1999	**2000**
Land and improvements	$ 13,015	**$ 17,209**
Buildings and improvements	67,273	**82,667**
Station equipment	216,250	**254,810**
Office furniture and equipment	27,060	**33,409**
Leasehold improvements	10,441	**9,418**
Automotive equipment	7,760	**9,958**
Construction in Progress	---	**3,184**
	341,799	**410,655**
Less – Accumulated depreciation	(90,016)	**(129,668)**
	$251,783	**$280,987**

3. DERIVATIVE INSTRUMENTS:

The Company enters into derivative instruments primarily for the purpose of reducing the impact of changing interest rates on its floating rate debt, and to reduce the impact of changing fair market values on its fixed rate debt. In addition, the Company has entered into put and call option derivative instruments relating to the Company's Class A Common Stock in order to hedge the possible dilutive effect of employees exercising stock options pursuant to the Company's stock option plans. The Company does not enter into derivative instruments for speculative trading purposes.

Statement of Financial Accounting Standard No. 133

In June, 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities.* In June 1999, the FASB issued Statement No. 137, *Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB Statement No. 133.* In June 2000, the FASB issued Statement 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No. 133.* Statement 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative instrument's gains and losses to offset related results on the hedged item in the income statement, to the extent effective, and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge accounting. The Company estimates that SFAS 133 will have the following impact on its financial statements.

The Company's existing interest rate swap agreements are not expected to qualify for special hedge accounting treatment under SFAS 133. As a result, both of the Company's interest rate swap agreements will be reflected as liabilities on January 1, 2001 at their total fair market value of $7.1 million (described below), with subsequent changes in their fair market values recorded as other income or loss. The transition adjustment to record the Company's fixed-to-floating rate derivative will result in an increase in both the derivative liability and bond discount of $1.0 million (included in the $7.1 million above) on the balance sheet. The bond discount will be amortized to interest expense through December 15, 2007, the termination date of the swap agreement.

SFAS 133 requires deferred gains and losses on terminated floating-to-fixed rate hedges (described above) to be presented as other comprehensive income or loss on the balance sheet. As a result, the Company will be required to reclassify the $4.3 million net balance of deferred losses to other comprehensive loss as of January 1, 2001, which will be amortized to interest expense over the term of the related debt.

Interest Rate Hedging Derivative Instruments

As of December 31, 2000, the Company had an interest rate swap agreement with a notional amount of $575 million which expires on June 3, 2004. The swap agreement requires the Company to pay a fixed rate which is set in the range of 6% to 6.55% and receive a floating rate based on the three month London Interbank Offered Rate ("LIBOR"), and the measurement and settlement is performed quarterly. This swap agreement is reflected as a derivative obligation of $6.1 million as a component of "Accrued liabilities" on the accompanying consolidated balance sheet as of December 31, 2000 as a result of a modification of the agreement during 2000. In addition, the Company has entered into an interest rate swap agreement with a notional amount of $250 million which expires on December 15, 2007 in which the Company receives a fixed rate of 8.75% and pays a floating rate based on LIBOR (and the measurement and settlement is performed quarterly). Periodic settlements of these agreements are recorded as adjustments to interest expense in the relevant periods.

The counterparties to these agreements are international financial institutions. The Company estimates the fair value of these instruments at December 31, 2000 to be $7.1 million, consisting of $6.1 million related to the floating-to-fixed rate agreement and $1.0 million related to the fixed-to-floating rate agreement. The fair value of the interest rate swap agreements is estimated by obtaining quotations from the financial institutions which are a party to the Company's derivative contracts (the "Banks"). The fair value is an estimate of the net amount that the Company would pay on December 31, 2000 if the contracts were transferred to other parties or cancelled by the Company.

The Company experienced losses of $2.6 million during 2000 as a result of terminating two of its fixed-to-floating interest rate swap agreements. The losses resulting from these terminations are reflected as a discount on the Company's fixed rate debt and are being amortized to interest expense through December 15, 2007, the expiration date of the terminated swap agreements. For the year ended December 31, 2000, amortization of $0.03 million of the discount was recorded to interest expense.

The Company experienced gains of $1.9 million as a result of terminating several of its floating-to-fixed interest rate swap agreements. In addition, the Company experienced a loss of $6.1 million as a result of modifying the terms of its remaining floating-to-fixed interest rate swap agreement, as discussed above. The gains and losses resulting from these terminations and modifications have been deferred and are recorded as "Other long-term liabilities" and "Other assets" on the accompanying consolidated balance sheet as of December 31, 2000. These deferred gains and losses are being amortized to interest income and expense through the expiration dates of the terminated or modified swap agreements, which expire from July 9, 2001 to June 3, 2004. For the year ended December 31, 2000, amortization of $0.1 million of the deferred gain was recorded to interest expense.

No amortization of the deferred loss was recorded because the loss occurred on the last business day of 2000.

Treasury Option Derivative Instrument

In August 1998, the Company entered into a treasury option derivative contract (the "Option Derivative"). The Option Derivative contract provided for 1) an option exercise date of September 27, 2000, 2) a notional amount of $300 million and 3) a five-year treasury strike rate of 6.14%. Upon the execution of the Option Derivative contract in 1998, the Company received a cash payment representing an option premium of $9.5 million which was recorded in "Other long-term liabilities" in the accompanying consolidated balance sheets. The Company adjusted its liability to the present

value of the future payments of the settlement amounts based on the forward five-year treasury rate at the end of each accounting period. These adjustments are reflected on the Company's Consolidated Statement of Operations as "Unrealized gains or losses on derivative instrument".

On September 27, 2000, the yield in the five-year treasury rate was 5.906% resulting in a loss of $0.3 million for the year ended December 31, 2000. In addition, the Company made a cash settlement payment of $3.0 million upon the expiration of the Option Derivative contract which is equal to the notional amount of $300 million multiplied by the strike rate (6.14%) less the settlement rate (5.906%) discounted over a five-year period. The Company realized a $6.4 million cash profit over the life of the transaction.

Equity Put And Call Options

1997 Options

In April 1997, the Company entered into put and call option contracts related to its common stock for the purpose of hedging the dilution of the common stock upon the exercise of stock options granted. The Company entered into 1,100,000 European style (that is, exercisable on the expiration date only) put options for common stock with a strike price of $12.89 per share which provide for settlement in cash or in shares, at the election of the Company. The Company entered into 1,100,000 American style (that is, exercisable any time on or before the expiration date) call options for common stock with a strike price of $12.89 per share which provide for settlement in cash or in shares, at the election of the Company. For the year ended December 31, 2000, upon the settlement of these options, the Company repurchased 1,100,000 shares of common stock and made payments of $14.2 million.

1998 Options

In July 1998, the Company entered into put and call option contracts related to the Company's common stock (the "July Options"). In September 1998, the Company entered into additional put and call option contracts related to the Company's common stock (the "September Options"). These option contracts allow for settlement in cash or net physically in shares, at the election of the Company. The Company entered into these option contracts for the purpose of hedging the dilution of the Company's common stock upon the exercise of stock options granted. The July Options included 2,700,000 call options for common stock and 2,700,000 put options for common stock, with a strike price of $33.27 and $28.93 per common share, respectively. The September Options included 467,000 call options for common stock and 700,000 put options for common stock, with a strike price of $28.00 and $16.0625 per common share, respectively. For the year ended December 31, 1998, option premium payments of $12.2 million and $0.7 million were made relating to the July and September Options, respectively. The Company recorded these premium payments as a reduction of additional paid-in capital. To the extent that the Company entered into put options related to its common stock, the additional paid-in capital amounts were reclassified accordingly and reflected as Equity Put Options in the accompanying consolidated balance sheet as of December 31, 1998. For the year ended December 31, 1999, the Company recorded receipts of $1.25 million relating to the 1998 September Options as an increase in additional paid-in capital. Additionally, 200,000 of the 1998 September Options were retired during 1999.

The 1998 July Options and September Options were exercised during March 2000. The Company repurchased 208,400 shares and made a net payment of $1.6 million related to this settlement. The 1998 September Options were amended during March 2000 to include 2.1 million equity put options at a put strike price of $10.125. The Company settled the 1998 September options during December 2000 and repurchased 1,430,000 shares of common stock and made a payment of $14.5 million related to this settlement. Additionally, during 2000, the Emerging Issues Task Force of the Financial Accounting Standards Board (EITF) released EITF Issue No. 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock.* EITF Issue No. 00-19 clarified how freestanding contracts that are indexed to, and potentially settled in, a company's own stock should be classified and measured. As a result of implementing EITF Issue No. 00-19, the Company reclassified the balance relating to the July Options of $7.8 million from Additional Paid-in Capital-Equity Put Options to Equity Put Options as reflected in the accompanying balance sheet as of December 31, 2000.

1999 Options

In September 1999, the Company entered into put and call option contracts related to the Company's common stock. The Company entered into 1,700,000 European style put options for common stock with a strike price of $9.45 per share which provide for settlement in cash or in shares, at the election of the Company. In September 1999, the Company entered into 1,000,000 American style call options for common stock with a strike price $10.45 per share which provide for settlement in cash or in shares, at the election of the Company. For the year ended December 31, 1999, option premium payments of $0.5 million were made relating to the September call options. The Company recorded these premium payments as a reduction of additional paid-in capital. To the extent that the Company entered into put options related to its common stock, the additional paid-in capital amounts were reclassified accordingly and reflected as Equity Put Options in the accompanying consolidated balance sheet as of December 31, 1999. For the year ended December 31, 2000, upon settlement of these options, the Company repurchased 1,030,000 shares of common stock and made payments of $9.7 million.

4. NOTES PAYABLE AND COMMERCIAL BANK FINANCING:

1998 Bank Credit Agreement

In order to expand its borrowing capacity to fund acquisitions and obtain more favorable terms with its syndicate of banks, the Company obtained a new $1.75 billion senior secured credit facility (the "1998 Bank Credit Agreement"). The 1998 Bank Credit Agreement was executed in May 1998 and includes (i) a $750.0 million Term Loan Facility repayable in consecutive quarterly installments commencing on March 31, 1999 and ending on September 15, 2005; and (ii) a $1.0 billion reducing Revolving Credit Facility. Availability under the Revolving Credit Facility reduces quarterly, commencing March 31, 2001 and terminating on September 15, 2005. Not more than $350.0 million of the Revolving Credit Facility will be available for issuances of letters of credit. The 1998 Bank Credit Agreement also includes a standby uncommitted multiple draw term loan facility of $400.0 million. The Company is required to prepay the Term Loan Facility and reduce the Revolving Credit Facility with (i) 100% of the net proceeds of any casualty loss or condemnation; (ii) 100% of the net proceeds of any sale or other disposition by the Company of any assets in excess of $100.0 million in the aggregate for any fiscal year, to the extent not used to acquire new assets; and (iii) 50% of excess cash flow (as defined) if the Company's ratio of debt to EBITDA (as defined) exceeds a certain threshold. The 1998 Bank Credit Agreement contains representations and warranties, and affirmative and negative covenants, including among other restrictions, limitations on additional indebtedness, customary for credit facilities of this type. The 1998 Bank Credit Agreement is secured only by a pledge of the stock of each subsidiary of the Company other than KDSM, Inc., KDSM Licensee, Inc., Cresap Enterprises, Inc., Sinclair Capital and Sinclair Ventures, Inc. The Company is required to maintain certain debt covenants in connection with the 1998 Bank Credit Agreement. As of December 31, 2000, the Company was in compliance with all debt covenants.

The applicable interest rate for the Term Loan Facility and the Revolving Credit Facility is either LIBOR plus 0.5% to 1.875% or the alternative base rate plus zero to 0.625%. The applicable interest rate for the Term Loan Facility and the Revolving Credit Facility is adjusted based on the ratio of total debt to four quarters' trailing earnings before interest, taxes, depreciation and amortization. As of December 31, 2000, the Company's applicable interest rate for borrowings under the 1998 Bank Credit Agreement is either LIBOR plus 1.5% or the alternative base rate plus 0.25%.

As a result of entering into the Company's 1998 Bank Credit Agreement, the Company incurred debt acquisition costs of $11.1 million and recognized an extraordinary loss of $11.1 million net of a tax benefit of $7.4 million. The extraordinary loss represents the write-off of debt acquisition costs associated with indebtedness replaced by the new facility. The weighted average interest rates for outstanding indebtedness relating to the 1998 Bank Credit Agreement during 2000 and as of December 31, 2000 were 7.73% and 7.54%, respectively. Interest expense relating to the 1998 Bank Credit Agreement was $108.9 million and $79.3 million for years ended December 31, 1999 and 2000, respectively.

8¾% Senior Subordinated Notes Due 2007

In December 1997, the Company completed an issuance of $250 million aggregate principal amount of 8¾% Senior Subordinated Notes due 2007 (the "8¾% Notes") pursuant to a shelf registration statement and generated net proceeds to the Company of $242.8 million. Of the net proceeds from the issuance, $106.2 million was utilized to tender the Company's 1993 Notes with the remainder retained for general corporate purposes which may include payments relating to future acquisitions.

Interest on the 8¾% Notes is payable semiannually on June 15 and December 15 of each year, commencing June 15, 1998. Interest expense was $21.9 million for each of the three years ended December 31, 1998, 1999 and 2000. The 8¾% Notes are issued under an Indenture among SBG, its subsidiaries (the guarantors) and the trustee. Costs associated with the offering totaled $5.8 million, including an underwriting discount of $5.0 million. These costs were capitalized and are being amortized over the life of the debt.

Based upon the quoted market price, the fair value of the 8¾% Notes as of December 31, 1999 and 2000 was $231.3 million and $220.4 million, respectively.

9% Senior Subordinated Notes Due 2007

In July 1997, the Company completed an issuance of $200 million aggregate principal amount of 9% Senior Subordinated Notes due 2007 (the "9% Notes"). The Company utilized $162.5 million of the approximately $195.6 million net proceeds of the issuance to repay outstanding revolving credit indebtedness and utilized the remainder to fund acquisitions.

Interest on the 9% Notes is payable semiannually on January 15 and July 15 of each year, commencing January 15, 1998. Interest expense was $18.0 million for each of the three years ended December 31, 1998, 1999 and 2000. The 9% Notes are issued under an Indenture among SBG, its subsidiaries (the guarantors) and the trustee. Costs associated with the offering totaled $4.8 million, including an underwriting discount of $4.0 million. These costs were capitalized and are being amortized over the life of the debt.

Based upon the quoted market price, the fair value of the 9% Notes as of December 31, 1999 and 2000 was $186.2 million and $180.4 million, respectively.

10% Senior Subordinated Notes Due 2005

In August 1995, the Company completed an issuance of $300 million aggregate principal amount of 10% Senior Subordinated Notes (the "1995 Notes"), due 2005, generating net proceeds to the Company of $293.2 million. The net proceeds of this offering were utilized to repay outstanding indebtedness under the then existing Bank Credit Agreement of $201.8 million with the remainder being retained and eventually utilized to make payments related to certain acquisitions consummated during 1996. Interest on the Notes is payable semiannually on March 30 and September 30 of each year. Interest expense was $30.0 million for each of the three years ended December 31, 1998, 1999 and 2000. The notes are issued under an indenture among SBG, its subsidiaries (the guarantors) and the trustee. Costs associated with the offering totaled $6.8 million, including an underwriting discount of $6.0 million. These costs were capitalized and are being amortized over the life of the debt.

Based upon the quoted market price, the fair value of the 1995 Notes as of December 31, 1999 and 2000 was $296.1 million and $291.2 million, respectively.

10% Senior Subordinated Notes Due 2003 and 1997 Tender Offer

In December 1993, the Company completed an issuance of $200 million aggregate principal amount of 10% Senior Subordinated Notes (the "1993 Notes"), due 2003. Subsequently, the Company determined that a redemption of $100.0 million was required. This redemption and a refund of $1.0 million of fees from the underwriters took place in the first quarter of 1994.

In December 1997, the Company completed a tender offer of $98.1 million aggregate principal amount of the 1993 Notes (the "Tender Offer"). Total consideration per $1,000 principal amount note tendered was $1,082.08 resulting in total consideration paid to consummate the Tender Offer of $106.2 million. In conjunction with the Tender Offer, the Company recorded an extraordinary loss of $6.1 million, net of a tax benefit of $4.0 million. In the second quarter of 1999, the Company redeemed the remaining 1993 notes for a total consideration of $1.9 million. Interest expense for the years ended December 31, 1998 and 1999, was $0.2 million and $60,000, respectively. The Notes are issued under an Indenture among SBG, its subsidiaries (the guarantors) and the trustee.

Summary

Notes payable, capital lease and commercial bank financing consisted of the following as of December 31, 1999 and 2000 (in thousands):

	1999	**2000**
Bank Credit Agreement, Term Loan	$ 700,000	**$ 625,000**
Bank Credit Agreement, Revolving Credit Facility	303,000	**206,000**
8¾% Senior Subordinated Notes, due 2007	250,000	**250,000**
9% Senior Subordinated Notes, due 2007	200,000	**200,000**
10% Senior Subordinated Notes, due 2005	300,000	**300,000**
Capital lease	---	**3,767**
Installment note for certain real estate interest at 8.0%	87	**79**
	1,753,087	**1,584,846**
Less: Discount on 8¾% Senior Subordinated Notes, due 2007	(780)	**(682)**
Less: Discount from terminations of derivative instruments on 9% and 10% notes	---	**(2,585)**
Less: Current portion	(75,008)	**(100,018)**
	$1,677,299	**$1,481,561**

Indebtedness under the 1998 Bank Credit Agreement, notes payable and capital lease as of December 31, 2000, mature as follows (in thousands):

2001	$ 100,018
2002	100,035
2003	125,047
2004	150,074
2005	656,142
2006 and thereafter	453,530
	1,584,846
Less: Discount on 8¾% Senior Subordinated Notes due 2007	(682)
Less: Discount from swap terminations on 9% and 10% notes	(2,585)
	$1,581,579

Substantially all of the Company's stock in its wholly owned subsidiaries has been pledged as security for notes payable and commercial bank financing.

5. NOTES AND CAPITAL LEASES PAYABLE TO AFFILIATES:

Notes and capital leases payable to affiliates consisted of the following as of December 31, 1999 and 2000 (in thousands):

	1999	**2000**
Subordinated installment notes payable to former majority owners, interest at 8.75%, principal payments in varying amounts due annually beginning October 1991, with a balloon payment due at maturity in May 2005	$ 7,632	**$ 6,554**
Capital lease for building, interest at 17.5%	676	**304**
Capital lease for building, interest at 6.62%	9,136	**7,857**
Capital leases for broadcasting tower facilities, interest rates averaging 10%	3,310	**3,070**
Capitalization of time brokerage agreements, interest at 6.20% to 8.25%	18,827	**15,648**
Capital leases for building and tower, interest at 8.25%	451	**1,414**
	40,032	**34,847**
Less: Current portion	(5,890)	**(5,838)**
	$34,142	**$29,009**

Notes and capital leases payable to affiliates, as of December 31, 2000, mature as follows (in thousands):

2001	$ 8,238
2002	7,209
2003	5,945
2004	5,246
2005	6,126
2006 and thereafter	11,413
Total minimum payments due	44,177
Less: Amount representing interest	(9,330)
Present value of future notes and capital lease payments	$34,847

6. PROGRAM CONTRACTS PAYABLE:

Future payments required under program contracts payable as of December 31, 2000 were as follows (in thousands):

2001	$ 110,217
2002	54,134
2003	32,143
2004	11,493
2005	1,326
2006 and thereafter	50
	209,363
Less: Current portion	(110,217)
Long-term portion of program contracts payable	$ 99,146

Included in the current portion amounts are payments due in arrears of $23.6 million. In addition, the Company has entered into non-cancelable commitments for future program rights aggregating $183.7 million as of December 31, 2000.

The Company has estimated the fair value of its program contract payables and non-cancelable commitments at approximately $173.8 million and $145.3 million, respectively, as of December 31, 1999, and $178.3 million and $149.3 million, respectively, at December 31, 2000. These estimates were based on future cash flows discounted at the Company's current borrowing rate.

7. RELATED PARTY TRANSACTIONS:

In connection with the start-up of an affiliate in 1990, certain Class B Stockholders issued a note allowing them to borrow up to $3.0 million from the Company. This note was amended and restated June 1, 1994, to a term loan bearing interest of 6.88% with quarterly principal payments beginning March 31, 1996 through December 31, 1999. The note was paid in full as of December 31, 1999.

During the year ended December 31, 1993, the Company loaned Gerstell Development Limited Partnership (a partnership owned by Class B Stockholders) $2.1 million. The note bears interest at 6.18%, with principal payments beginning on November 1, 1994, and a final maturity date of October 1, 2013. As of December 31, 1999 and 2000, the balance outstanding was approximately $1.7 million.

Concurrently with the Company's initial public offering, the Company acquired options from certain stockholders of Glencairn, LTD ("Glencairn") that will grant the Company the right to acquire, subject to applicable FCC rules and regulations, up to 97% of the capital stock of Glencairn. The Glencairn option exercise price is based on a formula that provides a 10% annual return to Glencairn. Glencairn is the owner-operator and FCC licensee of WNUV in Baltimore, WVTV in Milwaukee, WRDC in Raleigh/Durham, WABM in Birmingham, KRRT in Kerrville, WBSC in Asheville/Greenville /Spartanburg and WTTE in Columbus. The Company has entered into five-year LMA agreements (with five-year renewal terms at the Company's option) with Glencairn pursuant to which the Company provides programming to Glencairn for airing on WNUV, WVTV, WRDC, WABM, KRRT, WBSC and WTTE. During the years ended December 31, 1998, 1999 and 2000, the Company made payments of $9.8 million, $10.8 million and $11.3 million, respectively, to Glencairn under these LMA agreements.

During the years ended December 31, 1998, 1999 and 2000, the Company from time to time entered into charter arrangements to lease aircraft owned by certain Class B Stockholders. During the years ended December 31, 1998, 1999 and 2000, the Company incurred expenses of approximately $0.6 million, $0.4 million and $0.2 million related to these arrangements, respectively.

Certain assets used by the Company and its operating subsidiaries are leased from Cunningham Communications Inc., Keyser Investment Group, Gerstel LP, and Beaver Dam, LLC (entities owned by the Class B Stockholders). Lease payments made to these entities were $1.5 million, $2.1 million, and $2.8 million for the years ended December 31, 1998, 1999 and 2000, respectively.

8. INCOME TAXES:

The Company files a consolidated federal income tax return and separate company state tax returns. The provision (benefit) for income taxes consisted of the following for the years ended December 31, 1998, 1999 and 2000 (in thousands):

	1998	1999	**2000**
Provision for income taxes – continuing operations	$ 32,562	$ 25,107	**$ 4,816**
Provision for income taxes – discontinued operations	13,096	149,771	**73,120**
Benefit from income taxes – extraordinary item	(7,370)	---	**---**
	$ 38,288	$ 174,878	**$ 77,936**
Current:			
Federal	$ 3,953	$ 81,370	**$ 58,079**
State	3,635	30,323	**13,439**
	7,588	111,693	**71,518**
Deferred:			
Federal	26,012	56,576	**5,829**
State	4,688	6,609	**589**
	30,700	63,185	**6,418**
	$ 38,288	$ 174,878	**$ 77,936**

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

	1998	1999	**2000**
Statutory federal income taxes	35.0%	(35.0%)	**(35.0%)**
Adjustments-			
State income and franchise taxes, net of federal effect	68.9	21.2	**7.0**
Goodwill amortization	106.8	99.5	**39.0**
Non-deductible expense items	168.1	57.4	**6.5**
Tax liability related to dividends on Parent Preferred Stock (a)	121.7	---	**---**
Other	11.4	4.4	**(1.9)**
Provision for income taxes	511.9%	147.5%	**15.6%**

(a) In March 1997, the Company issued the HYTOPS securities. In connection with this transaction, Sinclair Broadcast Group, Inc. (the "Parent") issued $206.2 million of Series C Preferred Stock (the "Parent Preferred Stock") to KDSM, Inc., a wholly owned subsidiary. Parent Preferred Stock dividends paid to KDSM, Inc. are considered taxable income for Federal tax purposes and not considered income for book purposes. Also for Federal tax purposes, KDSM, Inc. is allowed a tax deduction for dividends received on the Parent Preferred Stock in an amount equal to Parent Preferred Stock dividends received in each taxable year limited to the extent that the Parent's consolidated group has "earnings and profits." To the extent that dividends received by KDSM, Inc. are in excess of the Parent's consolidated group earnings and profits, KDSM will reduce its tax basis in the Parent Preferred Stock which gives rise to a deferred tax liability (to be recognized upon redemption). During the year ended December 31, 1998, the Parent did not generate "earnings and profits" in an amount greater than or equal to dividends paid on the Parent Preferred Stock. This resulted in a reduction in basis of the Parent's Series C Preferred Stock and generated a related deferred tax liability. During the years ended December 31, 1999 and 2000, the Parent generated "earnings and profits" and avoided a reduction in basis of its Parent Preferred Stock.

Temporary differences between the financial reporting carrying amounts and the tax basis of assets and liabilities give rise to deferred taxes. The Company had a net deferred tax liability of $228.7 million and $243.1 million as of December 31, 1999 and 2000, respectively.

The Company's remaining Federal NOL's will expire during various years from 2011 to 2019, and are subject to annual limitations under Internal Revenue Code Section 382 and similar state provisions. The tax effects of these NOL's are recorded in the deferred tax accounts in the accompanying consolidated balance sheets.

Total deferred tax assets and deferred tax liabilities as of December 31, 1999 and 2000 were as follows (in thousands):

	1999	**2000**
Deferred Tax Assets:		
Accruals and reserves	$ 7,868	**$ 7,941**
Net operating losses	491	**2,895**
Tax credits	---	**534**
Investments	158	**11,494**
Other	1,909	**2,921**
	$ 10,426	**$ 25,785**
Deferred Tax Liabilities:		
FCC license	$ (29,010)	**$ (44,466)**
Parent Preferred Stock deferred tax liability (see (a) above)	(25,833)	**(25,833)**
Fixed assets and intangibles	(168,995)	**(181,378)**
Program contracts	(8,715)	**(12,100)**
Treasury option derivative	(2,679)	**---**
Capital leases	(2,513)	**(3,232)**
Other	(1,393)	**(1,925)**
	$(239,138)	**$(268,934)**

During 2000, the Company acquired the stock of Montecito Broadcasting Corporation ("Montecito") and Grant Television, Inc. ("Grant"). The Company recorded net deferred tax liabilities resulting from these purchases of approximately $8.7 million. These net deferred tax liabilities primarily relate to the differences between financial reporting carrying amounts and tax basis amounts as measured upon the purchase date.

9. EMPLOYEE BENEFIT PLAN:

The Sinclair Broadcast Group, Inc. 401(k) Profit Sharing Plan and Trust (the "SBG Plan") covers eligible employees of the Company. Contributions made to the SBG Plan include an employee elected salary reduction amount, company matching contributions and a discretionary amount determined each year by the Board of Directors. The Company's 401(k) expense for the years ended December 31, 1998, 1999 and 2000 was $1.2 million, $1.4 million and $1.7 million, respectively. There were no discretionary contributions during these periods. During December 1997, the Company registered 800,000 shares of its Class A Common Stock with the Securities and Exchange Commission (the "Commission") to be issued as a matching contribution for the 1997 plan year and subsequent plan years.

10. COMMITMENTS AND CONTINGENCIES:

Litigation

Lawsuits and claims are filed against the Company from time to time in the ordinary course of business. These actions are in various preliminary stages, and no judgments or decisions have been rendered by hearing boards or courts. Management, after reviewing developments to date with legal counsel, is of the opinion that the outcome of such matters will not have a material adverse effect on the Company's financial position, results of operations or cash flows. The Company settled its litigation with Emmis and former CEO-designate Barry Baker regarding the sale of its St. Louis broadcast properties (see Note 11).

Commitment for Advertising

During 1999, the Company entered into an option agreement with BeautyBuys.com ("Beauty Buys") to provide radio and television advertising, promotional support and other services (in-kind services) over a five year period ending December 31, 2004 in exchange for options to acquire an equity interest. Advertising and promotional support would be provided to BeautyBuys from the Company's unutilized inventory, valued as if each spot was being sold at the then-current street rates at the time of the airing. The Company would recognize no revenue related to its advertising, promotion or other services and would recognize revenue as the Company's options vest in an amount equal to the fair value of the options.

In December 2000, the Company entered into a modification agreement with BeautyBuys and its parent, Synergy Brands, Inc. ("Synergy"), whereby the Company divested of its option to acquire an equity interest in BeautyBuys in exchange for a significant reduction in the amount of advertising, promotional support and other services the Company is to provide to BeautyBuys and an increased equity position in Synergy. Additionally, the Company, BeautyBuys and Icon International ("Icon") entered into an agreement whereby BeautyBuys would transfer and sell to Icon its remaining amount of advertising and promotional support to be received from SBG for a combination of $2.7 million in cash and certain trade credits from Icon. Simultaneously, the Company entered into an agreement with Icon whereby the Company received $3.2 million in cash and certain trade credits from Icon in exchange for Media Time Credits or commercial inventory. Icon inventory spots aired will be valued and characterized the same as other spots sold with similar cash and barter components.

The cash received by BeautyBuys and the Company from Icon was viewed by management as a measurement of the value of the future advertising the Company will need to provide to Icon. Therefore, the company recorded an expense of $2.7 million in "Loss related to investments" and a corresponding liability of $6.9 million to "Deferred barter revenue" on the accompanying consolidated Statement of Operations and Balance sheet for the year ended December 31, 2000. "Deferred barter revenue" will be amortized to broadcast revenue as the proportionate cash component of the spots are aired.

Operating Leases

The Company has entered into operating leases for certain property and equipment under terms ranging from three to ten years. The rent expense under these leases, as well as certain leases under month-to-month arrangements, for the years ended December 31, 1998, 1999 and 2000, was approximately $4.0 million, $5.9 million and $6.8 million, respectively.

Future minimum payments under the leases are as follows (in thousands):

Year	Amount
2001	$ 5,123
2002	4,254
2003	3,821
2004	3,531
2005	3,280
2006 and thereafter	35,178
	$55,187

11. ACQUISITIONS AND DISPOSITIONS

1998 Acquisitions and Dispositions

Heritage Acquisition. In July 1997, the Company entered into a purchase agreement to acquire certain assets of the radio and television stations of Heritage Media Group for approximately $630 million (the "Heritage Acquisition"). Pursuant to the Heritage Acquisition, and after giving effect to the STC Disposition, Entercom Disposition and Centennial Disposition and a third party's exercise of its option to acquire radio station KCAZ in Kansas City, Missouri, the Company has acquired or provided programming services to three television stations in two separate markets and 13 radio stations in four separate markets. In July 1998, the Company acquired three radio stations in the New Orleans, Louisiana market and simultaneously disposed of two of those stations (see the Centennial Disposition below). The acquisition was accounted for under the purchase method of accounting whereby the net purchase price for stations not sold was allocated to property and programming assets, acquired intangible broadcasting assets and other intangible assets for $22.6 million, $222.8 million and $102.6 million, respectively, based on an independent appraisal.

1998 STC Disposition. In February 1998, the Company entered into agreements to sell to STC two television stations and the non-license assets and rights to program a third television station, all of which were acquired in the Heritage Acquisition. In April 1998, the Company closed on the sale of the non-license assets of the three television stations in the Burlington, Vermont and Plattsburgh, New York market for aggregate consideration of approximately $70.0 million. During the third quarter of 1998, the Company sold the license assets for a sales price of $2.0 million.

Montecito Acquisition. In February 1998, the Company entered into an agreement to acquire all of the capital stock of Montecito for approximately $33.0 million (the "Montecito Acquisition"). Montecito owns all of the issued and outstanding stock of Channel 33, Inc. which owns and operates KFBT-TV in Las Vegas, Nevada. In April 1998, the Company began programming KFBT-TV through an LMA upon expiration of the applicable HSR Act waiting period. On April 18, 2000 the Company acquired the outstanding capital stock of Montecito upon receiving approval from the FCC.

WSYX Acquisition and Sale of WTTE License Assets. In April 1998, the Company exercised its option to acquire the non-license assets of WSYX-TV in Columbus, Ohio from River City Broadcasting, LP ("River City") for an option exercise price and other costs of approximately $228.6 million. In August 1998, the Company exercised its option to acquire the WSYX License Assets for an option exercise price of $2.0 million. The acquisition was accounted for under the purchase method of accounting whereby the purchase price was allocated to property and programming assets, acquired intangible broadcasting assets and other intangible assets for $14.6 million, $179.3 million and $61.4 million, respectively based on an independent appraisal. Simultaneously with the WSYX Acquisition, the Company sold the WTTE license assets to Glencairn for a sales price of $2.3 million. In connection with the sale of the WTTE license assets, the Company recognized a $2.3 million gain.

SFX Disposition. In May 1998, the Company completed the sale of three radio stations to SFX Broadcasting, Inc. for aggregate consideration of approximately $35.0 million (the "SFX Disposition"). The radio stations sold are located in the Nashville, Tennessee market. In connection with the disposition, the Company recognized a $5.2 million gain on the sale.

Lakeland Acquisition. In May 1998, the Company acquired 100% of the stock of Lakeland Group Television, Inc. ("Lakeland") for cash payments of approximately $53.0 million (the "Lakeland Acquisition"). In connection with the Lakeland Acquisition, the Company now owns television station KLGT-TV in Minneapolis/St.Paul, Minnesota. The acquisition was accounted for under the purchase method of accounting whereby the purchase price was allocated to property and programming assets, acquired intangible broadcasting assets and other intangible assets for $5.1 million, $35.1 million and $29.4 million, respectively, based on an independent appraisal.

Entercom Disposition. In June 1998, the Company completed the sale of seven radio stations acquired in the Heritage Acquisition. The seven stations are located in the Portland, Oregon and Rochester, New York markets and were sold for aggregate consideration of approximately $126.9 million.

Sullivan Acquisition. In July 1998, the Company acquired 100% of the stock of Sullivan Broadcast Holdings, Inc. and Sullivan Broadcasting Company II, Inc. for cash payments of approximately $951.0 million (the "Sullivan Acquisition"). The Company financed the acquisition by utilizing indebtedness under the 1998 Bank Credit Agreement. In connection with the acquisition, the Company has acquired the right to program 12 additional television stations in 10 separate markets. During 2001, the Company intends to acquire the license assets of one station and the stock of a company that owns the license assets of six additional stations. In addition, the Company expects to enter into new LMA agreements with respect to three of the stations and will continue to program two of the television stations pursuant to existing LMA agreements. The acquisition was accounted for under the purchase method of accounting whereby the purchase price was allocated to property and programming assets, acquired

intangible broadcasting assets and other intangible assets for $58.2 million, $336.8 million and $637.6 million, respectively, based on an independent appraisal.

Max Media Acquisition. In July 1998, the Company directly or indirectly acquired all of the equity interests of Max Media Properties LLC, for $252.2 million (the "Max Media Acquisition"). The Company financed the acquisition by utilizing existing cash balances and indebtedness under the 1998 Bank Credit Agreement. In connection with the transaction, the Company acquired or provided programming services to nine television stations in six separate markets and eight radio stations in two separate markets. The acquisition was accounted for under the purchase method of accounting whereby the purchase price was allocated to property and programming assets, acquired intangible broadcasting assets and other intangible assets for $37.1 million, $144.3 million and $89.6 million, respectively, based on an independent appraisal.

Centennial Disposition. In July 1998, the Company completed the sale of the assets of radio stations WRNO-FM, KMEZ-FM and WBYU-AM in New Orleans, Louisiana to Centennial Broadcasting for $16.1 million in cash and recognized a loss on the sale of $2.9 million. The Company acquired KMEZ-FM in connection with the River City Acquisition in May of 1996 and acquired WRNO-FM and WBYU-AM in New Orleans from Heritage Media Group, Inc. ("Heritage") in July 1998. The Company was required to divest WRNO-FM, KMEZ-FM and WBYU-AM to meet certain regulatory ownership guidelines.

Greenville Acquisition. In July 1998, the Company acquired three radio stations in the Greenville/Spartansburg market from Keymarket Radio of South Carolina, Inc. for a purchase price consideration involving the forgiveness of approximately $8.0 million of indebtedness to Sinclair. Concurrently with the acquisition, the Company acquired an additional two radio stations in the same market from Spartan Broadcasting for a purchase price of approximately $5.2 million. The acquisition was accounted for under the purchase method of accounting whereby the purchase price was allocated to property and acquired intangible broadcasting assets for $5.0 million and $10.1 million, respectively, based on an independent appraisal.

Radio Unica Disposition. In July 1998, the Company completed the sale of KBLA-AM in Los Angeles, California to Radio Unica, Corp. for approximately $21.0 million in cash. In connection with the disposition, the Company recognized a $8.4 million gain.

1999 Acquisitions and Dispositions

Guy Gannett Acquisition. In September 1998, the Company agreed to acquire from Guy Gannett Communications its television broadcasting assets for a purchase price of $317.0 million in cash (the "Guy Gannett Acquisition"). As a result of this transaction and after the completion of related dispositions, the Company acquired five television stations in five separate markets. In April 1999, the Company completed the purchase of WTWC-TV, WGME-TV and WGGB-TV for a purchase price of $111.0 million. The acquisition was accounted for under the purchase method of accounting whereby the purchase price was allocated to property and programming assets, acquired intangible broadcasting assets and other intangible assets for $20.9 million, $ 45.7 million, and $51.4 million, respectively, based on an independent appraisal. In July 1999, the Company completed the purchase of WICS/WICD-TV, and KGAN-TV for a purchase price of $81.0 million. The Company financed these acquisitions by utilizing indebtedness under the 1998 Bank Credit Agreement.

Ackerley Disposition. In September 1998, the Company agreed to sell the Guy Gannett television station WOKR-TV in Rochester, New York to the Ackerley Group, Inc. for a sales price of $125.0 million (the "Ackerley Disposition"). In April 1999, the Company closed on the purchase of WOKR-TV and simultaneously completed the sale of WOKR-TV to Ackerly.

CCA Disposition. In April 1999, the Company completed the sale of the non-license assets of KETK-TV and KLSB-TV in Tyler-Longview, Texas to Communications Corporation of America ("CCA") for a sales price of $36.0 million (the "CCA Disposition"). In addition, CCA has an option to acquire the license assets of KETK-TV for an option purchase price of $2.0 million.

St. Louis Radio Acquisition. In August 1999, the Company completed the purchase of radio station KXOK-FM in St. Louis, Missouri for a purchase price of $14.1 million in cash. The acquisition was accounted for under the purchase method of accounting whereby the purchase price was allocated to property and acquired intangible broadcasting assets for $0.6 million and $15.2 million, respectively, based on an independent appraisal.

Barnstable Disposition. In August 1999, the Company completed the sale of the radio stations WFOG-FM and WGH-AM/FM serving the Norfolk, Virginia market to Barnstable Broadcasting, Inc. ("Barnstable"). The stations were sold to Barnstable for a sales price of $23.7 million.

Entercom Disposition. In July 1999, the Company entered into an agreement to sell 46 radio stations in nine markets to Entercom for $824.5 million in cash. The transaction does not include the Company's radio stations in the St. Louis market which where sold separately during 2000 (see Emmis disposition below). In December 1999, the Company closed on the sale of 41 radio stations in eight markets for a purchase price of $700.4 million.

2000 Acquisitions and Dispositions

Montecito Acquisition. In February 1998, the Company entered into a Stock Purchase Agreement with Montecito and its stockholders to acquire all of the outstanding stock of Montecito, which owns the FCC License for television broadcast station KFBT-TV. The FCC granted approval of the transaction and the Company completed the purchase of the outstanding stock of Montecito on April 18, 2000 for a purchase price of $33.0 million.

Emmis Disposition In June 2000, the Company settled its litigation with Emmis and former CEO-designate Barry Baker regarding the sale of its St. Louis broadcast properties. As a result of the settlement, the purchase option of the Company's St. Louis broadcast properties has been terminated and a subsequent agreement was entered into whereby the Company would sell its St. Louis radio properties to Emmis. In October 2000, the Company completed the sale of its St. Louis radio properties to Emmis for $220.0 million and retained its St. Louis television station, KDNL-TV.

Entercom Disposition. On July 20, 2000 the Company completed the sale of four radio stations in Kansas City to Entercom Communications Corp. for an aggregate purchase price of $126.6 million in cash. The stations sold were KCFX-FM, KQRC-FM, KCIY-FM, and KXTR-FM. In November 2000, the Company completed the sale of WKRF-FM in Wilkes-Barre, Pennsylvania to Entercom for $0.6 million.

WNYO Acquisition. In August 2000, the Company entered into an agreement to purchase the stock of Grant, the owner of WNYO-TV in Buffalo, New York, for a purchase price of $51.5 million. In October 2000, the Company completed the stock acquisition of Grant, obtaining the non-license assets of WNYO-TV and began programming the television station under a time brokerage agreement. The Company will complete the purchase of the license and related assets of WNYO-TV upon FCC approval, which is currently pending. The acquisition was accounted for under the purchase method of accounting whereby the purchase price was allocated to property and programming assets, acquired intangible broadcasting assets and other intangible assets for $2.9 million, $3.9 million and $39.8 million, respectively, based on an independent appraisal.

Pending Acquisitions

Glencairn/WPTT, Inc. Acquisition. On November 15, 1999, we entered into an agreement to purchase substantially all of the assets of television station WCWB-TV, Channel 22, Pittsburgh, Pennsylvania, with the owner of that television station WPTT, Inc. for a purchase price of $17.8 million. The waiting period under the Hart-Scott-Rodino Antitrust Act of 1976 has expired and closing on this transaction is subject to FCC approval.

On November 15, 1999, we entered into five separate plans and agreements of merger, pursuant to which we would acquire through merger with subsidiaries of Glencairn, Ltd., television broadcast stations WABM-TV, Birmingham, Alabama, KRRT-TV, San Antonio, Texas, WVTV-TV, Milwaukee, Wisconsin, WRDC-TV, Raleigh, North Carolina, and WBSC-TV (formerly WFBC-TV), Anderson, South Carolina. The consideration for these mergers is the issuance to Glencairn of shares of Class A Common voting Stock of the Company. The total value of the shares to be issued in consideration for all the mergers is $8.0 million.

Mission Option. Pursuant to our merger with Sullivan Broadcast Holdings, Inc., which was effective July 1, 1998, the Company acquired options to acquire television broadcast station WUXP-TV in Nashville, Tennessee from Mission Broadcasting I, Inc. and television broadcast station WUPN-TV in Greensboro, North Carolina from Mission Broadcasting II, Inc. We currently program these stations pursuant to LMAs. On November 15, 1999, the Company exercised its option to acquire both of the foregoing stations. This acquisition is subject to FCC approval.

12. SECURITIES ISSUANCES AND COMMON STOCK SPLIT:

Common Stock Split

On April 30, 1998, the Company's Board of Directors approved a two-for-one stock split of its Class A and Class B Common Stock to be distributed in the form of a stock dividend. As a result of this action, 23,963,013 and 24,984,432 shares of Class A and Class B Common Stock, respectively, were issued to shareholders of record as of May 14, 1998. The stock split has been retroactively reflected in the accompanying consolidated financial statements and related notes thereto.

1997 Offering Of Company Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust

In March 1997, the Company completed a private placement of $200 million aggregate liquidation value of 11 5/8% High Yield Trust Offered Preferred Securities (the "HYTOPS") of Sinclair Capital, a subsidiary trust of the Company. The HYTOPS were issued March 12, 1997, mature March 15, 2009, and provide for quarterly distributions to be paid in arrears beginning June 15, 1997. The HYTOPS were sold to "qualified institutional buyers" (as defined in Rule 144A under the Securities Act of 1933, as amended) and a limited number of institutional "accredited investors" and the offering was exempt from registration under the Securities Act of 1933, as amended ("the Securities Act"), pursuant to Section 4(2) of the Securities Act and Rule 144A thereunder. The Company utilized $135.0 million of the approximately $192.8 million net proceeds of the private placement to repay outstanding debt and retained the remainder for general corporate purposes.

Pursuant to a Registration Rights Agreement entered into in connection with the private placement of the HYTOPS, the Company offered holders of the HYTOPS the right to exchange the HYTOPS for new HYTOPS having the same terms as the existing securities, except that the exchange of the new HYTOPS for the existing HYTOPS has been registered under the Securities Act. On May 2, 1997, the Company filed a registration statement on Form S-4 with the Commission for the purpose of registering the new HYTOPS to be offered in exchange for the aforementioned existing HYTOPS issued by the Company in March 1997 (the "Exchange Offer"). The Company's Exchange Offer was closed and became effective August 11, 1997, at which time all of the existing HYTOPS were exchanged for new HYTOPS. Amounts payable to the holders of HYTOPS are recorded as "Subsidiary trust minority interest expense" in the accompanying financial statements and was $23.3 million for each of the three years ended December 31, 1998, 1999, and 2000, respectively.

1998 Common Stock Offering

On April 14, 1998, the Company and certain stockholders of the Company completed a public offering of 12,000,000 and 4,060,374 shares, respectively, of Class A Common Stock (the "1998 Common Stock Offering"). The shares were sold for an offering price of $29.125 per share and generated proceeds to the Company of $335.1 million, net of underwriters' discount and other offering costs of approximately $14.4 million. The Company utilized the proceeds to repay indebtedness under the 1997 Bank Credit Agreement.

13. STOCK-BASED COMPENSATION PLANS:

Stock Option Plans

Designated Participants Stock Option Plan - In connection with the Company's initial public offering in June 1995 (the "IPO"), the Board of Directors of the Company adopted an Incentive Stock Option Plan for Designated Participants (the Designated Participants Stock Option Plan) pursuant to which options for shares of Class A common stock were granted to certain key employees of the Company. The Designated Participants Stock Option Plan provides that the number of shares of Class A Common Stock reserved for issuance under the Designated Participants Stock Option Plan is 136,000. Options granted pursuant to the Designated Participants Stock Option Plan must be exercised within 10 years following the grant date. As of December 31, 2000, 34,500 shares were available for future grants.

Long-Term Incentive Plan - In June 1996, the Board of Directors of the Company adopted, upon approval of the stockholders by proxy, the 1996 Long-Term Incentive Plan (the "LTIP"). The purpose of the LTIP is to reward key individuals for making major contributions to the success of the Company and its subsidiaries and to attract and retain the services of qualified and capable employees. Options granted pursuant to the LTIP must be exercised within 10 years following the grant date. A total of 14,000,000 shares of Class A Common Stock are reserved for awards under the plan. As of December 31, 2000, 11,002,505 shares have been granted under the LTIP and 6,752,513 shares (including forfeited shares) were available for future grants.

Incentive Stock Option Plan - In June 1996, the Board of Directors adopted, upon approval of the stockholders by proxy, an amendment to the Company's Incentive Stock Option Plan. The purpose of the amendment was (i) to increase the number of shares of Class A Common Stock approved for issuance under the plan from 800,000 to 1,000,000, (ii) to lengthen the period after date of grant before options become exercisable from two years to three and (iii) to provide immediate termination and three-year ratable vesting of options in certain circumstances. Options granted pursuant to the ISOP must be exercised within 10 years following the grant date. As of December 31, 2000, 714,200 shares have been granted under the ISOP and 648,934 shares (including forfeited shares) were available for future grants.

A summary of changes in outstanding stock options is as follows:

	Options	Weighted-Average Exercise Price	Exercisable	Weighted-Average Exercise Price
Outstanding at end of 1997	4,224,570	$17.10	2,428,152	$14.91
1998 Activity:				
Granted	5,352,500	25.08	---	---
Exercised	(86,666)	12.96	---	---
Forfeited	(820,284)	23.19	---	---
Outstanding at end of 1998	8,670,120	20.76	3,245,120	15.01
1999 Activity:				
Granted	881,300	24.16	---	---
Exercised	(117,500)	19.77	---	---
Forfeited	(1,382,500)	22.53	---	---
Outstanding at end of 1999	8,051,420	20.45	3,640,020	15.41
2000 Activity:				
Granted	1,366,835	9.94	---	---
Exercised	(5,667)	9.25	---	---
Forfeited	(1,920,368)	23.23	---	---
Outstanding at end of 2000	7,492,220	$17.82	3,859,819	$14.89

Additional information regarding stock options outstanding at December 31, 2000 is as follows:

Outstanding	Exercise Price	Weighted-Average Remaining Vesting Period (In Years)	Weighted-Average Remaining Contractual Life (In Years)	Exercisable	Weighted-Average Exercise Price
1,266,950	$7.65-12.65	2.10	8.86	405,849	$ 9.36
3,102,870	15.06	0.06	5.53	3,066,370	15.06
363,400	17.81-18.88	0.17	5.99	340,600	18.79
29,000	20.94	0.05	6.97	5,000	20.94
4,000	22.88-24.18	0.30	7.31	---	---
2,219,500	24.20	5.22	7.33	42,000	24.20
234,500	24.25-27.73	1.74	7.64	---	---
272,000	28.08-28.42	2.35	8.15	---	---
7,492,220	$ 17.82	2.07	6.82	3,859,819	$ 14.89

Pro Forma Information Related To Stock-Based Compensation

As permitted under SFAS No. 123, "Accounting for Stock-Based Compensation," the Company measures compensation expense for its stock-based employee compensation plans using the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and provides pro forma disclosures of net income and earnings per share as if the fair value-based method prescribed by SFAS No. 123 had been applied in measuring compensation expense.

Had compensation cost for the Company's 1998, 1999 and 2000 grants for stock-based compensation plans been determined consistent with SFAS No. 123, the Company's net income, net income available to common shareholders before extraordinary items, and net income per common share for these years would approximate the pro forma amounts below (in thousands except per share data):

	1998		1999		**2000**	
	As Reported	Pro Forma	As Reported	Pro Forma	**As Reported**	**Pro Forma**
Net income (loss) before extraordinary item	$ (5,817)	$ (13,629)	$ 167,784	$ 161,982	**$ 77,365**	**$ 69,454**
Net income (loss)	$ (16,880)	$ (24,692)	$ 167,784	$ 161,982	**$ 77,365**	**$ 69,454**
Net income (loss) available to common shareholders	$ (27,230)	$ (35,042)	$ 157,434	$ 151,632	**$ 67,015**	**$ 59,104**
Basic net income per share before extraordinary items	$ (0.17)	$ (0.25)	$ 1.63	$ 1.57	**$ 0.73**	**$ 0.65**
Basic net income per share after extraordinary items	$ (0.29)	$ (0.37)	$ 1.63	$ 1.57	**$ 0.73**	**$ 0.65**
Diluted net income per share before extraordinary items	$ (0.17)	$ (0.25)	$ 1.63	$ 1.57	**$ 0.73**	**$ 0.65**
Diluted net income per share after extraordinary items	$ (0.29)	$ (0.37)	$ 1.63	$ 1.57	**$ 0.73**	**$ 0.65**

The Company has computed for pro forma disclosure purposes the value of all options granted during 1998, 1999 and 2000 using the Black-Scholes option pricing model as prescribed by SFAS No. 123 using the following weighted average assumptions:

	Year Ended December 31, 1998	1999	**2000**
Risk-free interest rate	4.54 – 5.68%	4.80 – 5.97%	**4.95 – 4.96%**
Expected lives	6 years	6 years	**6 years**
Expected volatility	41%	61%	**63%**

Adjustments are made for options forfeited prior to vesting.

14. EARNINGS PER SHARE:

The Company adopted SFAS No. 128 "Earnings per Share" which requires the restatement of prior periods and disclosure of basic and diluted earnings per share and related computations.

	Year Ended December 31, 1998	1999	**2000**
Weighted-average number of common shares	94,321	96,615	**91,405**
Dilutive effect of outstanding stock options	1,083	20	**27**
Dilutive effect of conversion of preferred shares	288	---	**---**
Weighted-average number of common equivalent shares outstanding	95,692	96,635	**91,432**
Net loss from continuing operations	$ (26,201)	$ (42,126)	**$ (35,775)**
Net income from discontinued operations, including gain on sale of broadcast assets related to discontinued operations	$ 20,384	$ 209,910	**$ 113,140**
Net loss from extraordinary item	$ (11,063)	$ ---	**$ ---**
Net income (loss)	$ (16,880)	$ 167,784	**$ 77,365**
Preferred stock dividends payable	(10,350)	(10,350)	**(10,350)**
Net income (loss) available to common shareholders	$ (27,230)	$ 157,434	**$ 67,015**
BASIC EARNINGS PER SHARE:			
Net loss per share from continuing operations	$ (0.39)	$ (0.54)	**$ (0.50)**
Net income per share from discontinued operations	$ 0.22	$ 2.17	**$ 1.24**
Net loss per share from extraordinary item	$ (0.12)	$ ---	**$ ---**
Net income (loss) per share	$ (0.29)	$ 1.63	**$ 0.73**
DILUTED EARNINGS PER SHARE:			
Net loss per share from continuing operations	$ (0.39)	$ (0.54)	**$ (0.50)**
Net income per share from discontinued operations	$ 0.22	$ 2.17	**$ 1.24**
Net loss per share from extraordinary item	$ (0.12)	$ ---	**$ ---**
Net income (loss) per share	$ (0.29)	$ 1.63	**$ 0.73**

15. QUARTERLY FINANCIAL INFORMATION (UNAUDITED):

	Quarter Ended			
	March 31, 1999	June 30, 1999	September 30, 1999	December 31, 1999
Total revenues	$162,358	$190,621	$176,111	$204,549
Operating income	26,917	55,015	37,918	45,847
Net loss from continuing operations	(3,062)	(3,879)	(16,898)	(18,287)
Net income (loss) available to common shareholders	(4,203)	(1,283)	(13,929)	176,849
Basic loss per share from continuing operations	(0.06)	(0.07)	(0.20)	(0.22)
Diluted loss per share from continuing operations	(0.06)	(0.07)	(0.20)	(0.22)
Basic income (loss) per share	(0.04)	(0.01)	(0.14)	1.82
Diluted income (loss) per share	(0.04)	(0.01)	(0.14)	1.82

	Quarter Ended			
	March 31, 2000	**June 30, 2000**	**September 30, 2000**	**December 31, 2000**
Total revenues	**$176,427**	**$208,415**	**$187,887**	**$216,133**
Operating income	**22,558**	**48,659**	**36,623**	**47,200**
Net loss from continuing operations	**(2,623)**	**(1,253)**	**(20,613)**	**(11,286)**
Net income (loss) available to common shareholders	**(4,408)**	**(1,378)**	**16,259**	**56,542**
Basic loss per share from continuing operations	**(0.05)**	**(0.04)**	**(0.26)**	**(0.16)**
Diluted loss per share from continuing operations	**(0.05)**	**(0.04)**	**(0.26)**	**(0.16)**
Basic income (loss) per share	**(0.05)**	**(0.01)**	**0.18**	**0.65**
Diluted income (loss) per share	**(0.05)**	**(0.01)**	**0.18**	**0.65**

16. SUBSEQUENT EVENT:

During the first quarter of 2001, the Company offered a voluntary early retirement program to its eligible employees and implemented a restructuring program to reduce overhead costs. As a result of these initiatives, the Company reduced its staff by 186 employees and expects to incur a special charge during the first quarter of 2001 of approximately $2.5 million.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders of
Sinclair Broadcast Group, Inc.:

We have audited the accompanying consolidated balance sheets of Sinclair Broadcast Group, Inc. (a Maryland corporation) and Subsidiaries as of December 31, 1999 and 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sinclair Broadcast Group, Inc. and Subsidiaries as of December 31, 1999 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Baltimore, Maryland,
January 30, 2001 except
with respect to the matter
discussed in Note 16, as
to which the date is
February 7, 2001

MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our class A common stock is listed for trading on the NASDAQ stock market under the symbol SBGI. The following table sets forth for the periods indicated the high and low sales prices on the NASDAQ stock market.

1999	High	Low
First Quarter	$20.125	$13.250
Second Quarter	17.000	9.250
Third Quarter	21.500	9.000
Fourth Quarter	12.875	7.938

2000	High	Low
First Quarter	$12.438	$7.750
Second Quarter	11.375	7.000
Third Quarter	13.750	9.750
Fourth Quarter	10.938	8.125

As of March 20, 2001, there were approximately 91 stockholders of record of our common stock. This number does not include beneficial owners holding shares through nominee names. Based on information available to us, we believe we have more than 5,000 beneficial owners of our class A common stock.

We generally have not paid a dividend on our common stock and do not expect to pay dividends on our common stock in the foreseeable future. Our 1998 bank credit agreement and some of our subordinated debt instruments generally prohibits us from paying dividends on our common stock. Under the indentures governing our 10% senior subordinated notes due 2005, 9% senior subordinated notes due 2007 and 8¾% senior subordinated notes due 2007, we are not permitted to pay dividends on our common stock unless certain specified conditions are satisfied, including that

- no event of default then exists under the indenture or certain other specified agreements relating to our indebtedness and
- we, after taking account of the dividend, are in compliance with certain net cash flow requirements contained in the indenture. In addition, under certain of our senior unsecured debt, the payment of dividends is not permissible during a default thereunder.

Sinclair Broadcast Group, Inc.

General Managers

Scott D. Campbell, WTAT / WMMP, *Charleston, SC*
Alan Cartwright, WGME, *Portland, ME*
Daniel Jay Cohen, KBSI / WDKA, *Cape Girardeau, MO*
Jack Connors, WICD / WICS, *Champaign & Springfield, IL*
Willis Milton Davis, WXLV / WUPN, *Winston-Salem, NC*
Neil Davis, WYZZ, *Peoria, IL*
Chuck Budt, WKEF / WRGT, *Dayton, OH*
Michael Eichhorn, WSMH, *Flint, MI*
Merry Ewing, WSTR, *Cincinnati, OH*
William J. Fanshawe, WBFF / WNUV, *Baltimore, MD*
Robert F. Finke, KOVR, *Sacramento, CA*
Joseph Fishleigh, WLOS / WFBC, *Asheville, NC*
David Ford, WMSN, *Madison, WI*
C. Edwin Groves, WCHS / WVAH, *Charleston, WV*
Matthew L. Kreiner, WUHF, *Rochester, NY*
Carl M. Leahy, WEAR / WFGX, *Pensacola, FL*
Kevin LeRoux, WGGB, *Springfield, MA*
Susan W. Lucas, WLFL / WRDC, *Raleigh, NC*
Steve Mann, WZTV / WUXP, *Nashville, TN*
Daniel P. Mellon, KMWB, *Minneapolis, MN*
Maria Moore, WTWC, *Tallahassee, FL*
Donald Moran, WUTV / WNYO, *Buffalo, NY*
Kevin F. Moylan, WDKY, *Lexington, KY*
Julie Nelson, WTTA, *Tampa, FL*
Aaron R. Olander, WSYT / WNYS, *Syracuse, NY*
Sheila Oliver, WCGV / WVTV, *Milwaukee, WI*
Philip M. Paligraf, WTTV / WTTK, *Indianapolis, IN*
John Quigley, WSYX / WTTE, *Columbus, OH*
Lisa Saffell, KSMO, *Kansas City, KS*
Scott J. Sanders , WRLH / WTVZ, *Richmond & Norfolk, VA*
John Seabers, KABB / KRRT, *San Antonio, TX*
Richard D. Singer, WPGH / WCWB, *Pittsburgh, PA*
Theodore J. Stephens, KDSM, *Des Moines, IA*
Sandy Stewart, WTTO / WABM / *WDBB Birmingham, AL*
Thomas L. Tipton, KDNL, *St. Louis, MO*
Les T. Vann, KGAN, *Cedar Rapids, IA*
Robert D. Weisbord, KVWB / KFBT, *Las Vegas, NV*
Leesa Wilcher, WEMT, *Johnson City, TN*
Randy Pratt, KOCB / KOKH, *Oklahoma City, OK*

G1440, Inc.
Lawrence M. Fiorino, CEO