Building Our LOCAL Franchise

Brick by Brick

2001 ANNUAL REPORT

SINCLAIR BROADCAST GROUP

Letter to our Shareholders

For television broadcasters, the year 2001 will be remembered for many different reasons. It was the year of the terrorist attacks on America, a national economy in recession, and increased competition for national advertising dollars. All this translated into the worst advertising spending levels in over 50 years. I'd like to take this opportunity to share with you our response to these challenges and discuss the growth drivers of our business going forward.

Television Operations: A year ago, I told you about our progress in transforming our television operations into a local growth business. Never have the benefits of focusing on the local markets been more evident than they were in 2001. The nation's test of endurance, the increased competitive landscape for national advertising dollars and the need to replace political advertising dollars, reduced industry broadcast revenues generated from national advertisers by an estimated 20% to 25% for the year. In contrast, local television advertising for the industry declined by 9%. And although, we, too, experienced a down year, our aggressive sales effort and local sales strategy helped us to minimize our declines, especially when compared to our peers. For 2001, our local advertising revenues were down 7% and national advertising revenues were down 20%. But more importantly, this past year confirms our decision to focus on the local markets, which are more recession proof and more stable. We believe that focusing on local advertisers is imperative to the longer-term growth of the business, a strategy to which we are committed to following on behalf of our shareholders.

Turning to the expense side, we feel we reacted more quickly to the economic downturn than most broadcasters. In March 2001, we announced salary and hiring freezes and early retirement buyouts. Throughout the year, we continued to control and reduce costs by eliminating non-core expenses and closing unprofitable local news programs in St. Louis and Greensboro. And, although our broadcast cash flow margins decreased, as did the industry's, our fiscal prudence and top line revenue strategies allowed us to hold our margins at 40% and once again report some of the highest margins in the industry.

As we look forward to 2002, there are several drivers of revenue growth from which we expect to benefit. In addition to political advertising revenues flowing back into the industry, we anticipate a growing economy, strong ratings performance in the 18 to 49 demographic that we target, and continued growth from our local market strategy.

Deregulation: 2002 is expected to also reserve its place in history for a very different reason than 2001. This will likely be the year remembered for deregulation of the television ownership rules and the unleashing of the industry to compete on a level playing field with other forms of media. As I write this, there are several, key multiple ownership rules in flux. The first, known as the "8-voices test," deals with duopoly, the ownership of two television stations in the same market. In 2001, we filed an appeal of the 8-voices test in the U.S. Court of Appeals for the D.C. Circuit. Our case was heard in January 2002 and on April 2, 2002, the court ruled that the Federal Communications Commission's (FCC) definition of "voices" was 'arbitrary and capricious' because the FCC had failed to show why it excluded non-broadcast media from the 8-voices test. The court remanded the rule to the FCC for further reconsideration. The same court also ruled favorably on the national ownership cap, which currently limits a broadcaster to reaching no more than 35% of the country. In this ruling, the court deemed the cap 'arbitrary' and remanded it to the FCC for further reconsideration. At the same time, the court struck down the ownership rules that prohibited cable/television cross-ownership. Independent of the ownership rules that the court has reviewed, the FCC is reconsidering the rules prohibiting television/newspaper cross ownership.

These events, historic in nature, will allow broadcasters to compete more effectively in their markets through ownership consolidation. At Sinclair, we expect to be a player. When you look at our station group, no other broadcaster has the attractive portfolio of assets that we do. Our stations are located in the desirable middle markets where much of the consolidation is expected to occur and are affiliated with networks that provide for the greatest duopoly opportunities. In October, in anticipation of the relaxation of the ownership rules, we retained Bear Stearns & Co. to advise us on evaluating each of our markets and to identify opportunities to divest or swap non-strategic television stations. Our goal for each of our remaining markets is to build a strong local franchise that will strengthen our competitive position.

As you know, ten years ago we created the first local marketing agreement (LMA), an alternative structure that allowed us to program another owner's television station while reaping the benefits of duopoly; a structure today that is part of the FCC's rules and regulations. This past year, we once again introduced the industry to another innovative structure, which we termed as an "outsourcing agreement." Under this arrangement, one station provides the sales and operating services, but not the programming, to another station in that market. Similar to the joint sales agreements common in the radio industry, this structure enables us to more effectively compete in those markets where duopolies or LMAs are currently not permitted. As our industry matures, these types of structures that promote cooperation among broadcasters within their markets are even more important to enhancing broadcasters' economic and competitive positions. We have already entered into such arrangements in two of our markets and continue to look for added opportunities.

Financial Condition: In 2001, we took steps to once again strengthen our financial condition. To ensure operating flexibility and liquidity during the economic recession, we amended the financial covenants under our bank credit facility and refinanced the term loan portion of the facility, which reduced our need to fund debt amortization. We also refinanced our 10% Notes maturing in 2005 with a new 8.75% issuance maturing in 2011. In March 2002, we again took advantage of even lower market rates by raising another $300 million with new 8% Notes due 2012. The proceeds were used to repay a portion of our bank credit facility. While these financing events are significant to lowering our average cost of debt, more importantly they allow us to retain more of our free cash flow to grow the business.

As I reflect on the past year, I believe that the challenges of 2001 have made our Company more focused and stronger. I am pleased with our progress, which is only just beginning. We remain committed to growing our local business, strengthening our financial condition, and being a predominant player in the transformation of the television industry, events that are all expected to create value for our shareholders. We thank you for your continued support and look forward to our future successes.

David D. Smith

David D. Smith

Chairman, President and CEO

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TELEVISION BROADCASTING

Markets and Stations

We own and operate, provide programming services to, provide sales services to, or have agreed to acquire the following television stations:

Market	Market Rank (a)	Stations	Status (b)	Channel	Affiliation	Number of Commercial Stations in the Market (c)	Station Rank (d)	Expiration Date of FCC License
Minneapolis/St. Paul, Minnesota	13	KMWB	O&O	23	WB	7	6	4/1/06
Tampa, Florida	14	WTTA	LMA	38	WB	9	6	2/1/05
Sacramento, California	19	KOVR	O&O	13	CBS	6	3	12/1/06
Pittsburgh, Pennsylvania	21	WPGH	O&O	53	FOX	7	4	8/1/07
		WCWB	O&O	22	WB		5	8/1/07
St. Louis, Missouri	22	KDNL	O&O	30	ABC	6	5	2/1/06
Baltimore, Maryland	24	WBFF	O&O	45	FOX	6	4	10/1/04
		WNUV	LMA	54	WB		5	10/1/04
Indianapolis, Indiana	25	WTTV	O&O	4	WB	7	5	8/1/05
		WTTK	O&O	29	WB		5(e)	8/1/05
Raleigh-Durham, North Carolina	29	WLFL	O&O	22	WB	7	6	12/1/04
		WRDC	O&O	28	UPN		5	12/1/04
Nashville, Tennessee	30	WZTV	O&O	17	FOX	6	4	8/1/05
		WUXP	O&O	30	UPN		5	8/1/05
Kansas City, Missouri	31	KSMO	O&O	62	WB	7	5	2/1/06
Cincinnati, Ohio	32	WSTR	O&O	64	WB	6	5	10/1/05
Milwaukee, Wisconsin	33	WCGV	O&O	24	UPN	6	5	12/1/05
		WVTV	O&O	18	WB		6	12/1/05
Columbus, Ohio	34	WSYX	O&O	6	ABC	5	3	10/1/05
		WTTE	LMA	28	FOX		4	10/1/05
Greenville/Spartanburg/ Anderson, South Carolina and Asheville, North Carolina	36	WBSC	LMA (f)	40	WB	6	6	12/1/04
		WLOS	O&O	13	ABC	6	3	12/1/04
San Antonio, Texas	37	KABB	O&O	29	FOX	6	4	8/1/06
		KRRT	O&O	35	WB		5	8/1/06
Birmingham, Alabama	39	WTTO	O&O	21	WB	7	5	4/1/05
		WABM	O&O	68	UPN		6	4/1/05
		WDBB	LMA (g)	17	WB		7	4/1/05
Norfolk, Virginia	42	WTVZ	O&O	33	WB	7	6	10/1/04
Greensboro/Winston-Salem, Highpoint, North Carolina	44	WXLV	O&O	45	ABC	7	4	12/1/04
		WUPN	O&O	48	UPN		6	12/1/04
Oklahoma City, Oklahoma	45	KOCB	O&O	34	WB	8	5	6/1/06
		KOKH	O&O	25	FOX		4	6/1/06
Buffalo, New York	47	WUTV	O&O	29	FOX	7	4	6/1/07
		WNYO	O&O	49	WB		5	6/1/07
Las Vegas, Nevada	51	KVWB	O&O	21	WB	7	5	10/1/06
		KFBT	O&O	33	IND (h)		7	10/1/06
Richmond, Virginia	58	WRLH	O&O	35	FOX	5	4	10/1/04
Dayton, Ohio	60	WKEF	O&O	22	NBC	6	3	10/1/05
		WRGT	LMA	45	FOX		4	10/1/05
Charleston and Huntington, West Virginia	61	WCHS	O&O	8	ABC	5	2	10/1/04
		WVAH	LMA	11	FOX		4	10/1/04

Market	Market Rank (a)	Stations	Status (b)	Channel	Affiliation	Number of Commercial Stations in the Market (c)	Station Rank (d)	Expiration Date of FCC License
Mobile, Alabama and Pensacola, Florida	63	WEAR	O&O	3	ABC	6	2	2/1/05
		WFGX	LMA	35	IND (h)		6	2/1/05
Flint/Saginaw/Bay City, Michigan	64	WSMH	O&O	66	FOX	4	4	10/1/05
Lexington, Kentucky	66	WDKY	O&O	56	FOX	5	4	8/1/05
Des Moines, Iowa	70	KDSM	O&O	17	FOX	5	4	2/1/06
Rochester, New York	71	WUHF	LMA (i)	31	FOX	5	4	6/1/07
Paducah, Kentucky/ Cape Girardeau, Missouri	77	KBSI	O&O	23	FOX	5	4	2/1/06
		WDKA	LMA	49	WB		5	8/1/05
Portland, Maine	80	WGME	O&O	13	CBS	5	2	4/1/07
Syracuse, New York	81	WSYT	O&O	68	FOX	5	4	6/1/07
		WNYS	LMA	43	WB		5	6/1/07
Springfield/Champaign, Illinois	82	WICS	O&O	20	NBC	5	2	12/1/05
		WICD	O&O	15	NBC		2 (j)	12/1/05
Madison, Wisconsin	85	WMSN	O&O	47	FOX	6	3	12/1/05
Cedar Rapids, Iowa	89	KGAN	O&O	2	CBS	5	3	2/1/06
Tri-Cities, Tennessee	93	WEMT	O&O	39	FOX	6	4	8/1/05
Springfield, Massachusetts	105	WGGB	O&O	40	ABC	2	2	4/1/07
Charleston, South Carolina	108	WMMP	O&O	36	UPN	6	5	12/1/04
		WTAT	LMA	24	FOX		4	12/1/04
Tallahassee, Florida	113	WTWC	O&O	40	NBC	5	4	2/1/05
		WTXL	OSA (k)	27	ABC		2	n/a
Peoria/Bloomington, Illinois	116	WYZZ	O&O (l)	43	FOX	6	4	12/1/05

(a) Rankings are based on the relative size of a station's designated marketing area ("DMA") among the 211 generally recognized DMAs in the United States as estimated by Nielsen as of November 2001.

(b) "O & O" refers to stations that we own and operate. "LMA" refers to stations to which we provide programming services pursuant to a local marketing agreement. "OSA" refers to stations to which we provide sales services pursuant to outsourcing agreements.

(c) Represents the estimated number of television stations designated by Nielsen as "local" to the DMA, excluding public television stations and stations that do not meet the minimum Nielsen reporting standards (weekly cumulative audience of at least 0.1%) for the Monday-Sunday, 7:00 a.m. to 1:00 a.m. time period as of November 2001.

(d) The rank of each station in its market is based upon the November 2001 Nielsen estimates of the percentage of persons tuned to each station in the market from 7:00 a.m. to 1:00 a.m., Monday-Sunday.

(e) WTTK, a satellite of WTTV under the Federal Communications Commission ("FCC") rules, simulcasts all of the programming aired on WTTV and the station rank applies to the combined viewership of these stations.

(f) The license assets for this station are currently owned by Cunningham Broadcasting Corporation (formerly Glencairn, Ltd.) or one of its subsidiaries and we intend to acquire these assets upon FCC approval. The FCC recently dismissed our application to acquire the license of this station and we have filed a motion for reconsideration of that decision.

(g) WDBB simulcasts the programming broadcast on WTTO pursuant to a local marketing agreement.

(h) "IND" or "Independent" refers to a station that is not affiliated with any of ABC, CBS, NBC, FOX, WB, or UPN.

(i) We have an application pending to acquire the license assets of this station upon FCC approval.

(j) WICD, a satellite of WICS under the FCC rules, simulcasts all of the programming aired on WICS and the station rank applies to the combined viewership of these stations.

(k) Sinclair has entered into a five-year outsourcing agreement with Media Venture Management, Inc., owner of WTXL-TV, to provide certain non-programming related sales, operational and managerial services for WTXL-TV. Sinclair and Media Venture Management, Inc. have recently responded to a complaint that was filed with the FCC alleging an unauthorized transfer of control of WTXL-TV.

(l) Sinclair has entered into a seven-year outsourcing agreement with Nextar Broadcasting of Peoria, LLC under which Nexstar's CBS affiliate WMBD-TV provides certain non-programming related sales, operational and managerial services to WYZZ-TV. Sinclair continues to own all of the assets of WYZZ-TV and to program and control the station's operation.

SELECTED FINANCIAL DATA

The selected consolidated financial data for the years ended December 31, 2001, 2000, 1999, 1998 and 1997 have been derived from our audited consolidated financial statements. The consolidated financial statements for the years ended December 31, 2001, 2000 and 1999 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,				
	2001	2000	1999	1998	1997
Net broadcast revenues (a)	**$ 646,444**	$ 727,017	$ 670,252	$ 564,727	$ 407,410
Barter revenues	**56,912**	57,351	63,387	59,697	42,468
Other revenues	**6,925**	4,494	---	---	---
Total revenues	**710,281**	788,862	733,639	624,424	449,878
Operating costs (b)	**320,553**	329,489	283,334	220,538	153,935
Expenses from barter arrangements	**50,591**	51,300	57,561	54,067	38,114
Depreciation and amortization (c)(d)	**274,668**	246,660	220,625	173,799	135,581
Stock-based compensation	**1,584**	1,801	2,494	2,908	1,410
Impairment and write down charge of long-lived assets	**16,229**	---	---	---	---
Restructuring costs	**3,836**	---	---	---	---
Contract termination costs	**5,135**	---	---	---	---
Cumulative adjustment for change in assets held for sale	**---**	619	---	---	---
Operating income	**37,685**	158,993	169,625	173,112	120,838
Interest expense (d)	**(143,574)**	(152,219)	(181,569)	(141,704)	(99,493)
Subsidiary trust minority interest expense	**(23,890)**	(23,890)	(23,890)	(23,923)	(19,205)
Gain (loss) on sale of broadcast assets	**204**	---	(418)	1,232	---
Unrealized (loss) gain on derivative instrument	**(32,220)**	(296)	15,747	(9,050)	---
Loss related to investments	**(7,616)**	(16,764)	(504)	---	---
Interest and other income	**4,217**	3,217	3,990	6,694	2,231
Income (loss) before income taxes	**(165,194)**	(30,959)	(17,019)	6,361	4,371
Benefit (provision) for income taxes	**51,682**	(4,816)	(25,107)	(32,562)	(13,201)
Net loss from continuing operations	**(113,512)**	(35,775)	(42,126)	(26,201)	(8,830)
Discontinued Operations:					
Net income from discontinued operations,net of related income taxes	**---**	4,876	17,538	14,102	4,466
Gain (loss) on sale of broadcast assets, net of related income taxes	**---**	108,264	192,372	6,282	(132)
Extraordinary item:					
Loss on early extinguishment of debt, net of related income tax benefit	**(14,210)**	---	---	(11,063)	(6,070)
Net income (loss)	**$(127,722)**	$ 77,365	$ 167,784	$ (16,880)	$ (10,566)
Net income (loss) available to common shareholders	**$(138,072)**	$ 67,015	$ 157,434	$ (27,230)	$ (13,329)
Other Data:					
Broadcast cash flow (f)	**$ 258,937**	$ 338,909	$ 332,307	$ 305,304	$ 221,631
Broadcast cash flow margin (g)	**40.1%**	46.6%	49.6%	54.1%	54.4%
Adjusted EBITDA (h)	**$ 238,919**	$ 316,352	$ 313,271	$ 288,712	$ 209,220
Adjusted EBITDA margin (g)	**37.0%**	43.5%	46.7%	51.1%	51.4%
After tax cash flow (i)	**$ 91,262**	$ 145,469	$ 137,245	$ 149,759	$ 104,884
Program contract payments	**102,256**	94,303	79,473	61,107	48,609
Corporate overhead expense	**20,018**	22,557	19,036	16,592	12,411
Capital expenditures	**29,017**	33,256	30,861	19,426	19,425

	Years Ended December 31,				
	2001	2000	1999	1998	1997
Cash flows from operating activities	**$ 58,888**	$ 69,127	$ 130,665	$ 150,480	$ 96,625
Cash flows from (used in) investing activities	**(33,338)**	209,820	452,499	(1,812,682)	(218,990)
Cash flows from (used in) financing activities	**2,422**	(291,264)	(570,024)	1,526,143	259,351
Per Share Data:					
Basic loss per share from continuing operations	**$ (1.47)**	$ (0.50)	$ (0.54)	$ (0.39)	$ (0.16)
Basic earnings per share from discontinued operations	---	1.24	2.17	0.22	0.06
Basic loss per share from extraordinary item	**(0.17)**	---	---	(0.12)	(0.08)
Basic net income (loss) per share	**(1.64)**	.73	1.63	(0.29)	(0.19)
Diluted loss per share from continuing operations	**(1.47)**	(0.50)	(0.54)	(0.39)	(0.16)
Diluted earnings per share from discontinued operations	---	1.24	2.17	0.22	0.06
Diluted loss per share from extraordinary item	**(0.17)**	---	---	(0.12)	(0.08)
Diluted net income (loss) per share	**(1.64)**	.73	$1.63	(0.29)	(0.19)
Balance Sheet Data:					
Cash and cash equivalents	**$ 32,063**	$ 4,091	$ 16,408	$ 3,268	$ 139,327
Total assets	**3,365,631**	3,396,301	3,619,510	3,852,752	2,034,234
Total debt (j)	**1,685,630**	1,616,426	1,792,339	2,327,221	1,080,722
HYTOPS (k)	**200,000**	200,000	200,000	200,000	200,000
Total stockholders' equity	**771,960**	912,530	974,917	816,043	534,288

(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 administrative 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 and costs related to excess syndicated programming.

(d) Depreciation and amortization and interest expense amounts differ from prior presentations for the fiscal years ended December 31, 2000, 1999, 1998, and 1997. Previously the amortized costs associated with the issuance of indebtedness had been classified as depreciation and amortization instead of being classified as interest expense. Accordingly, we reclassified $3,313, $3,288, $2,752 and $1,100 as interest expense for the fiscal years ended December 31, 2000, 1999, 1998, and 1997, respectively.

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

(f) "Broadcast cash flow" (BCF) is defined as operating income plus corporate expenses, selling, general and administrative expenses related to Internet consulting and development operations, stock-based compensation, depreciation, and amortization (including film amortization, and amortization of deferred compensation), restructuring costs, contract termination costs, impairment and write down of long-lived assets, 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.

(g) "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.

(h) "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.

(i) "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, amortization of deferred financing costs, restructuring costs, contract termination costs, impairment and write down of long-lived assets, the cumulative adjustment for change in assets held for sale, the loss of equity investments (or minus the gain), loss on derivative instruments (or minus the gain), the deferred tax provision related to operations or minus the deferred tax benefit, and minus the gain or sale of assets and deferred NOL carrybacks. We have presented ATCF 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. 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 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.

(j) "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.

(k) 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, provides programming services pursuant to LMAs or provides sales services pursuant to outsourcing agreements to more television stations than all but one other commercial broadcasting group in the United States. We currently own, provide programming services pursuant to LMAs or provide sales services to 63 television stations in 40 markets. We currently have duopolies where we own and operate two stations in ten markets; own and operate a station and provide programming and operating services to a second station in nine markets; own a station and provide or are provided sales, operational and managerial services to a second station in two markets.

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 the result of our focus on increasing local advertising revenues as a percentage of total advertising 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 the effect of increasing national media outlets, 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 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.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of our operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amount of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to bad debts, income taxes, program contract costs, property and equipment, intangible assets, investments, and derivative contracts. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We have identified the policies below as critical to our business operations and the understanding of our results of operations. For a detailed discussion on the application of these and other accounting policies, see the Notes to the Consolidated Financial Statements.

Allowance for Doubtful Accounts. We maintain allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. If the economy and /or the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make their payments, additional allowances may be required.

Program Contract Costs. We have 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 Consolidated Balance Sheets.

The rights to program materials are reflected in the 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. If we are unable to realize management's estimate of future advertising revenues, additional writedowns to net realizable value may be required.

Valuation of Goodwill, Long-Lived Assets and Intangible Assets. We periodically evaluate our goodwill, long-lived assets and intangible assets for potential impairment indicators. Our judgments regarding the existence of impairment indicators are based on estimated future cash flows, market conditions, operational performance of our stations and legal factors. Future events could cause us to conclude that impairment indicators exist and that the net book value of long-lived assets and intangible assets is impaired. Any resulting impairment loss could have a material adverse impact on our financial condition and results of operations.

Income Taxes. We recognize deferred tax assets and liabilities based on the differences between the financial statement carrying amounts and the tax bases of assets and liabilities. We regularly review our deferred tax assets for recoverability and establish a valuation allowance based on historical taxable income, projected future taxable income and the expected timing of the reversals of existing temporary differences. If we are unable to generate sufficient taxable income, or if there is a material change in the actual effective tax rates or time period within which the underlying temporary differences become taxable or deductible, we could be required to establish a valuation allowance against all or a significant portion of our deferred tax assets resulting in a substantial increase in our effective tax rate and a material adverse impact on our operating results.

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,					
	2001		2000		1999	
Local/regional advertising	**$407,162**	**54.6%**	$423,902	50.3%	$397,047	51.1%
National advertising	**316,510**	**42.4%**	366,681	43.5%	354,257	45.6%
Network compensation	**16,754**	**2.2%**	17,657	2.1%	19,186	2.5%
Political advertising	**2,559**	**0.3%**	30,326	3.6%	3,157	0.4%
Production	**3,404**	**0.5%**	4,030	0.5%	3,530	0.4%
Broadcast revenues	**746,389**	**100.0%**	842,596	100.0%	777,177	100.0%
Less: agency commissions	**(99,945)**		(115,579)		(106,925)	
Broadcast revenues, net	**646,444**		727,017		670,252	
Barter revenues	**56,912**		57,351		63,387	
Other revenues	**6,925**		4,494		---	
Total revenues	**$710,281**		$788,862		$733,639	

Our primary types of programming and their approximate percentages of 2001 net broadcast revenues were syndicated programming (52.1%), network programming (25.2%), news (12.5%), direct advertising programming (6.6%), sports programming (2.6%) and children's programming (1.0%). Similarly, our five largest categories of advertising and their approximate percentages of 2001 net time sales were automotive (22.9%), professional services (9.7%), fast food advertising (9.1%), retail department stores (7.0%), and paid programming (7.0%). No other advertising category accounted for more than 5.0% of our net time sales in 2001. No individual advertiser accounted for more than 2.0% of our consolidated net broadcast revenues in 2001.

The following table sets forth certain of our operating data for the years ended December 31, 2001, 2000 and 1999. For definitions of items, see footnotes to table in "Item 6. Selected Financial Data".

OPERATING DATA
(dollars in thousands)

	Years ended December 31,		
	2001	2000	1999
Net broadcast revenue	**$ 646,444**	$ 727,017	$ 670,252
Barter revenues	**56,912**	57,351	63,387
Other revenues	**6,925**	4,494	---
Total revenues	**710,281**	788,862	733,639
Operating costs	**320,553**	329,489	283,334
Expenses from barter arrangements	**50,591**	51,300	57,561
Depreciation and amortization	**274,668**	246,660	220,625
Stock-based compensation	**1,584**	1,801	2,494
Impairment and write down charge of long-lived assets	**16,229**	---	---
Restructuring costs	**3,836**	---	---
Contract termination costs	**5,135**	---	---
Cumulative adjustment for change in assets held for sale	**---**	619	---
Operating income	**$ 37,685**	$ 158,993	$ 169,625
Net income (loss)	**$(127,722)**	$ 77,365	$ 167,784
Net income (loss) available to common shareholders	**$(138,072)**	$ 67,015	$ 157,434
Other Data:			
Broadcast cash flow	**$ 258,937**	$ 338,909	$ 332,307
BCF margin	**40.1%**	46.6%	49.6%
Adjusted EBITDA	**$ 238,919**	$ 316,352	$ 313,271
Adjusted EBITDA margin	**37.0%**	43.5%	46.7%
After tax cash flow	**$ 91,262**	$ 145,469	$ 137,245
Program contract payments	**102,256**	94,303	79,473
Corporate expense	**20,018**	22,557	19,036
Capital expenditures	**29,017**	33,256	30,861
Cash flows from operating activities	**58,888**	69,127	130,665
Cash flows from (used in) investing activities	**(33,338)**	209,820	452,499
Cash flows used in financing activities	**(2,422)**	(291,264)	(570,024)

Results of Operations

Years ended December 31, 2001 and 2000

Net loss available to common stockholders for the year ended December 31, 2001 was $138.1 million or $1.64 per share compared to net income available to common stockholders for the year ended December 31, 2000 of $67.0 million or $0.73 per share.

Net broadcast revenues decreased $80.6 million to $646.4 million for the year ended December 31, 2001 from $727.0 million for the year ended December 31, 2000, or 11.1%. The decrease in net broadcast revenue for the year ended December 31, 2001 as compared to the year ended December 31, 2000 was comprised of a decrease in revenues of $89.1 million on a same station basis offset by an increase of $8.5 million related to 2000 acquisitions and the 2001 outsourcing agreement with Media Venture Management, Inc. owner of WTXL-TV. Local sales decreased $26.8 million and national sales decreased $66.1 million on a same station basis, and were offset by an increase in other broadcast revenue of $3.8 million on a same station basis. Other broadcast revenue increased by $5.8 million comprised of $2.5 million related to our national representation firm agreement consummated in August 2001, an increase in tower rental revenue of $1.2 million and an increase in syndicator revenue of $1.8 million. Political revenues declined $23.9 million to $2.2 million for the year ended December 31, 2001 compared to $26.1 million for the year ended December 30, 2000 or 91.6% representing 1.5% of the decrease in local revenues and 4.6% of the decrease in national revenues. The decrease in political revenues was primarily the result of the Presidential election and numerous local elections during the 2000 period. The decrease in national and local revenues was primarily due to a soft advertising market resulting from a weak economy as well as increasing competition from other forms of advertising-based mediums, particularly network, cable television, direct satellite television, and Internet that have a direct impact on the distribution of advertising dollars in our markets. In addition, the events of September 11, 2001 had a direct impact on the revenues of media related businesses. The terrorist attacks led to the pre-emption and cancellation of advertisements, which caused a $5.4 million revenue loss during 2001.

Other revenues increased $2.4 million to $6.9 million for the year ended December 31, 2001 from $4.5 million for the year ended December 31, 2000 or 53.3%. The increase was comprised of a general increase in Internet consulting and development revenue generated by G1440, which represents sales of $1.9 million and an increase in sales of $1.5 million due to the 2000 acquisition of a software design company, an increase in sales related to the "Builder" software product division offset by a decrease of $1.2 million related to the reorganization of the San Francisco office of G1440.

Total operating costs decreased $8.9 million to $320.6 million for the year ended December 31, 2001 from $329.5 million for the year ended December 31, 2000, or 2.7%. The decrease in operating costs for the year ended December 31, 2001 as compared to the year ended December 31, 2000 was comprised of a decrease in programming and production expense of $7.3 million and a decrease in selling, general and administrative costs of $1.7 million. The decrease in selling, general and administrative costs related to an increase of $1.9 million in general and administrative costs for G1440, $0.7 million for health insurance, and $0.9 million in bad debt, offset by a decrease in sales expense of $2.7 million, and a decrease in salaries of $2.5 million. On a same station basis operating costs decreased by $11.7 million offset by an increase of $5.7 million related to 2000 acquisitions and our outsourcing agreement with Media Venture Management, Inc.

Depreciation and amortization increased $28.0 million to $274.7 million for the year ended December 31, 2001 from $246.7 million for the year ended December 31, 2000. The increase in depreciation and amortization related to fixed asset, intangible asset, and program contract additions associated with the 2000 acquisitions and program contract additions related to our investment in programming. See Recent Accounting Pronouncements, Statement of Financial Accounting Standard ("SFAS") No. 142, *Goodwill and Other Intangible Assets*.

Interest expense decreased $8.6 million to $143.6 million for the year ended December 31, 2001 from $152.2 million for the year ended December 31, 2000, or 5.7%. The decrease in interest expense for the year ended December 31, 2001 as compared to the year ended December 31, 2000 primarily resulted from the reduction of our indebtedness using the proceeds from the disposition of our radio broadcast assets in December 2000 and, during 2001, an overall lower interest rate market environment, offset by an increase in interest expense related to capital leases. Subsidiary trust minority interest expense of $23.9 million for the year ended December 31, 2001 is related to the private placement of the $200 million aggregate liquidation value 11.625% high yield trust offered preferred securities ("the HYTOPS") completed March 12, 1997.

Operating income decreased $121.3 million to $37.7 million for the year ended December 31, 2001 from $159.0 million for the year ended December 31, 2000. The net decrease in operating income for the year ended December 31, 2001 as compared to the year ended December 31, 2000 was primarily attributable to a decrease in net broadcast revenues, an increase in depreciation and amortization, an impairment and write down charge of $16.2 million, a restructuring charge of $2.4 million related to a reduction in our work force of 186 employees and a restructuring charge of $1.4 million related to the discontinuance of the news at our stations KDNL-TV, St. Louis, Missouri and WXLV-TV in Winston-Salem, North Carolina, and contract termination costs associated with our change in national representation firms. These costs were offset by decreases in programming production costs as well as selling, general and administrative costs.

During June 2001, the San Francisco office of our Internet consulting and development subsidiary was reorganized. The office reduced staff due to a significant slow down of business activity in the San Francisco market. In addition, the focus of the San Francisco office has shifted toward marketing an existing product. As a result, management determined that the San Francisco office's goodwill was permanently impaired and, as such, recorded a charge to write-off goodwill in the amount of $2.8 million during June 2001. Also, during 2001, we wrote-off $4.2 million of fixed assets which represents the net book value of damaged, obsolete, or abandoned property. The impairment and write-down charge decreased operating income as noted above.

During February 2001, we offered a voluntary early retirement program to eligible employees and implemented a restructuring program to reduce operating and overhead costs. As a result, we reduced our staff by 186 employees and incurred a restructuring charge of $2.4 million which is included in the accompanying Consolidated Statements of Operations. During September 2001, KDNL-TV in St. Louis, Missouri discontinued programming its local news broadcast. As a result, we incurred a restructuring charge of $1.1 million. During December 2001, WXLV-TV in Winston-Salem, North Carolina discontinued programming its local news broadcast. As a result, we incurred a restructuring charge of $0.3 million. The restructuring charges related to severance, operating contract termination costs, and legal costs. The restructuring charge decreased operating income for the year ended December 31, 2001.

During the third quarter of 2001, Sinclair terminated its national representation agreements and entered into a new agreement with Katz Millennium Sales & Marketing, Inc. ("Millennium"). We incurred $5.1 million of contract termination costs which were reimbursed by Millennium. Additionally, we received $21.4 million for entering the new contract. Both the amounts will be recognized as revenue on a straight-line basis over the 5 year term of the contract. The $5.1 million of contract termination costs decreased our operating income for the year ended December 31, 2001.

Loss related to investments decreased to $7.6 million for the year ended December 31, 2001 as compared to $16.8 million for the year ended December 31, 2000. The loss related to investments for the year ended December 31, 2001 primarily relates to a loss of $4.2 million recognized during 2001 as a result of our write-off of our loans to Acrodyne Communications, Inc. ("Acrodyne"), of which we hold approximately a 35% equity interest. We also recognized losses as a result of write-downs of our investments for How Stuff Works of $0.9 million, Chatfish of $0.6 million and Synergy of $2.1 million. Our equity earnings for our investment in Allegiance Capital increased by $0.2 million.

There were no discontinued operations for the year ended December 31, 2001 as compared to $4.9 million for the year ended December 31, 2000. The net income from discontinued operations, net of taxes for the year ended December 31, 2000 primarily resulted from the disposition of our radio broadcast assets in December 1999 and during 2000.

Interest and other income increased to $4.2 million for the year ended December 31, 2001 from $3.2 million for the year ended December 31, 2000. This increase was primarily due to $0.5 million of rent earned on our sublease of a building to Acrodyne and $0.5 million of other miscellaneous income.

As a result of the implementation of SFAS No. 133, one of our derivatives does not qualify for special hedge accounting treatment. Therefore, this derivative must be recognized in the balance sheet at fair market value and the changes in fair market value are reflected in earnings. As a result, we recognized $32.2 million of losses during 2001.

Broadcast cash flow decreased $80.0 million to $258.9 million for the year ended December 31, 2001 from $338.9 million for the year ended December 31, 2000, or 23.6%. The broadcast cash flow margin for the year ended December 31, 2001 decreased to 40.1% from 46.6% for the year ended December 31, 2000. The decrease in broadcast cash flow and margins for the year ended December 31, 2001 compared to the year ended December 31, 2000 was comprised of an $84.3 million, or 24.8%, decrease in broadcast cash flow on a same station basis, offset by an increase of $1.6 million related to the 2000 acquisitions and a decrease in operating expenses.

Adjusted EBITDA represents broadcast cash flow less corporate expenses. Adjusted EBITDA decreased $77.5 million to $238.9 million for the year ended December 31, 2001 from $316.4 million for the year ended December 31, 2000, or 24.5%. Adjusted EBITDA margin decreased to 37.0% for the year ended December 31, 2001 from 43.5% for the year ended December 31, 2000. The decrease in adjusted EBITDA and margins for the year ended December 31, 2001 as compared to the year ended December 31, 2000 resulted primarily from the circumstances affecting broadcast cash flow margins as noted above combined with a $2.5 million decrease in corporate expenses.

After tax cash flow decreased $54.2 million to $91.3 million for the year ended December 31, 2001 from $145.5 million for the year ended December 31, 2000, or 37.3%. The decrease in after tax cash flow for the year ended December 31, 2001 as compared to the year ended December 31, 2000 primarily resulted from a decrease in net broadcast revenues, offset by an increase in current tax benefit and a decrease in interest expense.

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, $3.5 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. See "Item 1. Business -- Television Broadcasting (Innovative Local Sales and Marketing)". 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 had a reduction in our work force of approximately 186 employees and incurred a restructuring charge of $2.4 million during the first quarter of 2001.

Depreciation and amortization increased $26.1 million to $246.7 million for the year ended December 31, 2000 from $220.6 million for the year ended December 31, 1999. The increase in depreciation and amortization related to fixed assets, intangible assets, 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 $23.9 million for the year ended December 31, 2000 is related to the private placement of the $200 million aggregate liquidation value 11.625% 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. See "Risk Factors - Our investment in Acrodyne Communications, Inc. may not deliver the value we paid or reach our strategic objectives". 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 $3.5 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.

Recent Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board approved SFAS No. 141, *Business Combinations*, and SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS No. 141 prospectively prohibits the pooling of interest method of accounting for business combinations initiated after June 30, 2001. SFAS No. 142 requires companies to cease amortizing goodwill and certain other intangible assets including broadcast licenses. SFAS No. 142 also establishes a new method of testing goodwill and broadcast licenses for impairment on an annual basis or on an interim basis if an event occurs or circumstances change that would reduce the fair value of a reporting unit below its carrying value. The adoption of SFAS No. 142 will result in discontinuation of amortization of our goodwill and broadcast licenses; however, we will be required to test goodwill and broadcast licenses for impairment under the new standard during 2002, which could have an adverse effect on our future results of operations if an impairment occurs. We are currently in the process of testing goodwill and broadcast licenses for impairment and the overall impact of SFAS No. 142, however, we have not yet had sufficient time to complete such evaluation. During the year ended December 31, 2001, we incurred goodwill amortization expense of $74.9 million. During the year ended December 31, 2001, we incurred amortization expense related to broadcast licenses of $22.8 million. Amortization expense for the year 2002 was projected to be $71.4 million related to goodwill and $25.6 million related to broadcast licenses. As a result of implementing SFAS No. 142 on January 1, 2002, our pretax net income will be higher by these amounts, assuming no impairment charges are incurred.

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 No. 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 adopted 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.

In August 2001, the FASB issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*. This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121 and ABP Opinion No. 30. This statement retains the fundamental provisions of SFAS No. 121 that require us to test long-lived assets for impairment using undiscounted cash flows; however, the statement eliminates the requirement to allocate goodwill to these long-lived assets. The statement also requires that long-lived assets to be disposed of by a sale must be recorded at the lower of the carrying amount or the fair value, less the cost to sell the asset and depreciation should cease to be recorded on such assets. Any loss resulting from the write-down of the assets shall be recognized in income from continuing operations.

Additionally, long-lived assets to be disposed of other than by sale may no longer be classified as discontinued until they are disposed of. The provisions of this statement are effective for financial statements issued for fiscal years beginning after December 15, 2001. We will apply this guidance prospectively.

Liquidity and Capital Resources

Our primary source of liquidity is cash provided by operations and availability under our Amended and Restated 1998 Bank Credit Agreement. As of December 31, 2001, we had $32.1 million in cash balances and working capital of approximately $110.2 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 February 28, 2002, the remaining balance available under the revolving credit facility was $236.0 million. Based on pro forma trailing cash flow levels for the twelve months ended December 31, 2001, we had approximately $236.0 million available of current borrowing capacity under our revolving credit facility.

On May 16, 2001, we closed on an amendment and restatement of the 1998 Bank Credit Agreement (the "Amended and Restated Bank Credit Agreement") allowing us more operating capacity and liquidity. The Amended and Restated Bank Credit Agreement reduced the aggregate borrowing capacity from $1.6 billion to $1.1 billion. We repaid the unamortized outstanding balance of the $750.0 million Term Loan Facility with the proceeds from the Amended and Restated Bank Credit Agreement. The Amended and Restated Bank Credit Agreement consists of a $600 million Revolving Credit Facility and a $500 million Incremental Term Loan Facility repayable in consecutive quarterly installments amortizing 1% per year commencing March 31, 2003 and continuing through its maturity on September 30, 2009. Availability under the Revolving Credit Facility reduces quarterly, commencing on September 30, 2003 and terminating at maturity. We are 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 of any assets in excess of $100 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 our ratio of debt to EBITDA (as defined) exceeds a certain threshold. The Amended and Restated 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 Amended and Restated Bank Credit Agreement is secured by a pledge of the stock of each of our subsidiaries other than KDSM, Inc., KDSM Licensee, Inc., Cresap Enterprises, Inc., Sinclair Capital and Sinclair Ventures, Inc. As of December 31, 2001, we were in compliance with all debt covenants.

The applicable interest rate for the Revolving Credit Facility is either LIBOR plus 1.25% to 3% or the alternative base rate plus zero to 1.75%. The applicable interest rate for the Revolving Credit Facility is adjusted based on the ratio of total debt to four quarters' trailing earnings before interest, taxes, depreciation and amortization. The applicable interest rate on the Incremental Term Loan Facility is LIBOR plus 3.50% or the alternative base rate plus 2.25% through maturity.

As a result of amending our 1998 Bank Credit Agreement, we incurred debt acquisition costs of $8.5 million and recognized an extraordinary loss of $4.7 million, net of a tax benefit of $2.6 million. The extraordinary loss represents the write-off of certain debt acquisition costs associated with indebtedness replaced by the new facility. The extraordinary loss was computed based on the guidance of EITF No. 96-19 *Debtor's Accounting for a Modification or Exchange of Debt Instrument* and EITF No. 98-14 *Debtor's Accounting for changes in Line of Credit or Revolving Debt Arrangements.*

On October 30, 2001, we closed on a short-term amendment of our Amended and Restated Bank Credit Agreement. The amendment, which is effective through September 30, 2002, provides for relaxed leverage and interest coverage ratios and increases pricing by 50 basis points during the amendment period. On October 1, 2002, we revert back to our financial covenant and pricing levels as amended in May 2001. As a result of the amendment, our interest rate on the Revolving Credit Facility and Incremental Term Loan Facility is LIBOR plus 3.5% and LIBOR plus 4.00%, respectively. After November 14, 2002, the applicable interest rate on the Revolving Credit Facility is either LIBOR plus 1.25% to 3% or the alternative base rate plus zero to 1.75% adjusted quarterly based on the ratio of total debt to four quarters' trailing earnings before interest, taxes, depreciation and amortization, as adjusted in accordance with the 1998 Bank Credit Agreement. After November 14, 2002, the applicable interest rate on the Incremental Term Loan Facility is LIBOR plus 3.50% or the alternative base rate plus 2.25% through maturity. We incurred $3.4 million of debt acquisition costs as a result of amending our 1998 Bank Credit Agreement. These costs were capitalized in accordance with EITF No. 96-19 and EITF No. 98-14 and will be amortized to interest expense over the remaining life of the debt.

The weighted average interest rates for outstanding indebtedness relating to the Amended and Restated Bank Credit Agreement during 2001 and as of December 31, 2001 were 6.57% and 5.85%, respectively. Interest expense relating to the 1998 Bank Credit Agreement was $61.1 million and $79.3 million for years ended December 31, 2001 and 2000, respectively.

In December 2001, we completed the issuance of $310 million aggregate principal amount of 8.75% Senior Subordinated Notes (the "2001 Notes"), due 2011, generating net proceeds to us of $306.2 million. The net proceeds of this offering were utilized to repay the 1995 Notes. Interest on the 2001 Notes is payable semiannually on June 15th and December 15th of each year. Interest expense was $1.7 million for the year ended December 31, 2001. The 2001 Notes were issued under an indenture among SBG, its subsidiaries ("the guarantors") and the trustee. Costs associated with the offering totaled $4.1 million, including an underwriting discount of $3.8 million. These costs were capitalized and are being amortized over the life of the debt. Based on the quoted market price, the fair value of the 2001 Notes as of December 31, 2001 was $312.2 million.

On March 14, 2002, we completed an issuance of $300 million aggregate principal amount of 8% Senior Subordinated Notes (the "2002 Notes"), due 2012, generating gross proceeds of $300 million. The gross proceeds of this offering were utilized to repay $300 million of the Term Loan Facility. Interest on the 2002 Notes is payable semiannually on March 15th and September 15th of each year. The 2002 Notes were issued under an indenture among SBG, its subsidiaries (the guarantors) and the trustee. Costs associated with the offering totaled $3.4 million, including an underwriting discount of $2.8 million. These costs were capitalized and are being amortized over the life of the debt.

Net cash flows from operating activities decreased to $58.9 million for the year ended December 31, 2001 from $69.1 million for the year ended December 31, 2000. We made income tax payments of $43.4 million for the year ended December 31, 2001 as compared to $121.4 million for the year ended December 31, 2000. This decrease 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 $173.6 million for the year ended December 31, 2001 as compared to $163.1 million for the year ended December 31, 2000. Program rights payments increased to $102.3 million for the year ended December 31, 2001 from $94.3 million for the year ended December 31, 2000 or 8.5%. This increase in program rights payments was comprised of $1.2 million related to the 2000 Transactions and $6.8 million related to an increase in programming costs on a same station basis. This increase in program rights payments resulted from our investment to upgrade our television programming.

Net cash flows used in investing activities was $33.3 million for the year ended December 31, 2001 as compared to net cash flows from investing activity of $209.8 million for the year ended December 31, 2000. For the year ended December 31, 2001, we made cash payments of approximately $0.5 million related to the acquisition of television broadcast assets and received cash proceeds of $1.0 million related to the sale of broadcast assets. During the year ended December 31, 2001, we made equity investments of approximately $1.1 million. During 2001, we made payments for property and equipment of $29.0 million of which $21.6 million, related to digital conversion costs. For 2002, we anticipate to incur approximately $60.0 million of capital expenditures, of which $50.0 million relates to our digital conversion. 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 $2.4 million for the year ended December 31, 2001 from $291.3 million for the year ended December 31, 2000. During the year ended December 31, 2001, we repaid $1.3 million under the Term Loan Facility and utilized borrowings under the Revolving Credit Facility of $1.3 million. In addition, we repurchased 618,600 shares of our Class A Common Stock for $4.4 million at an average cost per share of $7.11 for the year ended December 31, 2001.

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 Sinclair 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, and Birmingham, AL. American Tower would construct new towers in each of these markets and would lease space on the towers to us. American Tower is also expected to provide tower space for Sinclair on existing towers in Des Moines, IA, Pensacola, FL, Greensboro, NC, Norfolk, VA, Rochester, 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. 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.

Income Taxes

The income tax benefit decreased to $59.5 million for the year ended December 31, 2001 from a provision of $77.9 million for the year ended December 31, 2000. For the year ended December 31, 2001, our pre-tax book loss from operations was $165.2 million and we recorded a tax benefit of $51.7 million. For the year ended December 31, 2000, the provision for operations was $4.8 million.

As of December 31, 2001, we have a net deferred tax liability of $231.7 million as compared to a net deferred tax liability of $243.1 million as of December 31, 2000. The decrease is primarily due to the generation of state net operating losses that will be available to offset future state tax liabilities and the accounting treatment of derivative instruments for tax purposes. Our effective tax rate decreased to a benefit of 31.3% for the year ended December 31, 2001 from a provision of 15.6% for the year ended December 31, 2000. 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 losses for these years.

In December 2001, the Internal Revenue Service (IRS) completed its examination of our federal income tax returns filed through 1997. As a result of this settlement, our fiscal year 2001 benefit for income taxes reflects a $6.3 million reduction of taxes provided in prior periods. The IRS has not initiated an examination of federal tax returns subsequent to 1997. We believe that adequate accruals have been provided for all 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.

Summary Disclosures about Contractual Obligations and Commercial Commitments

The following tables reflect a summary of our contractual cash obligations and other commercial commitments as of December 31, 2001:

	Payments Due by Year				
	Total	2002	2003	2004	2005 and thereafter
Contractual Cash Obligations	(amounts in thousands)				
Notes payable, capital leases, and commercial bank financing	$1,642,535	$ 182	$ 5,209	$ 5,106	$1,632,038
Notes and capital leases payable to affiliates	55,285	9,973	8,929	8,367	28,016
HYTOPS	367,594	23,250	23,250	23,250	297,844
Operating leases	23,138	5,120	3,568	2,896	11,554
Employment contracts	21,907	14,727	5,824	1,274	82
Film liability - active	259,860	120,201	65,911	50,289	23,459
Film liability - future	113,667	11,874	36,397	26,299	39,097
Programming services	45,039	23,448	11,978	6,748	2,865
Maintenance and support	7,086	2,570	2,040	1,334	1,142
Other operating contracts	8,731	2,738	2,237	1,698	2,058
Total contractual cash obligations	$2,544,842	$ 214,083	$ 165,343	$ 127,261	$2,038,155

	Total Amounts Commited	2002	2003	2004	2005 and thereafter
	Amount of Commitment Expiration Per Year				
	(amounts in thousands)				
Other Commercial Commitments					
Letters of credit	$ 1,143	$ 82	$ 82	$ 82	$ 897
Guarantees	599	212	115	119	153
Partnership	12,634	12,634	---	---	---
Network affiliation agreements	13,617	6,501	1,423	1,423	4,270
LMA payments (1)	18,347	4,406	4,180	4,180	5,581
Total other commercial commitments	$ 46,340	$ 23,835	$ 5,800	$ 5,804	$ 10,901

(1) Certain LMAs require us to reimburse the licensee owner their operating costs. This amount will vary each month and, accordingly, these amounts were estimated through the date of LMA expiration based on historical cost experience.

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.

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, 2001, we were obligated on $864 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, 2001, we had one floating-to-fixed interest rate swap agreement which expires on June 5, 2006. The swap agreement effectively sets fixed rates on our floating rate debt in the range of 5.95% to 7.00%. 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, 2001. In addition, during 2001, we entered into two fixed-to-floating rate derivatives with notional amounts of $250 million and $200 million. At December 31, 2001, we had $864 million of floating rate debt of which $575 million was effectively converted to fixed rate debt by way of a swap. Additionally, we had $760 million of fixed rate debt at December 31, 2001 of which $450 million was converted to floating rate debt by way of a swap. Consequently, we had $739 million of floating rate debt at December 31, 2001 and a 1% increase in LIBOR rate would result in annualized interest expense of approximately $7.4 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, 2001, we had senior subordinated notes totaling $450 million and $310 million expiring in the years 2007 and 2011, respectively. Based upon the quoted market price, the fair value of the notes was $764 million as of December 31, 2001. 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 $39 million as of December 31, 2001.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	As of December 31,	
	2001	2000
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	**$ 32,063**	$ 4,091
Accounts receivable, net of allowance for doubtful accounts of $6,037 and $5,751, respectively	**143,811**	165,913
Current portion of program contract costs	**90,291**	72,841
Taxes Receivable	**44,789**	1,394
Prepaid expenses and other current assets	**18,118**	10,067
Deferred barter costs	**3,034**	3,472
Deferred tax assets	**2,014**	7,600
Total current assets	**334,120**	265,378
PROGRAM CONTRACT COSTS, less current portion	**69,091**	53,698
LOANS TO OFFICERS AND AFFILIATES	**7,916**	8,269
PROPERTY AND EQUIPMENT, net	**286,353**	280,987
OTHER ASSETS	**105,893**	103,863
ACQUIRED INTANGIBLE BROADCAST ASSETS, net of accumulated amortization of $498,633 and $382,398, respectively	**2,562,258**	2,684,106
Total Assets	**$ 3,365,631**	$ 3,396,301
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	**$ 29,317**	$ 6,865
Accrued liabilities	**63,623**	80,626
Income taxes payable	**---**	42,126
Notes payable, capital leases, and commercial bank financing	**182**	100,018
Notes and capital leases payable to affiliates	**7,086**	5,838
Current portion of program contracts payable	**120,201**	110,217
Deferred barter revenues	**3,537**	4,296
Total current liabilities	**223,946**	349,986
LONG-TERM LIABILITIES:		
Notes payable, capital leases, and commercial bank financing, less current portion	**1,645,138**	1,481,561
Notes and capital leases payable to affiliates, less current portion	**33,224**	29,009
Program contracts payable, less current portion	**139,659**	99,146
Deferred tax liability	**233,679**	250,749
Other long-term liabilities	**113,691**	60,532
Total liabilities	**2,389,337**	2,270,983
EQUITY PUT OPTION	**---**	7,811
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	**4,334**	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, issued and outstanding liquidation preference of $172,500,000	**35**	35
Class A Common Stock, $.01 par value, 500,000,000 shares authorized and 41,088,992 and 39,032,277 shares issued and outstanding, respectively	**411**	390
Class B Common Stock, $.01 par value, 140,000,000 shares authorized and 43,219,035 and 45,479,578 shares issued and outstanding, respectively	**432**	455
Additional paid-in capital	**748,353**	750,372
Additional paid-in capital – deferred compensation	**(1,452)**	(2,618)
Retained earnings	**26,886**	164,958
Accumulated other comprehensive loss	**(2,705)**	(1,062)
Total stockholders' equity	**771,960**	912,530
Total Liabilities and Stockholders' Equity	**$ 3,365,631**	$ 3,396,301

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

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	2001	2000	1999
REVENUES:			
Station broadcast revenues, net of agency commissions of $99,945, $115,579 and $106,925, respectively	$ 646,444	$ 727,017	$ 670,252
Revenues realized from station barter arrangements	56,912	57,351	63,387
Other revenue	6,925	4,494	---
Total revenues	710,281	788,862	733,639
OPERATING EXPENSES:			
Program and production	145,982	153,262	135,016
Selling, general and administrative	174,571	176,227	148,318
Expenses recognized from station barter arrangements	50,591	51,300	57,561
Amortization of program contract costs and net realizable value adjustments	119,437	100,357	86,857
Stock-based compensation	1,584	1,801	2,494
Depreciation and amortization of property and equipment	38,848	38,111	32,042
Amortization of acquired intangible broadcast assets and other assets	116,383	108,192	101,726
Impairment and write down charge of long-lived assets	16,229	---	---
Restructuring costs	3,836	---	---
Contract termination costs	5,135	---	---
Cumulative adjustment for change in assets held for sale	---	619	---
Total operating expenses	672,596	629,869	564,014
Operating income	37,685	158,993	169,625
OTHER INCOME (EXPENSE):			
Interest and amortization of deferred financing costs and debt discount	(143,574)	(152,219)	(181,569)
Subsidiary trust minority interest expense	(23,890)	(23,890)	(23,890)
Net gain (loss) on sale of broadcast assets	204	---	(418)
(Loss) gain on derivative instrument	(32,220)	(296)	15,747
Interest income	2,643	2,645	3,371
Loss related to investments	(7,616)	(16,764)	(504)
Other income	1,574	572	619
Loss before income taxes	(165,194)	(30,959)	(17,019)
BENEFIT (PROVISION) FOR INCOME TAXES	51,682	(4,816)	(25,107)
Net loss from continuing operations	(113,512)	(35,775)	(42,126)
DISCONTINUED OPERATIONS:			
Net income from discontinued operations, net of related income tax provision of $3,250 and $12,340 respectively	---	4,876	17,538
Gain on sale of broadcast assets, net of related income tax provision of $69,870 and $137,431 respectively	---	108,264	192,372
EXTRAORDINARY ITEM:			
Loss on early extinguishment of debt, net of related income tax benefit of $7,800	(14,210)	---	---
NET (LOSS) INCOME	$ (127,722)	$ 77,365	$ 167,784
NET (LOSS) INCOME AVAILABLE TO COMMON SHAREHOLDERS	$ (138,072)	$ 67,015	$ 157,434
BASIC EARNINGS PER SHARE:			
Loss per share from continuing operations	$ (1.47)	$ (0.50)	$ (0.54)
Income per share from discontinued operations	$ ---	$ 1.24	$ 2.17
Loss per share from extraordinary item	$ (0.17)	$ ---	$ ---
(Loss) income per common share	$ (1.64)	$ 0.73	$ 1.63
Weighted average common shares outstanding	84,352	91,405	96,615
DILUTED EARNINGS PER SHARE:			
Loss per share from continuing operations	$ (1.47)	$ (0.50)	$ (0.54)
Income per share from discontinued operations	$ ---	$ 1.24	$ 2.17
Loss per share from extraordinary item	$ (0.17)	$ ---	$ ---
(Loss) income per common share	$ (1.64)	$ 0.73	$ 1.63
Weighted average common and common equivalent shares outstanding	84,624	92,487	97,283

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999
(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	Retained Earnings (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)
Repurchased 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, 2001, 2000 AND 1999

(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	Retained Earnings	Accumulated 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 shares of Class A Common Stock	---	(126)	---	(123,174)	---	---	---	---	(123,300)
Dividend 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
Reclassification due to adoption of EITF No. 00-19	---	---	---	---	(7,811)	---	---	---	(7,811)
Equity put options	---	---	---	38,257	(38,257)	---	---	---	---
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
Unrealized loss on investments, net of tax 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 STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999
(IN THOUSANDS)

	Series D Preferred Stock	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Additional Paid-In Capital – Deferred Compensation	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
BALANCE, December 31, 2000..	$ 35	$ 390	$ 455	$750,372	$(2,618)	$164,958	$(1,062)	$ 912,530
Repurchase and retirement of 618,600 shares of Class A Common Stock	---	(6)	---	(4,391)	---	---	---	(4,397)
Stock options exercised...........	---	1	---	582	---	---	---	583
Class B Common Stock converted into Class A Common Stock....................	---	23	(23)	---	---	---	---	---
Dividends paid on Series D Preferred Stock	---	---	---	---	---	(10,350)	---	(10,350)
Termination of equity put options	---	---	---	78	---	---	---	78
Class A Common Stock issued pursuant to employee benefit plans........................	---	3	---	2,643	---	---	---	2,646
Amortization of deferred compensation......................	---	---	---	---	865	---	---	865
Deferred compensation adjustment related to forfeited stock options.........	---	---	---	(931)	301	---	---	(630)
Net loss..................................	---	---	---	---	---	(127,722)	---	(127,722)
Other comprehensive loss:								
Reclass of derivative instruments upon implementation of SFAS No. 133, net of tax benefit of $1,509............................	---	---	---	---	---	---	(2,777)	(2,777)
Amortization of derivative instruments.........................	---	---	---	---	---	---	225	225
Unrealized loss on investments, net of tax benefit of $231.....	---	---	---	---	---	---	(345)	(345)
Realized loss on investments, net of tax benefit of $825.....	---	---	---	---	---	---	1,254	1,254
Comprehensive loss.................	---	---	---	---	---	---	---	(129,365)
BALANCE, December 31, 2001	**$ 35**	**$ 411**	**$ 432**	**$748,353**	**$(1,452)**	**$ 26,886**	**$(2,705)**	**$ 771,960**

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999
(IN THOUSANDS)

	2001	2000	1999
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:			
Net (loss) income	**$(127,722)**	$ 77,365	$167,784
Adjustments to reconcile net (loss) income to net cash flows from operating activities-			
Amortization of debt discount	**98**	131	98
Depreciation of property and equipment	**38,848**	40,101	36,419
Gain on sale of broadcast assets related to discontinued operations	**---**	(178,134)	(329,803)
(Gain) loss on sale property	**(204)**	---	418
Impairment and write down of long lived assets	**16,229**	---	---
Contract termination costs	**5,135**	---	---
Unrealized loss (gain) on derivative instrument	**32,220**	296	(15,747)
Amortization of acquired intangible broadcast assets and other assets	**116,383**	114,895	119,985
Amortization of program contract costs and net realizable value adjustments	**119,437**	100,655	90,021
Amortization of deferred financing costs	**4,071**	3,313	3,288
Stock based compensation	**235**	92	1,135
Extraordinary loss	**5,601**	---	---
Cumulative adjustment for change in assets held for sale	**---**	(1,237)	---
Amortization of derivative instruments	**763**	---	---
Deferred tax (benefit) provision related to operations	**(10,595)**	11,760	25,197
Deferred tax (benefit) provision related to sale of broadcast assets from discontinued operations	**---**	(5,342)	37,988
Deferred tax benefit related to extraordinary loss	**(97)**	---	---
Loss from equity investments	**7,616**	16,764	504
Net effect of change in deferred barter revenues and deferred barter costs	**(345)**	(497)	(911)
(Decrease) increase in minority interest	**(643)**	(891)	316
Changes in assets and liabilities, net of effects of acquisitions and dispositions-			
Decrease (increase) in accounts receivable, net	**22,102**	31,529	(4,579)
Increase in taxes receivable	**(43,395)**	---	---
(Increase) decrease in prepaid expenses and other current assets	**(8,051)**	2,019	(6,154)
Increase (decrease) in accounts payable and accrued liabilities	**7,941**	(344)	(25,483)
(Decrease) increase in income taxes payable	**(42,126)**	(60,909)	106,033
Increase in other long-term liabilities	**17,643**	11,864	3,629
Payments on program contracts payable	**(102,256)**	(94,303)	(79,473)
Net cash flows from operating activities	**58,888**	69,127	130,665

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999
(IN THOUSANDS)

	2001	2000	1999
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES:			
Acquisition of property and equipment	**(29,017)**	(33,256)	(30,861)
Payments relating to the acquisition of broadcast assets	**(490)**	(89,936)	(237,274)
Distributions from joint ventures	**408**	408	358
Contributions in investments	**(1,500)**	(13,873)	(15,374)
Proceeds from sale of assets	**983**	---	---
Proceeds from sale of broadcast assets	**---**	346,439	733,916
Deposits received on future sale of broadcast assets	**125**	---	---
Loans to officers and affiliates	**(4,078)**	(639)	(859)
Repayments of loans to officers and affiliates	**231**	677	2,593
Net cash flows (used in) from investing activities	**(33,338)**	209,820	452,499
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:			
Proceeds from commercial bank financing and notes payable	**1,334,000**	707,500	357,500
Repayments of notes payable, commercial bank financing and capital leases	**(1,291,000)**	(879,500)	(909,399)
Repurchases of Class A Common Stock	**(4,397)**	(107,322)	(3,494)
Payments for redemption of Series B preferred Stock	**---**	---	(1,498)
Proceeds from exercise of stock options	**583**	53	1,780
Proceeds from termination of derivative instruments	**---**	4,434	---
Payments for deferred financing costs	**(11,993)**	---	---
Payment from equity put options premium	**(7,733)**	---	751
Dividends paid on Series D Convertible Preferred Stock	**(10,350)**	(10,350)	(10,350)
Repayments of notes and capital leases to affiliates	**(6,688)**	(6,079)	(5,314)
Net cash flows from (used in) financing activities	**2,422**	(291,264)	(570,024)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**27,972**	(12,317)	13,140
CASH AND CASH EQUIVALENTS, beginning of period	**4,091**	16,408	3,268
CASH AND CASH EQUIVALENTS, end of period	**$ 32,063**	$ 4,091	$ 16,408

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2001, 2000 AND 1999

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 and operates, programs or provides sales services to 63 television stations in 40 markets throughout the United States. SBG owns equity interests in Internet companies including G1440, Inc., an Internet consulting and development company, and Synergy Brands, Inc., provider of advanced supply chain solutions and business to consumer web sites. SBG has an equity interest in and a strategic alliance with Acrodyne Communications, Inc., a manufacturer of transmitters and other television broadcast equipment.

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 in consolidation.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States 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.

New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board approved Statement of Financial Accounting Standard ("SFAS") No. 141, *Business Combinations* and SFAS No. 142, *Goodwill and Other Intangible Assets*. SFAS No. 141 prospectively prohibits the pooling of interest method of accounting for business combinations initiated after June 30, 2001. SFAS No. 142 requires companies to cease amortizing goodwill and certain other intangible assets including broadcast licenses. SFAS No. 142 also establishes a new method of testing goodwill and broadcast licenses for impairment on an annual basis or on an interim basis if an event occurs or circumstances change that would reduce the fair value of a reporting unit below its carrying value. The adoption of SFAS No. 142 will result in the Company's discontinuation of amortization of its goodwill and broadcast licenses; however, the Company will be required to test its goodwill and broadcast licenses for impairment under the new standard during 2002, which could have an adverse effect on the Company's future results of operations if an impairment occurs. The Company is currently in the process of testing goodwill and broadcast licenses for impairment and the overall impact of SFAS No. 142, however, the Company has not yet had sufficient time to complete the evaluation. During the year ended December 31, 2001, the Company incurred goodwill amortization expense of $74.9 million. During the year ended December 31, 2001, the Company incurred amortization expense related to its broadcast licenses of $22.8 million. Amortization expense for the year 2002 was projected to be $71.4 million related to goodwill and $25.6 million related to broadcast licenses. As a result of implementing SFAS No. 142 on January 1, 2002, the Company's pretax income will be higher by these amounts, assuming no impairment charges.

In August 2001, FASB issued SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets.* This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets and supersedes SFAS No. 121 and ABP Opinion No. 30. This statement retains the fundamental provisions of Statement 121 that require us to test long-lived assets for impairment using undiscounted cash flows; however, the statement eliminates the requirement to allocate goodwill to these long-lived assets. The statement also requires that long-lived assets to be disposed of by a sale must be recorded at the lower of the carrying amount or the fair value, less the cost to sell the asset and depreciation should cease to be recorded on such assets. Any loss resulting from the write-down of the assets shall be recognized in income from continuing operations.

Additionally, long-lived assets to be disposed of other than by sale may no longer be classified as discontinued until they are disposed of. The provisions of this statement are effective for financial statements issued for fiscal years beginning after December 15, 2001. We will apply this guidance prospectively.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable

Management regularly reviews accounts receivable and determines an appropriate estimate for the allowance for doubtful accounts based upon the impact of economic conditions on the merchant's ability to pay, past collection experience and such other factors which, in management's judgment, deserve current recognition. In turn, a provision is charged against earnings in order to maintain the allowance level. The allowance for doubtful accounts at December 31, 2001 and 2000 was $6,037 and $5,751 respectively.

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 sale 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, 2001 and 2000 consisted of the following (in thousands):

	2001	2000
Notes and other receivables	**$ 51,864**	$ 52,558
Unamortized costs relating to securities issuances	**25,003**	23,307
Investments	**13,331**	14,063
Fair value of derivative instrument	**6,431**	6,050
Deposits and other costs relating to future acquisitions	**2,637**	2,272
Other	**6,627**	5,613
	$105,893	$103,863

Investments

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"). Acrodyne designs, manufactures, and markets digital and analog television broadcast transmitters for domestic and international television stations, broadcasters, government agencies, not-for-profit organizations, and educational institutions. 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, 2000 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 Securities and Exchange Commission ("SEC") for the quarters ended June 30, 2000 and September 30, 2000 on a timely basis. During September 2000, Acrodyne was delisted from the National Association of Securities Dealers Automatic Quotation ("NASDAQ"). As a result, in 2000 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.

During 2001 and 2000, the Company advanced and guaranteed loans to Acrodyne under various credit facilities which were fully reserved as of December 31, 2001 and 2000, respectively. Accordingly, the Company incurred a loss of $4.2 million and $3.2 million during 2001 and 2000, respectively, which has also been reflected in the accompanying Consolidated Statements of Operations as Loss related to investments.

The condensed balance sheets of Acrodyne Communications, Inc. and their condensed statements of operations are summarized as follows for the years ended December 31, 2001 and 2000 (in thousands):

	2001	2000
Current assets	**$ 2,811**	$ 3,877
Property, plant and equipment and license agreement	**4,747**	5,426
Total assets	**7,558**	9,303
Current liabilities	**14,722**	13,990
Long-term liabilities	**5,579**	5,823
Total liabilities	**20,301**	19,813
Shareholders' deficit	**(12,743)**	(10,510)
Total liabilities and shareholders' deficit	**$ 7,558**	$ 9,303
Net sales	**$ 13,895**	$ 6,896
Cost of sales	**(9,801)**	(8,730)
Operating expenses	**(5,980)**	(10,383)
Interest expense	**(854)**	(775)
Other income	**171**	8
Net loss	**$ (2,569)**	$(12,984)

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 Consolidated Statements of Operations as loss related to investments.

The Company records its investment in Synergy Brands, Inc. in accordance with Statement of Financial Accounting Standards No. 115, *Accounting for Certain Investments in Debt and Equity Securities*, (SFAS No. 115), whereby the Company records changes in the fair market value of its investment as other comprehensive income. During 2001, the Company determined that part of the change in the fair market value was permanently impaired and; therefore, recorded $2.1 million excluding tax benefit of the balance in other comprehensive income as loss related to investments.

The Company has other cost and equity investments in Internet related activities and venture capital companies. Management does not believe these investments individually, or in the aggregate, are material to the accompanying consolidated 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.

Acquired intangible broadcast assets as of December 31, 2001 and 2000, consisted of the following (in thousands):

	Amortization Period	**2001**	2000
Goodwill	40 years	**$1,721,510**	$1,733,958
Intangibles related to LMAs	15 years	**467,298**	460,463
Decaying advertiser base	3-15 years	**117,974**	117,974
FCC licenses	25 years	**515,044**	515,044
Network affiliations	25 years	**223,359**	223,359
Other	1 – 40 years	**15,706**	15,706
		3,060,891	3,066,504
Less – Accumulated amortization		**(498,633)**	(382,398)
		$2,562,258	$2,684,106

During June 2001, the San Francisco office of the Company's Internet consulting and development subsidiary was reorganized. The office reduced staff due to a significant slow down of business activity in the San Francisco market. In addition, the focus of the San Francisco office has shifted toward marketing an existing product. As a result, management determined that the San Francisco office's goodwill was permanently impaired and, as such, recorded a charge to write-off goodwill in the amount of $2.8 million during June 2001.

Under the provisions of SFAS No. 121, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of*, the Company evaluated its long-lived assets for financial impairment, and will continue to evaluate them as events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. The Company evaluates the recoverability of long-lived assets by measuring the carrying amount of the assets against the estimated undiscounted future cash flows associated with them. At the time such evaluations indicate that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values. Based on these evaluations, the Company determined that its station KBSI-TV in Paducah, Kentucky had an impairment to goodwill and, in accordance with SFAS No. 121, recorded a charge to write off goodwill in the amount of $9.2 million during December 2001. As of December 31, 2001, management believes that the carrying amounts of the remainder of the Company's tangible and intangible assets have not been impaired.

Accrued Liabilities

Accrued liabilities consist of the following as of December 31, 2001 and 2000 (in thousands):

	2001	2000
Compensation	$ 19,984	$ 18,635
Interest	18,464	23,864
Unsettled stock repurchases	---	15,979
Other accruals relating to operating expenses	25,175	22,148
	$ 63,623	$ 80,626

Supplemental Information – Statement of Cash Flows

During 2001, 2000 and 1999, the Company incurred the following transactions (in thousands):

	2001	2000	1999
• Capital leases obligations incurred	$ 27,878	$ 5,319	$ 22,208
• Income taxes paid from operations	$ 3,669	$ 6,383	$ 7,433
• Income taxes paid related to sale of discontinued operations	$ 39,774	$ 115,054	$ ---
• Income tax refund received	$ 10,379	$ 3,598	$ 2,231
• Subsidiary trust minority interest payments	$ 23,250	$ 23,250	$ 23,250
• Interest paid	$ 150,312	$ 139,833	$ 203,976
• Payments related to extraordinary loss	$ 16,409	$ ---	$ ---

Local Marketing Agreements

The Company generally enters into local marketing agreements ("LMA") 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 specific 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, 2001, 2000 and 1999, are net revenues of $235.8 million, $253.9 million and $263.0 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 agreements, 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 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.

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, 2001 and 2000 (in thousands):

	2001	2000
Land and improvements	**$ 17,138**	$ 16,794
Buildings and improvements	**89,138**	78,724
Station equipment	**247,038**	242,153
Office furniture and equipment	**33,610**	32,250
Leasehold improvements	**9,087**	9,342
Automotive equipment	**9,590**	9,709
Construction in progress	**36,677**	21,683
	442,278	410,655
Less – Accumulated depreciation	**(155,925)**	(129,668)
	$286,353	$280,987

During 2001, the Company wrote-off $4.2 million of fixed assets which represents the net book value of damaged, obsolete, or abandoned property.

3. 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 $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%.

On May 16, 2001, the Company closed on an amendment and restatement of the 1998 Bank Credit Agreement (the "Amended and Restated Bank Credit Agreement") allowing it more operating capacity and liquidity. The Amended and Restated Bank Credit Agreement reduced the aggregate borrowing capacity from $1.6 billion to $1.1 billion. The Company repaid the unamortized outstanding balance of the $750.0 million Term Loan Facility with the proceeds from the Amended and Restated Bank Credit Agreement. The Amended and Restated Bank Credit Agreement consists of a $600 million Revolving Credit Facility and a $500 million Incremental Term Loan Facility repayable in consecutive quarterly installments amortizing 1% per year commencing March 31, 2003 and continuing through its maturity on September 30, 2009. Availability under the Revolving Credit Facility reduces quarterly, commencing on September 30, 2003 and terminating at maturity. 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 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 Amended and Restated 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 Amended and Restated 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. As of December 31, 2001, the Company was in compliance with all debt covenants.

The applicable interest rate for the Revolving Credit Facility is either LIBOR plus 1.25% to 3% or the alternative base rate plus zero to 1.75%. The applicable interest rate for the Revolving Credit Facility is adjusted based on the ratio of total debt to four quarters' trailing earnings before interest, taxes, depreciation and amortization. The applicable interest rate on the Incremental Term Loan Facility is LIBOR plus 3.50% or the alternative base rate plus 2.25% through maturity.

As a result of amending the Company's 1998 Bank Credit Agreement, the Company incurred debt acquisition costs of $8.5 million and recognized an extraordinary loss of $4.7 million, net of a tax benefit of $2.6 million. The extraordinary loss represents the write-off of certain debt acquisition costs associated with indebtedness replaced by the new facility. The extraordinary loss was computed based on the guidance of EITF No. 96-19 *Debtor's Accounting for a Modification or Exchange of Debt Instrument* and EITF No. 98-14 *Debtor's Accounting for changes in Line of Credit or Revolving Debt Arrangements.*

On October 30, 2001, the Company closed on a short-term amendment of its 1998 Bank Credit Agreement, as amended and restated in May 2001. The amendment, which is effective through September 30, 2002, provides for relaxed leverage and interest coverage ratios and increases interest rate, by 50 basis points during the amendment period. On October 1, 2002, the Company reverts back to its financial covenant and pricing levels as amended in May 2001.

As a result of the amendment, the Company's interest rate on the Revolving Credit Facility and Incremental Term Loan Facility is LIBOR plus 3.5% and LIBOR plus 4.00%, respectively. After November 14, 2002, the applicable interest rate on the Revolving Credit Facility is either LIBOR plus 1.25% to 3.00% or the alternative base rate plus zero to 1.75% adjusted quarterly based on the ratio of total debt to four quarters' trailing earnings before interest, taxes, depreciation and amortization, as adjusted in accordance with the 1998 Bank Credit Agreement. After November 14, 2002, the applicable interest rate on the Incremental Term Loan Facility is LIBOR plus 3.50% or the alternative base rate plus 2.25% through maturity. The Company incurred $3.4 million of debt acquisition costs as a result of amending the Company's 1998 Bank Credit Agreement. These costs were capitalized in accordance with EITF No. 96-19 and EITF No. 98-14 and will be amortized to interest expense over the remaining life of the debt.

The weighted average interest rates for outstanding indebtedness relating to the Amended and Restated Bank Credit Agreement during 2001 and as of December 31, 2001 were 6.57% and 5.85%, respectively. 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 $61.1 million, $79.3 million, and $108.9 million for years ended December 31, 2001, 2000, and 1999, respectively.

8.75% Senior Subordinated Notes Due 2007

In December 1997, the Company completed an issuance of $250 million aggregate principal amount of 8.75% Senior Subordinated Notes due 2007 (the "8.75% 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.

Interest on the 8.75% Notes is payable semiannually on June 15 and December 15 of each year. Interest expense was $21.9 million for each of the three years ended December 31, 2001, 2000 and 1999. The 8.75% Notes were 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 8.75% Notes as of December 31, 2001 and 2000 was $250.6 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, 2001, 2000 and 1999. The 9% Notes were 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, 2001 and 2000 was $201.1 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 1995 Notes was payable semiannually on March 30 and

September 30 of each year. Interest expense was $28.3 million for the year ended December 31, 2001 and $30 million for the years ended December 31, 2000 and 1999. The 1995 Notes were 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 were 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, 2000 was $291.2 million.

In December 2001, the Company redeemed the $300 million aggregate principal amount of the 1995 Notes for a total consideration of $318.3 million, including accrued interest of $6.1 million. The Company recognized an extraordinary loss of $9.5 million, net of a tax benefit of $5.2 million. The extraordinary loss represented a write-off of the previous debt acquisition costs of $2.5 million and consideration of $12.2 million.

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 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 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 year ended December 31, 1999 was $60,000. The 1993 Notes were issued under an Indenture among SBG, its subsidiaries (the guarantors) and the trustee.

8.75% Senior Subordinated Notes Due 2011

In December 2001, the Company completed an issuance of $310 million aggregate principal amount of 8.75% Senior Subordinated Notes (the "2001 Notes"), due 2011, generating net proceeds to the Company of $306.2 million. The net proceeds of this offering were utilized to repay the 1995 Notes. Interest on the 2001 Notes is payable semiannually on June 15th and December 15th of each year. Interest expense was $1.7 million for the year ended December 31, 2001. The 2001 Notes were issued under an indenture among SBG, its subsidiaries (the guarantors) and the trustee. Costs associated with the offering totaled $4.1 million, including an underwriting discount of $3.8 million. These costs were capitalized and are being amortized over the life of the debt. Based on the quoted market price, the fair value of the 2001 Notes as of December 31, 2001 was $312.2 million.

Summary

Notes payable, capital leases and the Amended and Restated 1998 Bank Credit Agreement consisted of the following as of December 31, 2001 and 2000 (in thousands):

	2001	2000
Bank Credit Agreement, Term Loan	**$ 500,000**	$ 625,000
Bank Credit Agreement, Revolving Credit Facility	**364,000**	206,000
8.75% 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
8.75 Senior Subordinated Notes, due 2011	**310,000**	---
Capital leases	**18,465**	3,767
Installment note for certain real estate interest at 8.0%	**70**	79
	1,642,535	1,584,846
Less: Discount on 8.75% Senior Subordinated Notes, due 2007	**(585)**	(682)
Plus (less): SFAS No. 133 derivatives, net	**3,370**	(2,585)
Less: Current portion	**(182)**	(100,018)
	$1,645,138	$1,481,561

Indebtedness under the notes payable, capital leases and Amended and Restated 1998 Bank Credit Agreement as of December 31, 2001 mature as follows (in thousands):

2002	$ 182
2003	5,209
2004	5,106
2005	369,142
2006	5,171
2007 and thereafter	1,257,725
	1,642,535
Less: Discount on 8.75% Senior Subordinated Notes due 2007	(585)
Plus: SFAS No. 133 derivatives, (net)	3,370
	$ 1,645,320

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

4. NOTES AND CAPITAL LEASES PAYABLE TO AFFILIATES:

Notes and capital leases payable to affiliates consisted of the following as of December 31, 2001 and 2000 (in thousands):

	2001	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	**$ 5,395**	$ 6,554
Capital lease for building, interest at 7.93%	**2,448**	304
Capital lease for building, interest at 6.62%	**7,323**	7,857
Capital leases for broadcasting tower facilities, interest at 9%	**2,782**	3,070
Capitalization of time brokerage agreements, interest at 6.20% to 8.25%	**17,816**	15,648
Capital leases for building and tower, interest at 8.25%	**4,546**	1,414
	40,310	34,847
Less: Current portion	**(7,086)**	(5,838)
	$33,224	$29,009

Notes and capital leases payable to affiliates, as of December 31, 2001, mature as follows (in thousands):

2002	$ 9,973
2003	8,929
2004	8,367
2005	7,558
2006	4,801
2007 and thereafter	15,657
Total minimum payments due	55,285
Less: Amount representing interest	(14,975)
Present value of future notes and capital lease payments	$ 40,310

5. PROGRAM CONTRACTS PAYABLE:

Future payments required under program contracts payable as of December 31, 2001 were as follows (in thousands):

2002	$ 120,201
2003	65,911
2004	50,289
2005	21,708
2006	1,751
	259,860
Less: Current portion	(120,201)
Long-term portion of program contracts payable	$ 139,659

Included in the current portion amounts are payments due in arrears of $27.2 million. In addition, the Company has entered into non-cancelable commitments for future program rights aggregating $113.7 million as of December 31, 2001.

The Company performs a net realizable value calculation for each of its non-cancelable commitments in accordance with SFAS No. 63, *Financial Reporting by Broadcasters*. The Company utilizes sales information to estimate the future revenue of each commitment and measures that amount against the amount of the commitment. If the estimated future revenue is less than the amount of the commitment, a write down to the value of the asset is considered.

The Company has estimated the fair value of its program contract payables and non-cancelable commitments at approximately $227.0 million and $98.7 million, respectively, as of December 31, 2001, and $178.3 million and $149.3 million, respectively, as of December 31, 2000. These estimates were based on future cash flows discounted at the Company's current borrowing rate.

6. COMPANY OBLIGATED MANDATORILY REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY TRUST, COMMON STOCK AND PREFERRED STOCK

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 11.625% 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, 2001, 2000, and 1999.

Common Stock

Holders of Class A Common Stock are entitled to one vote per share and holders of Class B Common Stock are entitled to ten votes per share except for votes relating to "going private" and certain other transactions. The Class A Common Stock and the Class B Common Stock vote altogether as a single Class except as otherwise may be required by Maryland law on all matters presented for a vote. Holders of Class B Common Stock may at any time convert their shares into the same number of shares of Class A Common Stock.

Preferred Stock

During September 1997, the Company completed a public offering of 3,450,000 shares of Series D Convertible Exchangeable Preferred Stock (the "1997 Preferred Stock Offering"). The Convertible Exchangeable Preferred Stock has a liquidation preference of $50 per share and a stated annual dividend of $3.00 per share payable quarterly out of legally available funds and are convertible into shares of Class A Common Stock at the option of the holders thereof at a conversion price of $22.813 per share, subject to adjustment. The shares of Convertible Exchangeable Preferred Stock are exchangeable at the option of the Company, for 6% Convertible Subordinated Debentures of the Company, due 2012, and are redeemable at the option of the Company on or after September 20, 2000 at specified prices plus accrued dividends.

7. 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 of 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.

Statement of Financial Accounting Standard No. 133

On January 1, 2001, the Company adopted SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities,* SFAS No. 137, *Accounting for Derivative Instruments and Hedging Activities -Deferral of the Effective Date of SFAS No. 133* and SFAS No. 138, *Accounting for Certain Derivative Instruments and Certain Hedging Activities*, an amendment of SFAS No. 133. SFAS No. 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. SFAS No. 133 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. SFAS No. 133 had the following impact on the Company's financial statements.

The Company's existing interest rate swap agreements at January 1, 2001 did not qualify for special hedge accounting treatment under SFAS No. 133. As a result, both of the Company's interest rate swap agreements were reflected as liabilities on January 1, 2001 at their fair market value of $7.1 million in the aggregate, including $1.0 million of bond discount related to the transition adjustment to record the Company's fixed-to-floating rate derivative instrument. The bond discount resulting from the implementation of SFAS No. 133 is being amortized to interest expense through December 15, 2007, the termination date of the swap agreement. The floating-to-fixed rate derivative instrument was recorded at its fair value of $6.1 million on December 29, 2000 as a result of an amendment. Therefore, there was no transition adjustment on January 1, 2001 related to this instrument as there was no change in its fair value.

SFAS No. 133 required deferred gains and losses on previously terminated floating-to-fixed rate hedges to be presented as other comprehensive income or loss on the Consolidated Balance Sheet. As a result, on January 1, 2001, the Company reclassified the $2.8 million net balance of deferred losses to accumulated other comprehensive loss, net of a deferred tax benefit of $1.5 million and is amortizing this balance to interest expense over the original terms of the previously terminated and modified swap agreements, which expire from July 9, 2001 to June 3, 2004. The Company amortized

$0.3 million from accumulated other comprehensive loss and deferred tax asset to interest expense during 2001.

Interest Rate Derivative Instruments

As of December 31, 2001, the Company held three derivative instruments:

- The Company held an interest rate swap agreement with a notional amount of $575 million which expires on June 5, 2006. The swap agreement requires the Company to pay a fixed rate which is set in the range of 5.95% to 7% and receive a floating rate based on the three month London Interbank Offered Rate ("LIBOR") (measurement and settlement is performed quarterly). This swap agreement is reflected as a derivative obligation based on its fair value of $40.5 million as a component of other long-term liabilities in the accompanying Consolidated Balance Sheet as of December 31, 2001. This swap agreement does not qualify for hedge accounting treatment under SFAS No. 133; therefore, changes in its fair market value are reflected currently in earnings as gain (loss) on derivative instruments. The Company incurred an unrealized loss of $34.4 million during 2001 related to this instrument.
- In June 2001, the Company 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 (measurement and settlement is performed quarterly). This swap is accounted for as a hedge of the Company's 8.75% debenture in accordance with SFAS No. 133 whereby changes in the fair market value of the swap are reflected as adjustments to the carrying amount of the debenture. The swap is reflected in the accompanying Consolidated Balance Sheet as a derivative asset and as a premium on the 8.75% debenture based on its fair value of $4.0 million at December 31, 2001.
- In June 2001, the Company entered into an interest rate swap agreement with a notional amount of $200 million which expires on July 15, 2007 in which the Company receives a fixed rate of 9% and pays a floating rate based on LIBOR (measurement and settlement is performed quarterly). This swap is accounted for as a hedge of the Company's 9% Notes in accordance with SFAS No. 133 whereby changes in the fair market value of the swap are reflected as adjustments to the carrying amount of the debenture. This swap is reflected in the accompanying Consolidated Balance Sheet as a derivative asset and as a premium on the 9% Notes based on its fair value of $2.5 million at December 31, 2001.

During May 2001, the Company terminated an interest rate swap with a notional amount of $250 million and recognized a net mark-to-market gain of $2.2 million which is reflected in the accompanying Consolidated Statement of Operations as gain (loss) on derivative instruments.

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, 2001, amortization of $0.5 million of the discount was recorded to interest expense.

During 2000, 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, during 2000 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. These balances were transferred to other comprehensive loss on January 1, 2001 as described above.

The counterparties to these agreements are international financial institutions. The Company estimates the net fair value of these instruments at December 31, 2001 to be a liability of $34.0 million. 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 fair value is an estimate of the net amount that the Company would pay on December 31, 2001 if the contracts were transferred to other parties or cancelled by the Company.

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 6.4%. Upon the execution of the Option Derivative 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 Statements of Operations as unrealized gains or losses on derivative instruments.

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. During 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 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 sheets as of December 31, 1999. 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 Consolidated Balance Sheet as of December 31, 2000. On April 10, 2001, this option became exercisable and, as a result, the contract was settled for $7.7 million in cash on April 16, 2001.

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.

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, 2001, 2000 and 1999 (in thousands):

	2001	2000	1999
(Benefit from) provision for income taxes –			
continuing operations	**$(51,682)**	$ 4,816	$ 25,107
Provision for income taxes – discontinued operations	**---**	73,120	149,771
Benefit from income taxes – extraordinary item	**(7,800)**	---	---
	$(59,482)	$ 77,936	$ 174,878
Current:			
Federal	**$(47,880)**	$ 58,079	$ 81,370
State	**(910)**	13,439	30,323
	(48,790)	71,518	111,693
Deferred:			
Federal	**(9,792)**	5,829	56,576
State	**(900)**	589	6,609
	(10,692)	6,418	63,185
	$(59,482)	$ 77,936	$ 174,878

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

	2001	2000	1999
Statutory federal income taxes	**(35.0%)**	(35.0%)	(35.0%)
Adjustments-			
State income and franchise taxes, net of federal effect	**(4.6)**	7.0	21.2
Goodwill amortization	**8.2**	39.0	99.5
Non-deductible expense items	**1.6**	6.5	57.4
Reversal of income tax accruals	**(3.8)**	---	---
Other	**2.3**	(1.9)	4.4
Provision for income taxes	**(31.3%)**	15.6%	147.5%

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 $231.7 million and $243.1 million as of December 31, 2001 and 2000, respectively, including amounts contained in accumulated other comprehensive loss.

The Company's remaining federal net operating losses 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, 2001 and 2000 were as follows (in thousands):

	2001	2000
Deferred Tax Assets:		
Accruals and reserves	**$ 14,597**	$ 7,080
Net operating losses	**35,539**	23,123
Other	**16,858**	11,364
	$ 66,994	$ 41,567
Valuation allowance for deferred tax assets	**(25,724)**	(16,226)
	$ 41,270	$ 25,341
Deferred Tax Liabilities:		
FCC license	**$ (37,456)**	$ (42,230)
Parent Preferred Stock deferred tax liability	**(25,833)**	(25,833)
Fixed assets and intangibles	**(198,242)**	(186,904)
Other	**(12,891)**	(14,218)
	$(274,422)	$(269,185)

The Company establishes valuation allowances in accordance with the provisions of SFAS No. 109, Accounting for Income Taxes. The Company continually reviews the adequacy of the valuation allowance and is recognizing these benefits only as reassessment indicates that it is more likely than not that the benefits will be realized.

In December 2001, the Internal Revenue Service ("IRS") completed its examination of the Company's federal income tax returns filed through 1997. As a result of this settlement, the Company's fiscal year 2001 benefit for income taxes reflects a $6.3 million reduction of taxes provided in prior periods. The IRS has not initiated an examination of federal tax returns subsequent to 1997. The Company believes that adequate accruals have been provided for all years.

9. 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 judgements 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 consolidated financial position, consolidated results of operations or consolidated cash flows.

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 $5.9 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, 2001, 2000 and 1999 was approximately $5.7 million, $6.8 million and $5.9 million, respectively.

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

2002	$ 5,120
2003	3,568
2004	2,896
2005	2,430
2006	2,143
2007 and thereafter	6,981
	$23,138

Affiliation Agreements

Sixty-one of the 63 television stations that SBG owns and operates or to which it provides programming services or sales services, currently operate as affiliates of FOX (20 stations), WB (20 stations), ABC (8 stations), NBC (4 stations), UPN (6 stations) or CBS (3 stations). The remaining two stations are independent. The networks produce and distribute programming in exchange for each station's commitment to air the programming at specified times and for commercial announcement time during the programming. In addition, networks other than FOX pay each affiliated station a fee for each network-sponsored program broadcast by the station.

The FOX-affiliated stations continue to carry FOX programming notwithstanding the fact that their affiliation agreements have expired. The FOX affiliation agreements expired in 2001, in part as a result of FOX having failed to exercise an option to renew the affiliation agreements for these stations for an additional five years. The Company is currently in discussions with FOX to secure long-term affiliation agreements and expects such discussions to be successful. FOX, however, has recently acquired television stations in one market, Baltimore, where Sinclair owns a station currently affiliated with FOX. The Company continues to operate these stations as a FOX affiliate and the Company does not believe FOX has any current plans to terminate the affiliation agreement of any of these stations.

In addition, the affiliation agreements of three ABC stations (WEAR-TV, in Pensacola, Florida, WCHS-TV, in Charleston, West Virginia and WXLV-TV, in Greensboro/Winston-Salem, North Carolina) have expired. The Company continues to operate these stations as an ABC affiliate and the Company does not believe ABC has any current plans to terminate the affiliation of any of these stations.

The Company also recently received a notice from NBC which prevents what would have otherwise been an automatic five-year extension of the affiliation agreements for WICS/WICD (Champaign/Springfield, Illinois) and WKEF-TV (Dayton, Ohio), which are due to expire on June 30, 2002 and April 1, 2003, respectively. The Company is currently discussing extensions of these agreements with NBC.

Upon the termination of any of the above affiliation agreements, the Company would be required to establish new affiliations with other networks or operate as an independent. At such time, the remaining value of the network affiliation asset could become impaired and the Company would be required to write down the value of the asset.

Local Marketing Agreements

The Company filed a Petition for Review of the FCC's order to divest of LMAs entered into or after November 5, 1996 by August 5, 2001 in the U.S. Court of Appeals for the D.C. Circuit. On June 21, 2001, the U.S. Court of Appeals for the D.C. Circuit granted our motion for stay, pending the court's review of a FCC rule limiting the number of stations that television broadcasters can own in a market. The Company submitted a written brief to the Court during the third quarter 2001 and oral arguments occurred during the first quarter of 2002. The Company currently programs four stations that are impacted by this FCC order. If the Company were required to divest of these stations, the intangible assets aggregating approximately $147.9 million associated with these LMA agreements may be impaired and the Company would be required to write down the value of such assets. The Company does not believe the assets of these four stations are impaired.

Outsourcing Agreements

The Company has entered into two (and intends to seek opportunities for additional) outsourcing agreements in which our stations provide or are provided various non-programming services such as sales, operational and managerial services to or by other stations. One of these arrangements (relating to WTXL-TV, Tallahassee, Florida, to which WTWC-TV provides services) has been challenged by a complaint to the FCC made in the fourth quarter of 2001. The Company and its counterparty have responded to this complaint and we cannot predict the outcome of the proceeding.

10. 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, 2001 and 2000, the balance outstanding was approximately $1.6 million and $1.7 million, respectively.

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, 100% 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-TV in Baltimore, WVTV-TV in Milwaukee, WRDC-TV in Raleigh/Durham, WABM-TV in Birmingham, KRRT-TV in Kerrville, WBSC-TV in Asheville/Greenville/Spartanburg and WTTE-TV 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-TV, WVTV-TV, WRDC-TV, WABM-TV, KRRT-TV, WBSC-TV and WTTE-TV. During the years ended December 31, 2001, 2000 and 1999, the Company made payments of $11.8 million, $11.3 million and $10.8 million, respectively, to Glencairn under these LMA agreements.

During the years ended December 31, 2001, 2000 and 1999, 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, 2001, 2000 and 1999, the Company incurred expenses of approximately $41,000, $0.2 million and $0.4 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, Gerstell Development Limited Partnership, and Beaver Dam, LLC (entities owned by the Class B Stockholders). Lease payments made to these entities were $3.1 million, $2.8 million, and $2.1 million for the years ended December 31, 2001, 2000 and 1999, respectively.

11. ACQUISITIONS AND DISPOSITIONS

1999 Acquisitions and Dispositions

Guy Gannett Acquisition. In September 1998, the Company agreed to acquire from Guy Gannett Communications its television broadcast 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 broadcast 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 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 Ackerley.

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 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 broadcast assets for $0.6 million and $15.2 million, respectively.

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 Communications Corporation (Entercom) for $824.5 million in cash. The transaction did 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 on April 18, 2000 the Company completed the purchase of the outstanding stock of Montecito 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 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 Television, Inc., 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 acquisition was accounted for under the purchase method of accounting whereby the purchase price was allocated to property and programming assets, acquired intangible broadcast assets and other intangible assets for $2.9 million, $3.9 million and $39.8 million, respectively. In December 2001, the Company received FCC approval and on January 25, 2002, the Company completed the purchase of the FCC license and related assets of WNYO-TV for a purchase price of $6.7 million.

Pending Acquisitions

Glencairn/WPTT, Inc. Acquisition. On November 15, 1999, the Company entered into an agreement to purchase substantially all of the assets of television stations WCWB-TV, Channel 22, Pittsburgh, Pennsylvania, from the owner of that television station, WPTT, Inc. In December 2001, the Company received FCC approval and on January 7, 2002, the Company closed on the purchase of the FCC license and related assets of WCWB-TV for a purchase price of $18.8 million.

WPTT Note. In connection with our sale of WCWB in Pittsburgh to WPTT, Inc., WPTT, Inc. issued to us a 15-year senior secured term note of $6.0 million ("the WPTT Note"). We subsequently sold the WPTT Note to the late Julian S. Smith and Carolyn C. Smith, the parents of the controlling stockholders and both former stockholders of Sinclair, in exchange for the payment of $50,000 and the issuance of a $6.6 million note, which bears interest at 7.21% per annum. During the year ended December 31, 2001, we received $0.5 million in interest payments on this note. At December 31, 2001, the balance on this note was $6.6 million. The note was paid in full on January 7, 2002.

On November 15, 1999, the Company entered into five separate plans and agreements of merger, pursuant to which it 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. In December 2001, the Company received FCC approval on all the transactions except for WBSC-TV. Accordingly, on February 1, 2002, the Company closed on the purchase of the FCC license and related assets of WABM-TV, KRRT-TV, WVTV-TV and WRDC-TV. The total value of the shares issued in consideration for the approved mergers was $7.7 million. In December 2001, the FCC dismissed our application to acquire the license of WBSC-TV and the Company has filed a motion for reconsideration of that decision.

Mission Acquisition. 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. On November 15, 1999, the Company exercised its option to acquire both of the foregoing stations. In December 2001, the Company received FCC approval and in January 2002, the Company closed on the purchase of the FCC licenses and related assets of WUXP-TV and WUPN-TV for the assumption of notes aggregating $4.2 million and $0.1 million of cash. Prior to closing, the Company programmed these stations pursuant to an LMA.

Sullivan Acquisition. In December 2001, the Company received FCC approval to acquire 100% of the stock of Sullivan Broadcasting Company II, Inc. and Sullivan Broadcasting Company IV, Inc. which, in the aggregate, own the FCC license and related assets of six television stations. In January 2002, the Company completed the purchase of the FCC license and related assets of WZTV-TV, WUTV-TV, WXLV-TV, WRLH-TV, WMSN-TV and KOKH-TV. Prior to closing, the Company programmed these stations pursuant to LMAs. As consideration for the purchase of the FCC license and related assets of KOKH, the Company forgave a note receivable to Sullivan IV in the amount of $16.5 million.

WUHF Acquisition. In December 1999, the Company entered into a stock purchase agreement with BS&L Broadcasting, Inc. (BS&L) and its sole shareholder to acquire the stock of BS&L, the licensee of WUHF-TV, Rochester, New York. BS&L acquired the license of WUHF-TV from Sullivan II. One of the conditions to our acquisition of the stock of BS&L is the receipt of FCC approval. The Company has filed an application with the FCC to acquire the license of WUHF-TV. The Company currently programs WUHF-TV pursuant to a local marketing agreement.

12. DISCONTINUED OPERATIONS:

In July 1999, the Company entered into an agreement to sell 46 of its radio stations in nine markets to 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 sale 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. 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 zero, net of allowance of $1.3 million and $1.8 million, net of allowance of $1.4 million as of December 31, 2001 and 2000, respectively.

"Net income from discontinued operations" includes net broadcast revenues of $27.9 million and $133.8 million for the years ended December 31, 2000 and 1999, respectively. There was no income from discontinued operations during the year ended December 31, 2001.

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

13. RESTRUCTURING CHARGE:

During February 2001, the Company offered a voluntary early retirement program to its eligible employees and implemented a restructuring program to reduce operating and overhead costs. As a result, the Company reduced its staff by 186 employees and incurred a restructuring charge of $2.4 million which is included in the accompanying Consolidated Statements of Operations.

During September 2001, KDNL-TV in St. Louis, Missouri discontinued programming its local news broadcast. As a result, the Company incurred a restructuring charge of $1.1 million. During December 2001, WXLV-TV in Winston-Salem, North Carolina discontinued programming its local news broadcast. As a result we incurred a restructuring charge of $0.3 million. The restructuring charges are related to severance and operating contract termination costs.

The following table provides a roll-forward of liabilities resulting from these restructuring charges (in thousands):

Type of Cost	2001 Restructuring Charges	Payments	December 31, 2001 Accrued Balances
Employee severance and termination benefits.............	$ 3,448	$ (2,367)	$ 1,081
Lease termination and other costs...............................	388	(76)	312
Total	$ 3,836	$ (2,443)	$ 1,393

14. CONTRACT TERMINATION COSTS:

During the third quarter of 2001, SBG terminated its national representation agreements and entered into a new agreement with Katz Millennium Sales & Marketing, Inc. (Millennium). SBG incurred $5.1 million of contract termination costs which were reimbursed by Millennium. Additionally, SBG received $21.4 million for entering the new contract. Both amounts will be recognized as revenue on a straight-line basis over the five year term of the contract.

15. EMPLOYEE BENEFIT PLAN:

The Sinclair Broadcast Group, Inc. 401(k) Profit Sharing Plan and Trust (the "SBG Plan") covers eligible employees 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, 2001, 2000 and 1999 was $1.2 million, $1.7 million and $1.4 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 SEC to be issued as a matching contribution for the 1997 plan year and subsequent plan years.

16. 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 Participant 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, 2001, 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, 2001, 11,705,405 shares have been granted under the LTIP and 6,894,601 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 years 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, 2001, 714,200 shares have been granted under the ISOP and 690,334 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 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
2001 Activity:				
Granted	**702,900**	**9.00**	---	---
Exercised	**(63,287)**	**9.20**	---	---
Forfeited	**(886,388)**	**19.33**	---	---
Outstanding at end of 2001	**7,245,445**	**16.87**	**4,665,669**	**15.62**

Additional information regarding stock options outstanding at December 31, 2001 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
1,679,450	$7.65-12.65	1.51	8.31	770,399	$ 9.25
3,022,870	15.06	0.09	4.44	2,997,620	15.06
323,000	17.81-18.88	0.15	4.89	261,400	18.78
28,000	20.94	---	5.97	28,000	20.94
1,708,625	24.20	2.24	6.33	468,625	24.20
225,500	24.25-27.73	0.87	6.65	77,125	26.13
258,000	28.08-28.42	1.36	7.10	62,500	28.20
7,245,445	16.87	1.00	5.97	4,665,669	15.62

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 Option 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 2001, 2000 and 1999 grants for stock-based compensation plans been determined consistent with SFAS No. 123, the Company's net (loss) income, net (loss) income available to common shareholders before extraordinary items, and net (loss) income per common share for these years would approximate the pro forma amounts below (in thousands, except per share data):

	2001		2000		1999	
	As Reported	**Pro Forma**	As Reported	Pro Forma	As Reported	Pro Forma
Net (loss) income before extraordinary item	**$(113,512)**	**$(121,359)**	$ 77,365	$ 69,454	$ 167,784	$ 161,982
Net (loss) income	**$(127,722)**	**$(135,569)**	$ 77,365	$ 69,454	$ 167,784	$ 161,982
Net (loss) income available to common shareholders	**$(138,072)**	**$(145,919)**	$ 67,015	$ 59,104	$ 157,434	$ 151,632
Basic net loss per share before extraordinary item	**$ (1.47)**	**$ (1.56)**	$ 0.73	$ 0.65	$ 1.63	$ 1.57
Basic net (loss) income per share after extraordinary item	**$ (1.64)**	**$ (1.73)**	$ 0.73	$ 0.65	$ 1.63	$ 1.57
Diluted net loss per share before extraordinary items	**$ (1.47)**	**$ (1.56)**	$ 0.73	$ 0.65	$ 1.63	$ 1.57
Diluted net (loss) income per share after extraordinary item	**$ (1.64)**	**$ (1.73)**	$ 0.73	$ 0.65	$ 1.63	$ 1.57

The Company has computed for pro forma disclosure purposes the value of all options granted during 2001, 2000 and 1999 using the Black-Scholes option pricing model as prescribed by SFAS No. 123 using the following weighted average assumptions:

	Year Ended December 31,		
	2001	2000	1999
Risk-free interest rate	**4.33%**	4.95 – 4.96%	4.80 – 5.97%
Expected lives	**6 years**	6 years	6 years
Expected volatility	**51%**	63%	61%

Adjustments are made for options forfeited prior to vesting.

17. EARNINGS PER SHARE:

The following table reconciles income (numerator) and shares (denominator) used in the Company's computations of earnings per share for the years ended December 31, 2001, 2000, and 1999 (in thousands, except per share data):

Numerator	**2001**	2000	1999
Net loss from continuing operations	**$ (113,512)**	$ (35,775)	$ (42,126)
Net income from discontinued operations, including gain on sale of broadcast assets related to discontinued operations	**$ ---**	$ 113,140	$ 209,910
Net loss from extraordinary item	**$ (14,210)**	$ ---	$ ---
Net (loss) income	**$ (127,722)**	$ 77,365	$ 167,784
Preferred stock dividends payable	**(10,350)**	(10,350)	(10,350)
Net (loss) income available to common shareholders	**$ (138,072)**	$ 67,015	$ 157,434
Denominator			
Weighted-average number of common shares	**84,352**	91,405	96,615
Dilutive effect of outstanding stock options	**31**	27	20
Dilutive effect of equity put options	**241**	1,055	648
Weighted-average number of common equivalent shares outstanding	**84,624**	92,487	97,283
BASIC EARNINGS PER SHARE:			
Net loss per share from continuing operations	**$ (1.47)**	$ (0.50)	$ (0.54)
Net income per share from discontinued operations	**$ ---**	$ 1.24	$ 2.17
Net loss per share from extraordinary item	**$ (0.17)**	$ ---	$ ---
Net (loss) income per share	**$ (1.64)**	$ 0.73	$ 1.63
DILUTED EARNINGS PER SHARE:			
Net loss per share from continuing operations	**$ (1.47)**	$ (0.50)	$ (0.54)
Net income per share from discontinued operations	**$ ---**	$ 1.24	$ 2.17
Net loss per share from extraordinary item	**$ (0.17)**	$ ---	$ ---
Net (loss) income per share	**$ (1.64)**	$ 0.73	$ 1.63

Basic earnings per share ("EPS") is calculated using the weighted average number of shares outstanding during the period. Diluted earnings per share ("Diluted EPS") includes the potentially dilutive effect, if any, which would occur if outstanding options to purchase common stock were exercised using the treasury stock method and if written equity put options were exercised using the reverse treasury stock method. Stock options and written equity put options to purchase 0.3 million, 1.1 million and 0.7 million incremental shares of common stock were outstanding during the years ended December 31, 2001, December 31, 2000 and December 31, 1999, respectively, but were not included in the computation of diluted EPS as the effect would be anti-dilutive. Stock options to purchase shares of common stock were outstanding during the years ended December 31, 2001, 2000 and 1999 but were not included in the computation of diluted EPS because the option's exercise price was greater than the average market price of the common shares.

18. QUARTERLY FINANCIAL INFORMATION (UNAUDITED):

	Quarter Ended			
	March 31, 2001	**June 30, 2001**	**September 30, 2001**	**December 31, 2001**
Total revenues	**$165,564**	**$192,588**	**$167,579**	**$184,550**
Operating income (loss)	**7,504**	**25,129**	**5,080**	**(28)**
Net loss from continuing operations	**(36,613)**	**(13,022)**	**(29,859)**	**(34,018)**
Net loss available to common shareholders	**(39,201)**	**(20,307)**	**(32,447)**	**(46,117)**
Basic loss per share from continuing operations	**(.46)**	**(.19)**	**(.39)**	**(.43)**
Diluted loss per share from continuing operations	**(.46)**	**(.19)**	**(.39)**	**(.43)**
Basic loss per share	**(.46)**	**(.24)**	**(.39)**	**(.55)**
Diluted loss per share	**(.46)**	**(.24)**	**(.39)**	**(.55)**

	Quarter Ended			
	March 31, 2000	June 30, 2000	September 30, 2000	December 31, 2000
Total revenues	$176,427	$207,760	$187,628	$217,047
Operating income	23,562	49,380	37,777	48,274
Net loss from continuing operations	(2,623)	(1,253)	(20,613)	(11,286)
Net (loss) income 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 (loss) income per share	(0.05)	(0.01)	0.18	0.65
Diluted (loss) income per share	(0.05)	(0.01)	0.18	0.65

19. SUBSEQUENT EVENT:

8% Senior Subordinated Notes due 2012

On March 14, 2002, the Company completed an issuance of $300 million aggregate principal amount of 8% Senior Subordinated Notes (the "2002 Notes"), due 2012, generating gross proceeds of $300 million. The gross proceeds of this offering were utilized to repay $300 million of the Term Loan Facility. Interest on the 2002 Notes is payable semiannually on March 15th and September 15th of each year.

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.

2001	High	Low
First Quarter	**$ 13.063**	**$ 7.000**
Second Quarter	**10.550**	**4.950**
Third Quarter	**11.250**	**7.560**
Fourth Quarter	**9.740**	**6.960**

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 February 28, 2002, there were approximately 87 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, as amended, and some of our subordinated debt instruments generally prohibit us from paying dividends on our common stock. Under the indentures governing our 8% senior subordinated notes due 2012, 8.75% senior subordinated notes due 2011, 9% senior subordinated notes due 2007 and 8.75% 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.

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, 2001 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, 2001. 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, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

As described in Note 7 to the financial statements, the Company changed its method of accounting for derivative transactions effective January 1, 2001.

ARTHUR ANDERSEN LLP

Baltimore, Maryland,
February 8, 2002 except
with respect to the matter
discussed in Note 19, as
to which the date is
March 14, 2002

MANAGEMENT'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS AND INTERNAL CONTROLS

The accompanying consolidated financial statements have been prepared by the management of Sinclair Broadcast Group, Inc. in accordance with accounting principles generally accepted in the United States, and accordingly, include certain amounts which are based upon informed judgements and estimates. The other financial information appearing elsewhere in this Annual Report is consistent with that in the consolidated financial statements.

Management maintains a system of internal accounting controls designed to meet their responsibility for reliable financial information. Management believes that its accounting controls provide reasonable assurance, at an appropriate cost, that assets are safeguarded, that transactions are properly authorized and that established policies and procedures are followed. Among these policies is a corporate code of conduct which requires employees to maintain the highest ethical standards in conducting Company affairs.

The Company's consolidated financial statements have been audited by Arthur Andersen LLP, independent auditors, who express their opinion with respect to the fairness of the Company's reported results of operations and financial position and who also obtain a sufficient understanding of the internal control structure to establish a basis for reliance thereon in determining the nature, extent and timing of audit tests applied in the examination of the consolidated financial statements.

The Audit Committee of the Board of Directors, comprised solely of outside directors, meets with management and Arthur Andersen LLP periodically to review planned audit scope and results, and to discuss other matters affecting the Company's internal accounting controls and financial reporting. The independent auditors have free access to the Audit Committee, with or without management present, to discuss appropriate matters.

David D. Smith
Chairman of the Board, President and
Chief Executive Officer

David B. Amy
Executive Vice President and
Chief Financial Officer

David R. Bochenek
Corporate Controller

Sinclair Broadcast Group, Inc.

Officers

David D. Smith
President and Chief Executive Officer

Frederick G. Smith
Vice President

J. Duncan Smith
Vice President and Secretary

David B. Amy
Executive Vice President and Chief Financial Officer

Mark E. Hyman
VP/Corporate Relations & Government Relations

Nat S. Ostroff
VP/New Technology

Lucy A. Rutishauser
Treasurer

Donald H. Thompson
VP/Human Resources

Board of Directors

David D. Smith
Chairman of the Board, President and Chief Executive Officer

Frederick G. Smith
Vice President

J. Duncan Smith
Vice President and Secretary

Robert E. Smith
Director

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

Basil A. Thomas
Of Counsel, Thomas & Libowitz, P.A.

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

Key Executives

Corporate

David R. Bochenek
Corporate Controller

Internet Division

Leonard J. Ostroff
Chief Operating Officer, Sinclair Ventures, Inc.

Television Division

M. William Butler
VP/Group Programming & Promotions

Barry M. Faber
VP/General Counsel

Delbert R. Parks III
VP/Operations and Engineering

Darren Shapiro
VP/Sales

Gregg Siegel
VP/National Sales

Jeff Sleete
VP/Marketing

Robin A. Smith
VP/Finance

Michael D. Granados
VP/Regional Director

Steven M. Marks
VP/Regional Director

Craig Millar
VP/Regional Director

Annual Meeting

Annual Meeting of Stockholders will be held at:
Sinclair Broadcast Group
Corporate Offices,
10706 Beaver Dam Road
Hunt Valley, MD 21030
on Thursday, May 23rd, 2002 at 10:00am.

Independent Public Accountants

Arthur Andersen, LLP
601 East Pratt Street, 3rd Floor
Baltimore, MD 21202

Transfer Agent and Registrar

ChaseMellon Shareholder Services, LLP
P.O. Box 3315
South Hackensack, NJ 07606-1915
www.ChaseMellon.com

Form 10-K, Annual Report

A copy of Sinclair Broadcast Group's 2001 Form 10-K, as filed with the Securities and Exchange Commission, is available upon written request by contacting:

Lucy A. Rutishauser
Treasurer
Sinclair Broadcast Group, Inc.
10706 Beaver Dam Road
Hunt Valley, MD 21030
410-568-1500
E-mail: ir@sbgnet.com
or visit our Investor Relations site at www.sbgi.net.

Common Stock

The Company's Common Stock trades on the Nasdaq National Market tier of the Nasdaq℠ Stock Market under the symbol SBGI.

Convertible Preferred Stock

The Company's Convertible Preferred Stock trades on the Nasdaq National Market tier of the Nasdaq℠ Stock Market under the symbol SBGIP.