Sinclair Reports Fourth Quarter After Tax Cash Flow Per Share Of $0.20

BALTIMORE, Feb. 13 /PRNewswire-FirstCall/ -- Sinclair Broadcast Group, Inc. (Nasdaq: SBGI), the "Company" or "Sinclair," today reported financial results for the three months and twelve months ended December 31, 2001.

Highlights:

- Net broadcast revenues of $168.0 million
- Broadcast cash flow of $71.5 million
- After tax cash flow per share of $0.20, exceeds First Call consensus estimate of $0.17
- Completes $310 million Notes offering
- Closes on 14 television license transfers

Financial Results:

On a reported basis, net broadcast revenues from continuing operations were $168.0 million for the three months ended December 31, 2001, a decrease of 15.8% versus the prior year period, and exceeding public guidance of down 17.5% to 18.5%. Broadcast cash flow from continuing operations was $71.5 million in the three-month period, a decrease of 29.3% versus the prior year period, and exceeding public guidance of down 38% to 40%. After tax cash flow per share of $0.20 decreased 63.0% from the prior year period result of $0.54, but exceeded First Call consensus estimates of $0.17.

On a reported basis, net broadcast revenues from continuing operations were $646.4 million for the twelve months ended December 31, 2001, a decrease of 11.1% versus the prior year period. Broadcast cash flow from continuing operations was $258.9 million in the twelve-month period, a decrease of 23.6% versus the prior year period. After tax cash flow per share of $1.08 decreased 31.2% from the prior year period result of $1.57.

"2001 will go down in history for many different reasons," commented David Smith, President and CEO. "For broadcasters, it was a year marred by economic recession, terrorist acts and increased competition for national advertising dollars that translated into the worst advertising spending declines in over 50 years. While we, like all broadcasters, experienced revenue declines in the fourth quarter and for the year, our sales force continued to aggressively sell, despite the negative environment and despite advertisers allocating their dollars to the one or two top ranked stations in a market. It was this strong sales effort, combined with our focus on the local markets, that helped us to minimize our revenue declines versus our peers. Likewise, we continue to manage our costs during this economic slowdown, a strategy we implemented earlier in the year. Looking ahead to 2002, we are seeing signs in the first quarter that lead us to believe the worst is over."

"Excluding political advertising revenues, our local markets are pacing up approximately 5% in the first quarter versus last year. Although national advertising revenues continue to be down, we are seeing certain advertising categories beginning to re-emerge, particularly those in the auto, telecom and movie sectors. We also are expecting to benefit from the inflow of political advertising dollars, and advertising revenues generated during the Olympics and Super Bowl."

Smith continued, "In December, we once again took steps to strengthen our balance sheet and improve our capital structure. We refinanced our $300 million, 10% Notes due 2005 with a new $310 million issuance due 2011 at a coupon of 8.75%. The effect of this transaction was to lower our cost of debt and reduce our refunding risk by extending our stated maturity."

"We also received, in December, the Federal Communications Commission's (FCC) approval to transfer the licenses of 14 television stations that we had been programming pursuant to Time Brokerage Agreements. The license transfers, which closed in January 2002, at a net cost of approximately

$15 million, established nine additional duopoly markets for us, the most duopolies for any broadcaster."

Operating and Financial Highlights:

- Local advertising revenues decreased 7.1%, excluding political advertising revenues, while national advertising revenues were down 12.9% in the quarter versus the fourth quarter 2000. The quarter continued to be impacted by lower advertising revenues generated from the telecommunications, retail, fast food, auto, and grocery sectors, offset once again by improvements in the services sector. Local revenues, excluding political revenues, represented 58.2% of time sales, as compared to 56.7% for the fourth quarter 2000.

- Political advertising revenues were $1.1 million in the quarter as compared to $16.4 million for the fourth quarter 2000.

- Although all affiliation station groups were down in the quarter, given the advertising recession and absence of political revenues, our FOX and NBC stations performed above average. Our FOX affiliates, which represented 36% of net broadcast revenues, were down 11.2% and our NBC affiliates were down 10.7% versus fourth quarter 2000. Our ABC stations posted the largest decline, 26.7%, impacted primarily by the decline in the ABC network ratings. Our WB affiliates were down 16.2% versus fourth quarter last year, which is expected in times of economic downturn, as advertisers tend to place their ad dollars with the number one or two ranked stations in a market.

- Third quarter 2001 market share survey results reflected that we once again increased our share of the local television advertising market, excluding political, to 18.6% versus 18.3% in the third quarter 2000.

The following financial notes reflect fourth-quarter 2001 non-recurring items:

- $0.3 million restructuring charge associated with the closure of the local news operation at our Greensboro, North Carolina station due to increased competition and a signal limitation issue that resulted in an unprofitable news operation. Despite this closure and the previously announced St. Louis news closure in October 2001, we remain committed to local news programming and, in fact, have added local news in five markets in the past 18 months.

- $10.6 million of asset write-offs, of which, $9.2 million relates to impairment of our Cape Girardeau station, per SFAS No. 121; and $1.4 million relates to damaged and obsolete fixed assets.

- $6.3 million write-off associated with our investment in Acrodyne Communications, Inc. and Synergy Brands, Inc.

- $9.5 million extraordinary expense item related to the call premium and write-off of deferred financing fees and interest, net of taxes, resulting from the early redemption of our 10% Sr. Subordinated Notes due 2005.

- $6.3 million current tax benefit resulting from the resolution of certain tax exposures as a result of the completion of the IRS' examination of the Company's income tax returns for 1994 through 1997.

SFAS No. 142 Effect:

On January 1, 2002, the Company adopted SFAS No. 142 "Accounting for Goodwill and Other Intangible Assets." Had we adopted SFAS No. 142 on January 1, 2001, our amortization of intangibles would have been $18.2 million, a decrease of $98.2 million. Our income tax benefit would have decreased by $26.0 million resulting in an income tax benefit of $25.7 million. The net loss to common shareholders would have declined by $72.2 million for a net loss to common shareholders of $65.9 million. Basic loss per share would have decreased by $0.86 for a basic loss per share of $(0.78) for 2001 versus our reported basic loss per share of $(1.64). Because the accounting change impacts the deferred tax provision only, there would have been no change to after tax cash flow per share in 2001.

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

	Q1 2000	Q2 2000	Q3 2000	Q4 2000	FY 2000
Net broadcast revenues	$166.3	$194.4	$175.6	$199.5	$735.8
Operating expenses, net of barter	73.6	76.2	71.8	76.8	298.4
Program contract payments	25.5	25.1	24.0	21.5	96.1
Broadcast cash flow	$67.2	$93.1	$79.8	$101.2	$341.3

	Q1 2001	Q2 2001	Q3 2001	Q4 2001	FY 2001
Net broadcast revenues	$149.7	$175.6	$153.1	$168.0	$646.4
Operating expenses, net of barter	70.9	73.5	70.0	71.0	285.6
Program contract payments	24.8	27.1	24.7	25.5	102.2
Broadcast cash flow	$54.0	$75.0	$58.4	$71.5	$258.6

References to "pro forma" or "pro forma basis" means that the financial results being discussed include the financial results of all stations owned or programmed as of December 31, 2001, as if they were owned for the entire period covered by the discussion. For 2000, the pro forma results include the acquisition of WICS, WICD, KGAN and WNYO.

Balance Sheet Analysis:

The Company's net debt of $1,653.6 million at December 31, 2001, which is net of $32.0 million in cash, increased by $6.0 million from the net debt of $1,647.6 million at September 30, 2001. Capital expenditures totaled $6.5 million in the quarter. Financial leverage, as defined by total indebtedness, before the HYTOPS, divided by the 12-month trailing pro forma EBITDA, was 7.04x at December 31, 2001, up from 5.07x at December 31, 2000. As of December 31, 2001, 41.1 million Class A common shares and 43.2 million Class B common shares were outstanding, for a total of 84.3 million common shares outstanding.

Outlook:

In accordance with Regulation FD, Sinclair is providing public dissemination through this press release of its expectations for its first quarter 2002 financial performance. The Company assumes no obligation to update its expectations. All matters discussed in the "Outlook" section are forward-looking and, as such, persons relying on this information should refer to the "Forward-Looking Statements" section below.

"We feel very encouraged by the pace of our first quarter 2002 revenues and feel that the economy and advertising markets are heading into recovery," commented David Amy, EVP and CFO. "The question, however, is how quickly do they recover. We believe the second quarter will provide much insight into this question. As such, we will not be providing full year guidance at this time, but are comfortable in saying that we expect revenues for the remainder of the year to improve from the first quarter's year-over-year comparable performance. This assumes no change in our station group make-up. As we've previously announced, we are currently engaged in the possibility of selling and swapping some of our television assets."

First Quarter 2002:

-- The Company expects net broadcast revenues for the quarter to be flat to up 1% from first quarter 2001 reported net broadcast revenues of $149.7 million. This expectation includes approximately $1.0 million in political advertising revenues, $2.9 million in Super Bowl revenues, and approximately $1.1 million in Olympics revenues.

-- The Company expects broadcast cash flow for the quarter to be down approximately 3% to flat from first quarter 2001 broadcast cash flow of $54.0 million. This assumes the revenue assumptions above, a 2% decline in operating expenses, and an increase in program contract payments, as described below.

-- The Company expects ATCF per share for the quarter of approximately $0.10 to $0.12, slightly lower than the first quarter 2001 ATCF per share of $0.14. This assumes achievement of the operating results discussed in this section and weighted average shares outstanding of 84.7 million. The share increase reflects new shares issued in the first quarter for the transfer of the television licenses from Glencairn, Ltd.

-- The Company expects first quarter program contract payments of approximately $28 million, assuming no changes in existing contract terms, but including the addition of Everyone Loves Raymond, Just Shoot Me, and King of the Hill, which were added in the fourth quarter 2001 and additional seasons for Friends, Frazier and Simpsons.

-- The Company expects first quarter program contract amortization to be approximately $31 million, assuming no changes in existing contract terms and including the additional programming described above.

-- The Company expects corporate overhead of approximately $5 million in the quarter, assuming current levels of staffing.

-- The Company expects net interest expense, before the $5.8 million subsidiary trust minority interest expense, to be approximately $33 million in the quarter, assuming no changes in the current interest rate yield curve, bank borrowing rates per the Company's amended credit facility terms, the same level of bank borrowings outstanding on December 31, 2001, excluding the interest on the redeemed 10% Sr. Subordinated Notes, and including interest on the 8.75% newly issued Sr. Subordinated Notes.

-- The Company expects depreciation on property and equipment in the quarter of approximately $10 million, assuming the capital expenditures assumption below.

-- The Company expects amortization of acquired intangibles in the quarter of approximately $5 million, after giving effect to the elimination of amortization, per SFAS No. 142.

-- The Company expects a current tax benefit from continuing operations of approximately $5 million in the first quarter and an effective tax rate of 75% to 80%.

-- The Company's number of common shares outstanding at December 31, 2001 was 84.3 million shares.

-- The Company expects to spend approximately $11 million in capital expenditures in the quarter, the majority of which will be for the digital television conversion.

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

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

Sinclair Conference Call:

The senior management of Sinclair will hold a conference call to discuss its fourth quarter results on Wednesday, February 13, 2002, at 5:00 p.m. EST. After the call, an audio replay will be available at www.sbgi.net under "Conference Call" until 11:59 pm EST on February 20, 2002. The press and the public will be welcome on the call in a listen-only mode. The dial-in number is (877) 502-9273.

About Sinclair:

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

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

	Three Months Ended December 31, 2001	2000	Incr.(Dec.) %	Twelve Months Ended December 31, 2001	2000	Incr.(Dec.) %
Net broadcast						

revenues	$168,004	$199,495	(15.8)	$646,444	$727,017	(11.1)
Total revenues	184,550	216,133	(14.6)	710,281	788,862	(10.0)
Broadcast cash flow	71,520	101,159	(29.3)	258,937	338,909	(23.6)
Adjusted EBITDA	66,218	95,514	(30.7)	238,919	316,352	(24.5)
After tax cash flow	16,664	47,588	(65.0)	91,262	145,469	(37.3)
After tax cash flow per share	0.20	0.54	(63.0)	1.08	1.57	(31.2)
Corporate expense	5,302	5,645	(6.1)	20,018	22,557	(11.3)
SG&A expenses related to G1440	2,509	2,863	(12.4)	8,910	7,076	25.9
Program contract payments	25,548	21,553	18.5	102,256	94,303	8.4
Cash and cash equivalents	32,063	4,091	N.M.	32,063	4,091	N.M.
Capital expenditures	6,534	6,616	(1.2)	29,017	33,256	(12.7)
Current tax provision (benefit) from operations	(7,817)	(3,670)	N.M.	(41,087)	(3,694)	N.M.
Deferred tax provision (benefit) related to operations	(15,554)	15,666	N.M.	(10,595)	11,760	N.M.

N.M. - Not meaningful

Notes:

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

"After tax cash flow" (ATCF) is defined as net income (loss) available to common shareholders, plus depreciation and amortization (excluding film amortization), impairment and write down charge of long-lived assets, stock-based compensation, the cumulative adjustment for change in assets held for sale, restructuring charges, contract termination costs, amortization of deferred financing costs, the loss from equity investments (or minus the gain), the loss on derivative instruments (or minus the gain), extraordinary loss, the deferred tax provision related to operations (or minus the deferred tax benefit) and minus the gain on sale of assets and deferred NOL carrybacks. After tax cash flow should not be considered in isolation or as a substitute for measures of performance or to represent cash provided by operating activities prepared in accordance with generally accepted accounting principles. ATCF is a measurement utilized by industry analysts to determine a public market value of our television stations and to determine our operating performance.

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

After tax cash flow calculation:

	Three Months Ended December 31, 2001	Three Months Ended December 31, 2000	Twelve Months Ended December 31, 2001	Twelve Months Ended December 31, 2000
Net income (loss) available to common shareholders	$(46,117)	$56,542	$(138,072)	$67,015
Depreciation of property and equipment	9,607	10,239	38,848	38,111
Amortization of acquired intangible broadcast assets and other assets	30,490	28,091	116,383	108,192
Impairment and write down charge of long-lived assets	10,639	---	16,229	---
Restructuring charge	344	---	3,836	---
Contract termination costs	---	---	5,135	---
Cumulative adjustment for change in assets held for sale	---	---	---	619
Stock based compensation	(11)	(227)	1,584	1,801
Amortization of deferred financing costs	1,115	989	4,072	3,953
Loss (gain) on sale of asset	242	---	(204)	---
Loss on derivative instruments	10,180	---	32,220	296
Loss from equity investments	6,218	6,605	7,616	16,764
Extraordinary loss, net of taxes	9,511	---	14,210	---
Depreciation and amortization related to discontinued operations	---	(38)	---	5,222
Gain on sale radio broadcast assets	---	(70,279)	---	(108,264)
Deferred tax provision (benefit) related to operations	(15,554)	15,666	(10,595)	11,760
After tax cash flow	$16,664	$47,588	$91,262	$145,469

Discontinued Operations:

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

Forward-Looking Statements:

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

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2001	2000	2001	2000
REVENUES:				
Station broadcast revenues, net of agency commissions	$168,004	$199,495	$646,444	$727,017
Revenues realized from barter arrangements	15,017	14,229	56,912	57,351
Other revenues	1,529	2,409	6,925	4,494
Total revenues	184,550	216,133	710,281	788,862
OPERATING EXPENSES:				
Program and production	35,382	40,956	145,982	154,065
Selling, general and administrative	45,048	46,312	174,571	175,424
Expenses realized from barter arrangements	13,387	12,252	50,591	51,300
Amortization of program contract costs and net realizable value adjustments	39,692	29,856	119,437	100,357
Depreciation of property and equipment	9,607	10,239	38,848	38,111
Impairment and write down charge of long-lived assets	10,639	---	16,229	---
Amortization of acquired intangible broadcast				

assets and other assets	30,490	28,091	116,383	108,192
Stock based compensation	(11)	(227)	1,584	1,801
Restructuring charge	344	---	3,836	---
Contract termination costs	---	---	5,135	---
Cumulative adjustment for change in assets held for sale	---	---	---	619
Total operating expenses	184,578	167,479	672,596	629,896
Operating income	(28)	48,654	37,685	158,993
OTHER INCOME (EXPENSE):				
Interest expense	(35,841)	(36,260)	(143,574)	(152,219)
Subsidiary trust minority interest expense	(5,972)	(5,972)	(23,890)	(23,890)
Interest income	538	737	2,643	2,645
Loss from equity investments	(6,218)	(6,605)	(7,616)	(16,764)
Gain (loss) on asset sale	(242)	---	204	---
Loss on derivative instrument	(10,180)	---	(32,220)	(296)
Other income	553	65	1,574	572
Total other expense	(57,362)	(48,035)	(202,879)	(189,952)
Income (loss) before income taxes	(57,390)	619	(165,194)	(30,959)
Benefit (provision) for income taxes	23,371	(11,905)	51,682	(4,816)
Net loss from continuing operations	(34,019)	(11,286)	(113,512)	(35,775)
Gain on sale of broadcast assets, net of taxes	---	70,279	---	108,264
Net income from discontinued operations, net of taxes	---	136	---	4,876
Extraordinary loss, net of taxes	(9,511)	---	(14,210)	---
Net income (loss)	$(43,530)	$59,129	$(127,722)	$77,365
Preferred stock dividends payable	2,587	2,587	10,350	10,350
Net income (loss) available to common shareholders	$(46,117)	$56,542	$(138,072)	$67,015
Basic loss per share from continuing operations	$(0.43)	$(0.16)	$(1.47)	$(0.50)
Basic earnings per share from discontinued operations	$---	$0.80	$---	$1.24
Basic loss per share from extraordinary item	$(0.11)	$---	$(0.17)	$---
Basic earnings (loss) per share	$(0.55)	$0.65	$(1.64)	$0.73
Diluted loss per share from continuing operations	$(0.43)	$(0.16)	$(1.47)	$(0.50)
Diluted earnings per share from discontinued operations	$---	$0.79	$---	$1.22
Diluted loss per share from extraordinary item	$(0.11)	$---	$(0.17)	$---
Diluted earnings (loss) per share	$(0.55)	$0.64	$(1.64)	$0.72
Weighted average shares outstanding - no dilution	84,295	87,592	84,352	91,405

Weighted average shares outstanding - assuming dilution	84,296	88,618	84,624	92,487

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