

SINCLAIR BROADCAST GROUP INC
Form 10-Q
November 08, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2007

OR

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

For the transition period from to .

COMMISSION FILE NUMBER: **000-26076**

SINCLAIR BROADCAST GROUP, INC.

(Exact name of Registrant as specified in its charter)

Maryland
(State or other jurisdiction of
Incorporation or organization)

52-1494660
(I.R.S. Employer Identification No.)

10706 Beaver Dam Road
Hunt Valley, Maryland 21030
(Address of principal executive offices, zip code)

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(410) 568-1500

(Registrant's telephone number, including area code)

None

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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

Title of each class	Number of shares outstanding as of November 2, 2007
Class A Common Stock	52,830,025
Class B Common Stock	34,453,859

SINCLAIR BROADCAST GROUP, INC.

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2007

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

<u>ITEM 1.</u>	<u>FINANCIAL STATEMENTS</u>
	<u>CONSOLIDATED BALANCE SHEETS</u>
	<u>CONSOLIDATED STATEMENTS OF OPERATIONS</u>
	<u>CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY</u>
	<u>CONSOLIDATED STATEMENTS OF CASH FLOWS</u>
	<u>NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS</u>
<u>ITEM 2.</u>	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>
<u>ITEM 3.</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>
<u>ITEM 4.</u>	<u>CONTROLS AND PROCEDURES</u>

PART II. OTHER INFORMATION

<u>ITEM 1.</u>	<u>LEGAL PROCEEDINGS</u>
<u>ITEM 1A.</u>	<u>RISK FACTORS</u>
<u>ITEM 6.</u>	<u>EXHIBITS</u>

SIGNATURE

EXHIBIT INDEX

PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****SINCLAIR BROADCAST GROUP, INC.****CONSOLIDATED BALANCE SHEETS****(In thousands, except share and per share data)**

ASSETS	As of September 30, 2007 (Unaudited)	As of December 31, 2006
CURRENT ASSETS:		
Cash and cash equivalents	\$ 10,443	\$ 67,408
Accounts receivable, net of allowance for doubtful accounts of \$3,607 and \$3,985, respectively	123,456	130,227
Affiliate receivable	30	12
Current portion of program contract costs	61,173	65,137
Income taxes receivable	17,542	3,625
Prepaid expenses and other current assets	11,774	12,904
Deferred barter costs	3,043	2,455
Assets held for sale	20,722	21,010
Deferred tax assets	8,313	8,340
Total current assets	256,496	311,118
PROGRAM CONTRACT COSTS, less current portion	40,614	49,187
PROPERTY AND EQUIPMENT, net	276,028	269,725
GOODWILL, net	1,017,485	1,007,268
BROADCAST LICENSES, net	401,130	401,130
DEFINITE-LIVED INTANGIBLE ASSETS, net	183,965	198,103
OTHER ASSETS	43,681	35,049
Total assets	\$ 2,219,399	\$ 2,271,580
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 4,648	\$ 4,849
Accrued liabilities	69,980	89,685
Current portion of notes payable, capital leases and commercial bank financing	42,723	98,265
Current portion of notes and capital leases payable to affiliates	3,435	3,985
Current portion of program contracts payable	96,028	85,497
Deferred barter revenues	2,766	2,327
Liabilities held for sale	1,411	320
Total current liabilities	220,991	284,928
LONG-TERM LIABILITIES:		
Notes payable, capital leases and commercial bank financing, less current portion	1,289,859	1,290,899
Notes payable and capital leases to affiliates, less current portion	18,276	20,474
Program contracts payable, less current portion	88,969	97,369
Deferred tax liabilities	290,888	282,317
Other long-term liabilities	55,022	28,263
Total liabilities	1,964,005	2,004,250
MINORITY INTEREST IN CONSOLIDATED ENTITIES	1,098	685
SHAREHOLDERS EQUITY:		

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Class A Common Stock, \$.01 par value, 500,000,000 shares authorized, 52,818,338 and 47,552,682 shares issued and outstanding, respectively	528	476
Class B Common Stock, \$.01 par value, 140,000,000 shares authorized, 34,453,859 and 38,348,331 shares issued and outstanding, respectively, convertible into Class A Common Stock	345	383
Additional paid-in capital	613,894	596,667
Accumulated deficit	(358,174)	(328,406)
Accumulated other comprehensive loss	(2,297)	(2,475)
Total shareholders' equity	254,296	266,645
Total liabilities and shareholders' equity	\$ 2,219,399	\$ 2,271,580

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

SINCLAIR BROADCAST GROUP, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data) (Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
REVENUES:				
Station broadcast revenues, net of agency commissions	\$ 149,425	\$ 150,272	\$ 456,972	\$ 457,863
Revenues realized from station barter arrangements	14,786	12,750	44,218	38,112
Other operating divisions revenues	12,488	3,324	18,841	14,753
Total revenues	176,699	166,346	520,031	510,728
OPERATING EXPENSES:				
Station production expenses	35,741	35,121	109,556	108,298
Station selling, general and administrative expenses	33,710	34,237	101,357	101,754
Expenses recognized from station barter arrangements	13,317	11,430	39,995	34,686
Amortization of program contract costs and net realizable value adjustments	29,172	24,075	73,528	65,300
Other operating divisions expenses	11,227	3,346	18,852	15,108
Depreciation of property and equipment	10,555	10,671	32,660	35,190
Corporate general and administrative expenses	5,497	5,141	18,888	17,059
Amortization of definite-lived intangible assets and other assets	4,546	4,312	13,032	12,826
Total operating expenses	143,765	128,333	407,868	390,221
Operating income	32,934	38,013	112,163	120,507
OTHER INCOME (EXPENSE):				
Interest expense and amortization of debt discount and deferred financing costs	(21,897)	(28,448)	(74,166)	(86,783)
Interest income	89	913	2,178	1,263
(Loss) gain from sale of assets	(30)	4	(38)	(265)
Loss from extinguishment of debt	(68)	(25)	(30,716)	(904)
Gain from derivative instruments	1,897		1,300	2,907
Income (loss) from equity and cost method investments	711	57	(181)	6,192
Other income (loss), net	268	(34)	944	448
Total other expense	(19,030)	(27,533)	(100,679)	(77,142)
Income from continuing operations before income taxes	13,904	10,480	11,484	43,365
INCOME TAX (PROVISION)BENEFIT	(4,327)	12,350	(2,317)	(2,594)
Income from continuing operations	9,577	22,830	9,167	40,771
DISCONTINUED OPERATIONS:				
Income (loss) from discontinued operations, net of related income tax (provision) benefit of \$(436), \$(307), \$(176) and \$182, respectively	324	(265)	542	321
Gain from discontinued operations, net of related income tax provision of \$0, \$0, \$0 and \$885, respectively				1,774
NET INCOME	\$ 9,901	\$ 22,565	\$ 9,709	\$ 42,866
EARNINGS PER COMMON SHARE:				
Basic earnings per common share from continuing operations	\$ 0.11	\$ 0.27	\$ 0.11	\$ 0.48
Basic earnings per common share from discontinued operations	\$	\$	\$ 0.01	\$ 0.02
Basic earnings per common share	\$ 0.11	\$ 0.26	\$ 0.11	\$ 0.50
Diluted earnings per common share from continuing operations	\$ 0.11	\$ 0.26	\$ 0.11	\$ 0.48
Diluted earnings per common share from discontinued operations	\$	\$	\$ 0.01	\$ 0.02
Diluted earnings per common share	\$ 0.11	\$	\$	\$