

SINCLAIR BROADCAST GROUP INC  
Form 10-Q/A  
September 01, 2006

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q/A**

(Amendment No. 1)

(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, 2005

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)

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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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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.

<b>Title of each class</b>	<b>Number of shares outstanding as of November 3, 2005</b>
Class A Common Stock	46,871,918
Class B Common Stock	38,587,571

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**SINCLAIR BROADCAST GROUP, INC.**

FORM 10-Q

FOR THE QUARTER ENDED SEPTEMBER 30, 2005

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**SIGNATURE**

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**EXPLANATORY NOTE**

We are filing this Amendment No. 1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005, as originally filed with the SEC on November 9, 2005, to restate our financial statements and corresponding financial information for the three and nine months ended September 30, 2005.

We are restating the financial statements and corresponding financial information due to an error made in the accounting treatment for the exchange of our Series D Convertible Exchangeable Preferred Stock (the Preferred Stock) into 6% Convertible Debentures, due 2012 (the Debentures) in June 2005. In previously reported consolidated financial statements, we accounted for this transaction as an exchange and our auditors concurred with this treatment. We now believe, and our auditors concur, that the most appropriate accounting guidance to apply to this exchange is EITF Topic D-42, *The Effect of the Calculation of Earnings per Share for the Redemption or Induced Conversion of Preferred Stock*, and that the exchange should have been treated as a redemption for accounting purposes. Accordingly, we should have recorded the Debentures at fair value upon issuance and the excess of the carrying amount of the Preferred Stock over the fair value of the Debentures should have been added to net earnings to arrive at net earnings available to common shareholders. The difference in the carrying amount of the Preferred Stock and the fair value of the Debentures should have been recorded as a discount on the Debentures and amortized over the life of the Debentures using the effective interest method. Additionally, in calculating and accounting for the carrying amount of the Preferred Stock, all of the issuance costs of the Preferred Stock should have been charged directly to accumulated deficit rather than a portion of these costs recorded as unamortized costs relating to securities issuances and amortized over the remaining term of the Debentures. For additional information regarding our accounting treatment, see *Note 1. Summary of Significant Accounting Policies*, in the Notes to our Unaudited Consolidated Financial Statements.

In addition, we have revised *Item 4. Controls and Procedures* to discuss the facts and circumstances surrounding the restatement and to disclose the effect of the restatement on the adequacy of our disclosure controls and procedures as of September 30, 2005.

This Amendment No. 1 continues to speak as of the date of the original Form 10-Q for the three and nine months ended September 30, 2005 and we have not updated or amended the disclosures contained herein to reflect events that have occurred since the filing of the original Form 10-Q, or modified or updated those disclosures in any way other than as described in the preceding paragraphs. Accordingly, this Amendment No. 1 should be read in conjunction with our filings made with the SEC subsequent to the filing of the original Form 10-Q on November 9, 2005.

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

	<b>September 30, 2005 (Unaudited) (Restated-See Note 1)</b>	<b>December 31, 2004</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 18,126	\$ 10,491
Accounts receivable, net of allowance for doubtful accounts of \$4,292 and \$4,518, respectively	113,407	132,062
Current portion of program contract costs	58,711	48,805
Income taxes receivable		624
Prepaid expenses and other current assets	9,869	17,509
Deferred barter costs	2,384	2,173
Assets held for sale	3,683	103,523
Deferred tax assets	11,653	20,354
Total current assets	217,833	335,541
PROGRAM CONTRACT COSTS, less current portion	42,459	26,951
LOANS TO AFFILIATES	15	13
PROPERTY AND EQUIPMENT, net	312,002	336,538
GOODWILL, net	1,047,958	1,041,452
BROADCAST LICENSES, net	409,620	405,416
DEFINITE-LIVED INTANGIBLE ASSETS, net	229,550	237,324
OTHER ASSETS	50,591	82,428
Total assets	\$ 2,310,028	\$ 2,465,663
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 3,922	\$ 7,056
Income taxes payable	19,291	
Accrued liabilities	66,992	77,291
Current portion of notes payable, capital leases and commercial bank financing	33,775	43,737
Current portion of notes and capital leases payable to affiliates	4,218	5,209
Current portion of program contracts payable	103,797	112,471
Deferred barter revenues	2,660	2,655
Deferred gain on sale of broadcast assets	3,249	26,129
Liabilities held for sale	1,460	14,698
Total current liabilities	239,364	289,246
<b>LONG-TERM LIABILITIES:</b>		
Notes payable, capital leases and commercial bank financing, less current portion	1,397,005	1,571,346
Notes and capital leases payable to affiliates, less current portion	16,120	19,323
Program contracts payable, less current portion	69,123	60,197

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Deferred tax liabilities	263,387	216,937
Other long-term liabilities	59,507	80,796
Total liabilities	2,044,506	2,237,845
MINORITY INTEREST IN CONSOLIDATED ENTITIES		
	5,782	1,267
SHAREHOLDERS EQUITY:		
Series D Preferred Stock, \$0.01 par value, 3,450,000 shares authorized, 0 and 3,337,033 issued and outstanding, respectively		33
Class A Common Stock, \$0.01 par value, 500,000,000 shares authorized, 46,853,634 and 46,018,574 shares issued and outstanding, respectively		