FROM ONE TO MANY

2010 ANNUAL REPORT

LETTER TO OUR SHAREHOLDERS

What a difference a year makes. When I wrote to you a year ago, our nation was struggling to overcome one of the worst recessions since the Great Depression. A year later, the economy is in recovery, advertising spending is on the upswing, and our Company enjoyed over an 18% net broadcast revenue growth rate in 2010; growth which came from multiple fronts. While this is all good news, we are still not back to our pre-recession advertising revenue levels, leading us to believe that our core business can grow even in the upcoming 2011 non-election year. True, the strength in our key advertising categories and the improving economy are reasons we are optimistic about our long term prospects, but we are equally enthusiastic about potential benefits to be realized by pairing our "one-to-many" consumer reach with new technological opportunities and alternate uses of our broadcast spectrum.

But first, let me review our 2010 financial performance and the positive improvements we are experiencing. I am pleased to report that in 2010, our net broadcast revenues grew 18.2%, for an increase of $100.8 million as compared to 2009. Included in that performance was $42.0 million of political campaign and issue advertising; a record-setting year for us, representing a 2% increase over the 2008 presidential election year and a 34.9% increase over 2006. We believe the Congressional change of control, the emergence of the Tea Party and increasing citizen activism will result in political advertising being a growth category for us for years to come. Current third party estimates call for 2012 political ad spending to increase 8% over 2010's levels. Growth in advertising by the auto sector was another category where we enjoyed meaningful returns, up 36.9% in 2010. While auto as a percent of our total times sales increased from 15.2% in 2009 to 17.9% in 2010, it is still well below the 21% pre-recession contribution levels. Current forecasts are for U.S. new vehicle sales to increase nearly 12% in 2011 to approximately 12.9 million units sold, which we expect to result in increased advertising by the auto manufacturers and local dealer groups.

On the expense side, we continue to manage our costs using the same discipline that you have come to expect from us over the years. The revenue growth coupled with moderate expense growth helped drive our EBITDA[1] in 2010 to the highest level it has been in the past 10 years, based on our current portfolio of stations. In other words, you would need to look back to the year 2000 to find EBITDA higher than the $276.1 million we reported in 2010. As compared to 2009, this was a 45.1% increase, representing a margin of 36.0%, as compared to 29.0% in 2009.

Looking ahead to 2011, there are two significant cash flow changes we expect. First, we are estimating a decline in our programming cash payments by approximately $21 million due to a shift to more first-run and barter syndicated shows. Adding to expenses, however, will be higher network programming licensing fees. While some may view these license fees as a negative to the business, we believe they may actually benefit broadcasters in multiple ways. First, it is our expectation that the money paid by the affiliates to the networks will be invested in higher quality programming that will further drive ratings and ultimately grow revenues. More importantly, the sharing of the retransmission revenue stream between the networks and its affiliates underscores the value of the programming that each brings to the multi-video program distributors ("MVPDs") such as cable, satellite and telephone video providers. It is estimated that the MVPDs spend approximately $30 billion a year to acquire programming. Broadcast programming, which consists of highly popular network prime-time and sports programming, affiliate local news and syndicated product, receives less than 10% of these programming expenditures even though broadcast television represents approximately 40% to 50% of the viewing audience. We believe that having the networks' and the affiliates' interests aligned in terms of retransmission consent compensation will help the industry to move to our goal of achieving equilibrium with regard to the programming payments made by the MVPDs.

The network/affiliate relationship is one based in mutual benefit. The network brings premier programming to the local affiliate and the affiliate uses its local presence to help promote and clear the network's shows, in turn making the product more valuable to both parties. This model has a long tradition of success, which is why we believe the networks are recommitting to their affiliates. In the past year, we have extended our affiliation agreements with the FOX Network (20 stations) and the ABC Network (9 stations), and are in discussions for an extension with the CW Network (10 stations). We have also extended our programming service arrangement with MyNetworkTV (16 stations).

The increases in retransmission revenues, political advertising, and the core business contributed not only to our top-line performance, but to our free cash flow generation[2]. In 2010, we generated $160.4 million of free cash, of which $34.6 million was returned to our shareholders in the form of a $0.43 per share special dividend, representing an approximate 5.3% dividend yield when declared. As you may recall, Sinclair had been a regularly paying dividend company prior to the recession. Given the confidence in our future cash flow and growth prospects, our Board of Directors reinstated our dividend policy in 2011 and declared a $0.12 quarterly dividend per share, representing annualized shareholder distributions of almost $40 million.

The strength of our performance was evident not only in our peak EBITDA and free cash flow, but in our balance sheet as well. Last year, we continued our focus of refinancing our near term debt maturities and reducing our leverage. We successfully issued $250 million in 8.375% 8-year notes which were used to redeem our 8.0% senior subordinated notes due 2012. We also applied $58 million of our free cash to tender for a portion of our 6.0% convertible bonds and prepaid $60 million of our bank debt. As a result, our next meaningful debt maturity does not occur until 2016. In total, we reduced debt, net of cash on hand, by $93 million during 2010 and reported our lowest total net leverage in the past 15 years. We are pleased to report that our equity performance was just as notable. In 2010, investors once again took note of our Company's improving financial performance and lower risk profile. In response, our stock increased 103% for the year. Coupled with the 5.3% dividend yield, we generated a 108.3% total return for shareholders, as compared to the

S&P 500 which yielded 12.8%. Despite these returns, we are still trading at a discount to our pre-recession enterprise multiple and stock price.

The challenge for us going-forward is how best to put our significant free cash flow to use in order to generate meaningful returns for our shareholders. As such, in addition to the recently declared $0.12 quarterly dividend per share, we have earmarked up to $36.5 million in 2011 to reinvest in our television operations in such projects as equipment upgrades and high-definition newscasts which will provide us either a market competitive edge or operating efficiencies. We also recently negotiated with our banks to reduce our borrowing costs and provide more flexibility for us to use our cash flow, including the ability to distribute up to $100 million per year to shareholders and to pursue television acquisitions should the opportunity arise. In 2011, we anticipate monetizing some of our non-broadcast investments producing positive returns which will create additional free cash for us.

On the technology front, the industry continues to work towards a mobile television offering. This past year, the Open Mobile Video Coalition ("OMVC") conducted field trials and consumer feedback was extremely positive. Results reflected that consumers watched broadcast television on mobile devices in a variety of locations such as in the workplace and while commuting and running errands. Afternoon daytime (12pm to 5pm) was the most watched daypart and local broadcast news the most watched program on the mobile devices.

In 2010, we joined the Mobile500 Alliance, a voluntary coalition of leading television broadcasters reaching 92% of the U.S. television households. The Mobile500's goal is to "create a vibrant new growth industry…that serves the public interest…and delivers a new generation of affordable mobile television services to consumers." To fully appreciate the potential of a mobile television service, one should consider the evolution of the telephone, which began as a land-based system and transformed into a mobile cellular service. Today, over 85% of the U.S. population has a mobile phone, many of these which are capable of downloading video, games and music. We view the future of broadcast television as heading down a similar path whereby mobile television devices, such as smart phones and video tablets, become as commonplace as the in-home fixed television set. We believe the broadcast industry's offering of video and entertainment products is unquestionably superior to any other service available to the market. Not only do we offer real-time, wide screen, high quality video, but we have the most highly-rated and popular shows to offer such as local news, sports, and network programs. On the technology front, we believe our broadcast infrastructure provides the most efficient and robust delivery system compared to the wireless phone companies, which rely on a system of small cellular towers that deliver video on a one-to-one basis. Their delivery system often results in a low-quality picture and inefficiencies whereby the greater the traffic on the network, the greater the picture degradation and buffering issues. We believe there is no amount of additional spectrum that can mitigate this problem. Broadcasters, on the other hand, using our over-the-air spectrum, can provide a signal that simultaneously covers the entire market from one transmission location. This "one-to-many" mass audience reach means that we are not subject to the same network traffic concerns that plague the telephone and Internet delivery platforms, resulting in a high quality, low cost consumer experience.

While the industry initiates the mobile TV model, we continue to find alternative ways to use our spectrum while serving the public interest. Currently, we broadcast various program formats on our secondary digital tier including TheCoolTV and The Country Network, both music television networks; Estrella TV, a Spanish language network; ThisTV, featuring movies; and MyNetworkTV's syndicated program offering.

There is no question that the consumer media landscape is evolving. But with it comes opportunities for us to grow and offer a broader array of solutions for our customers and increased levels of engagement with our viewers. This past year we launched our digital interactive new media strategy, whose goal it is to provide local businesses another means of engaging consumers using non-traditional media outlets including mobile devices and social media through the Internet. Among our product offerings are Mobi Deals, Hey It's Half Off, loyalty programs and mobile website and design development.

As we look to 2011 and beyond, we are very encouraged by the improving economy and increased advertising demand by the auto and political categories, areas which we expect will drive our revenue growth, free cash flow and, therefore, potential dividend returns. We feel confident in the strength of the network/affiliate model, and are especially excited about the long term prospects of a mobile digital television service, a product that we anticipate will change the industry and the way consumers watch television. So despite the economic downturn and the yet-to-come killer Internet app, we had our best EBITDA performance and credit profile in a decade. We believe that broadcast television with its "one-to-many" mass audience reach, quality programming, and strong branding capabilities will remain now and for years to come as the dominant and most powerful advertising and entertainment medium. We are confident in our future, our adaptability, and our relevance to meet consumer and business needs in this ever-changing digital world.

We thank you, our shareholders, for your continued support and look forward to our future successes.

Sincerely,

David D. Smith
Chairman, President and CEO

[1] A reconciliation of EBITDA to net income can be found on our website: www.sbgi.net.

[2] A reconciliation of free cash flow to net income can be found on our website: www.sbgi.net.

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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	Channel	Status (b)	Network/ Program Service Arrangement (c)	Station Rank in Market (d)	Expiration Date of FCC License
Tampa/St. Petersburg, Florida	14	WTTA	Primary	LMA(e)	MNT	7 of 9	2/01/13
		WTTA	Second		TheCoolTV		
Minneapolis/St. Paul, Minnesota	15	WUCW	Primary	O&O	CW	6 of 7	4/01/14
		WUCW	Second		TheCoolTV		
		WUCW	Third		The Country Network		
St. Louis, Missouri	21	KDNL	Primary	O&O	ABC	4 of 7	2/01/14
		KDNL	Second		TheCoolTV		
		KDNL	Third		The Country Network		
Pittsburgh, Pennsylvania	24	WPGH	Primary	O&O	FOX	4 of 7	8/01/15
		WPMY	Primary	O&O	MNT	6 of 7	8/01/15
		WPGH	Second		The Country Network		
		WPMY	Second		TheCoolTV		
Raleigh/Durham, North Carolina	25	WLFL	Primary	O&O	CW	5 of 8	12/01/04 (f)(m)
		WRDC	Primary	O&O	MNT	6 of 8	12/01/04 (f)(m)
		WLFL	Second		The Country Network		
		WRDC	Second		TheCoolTV		
Baltimore, Maryland	26	WBFF	Primary	O&O	FOX	4 of 6	10/01/04 (f)(m)
		WNUV	Primary	LMA(g)	CW	5 of 6	10/01/12
		WBFF	Second		This TV		
		WBFF	Third		The Country Network		
		WNUV	Second		TheCoolTV		
Nashville, Tennessee	29	WZTV	Primary	O&O	FOX	4 of 9	8/01/13
		WUXP	Primary	O&O	MNT	5 of 9	8/01/13
		WNAB	Primary	OSA(h)	CW	6 of 9	8/01/13
		WUXP	Second		TheCoolTV		
		WNAB	Second		The Country Network		
Cincinnati, Ohio	33	WSTR	Primary	O&O	MNT	5 of 6	10/01/13
		WSTR	Second		TheCoolTV		
Columbus, Ohio	34	WSYX	Primary	O&O	ABC	2 of 7	10/01/13
		WTTE	Primary	LMA(g)	FOX	4 of 7	10/01/05 (f)(m)
		WSYX	Second		This TV and MNT		
		WTTE	Second		TheCoolTV		
Milwaukee, Wisconsin	35	WCGV	Primary	O&O	MNT	5 of 9	12/01/05 (f)(m)
		WVTV	Primary	O&O	CW	6 of 9	12/01/13
		WCGV	Second		The Country Network		
Asheville, North Carolina/ Greenville/Spartanburg/ Anderson, South Carolina	36	WLOS	Primary	O&O	ABC	3 of 8	12/01/04 (f)(m)
		WMYA	Primary	LMA(g)	MNT	6 of 8	12/01/04 (f)(m)
		WLOS	Second		MNT		
		WMYA	Second		TheCoolTV		
		WMYA	Third		The Country Network		
San Antonio, Texas	37	KABB	Primary	O&O	FOX	3 of 7	8/01/14
		KMYS	Primary	O&O	CW	5 of 7	8/01/14
		KABB	Second		The Country Network		
		KMYS	Second		TheCoolTV		
Birmingham, Alabama	40	WTTO	Primary	O&O	CW	5 of 8	4/01/05 (f)(m)
		WABM	Primary	O&O	MNT	6 of 8	4/01/13
		WDBB	Primary	LMA	CW	5 of 8 (i)	4/01/13
		WTTO	Second		The Country Network		
		WABM	Second		TheCoolTV		
		WDBB	Second		The Country Network		
Las Vegas, Nevada	42	KVMY	Primary	O&O	MNT	6 of 7	10/01/14
		KVCW	Primary	O&O	CW	5 of 7	10/01/14
		KVMY	Second		Estella TV		
		KVCW	Second		This TV		
		KVCW	Third		The Country Network		
Norfolk, Virginia	43	WTVZ	Primary	O&O	MNT	6 of 7	10/01/12
		WTVZ	Second		TheCoolTV		
		WTVZ	Third		The Country Network		

Market	Market Rank (a)	Stations	Channel	Status (b)	Network/ Program Service Arrangement (c)	Station Rank in Market (d)	Expiration Date of FCC License
Oklahoma City, Oklahoma	45	KOKH	Primary	O&O	FOX	4 of 8	6/01/14
		KOCB	Primary	O&O	CW	5 of 8	6/01/14
		KOKH	Second		The Country Network		
		KOCB	Second		TheCoolTV		
Greensboro/Winston-Salem/Highpoint, North Carolina	47	WXLV	Primary	O&O	ABC	4 of 7	12/01/04 (f)(m)
		WMYV	Primary	O&O	MNT	5 of 7	12/01/04 (f)(m)
		WXLV	Second		The Country Network		
		WMYV	Second		TheCoolTV		
Buffalo, New York	51	WUTV	Primary	O&O	FOX	4 of 7	6/01/15
		WNYO	Primary	O&O	MNT	6 of 7	6/01/15
		WUTV	Second		The Country Network		
		WNYO	Second		TheCoolTV		
Richmond, Virginia	57	WRLH	Primary	O&O	FOX	4 of 6	10/01/12
		WRLH	Second		This TV and MNT		
		WRLH	Third		TheCoolTV		
Mobile, Alabama/ Pensacola, Florida	60	WEAR	Primary	O&O	ABC	2 of 8	2/01/13
		WFGX	Primary	O&O	This TV and MNT	6 of 8	2/01/13
		WFGX	Second		TheCoolTV		
		WFGX	Third		The Country Network		
Dayton, Ohio	62	WKEF	Primary	O&O	ABC	2 of 5	10/01/13
		WRGT	Primary	LMA(g)	FOX	4 of 5	10/01/05 (f)(m)
		WKEF	Second		TheCoolTV		
		WRGT	Second		This TV and MNT		
Lexington, Kentucky	63	WDKY	Primary	O&O	FOX	3 of 8	8/01/13
		WDKY	Second		TheCoolTV		
Charleston/Huntington, West Virginia	64	WCHS	Primary	O&O	ABC	2 of 6	10/01/12
		WVAH	Primary	LMA(g)	FOX	4 of 6	10/01/04 (f)(m)
		WCHS	Second		TheCoolTV		
		WVAH	Second		The Country Network		
Flint/Saginaw/Bay City, Michigan	69	WSMH	Primary	O&O	FOX	4 of 6	10/01/13
		WSMH	Second		TheCoolTV		
		WSMH	Third		The Country Network		
Des Moines, Iowa	73	KDSM	Primary	O&O	FOX	4 of 6	2/01/14
		KDSM	Second		TheCoolTV		
		KDSM	Third		The Country Network		
Portland, Maine	77	WGME	Primary	O&O	CBS	2 of 6	4/01/15
		WGME	Second		TheCoolTV		
Cape Girardeau, Missouri/ Paducah, Kentucky	80	KBSI	Primary	O&O	FOX	4 of 6	2/01/14
		WDKA	Primary	LMA	MNT	5 of 6	8/01/13
		KBSI	Second		MNT		
		WDKA	Second		TheCoolTV		
		WDKA	Third		The Country Network		
Rochester, New York	81	WUHF	Primary	O&O(j)	FOX	not available	6/01/15
		WUHF	Second		TheCoolTV		
Syracuse, New York	82	WSYT	Primary	O&O	FOX	4 of 6	6/01/15
		WNYS	Primary	LMA	MNT	5 of 6	6/01/15
		WSYT	Second		The Country Network		
		WNYS	Second		TheCoolTV		
Springfield/Champaign, Illinois	84	WICS	Primary	O&O	ABC	2 of 6	12/01/05 (f)(m)
		WICD	Primary	O&O	ABC	2 of 6 (k)	12/01/13
		WICS	Second		The Country Network		
		WICD	Second		TheCoolTV		
Madison, Wisconsin	85	WMSN	Primary	O&O	FOX	4 of 6	12/01/13
		WMSN	Second		TheCoolTV		
		WMSN	Third		The Country Network		
Cedar Rapids, Iowa	88	KGAN	Primary	O&O	CBS	3 of 5	2/01/06 (f)(m)
		KFXA	Primary	OSA(l)	FOX	4 of 5	2/01/14
		KGAN	Second		TheCoolTV		
		KFXA	Second		The Country Network		
Charleston, South Carolina	98	WTAT	Primary	LMA(g)	FOX	4 of 6	12/01/04 (f)(m)
		WMMP	Primary	O&O	MNT	5 of 6	12/01/04 (f)
		WMMP	Second		TheCoolTV		
		WMMP	Third		The Country Network		

Market	Market Rank (a)	Stations	Channel	Status (b)	Network/ Program Service Arrangement (c)	Station Rank in Market (d)	Expiration Date of FCC License
Tallahassee, Florida	105	WTWC	Primary	O&O	NBC	3 of 6	2/01/13
		WTWC	Second		TheCoolTV		
		WTWC	Third		The Country Network		
Peoria/Bloomington, Illinois	116	WYZZ	Primary	O&O(j)	FOX	not available	12/01/13
		WYZZ	Second		TheCoolTV		
		WYZZ	Third		The Country Network		

a) Rankings are based on the relative size of a station's designated market area (DMA) among the 210 generally recognized DMAs in the United States as estimated by Nielsen as of November 2010.

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 or receive sales services pursuant to an outsourcing agreement.

c) When we negotiate the terms of our network affiliations or program service arrangements, we negotiate on behalf of all of our stations affiliated with that entity simultaneously. This results in substantially similar terms for our stations, including the expiration date of the network affiliations or program service arrangements. A summary of these expiration dates for our primary channels as of December 31, 2010 is as follows:

Network/ Program Service Arrangement	Expiration Date
FOX	All 20 agreements expire on December 31, 2012
MNT	All 16 agreements expire in the Fall of 2014
ABC	All 8 agreements expire on August 31, 2015
CW	All 10 agreements expire on August 31, 2011
CBS	Both agreements expire on December 31, 2012
NBC	Agreement expires on December 31, 2016

d) The first number represents the rank of each station in its market and is based upon the November 2010 Nielsen estimates of the percentage of persons tuned into each station in the market from 6:00 a.m. to 2:00 a.m., Monday through Sunday. The second number 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 through Sunday 6:00 a.m. to 2:00 a.m. time period as of November 2010. This information is provided to us in a summary report by Franco Research Group.

e) The license assets for this station are currently owned by Bay Television, Inc., a related party. See *Note 11. Related Person Transactions*, in the Notes to our Consolidated Financial Statements for more information.

f) We, or subsidiaries of Cunningham Broadcasting Company (Cunningham), timely filed applications for renewal of these licenses with the FCC. Unrelated third parties have filed petitions to deny or informal objections against such applications. We opposed the petitions to deny and the informal objections and those applications are pending. See *Note 10. Commitments and Contingencies*, in the Notes to our Consolidated Financial Statements for more information.

g) The license assets for these stations are currently owned by a subsidiary of Cunningham.

h) We have entered into an outsourcing agreement with the unrelated third party owner of WNAB-TV to provide certain non-programming related sales, operational and administrative services to WNAB-TV. On July 21, 2005, we filed with the FCC an application to acquire the license television broadcast assets of WNAB-TV in Nashville, Tennessee. The Rainbow/PUSH Coalition ("Rainbow/PUSH") filed a petition to deny that application and also requested that the FCC initiate a hearing to investigate whether WNAB-TV was improperly operated with WZTV-TV and WUXP-TV, two of our stations also located in Nashville. The FCC is in the process of considering the transfer of the broadcast license and we believe the Rainbow/PUSH petition has no merit.

i) WDBB-TV simulcasts the programming broadcast on WTTO-TV pursuant to a programming services agreement. The station rank applies to the combined viewership of these stations. In fourth quarter 2010, the FCC approved Cunningham's acquisition of WDBB's license assets. In February 2011, Cunningham acquired the license assets and we will continue to operate WDBB pursuant to a LMA agreement.

j) We have entered into outsourcing agreements with unrelated third parties, under which the unrelated third parties provide certain non-programming related sales, operational and managerial services to these stations. We continue to own all of the assets of these stations and to program and control each station's operations.

k) WICD-TV, a satellite of WICS-TV under FCC rules, simulcasts all of the programming aired on WICS-TV except the news broadcasts. WICD-TV airs its own news broadcasts. The station rank applies to the combined viewership of these stations.

l) On February 1, 2008, we entered into an outsourcing agreement with the unrelated third party owner of KFXA-TV to provide certain non-programming related sales, operational and administrative services to KFXA-TV. During 2008, we entered into an agreement with an unrelated third party for the right to acquire the FCC license of KFXA-TV in Cedar Rapids, Iowa, pending FCC approval.

m) We timely filed applications for renewal of these licenses with the FCC. Unrelated third parties have filed informal objections against the stations based on alleged violations of either the FCC's sponsorship identification or indecency rules.

FORWARD-LOOKING STATEMENTS

This report includes or incorporates forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and the U.S. Private Securities Litigation Reform Act of 1995. We have based these forward-looking statements on our current expectations and projections about future events. These forward-looking statements are subject to risks, uncertainties and assumptions about us, including, among other things, the following risks:

General risks

- the impact of changes in national and regional economies and credit and capital markets;
- consumer confidence;
- the activities of our competitors;
- terrorist acts of violence or war and other geopolitical events;

Industry risks

- the business conditions of our advertisers particularly in the automotive and service industries;
- competition with other broadcast television stations, radio stations, multi-channel video programming distributors (MVPDs), internet and broadband content providers and other print and media outlets serving in the same markets;
- availability and cost of programming and the continued volatility of networks and syndicators that provide us with programming content;
- the effects of the Federal Communications Commission's (FCC's) National Broadband Plan and the potential reclamation of some of our broadcasting spectrum;
- the effects of governmental regulation of broadcasting or changes in those regulations and court actions interpreting those regulations, including ownership regulations, indecency regulations, retransmission regulations and political or other advertising restrictions;
- labor disputes and legislation and other union activity;
- the broadcasting community's ability to develop a viable mobile digital broadcast television (mobile DTV) strategy and platform and the consumer's appetite for mobile television;
- the operation of low power devices in the broadcast spectrum, which could interfere with our broadcast signals;
- the effects of new ratings system technologies including "people meters" and "set-top boxes", and the ability of such technologies to be a reliable standard that can be used by advertisers;

Risks specific to us

- the effectiveness of our management;
- our ability to attract and maintain local and national advertising;
- our ability to service our substantial debt obligations and operate our business under restrictions contained in our financing agreement;
- our ability to successfully renegotiate retransmission consent agreements;
- our ability to renew our FCC licenses;
- our ability to maintain our affiliation and programming service agreements with our networks and program service providers and at renewal, to successfully negotiate these agreements with favorable terms;
- the impact of reverse network compensation payments made by us to networks pursuant to our affiliation agreements requiring compensation for network programming and the resulting negative effect on our operating results;
- the popularity of syndicated programming we purchase and network programming that we air;
- the strength of ratings for our local news broadcasts including our news sharing arrangements;
- changes in the makeup of the population in the areas where our stations are located;
- the successful execution of our multi-channel broadcasting initiatives including mobile DTV; and
- the results of prior year tax audits by taxing authorities.

Other matters set forth in this report and other reports filed with the Securities and Exchange Commission, including the *Risk Factors* set forth in Item 1A of our Form 10-K for the year ended December 31, 2010 may also cause actual results in the future to differ materially from those described in the forward-looking statements. However, additional factors and risks not currently known to us or that we currently deem immaterial may also cause actual results in the future to differ materially from those described in the forward-looking statements. You are cautioned not to place undue reliance on any forward-looking statements, which speaks only as of the date on which it is made. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking statements discussed in this report might not occur.

SELECTED FINANCIAL DATA

The selected consolidated financial data for the years ended December 31, 2010, 2009 and 2008 have been derived from our audited consolidated financial statements. The consolidated financial statements for the years ended December 31, 2010, 2009 and 2008 are included elsewhere in this 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 report.

STATEMENTS OF OPERATIONS DATA

(In thousands, except per share data)

For the Years Ended December 31,	2010	2009	2008	2007	2006
Statements of Operations Data:					
Net broadcast revenues (a)	**$ 655,378**	$ 554,597	$ 639,163	$ 622,643	$ 627,075
Revenues realized from station barter arrangements	**75,210**	58,182	59,877	61,790	54,537
Other operating divisions revenues	**36,598**	43,698	55,434	33,667	24,610
Total revenues	**767,186**	656,477	754,474	718,100	706,222
Station production expenses	**154,133**	142,415	158,965	148,707	144,236
Station selling, general and administrative expenses	**127,091**	122,833	136,142	140,026	137,995
Expenses recognized from station barter arrangements	**67,083**	48,119	53,327	55,662	49,358
Depreciation and amortization (b)	**116,003**	138,334	147,527	157,178	153,399
Other operating divisions expenses	**30,916**	45,520	59,987	33,023	24,193
Corporate general and administrative expenses	**26,800**	25,632	26,285	24,334	22,795
Gain on asset exchange	**—**	(4,945)	(3,187)	—	—
Impairment of goodwill, intangible and other assets	**4,803**	249,799	463,887	—	15,589
Operating income (loss)	**240,357**	(111,230)	(288,459)	159,170	158,657
Interest expense and amortization of debt discount and deferred financing cost	**(116,046)**	(80,021)	(87,634)	(102,228)	(115,217)
(Loss) gain from extinguishment of debt	**(6,266)**	18,465	5,451	(30,716)	(904)
(Loss) income from equity and cost investees	**(4,861)**	354	(2,703)	601	6,338
Other income, net	**2,667**	1,972	3,461	6,305	6,117
Income (loss) from continuing operations before income taxes	**115,851**	(170,460)	(369,884)	33,132	54,991
Income tax (provision) benefit	**(40,226)**	32,512	121,362	(16,163)	(6,589)
Income (loss) from continuing operations	**75,625**	(137,948)	(248,522)	16,969	48,402
Discontinued operations:					
(Loss) income from discontinued operations, net of related income taxes	**(577)**	(81)	(141)	1,219	3,701
Gain on sale of discontinued operations, net of related income taxes	**—**	—	—	1,065	1,774
Net income (loss)	**$ 75,048**	$ (138,029)	$ (248,663)	$ 19,253	$ 53,877
Net loss (income) attributable to noncontrolling interest	**1,100**	2,335	2,133	(279)	100
Net income (loss) attributable to Sinclair Broadcast Group	**$ 76,148**	$ (135,694)	$ (246,530)	$ 18,974	$ 53,977

For the Years Ended December 31,	2010	2009	2008	2007	2006
Earnings (Loss) Per Common Share Attributable to Sinclair Broadcast Group:					
Basic earnings (loss) per share from continuing operations	**$ 0.96**	$ (1.70)	$ (2.87)	$ 0.19	$ 0.57
Basic (loss) earnings per share from discontinued operations	**$ (0.01)**	$ —	$ —	$ 0.03	$ 0.06
Basic earnings (loss) per share	**$ 0.95**	$ (1.70)	$ (2.87)	$ 0.22	$ 0.63
Diluted earnings (loss) per share from continuing operations	**$ 0.95**	$ (1.70)	$ (2.87)	$ 0.19	$ 0.57
Diluted (loss) earnings per share from discontinued operations	**$ (0.01)**	$ —	$ —	$ 0.03	$ 0.06
Diluted earnings (loss) per share	**$ 0.94**	$ (1.70)	$ (2.87)	$ 0.22	$ 0.63
Dividends declared per share	**$ 0.430**	$ —	$ 0.800	$ 0.625	$ 0.450
Balance Sheet Data:					
Cash and cash equivalents	**$ 21,974**	$ 23,224	$ 16,470	$ 20,980	$ 67,408
Total assets	**$ 1,485,924**	$ 1,590,029	$ 1,816,407	$ 2,224,187	$ 2,271,580
Total debt (c)	**$ 1,212,065**	$ 1,366,308	$ 1,362,278	$ 1,320,417	$ 1,413,623
Total (deficit) equity	**$ (157,082)**	$ (202,222)	$ (58,700)	$ 269,581	$ 267,329

(a) Net broadcast revenues is defined as broadcast revenues, net of agency commissions.

(b) Depreciation and amortization includes amortization of program contract costs and net realizable value adjustments, depreciation and amortization of property and equipment and amortization of definite-lived intangible assets and other assets.

(c) Total debt is defined as notes payable, capital leases and commercial bank financing, including the current and long-term portions.

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

The following Management's Discussion and Analysis provides qualitative and quantitative information about our financial performance and condition and should be read in conjunction with our consolidated financial statements and the accompanying notes to those statements. This discussion consists of the following sections:

Executive Overview – a description of our business, financial highlights from 2010, information about industry trends and sources of revenues and operating costs;

Critical Accounting Policies and Estimates – a discussion of the accounting policies that are most important in understanding the assumptions and judgments incorporated in the consolidated financial statements and a summary of recent accounting pronouncements;

Results of Operations – a summary of the components of our revenues by category and by network affiliation or program service arrangement, a summary of other operating data and an analysis of our revenues and expenses for 2010, 2009 and 2008, including comparisons between years and certain expectations for 2011; and

Liquidity and Capital Resources – a discussion of our primary sources of liquidity, an analysis of our cash flows from or used in operating activities, investing activities and financing activities, a discussion of our dividend policy and a summary of our contractual cash obligations and off-balance sheet arrangements.

We have two reportable operating segments, "broadcast" and "other operating divisions" that are disclosed separately from our corporate activities. Our broadcast segment includes our stations. Our other operating divisions segment primarily earned revenues in 2010 from sign design and fabrication; regional security alarm operating and bulk acquisitions; and real estate ventures. In addition to the revenues noted in 2010, in 2009, our other operating divisions segment earned revenues from information technology staffing, consulting and software development; and transmitter manufacturing. Corporate and unallocated expenses primarily include our costs to operate as a public company and to operate our corporate headquarters location. Corporate is not a reportable segment.

STG, included in the broadcast segment and a wholly owned subsidiary of Sinclair Broadcast Group, Inc. (SBG), is the primary obligor under our Bank Credit Agreement, the 9.25% Notes and the 8.375% Notes and was the primary obligor under the 8.0% Senior Subordinated Notes, due 2012 (the 8.0% Notes) until they were fully redeemed in 2010. Our Class A Common Stock, Class B Common Stock, the 6.0% Notes, the 4.875% Convertible Senior Notes due 2018 (the 4.875% Notes) and the 3.0%

Convertible Senior Notes due 2027 (the 3.0% Notes) remain obligations and securities of SBG and are not obligations or securities of STG. SBG is a guarantor under the Bank Credit Agreement, the 9.25% Notes and the 8.375% Notes.

EXECUTIVE OVERVIEW

2010 Events

- In January, we entered into a one-year retransmission consent agreement with Mediacom for continued carriage of the signals of 22 stations owned and/or operated by us in 15 markets; In December, we entered into a further renewal of our retransmission consent agreement with Mediacom for a term expiring January 1, 2013;
- In February, we entered into an agreement for carriage of TheCoolTV, a music video provider on certain of our stations' secondary digital signal;
- In February, we entered into a network affiliation agreement effective September 1, 2010 with The CW for KMYS-TV in San Antonio, Texas, expiring August 31, 2011. KMYS-TV switched from MyNetworkTV to The CW on the effective date;
- In February, we purchased at par approximately $12.3 million and $14.3 million of the 3.0% and 4.875% Notes, respectively, pursuant to tender offers;
- In March, we entered into a renewal of nine ABC network affiliation agreements which represents all of our ABC affiliates, effective January 1, 2010 and expiring August 31, 2015;
- In April, we prepaid $25.0 million of the Bank Credit Agreement's Term Loan B;
- In May, the put right period for the 3.0% Notes expired and holders representing $10.0 million of the notes exercised their put rights. Holders of the remaining $5.4 million of 3.0% Notes can exercise put rights again in May 2017;
- In August, we entered into an agreement with The Country Network, a country music video network, to air on 34 of our stations' second or third digital signal;
- In August, we entered into an amendment of our Bank Credit Agreement. Under the amendment we paid down $35.0 million of the outstanding $305.0 million balance of our Term Loan B and repriced the remaining outstanding amount of $270.0 million;
- In September, we repurchased, in the open market, $17.0 million of the 4.875% Notes;
- In October, we issued $250.0 million of 8.375% Notes;
- In October, we received $8.4 million in federal tax refunds;
- In October, we purchased approximately $58.0 million and $175.7 million of 6.0% and 8.0% Notes, respectively, pursuant to tender offers;
- In November, our Board of Directors declared a $0.43 per share common stock dividend paid in December 2010;
- In November, we redeemed all of the remaining $49.0 million of 8.0% Notes;
- In December, we renewed our FOX affiliation agreements, which were due to expire on March 2012, until December 31, 2012. We also entered into a programming licensing agreement with the FOX network which allows the Company to enter into retransmission consent agreements with distributors for the remainder of the affiliation agreement;
- Excluding political, local revenues have increased 13.0% and national revenues have increased 8.9% during 2010 versus 2009 as advertising levels and retransmission revenues have gained momentum. Production, selling and general and administrative expenses combined have increased 6.0% over the same period primarily due to higher revenues and commissions; and
- Political revenues increased 2.2% compared to 2008 and 34.9% compared to 2006.

2011 Events

- In January, the put right period for the 4.875% Notes expired and no holders of the remaining $5.7 million outstanding exercised put rights. There are no further put rights through final maturity on July 15, 2018;
- In January, we extended our program service arrangement with MyNetworkTV until Fall 2014;
- In January, we entered into a multi-year retransmission consent agreement with Bright House Networks, LLC for the carriage of six of the stations owned and/or operated by us in four markets;
- In February, our Board of Directors reinstated a quarterly common stock dividend of $0.12 per share;
- In February, we entered into a multi-year retransmission consent agreement with Time Warner Cable for continued carriage of 28 of the stations owned and /or operated by us in 17 markets;
- In February, revenue related to the Super Bowl, which aired on our 20 FOX affiliates was $6.2 million, a 26.5% increase from revenue generated in 2008, the last time FOX aired the Super Bowl;

- In February, we disclosed our intention to refinance a portion of and to amend certain terms of the Bank Credit Agreement; and
- In March, we reached an agreement-in-principle with Comcast Corporation for a multi-year retransmission consent agreement for the continued carriage of 36 stations in 22 markets owned and/or operated by us or to which we provide sales services.

Industry Trends

- Political advertising increases in even-numbered years, such as 2010, due to the advertising expenditures from candidates running in local and national elections. In addition, political revenue has consistently risen between presidential election or mid-term election years such as from 2004 to 2008 or from 2006 to 2010, respectively. In every fourth year, such as 2008, political advertising is usually elevated further due to presidential elections. However, due to the contentious mid-term elections our political revenues in 2010 not only exceeded 2006 results, but exceeded 2008 presidential election year revenues as well;
- The FCC has permitted broadcast television stations to use their digital spectrum for a wide variety of services including multi-channel broadcasts. The FCC "must carry" rules only apply to a station's primary digital stream;
- A number of other broadcasters, including Sinclair, have joined together in organizations such as the OMVC, M500 and the MCV to focus on efforts to accelerate the nationwide availability of mobile DTV service and work through programming, distribution and aggregation opportunities. There is potential for broadcasters to create an additional revenue stream by providing their signals to mobile devices as well as through other multi-channel initiatives;
- Retransmission consent rules provide a mechanism for broadcasters to seek payment from multi-channel video programming distributors (MVPDs) who carry broadcasters' signals. Recognition of the value of the programming content provided by broadcasters, including local news and other programming and network programming all in HD has generated increased local revenues;
- Automotive-related advertising is a significant portion of our total net revenues in all periods presented and these revenues trended downward in most of 2009 due to the economic turmoil. However, this sector has dramatically trended upward in 2010 and into 2011 as of the date of this filing, due to improved economic conditions;
- Many broadcasters are enhancing/upgrading their websites to use the internet to deliver rich media content, such as newscasts and weather updates, to attract advertisers;
- Seasonal advertising increases in the second and fourth quarters due to the anticipation of certain seasonal and holiday spending by consumers;
- Broadcasters have found ways to increase returns on their news programming initiatives while continuing to maintain locally produced content through the use of news sharing arrangements;
- Station outsourcing arrangements are becoming more common as broadcasters seek out ways to improve revenues and margins;
- Advertising revenue related to the Olympics occurs in even numbered years and the Super Bowl is aired on a different network each year. Both of these popularly viewed events can have an impact on our advertising revenues; and
- Compensation from networks to their affiliates in exchange for broadcasting of network programming has halted. Networks now require compensation from broadcasters for the use of network programming.

Sources of Revenues and Costs

Our operating revenues are derived from local and national advertisers and, to a much lesser extent, from political advertisers. From 2006 to 2010, we began to generate new local revenues from our retransmission consent agreements. Our revenues from local advertisers had seen a continued upward trend until 2008 and 2009 when non-political revenues fell from 2007 due to the economic recession. We saw an increase in local revenues in 2010. Revenues from national advertisers have continued to trend downward when measured as a percentage of total broadcast revenues. We believe this trend is the result of our focus on increasing local advertising revenues as a percentage of total advertising revenues, combined with a decrease in overall spending by national advertisers and an increase in the number of competitive media outlets providing national advertisers multiple alternatives in which to advertise their goods or services. Our efforts to mitigate the effect of these increasingly competitive media outlets for national advertisers include continuing our efforts to increase local revenues and developing innovative sales and marketing strategies to sell traditional and non-traditional services to our advertisers including the success of multi-channel digital initiatives together with mobile DTV. In addition, our revenue success is dependent on the success and advertising spending levels of the automotive industry.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

This discussion and analysis of our financial condition and results of operations is 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, program contract costs, intangible assets, income taxes, property and equipment, 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. These estimates have been consistently applied for all years presented in this report and in the past we have not experienced material differences between these estimates and actual results. However, because future events and their effects cannot be determined with certainty, actual results could differ from our estimates and such differences could be material.

We have identified the policies below as critical to our business operations and to the understanding of our results of operations. For a detailed discussion of the application of these and other accounting policies, see *Note 1. Nature of Operations and Summary of Significant Accounting Policies,* in the Notes to our Consolidated Financial Statements.

Valuation of Goodwill, Long-Lived Assets, Intangible Assets and Equity and Cost Method Investments. We periodically evaluate our goodwill, broadcast licenses, long-lived assets, intangible assets and equity and cost method investments for potential impairment indicators. Our judgments regarding the existence of impairment indicators are based on estimated future cash flows, market conditions, operating 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, intangible assets and equity and cost method investments is impaired. Any resulting impairment loss could have a material adverse impact on our consolidated balance sheets and consolidated statements of operations.

We have determined our broadcast licenses to be indefinite-lived intangible assets in accordance with the accounting guidance for goodwill and other intangible assets, which requires such assets along with our goodwill to be tested for impairment on an annual basis or more often when certain triggering events occur. As of December 31, 2010, we had $660.0 million of goodwill, $47.4 million in broadcast licenses, and $184.7 million in definite-lived intangibles. We test our broadcast licenses and goodwill by estimating the fair market value of the broadcast licenses, or the fair value of our reporting units in the case of goodwill, using a combination of quoted market prices, observed earnings/cash flow multiples paid for comparable television stations, discounted cash flow models and appraisals. We then compare the estimated fair market value to the book value of these assets to determine if an impairment exists. We aggregate our stations by market for purposes of our goodwill and license impairment testing and we believe that our markets are most representative of our broadcast reporting units because we view, manage and evaluate our stations on a market basis. Furthermore, in our markets operated as duopolies, certain costs of operating the stations are shared including the use of buildings and equipment, the sales force and administrative personnel. Our discounted cash flow model is based on our judgment of future market conditions within each designated marketing area, as well as discount rates that would be used by market participants in an arms-length transaction. Future events could cause us to conclude that market conditions have declined or discount rates have increased to the extent that our broadcast licenses and/or goodwill could be impaired. Any resulting impairment loss could have a material adverse impact on our consolidated balance sheets, consolidated statements of operations and consolidated statements of cash flows. Based on assessments performed during the year ended December 31, 2010, we recorded $4.8 million of impairment on our broadcast licenses and other assets, and during the years ended December 31, 2009 and 2008 we recorded $249.8 million and $463.9 million, respectively, in impairment losses on our goodwill, broadcast licenses and other assets. The impairment charge taken in 2008 was primarily due to the severe economic downturn during the fourth quarter, and as a result, we made downward revisions to forecasted cash flows, cash flow multiples and growth rates. Of the $249.8 million in impairment recorded in 2009, we recorded $130.1 million in the first quarter of 2009. We performed an interim impairment test in the first quarter of 2009 due to the severe economic downturn and continued decrease in our market capitalization. Accordingly, we made further revisions to our forecasted cash flows, cash flow multiples, and discount rates. The impairment charge taken during the fourth quarter of 2009 was primarily due to the continued deterioration of the economy which resulted in further decreases in our forecasted cash flows and increases in our discount rates. The $4.8 million impairment charge recorded in 2010 was primarily the result of additional cash outflows for increased signal strength necessary to maintain competitive market positions.

The implied value of our broadcast goodwill is calculated using a discounted cash flow model for 4 years and estimating the terminal value of the reporting units using a multiple of cash flows. The value of our broadcast licenses is calculated using a discounted cash flow model for eight years and estimating the terminal value based on the constant growth model and a compound annual growth rate.

The key assumptions used to determine the fair value of our reporting units to test our goodwill for impairment and to determine the fair value of our broadcast licenses consist of discount rates, revenue and expense growth rates, constant growth rates and comparable business multiples. The revenue and expense growth rates used in our goodwill impairment testing and the revenue, expense and constant growth rates used in determining the fair value of our broadcast licenses have decreased slightly from 2009 to 2010. However, the baseline cash flows to which these growth rates were applied have increased due to a stronger than expected recovery in revenue in 2010. The growth rates are based on market studies, industry knowledge and historical performance.

The discount rates used to determine the fair value of our reporting units to test our goodwill for impairment and to determine the fair value of our broadcast licenses have slightly decreased from 2009 to 2010. The discount rate is based on a number of factors including market interest rates, a weighted average cost of capital analysis based on the target capital structure for a television station, and includes adjustments for market risk and company specific risk. The decrease in the discount rate is primarily due to a slight decrease in the general cost of equity in 2010.

The comparable business multiple used to determine the fair value of our reporting units to test our goodwill for impairment has not changed from 2009 to 2010. Due to the lack of data from comparable sales transactions in the past two years, we estimated the multiple that would most likely be paid for a mature, cash flowing television station in the current marketplace.

After taking the effect of the above mentioned impairment, as of December 31, 2010, all of our reporting units tested for goodwill impairment had fair values that were greater than the carrying value by more than 10%.

For the year ended December 31, 2010, an increase in our discount rate of 10% and/or a decrease in our multiple of 10% would not result in a goodwill impairment. An increase in our discount rate of greater than 89% or a decrease in our multiple of greater than 39% would likely cause reporting units to fail our Step 1 test for goodwill impairment and could lead to goodwill impairment.

When factors indicate that there may be a decrease in value of an equity or cost method investment, we assess that investment and determine whether a loss in value has occurred. If that loss is deemed to be other than temporary an impairment loss is recorded. For any investments that indicate a potential impairment, we estimate the fair value of those investments using discounted cash flow models, unrelated third party valuations or industry comparables, based on the various facts available to us. During 2010, we recorded $6.7 million of impairment on equity method investments. No impairment of our equity or cost method investments was recorded in 2009 or 2008.

Revenue Recognition. Advertising revenues, net of agency commissions, are recognized in the period during which commercials are aired. All other revenues are recognized as services are provided. The revenues realized from station barter arrangements are recorded as the programs are aired at the estimated fair value of the advertising airtime given in exchange for the program rights.

Our retransmission consent agreements contain both advertising and retransmission consent elements that are paid in cash. We have determined that our agreements are revenue arrangements with multiple deliverables. Advertising and retransmission consent deliverables sold under our agreements are separated into different units of accounting based on fair value. Revenue applicable to the advertising element of the arrangement is recognized consistent with the advertising revenue policy noted above. Revenue applicable to the retransmission consent element of the arrangement is recognized ratably over the life of the agreement.

Allowance for Doubtful Accounts. We maintain an allowance for doubtful accounts for estimated losses resulting from extending credit to our customers that are unable 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 payments, additional allowances may be required. For example, a 10% increase in the balance of our allowance for doubtful accounts as of December 31, 2010, would increase bad debt expense by approximately $0.3 million. The allowance for doubtful accounts was $3.2 million and $2.9 million as of December 31, 2010 and 2009, respectively.

Program Contract Costs. We have agreements with distributors for the rights to televise programming over contract periods, which generally run from one to seven years. Contract payments are made in installments over terms that are generally equal to or shorter than the contract period. Each contract is recorded as an asset and a liability at an amount equal to its gross cash 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. As of December 31, 2010 and 2009, we recorded $45.7 million and $60.2 million, respectively, in program contract assets and $97.9 million and $140.4 million, respectively, in program contract liabilities.

The programming rights are reflected in the consolidated balance sheets at the lower of unamortized cost or estimated net realizable value (NRV). Estimated NRVs are based on management's expectation of future advertising revenue, net of sales commissions, to be generated by the remaining program material available under the contract terms. In conjunction with our

NRV analysis of programming rights reflected in our consolidated balance sheets, we perform similar analysis on future programming rights yet to be reflected in our consolidated balance sheets and establish allowances when future payments exceed the estimated NRV. Amortization of program contract costs is generally computed using a four-year accelerated method or a straight-line method, depending on the length of the contract. Program contract costs estimated by management to be amortized within one year are classified as current assets. Program contract liabilities are typically paid on a scheduled basis and are not reflected by adjustments for amortization or estimated NRV. If our estimate of future advertising revenues declines, then additional write downs to NRV may be required.

Income Tax. We recognize deferred tax assets and liabilities based on the differences between the financial statements carrying amounts and the tax bases of assets and liabilities. As of December 31, 2010 and 2009, we recorded $9.7 million and $7.3 million, respectively, in deferred tax assets and $210.3 million and $169.5 million, respectively, in deferred tax liabilities. We provide a valuation allowance for deferred tax assets if we determine, based on the weight of all available evidence, that it is more likely than not that some or all of the deferred tax assets will not be realized. As of December 31, 2010, valuation allowances have been provided for a substantial amount of our available state net operating losses. Management periodically performs a comprehensive review of our tax positions and accrues amounts for tax contingencies. Based on these reviews, the status of ongoing audits and the expiration of applicable statute of limitations, accruals are adjusted as necessary in accordance with income tax accounting guidance.

Recent Accounting Pronouncements

In September 2009, the Financial Accounting Standards Board (FASB) ratified the Emerging Issues Task Force's (EITF's) amended guidance on accounting for revenue arrangements with multiple deliverables. The amended guidance allows the use of an estimated selling price for the undelivered units of accounting in transactions in which vendor-specific objective evidence (VSOE) or third-party evidence (TPE) does not exist. The amended guidance no longer allows the use of the residual method when allocating arrangement consideration between the delivered and undelivered units of accounting if VSOE and TPE of selling price does not exist for all units of accounting. Entities are required to estimate the selling price of the deliverables, when VSOE and TPE are not available, and then allocate the consideration based on the relative selling prices of the deliverables. This guidance also requires additional disclosures including the amount of revenue recognized each reporting period and the amount of deferred revenue as of the end of each reporting period under this guidance. This guidance is effective for revenue arrangements entered into or materially modified in fiscal years beginning after June 15, 2010 and should be applied on a prospective basis. We do not believe that this guidance will have a material impact on our consolidated financial statements.

In January 2010, the FASB amended the guidance on fair value measurements and disclosures to add two new disclosure provisions to the current fair value disclosure guidance, including (1) details of transfers in and out of level 1 and level 2 measurements, and (2) gross presentation of activity within the level 3 roll forward. The guidance also amends two existing fair value disclosure requirements so that entities are required to disclose (1) the valuation techniques and inputs used to develop fair value measurements for assets and liabilities that are measured at fair value on both a recurring basis and nonrecurring basis in periods subsequent to initial recognition and (2) fair value measurement disclosures for each class of assets and liabilities. A class is defined as a subset of assets or liabilities within a line item in the statement of financial position. The guidance is for interim and annual reporting periods beginning after December 15, 2009, except for the changes to the level 3 roll forward which are effective for fiscal years beginning after December 15, 2010. We added the required disclosures under this guidance to our consolidated financial statements.

In November 2010, the FASB ratified the EITF's amended guidance with respect to goodwill impairment. The amended guidance requires that step two of the goodwill impairment test be performed if the carrying amount of a reporting unit is zero or negative and it is more likely than not that a goodwill impairment exists based on any adverse qualitative factors including an evaluation of the triggering circumstances noted in the guidance. The change is effective for fiscal years and interim changes within those years beginning after December 15, 2010. We do not believe that this guidance will have a material impact on our consolidated financial statements.

RESULTS OF OPERATIONS

In general, this discussion is related to the results of our continuing operations, except for discussions regarding our cash flows, which also include the results of our discontinued operations. Unless otherwise indicated, references in this discussion to 2010, 2009 and 2008 are to our fiscal years ended December 31, 2010, 2009 and 2008, respectively. Additionally, any references to the first, second, third or fourth quarters are to the three months ended March 31, June 30, September 30 and December 31, respectively, for the year being discussed. We have two reportable segments, "broadcast" and "other operating divisions" that are disclosed separately from our corporate activities.

Seasonality/Cyclicality

Our operating results are usually subject to seasonal fluctuations. Usually, the second and fourth quarter operating results are higher than the first and third quarters because advertising expenditures are increased in anticipation of certain seasonal and holiday spending by consumers. The negative financial and economic conditions effected the usual seasonal fluctuations in 2009. In 2010, as the economy started to stabilize and recover, our seasonal fluctuations returned to normal.

Our operating results are usually subject to fluctuations from political advertising. In even numbered years, political spending is usually significantly higher than in odd numbered years due to advertising expenditures preceding local and national elections. Additionally, every four years, political spending is elevated further due to advertising expenditures preceding the presidential election. Due to the contentious mid-term elections our political revenues in 2010 not only exceeded 2006 results, but exceeded 2008 presidential election year revenues as well.

BROADCAST SEGMENT

Operating Data

The following table sets forth certain of our operating data from continuing operations for the years ended December 31, 2010, 2009 and 2008 (in millions). For definitions of terms, see the footnotes to the table in *Selected Financial Data.*

	Years Ended December 31,		
	2010	**2009**	**2008**
Net broadcast revenues	**$ 655.4**	$ 554.6	$ 639.2
Revenues realized from station barter arrangements	**75.2**	58.2	59.9
Other operating divisions revenues	**36.6**	43.7	55.4
Total revenues	**767.2**	656.5	754.5
Station production expenses	**154.1**	142.4	159.0
Station selling, general and administrative expenses	**127.1**	122.8	136.1
Expenses recognized from station barter arrangements	**67.1**	48.1	53.3
Depreciation and amortization	**116.0**	138.4	147.6
Gain on asset exchange	**—**	(4.9)	(3.2)
Other operating divisions expenses	**30.9**	45.5	60.0
Corporate general and administrative expenses	**26.8**	25.6	26.3
Impairment of goodwill, intangible and other assets	**4.8**	249.8	463.9
Operating income (loss)	**$ 240.4**	$ (111.2)	$ (288.5)
Net income (loss) attributable to Sinclair Broadcast Group	**$ 76.1**	$ (135.7)	$ (246.5)

Broadcast Revenues

The following table presents our revenues from continuing operations, net of agency commissions, for the three years ended December 31, 2010, 2009 and 2008 (in millions):

				Percent Change	
	2010	**2009**	**2008**	**'10 vs. '09**	**'09 vs. '08**
Local revenues:					
Non-political	**$ 463.6**	$ 410.2	$ 431.4	13.0%	(4.9%)
Political	**12.8**	2.3	11.0	(a)	(a)
Total local	**476.4**	412.5	442.4	15.5%	(6.8%)
National revenues:					
Non-political	**149.8**	137.5	166.7	8.9%	(17.5%)
Political	**29.2**	4.6	30.1	(a)	(a)
Total national	**179.0**	142.1	196.8	26.0%	(27.8%)
Total net broadcast revenues	**$ 655.4**	$ 554.6	$ 639.2	18.2%	(13.2%)

(a) Political revenue is not comparable from year to year due to the cyclicality of elections. See *Political Revenues* below for more information.

Our largest categories of advertising and their approximate percentages of 2010 net time sales, which includes the advertising portion of our local and national revenues, were automotive (17.9%), professional services (15.5%), political (8.0%), schools

(7.7%) and fast food (6.2%). No other advertising category accounted for more than 5.0% of our net time sales in 2010. No advertiser accounted for more than 1.0% of our consolidated revenue in 2010. We conduct business with thousands of advertisers.

Our primary types of programming and their approximate percentages of 2010 net time sales were syndicated programming (41.1%), network programming (25.2%), news (20.0%), sports programming (7.4%) and direct advertising programming (6.3%).

From a network affiliation or program service arrangement perspective, the following table sets forth our affiliate percentages of net time sales for the years ended December 31, 2010 and 2009:

	# of Stations	Percent of Net Time Sales for the Twelve Months Ended December 31, 2010	2009	Net Time Sales Percent Change '10 vs. '09	'09 vs. '08
FOX	**20**	**45.5%**	45.0%	17.7%	(19.0%)
ABC	**9**	**21.9%**	20.0%	27.4%	(25.6%)
MyNetworkTV	**16**	**15.8%**	17.1%	7.4%	(13.8%)
The CW	**10**	**13.0%**	14.2%	6.3%	(20.3%)
CBS	**2**	**3.0%**	2.8%	23.4%	(16.9%)
NBC	**1**	**0.7%**	0.7%	8.3%	(21.9%)
Digital	**(a)**	**0.1%**	0.2%	12.5%	22.3%
Total	**58**				

(a) We broadcast programming from network affiliations or program service arrangements with TheCoolTV, The Country Network, MyNetworkTV, This TV and Estrella on 69 channels through our stations' second and third digital signals.

Net Broadcast Revenues. From a revenue category standpoint, 2010 when compared to 2009 was impacted by increases in most of the advertising sectors as the country's economic conditions in general began to strengthen. Automotive, our largest category in 2010, was up 36.9% compared to 2009 as automotive dealers and manufacturers increased spending in response to an increase in auto sales.

From a revenue category standpoint, 2009 when compared to 2008 was impacted by decreases in virtually all of the advertising sectors. However, during the later half of the year, we did see a positive trend in increased advertising spending which continued through the end of the year. Services was our largest category in 2009; however, during the fourth quarter we began to see a trend back towards the historical norm of automotive advertising representing our largest category as automotive dealers and manufacturers increased spending. During 2009, automotive revenues were helped by the government's "Cash for Clunkers" program, however, our net times sales from the automotive sector were down 33.6% for 2009 compared to 2008.

Political Revenues. Political revenues, which include time sales from political advertising, increased by $35.1 million to $42.0 million for 2010 when compared to 2009. Political revenues are typically higher in election years such as 2010. A contentious mid-term election, resulted in 2010 political spending exceeding 2008's $41.1 million. Political revenues were only $6.9 million in 2009 due to the absence of significant elections. We expect political revenues to decrease in 2011 from 2010 levels.

Local Revenues. Excluding political revenues, our local broadcast revenues, which include local times sales, retransmission revenues and other local revenues, were up $53.4 million for 2010, compared to 2009. The increase is due to an increase in advertising spending particularly in the automotive sector and an increase in retransmission revenues from MVPDs. Excluding political revenues, our local broadcast revenues were down $21.2 million for 2009 when compared to 2008. This decrease was primarily due to negative financial and economic conditions, which impeded 2009 advertising spending levels, as well as, a decrease due to a change in networks for the Super Bowl programming from FOX to NBC. These decreases were offset by an increase in revenues from retransmission consent agreements with MVPDs.

National Revenues. Our national broadcast revenues, excluding political revenues, which include national time sales and other national revenues, were up $12.3 million for 2010 when compared to 2009. Over the past few years, national revenues have trended downward; however, our 2010 results were up. This was primarily due to the amplified decline in 2009 from the effects of the recent recession and a rebound in advertising spending in 2010 along with the assistance from an improved automotive sector. Excluding political revenues, our national broadcast revenues were down $29.2 million for 2009 when compared to 2008. This decrease was partially due to negative financial and economic conditions, which impeded 2009 advertising spending levels.

Broadcast Expenses

The following table presents our significant operating expense categories for the years ended December 31, 2010, 2009 and 2008 (in millions):

	2010	2009	2008	Percent Change (Increase/(Decrease)) '10 vs. '09	'09 vs. '08
Station production expenses	**$ 154.1**	$ 142.4	$ 159.0	8.2%	(10.4%)
Station selling, general and administrative expenses	**$ 127.1**	$ 122.8	$ 136.1	3.5%	(9.8%)
Amortization of program contract costs and net realizable value adjustments	**$ 60.9**	$ 73.1	$ 84.4	(16.7%)	(13.4%)
Corporate general and administrative expenses	**$ 23.7**	$ 8.6	$ 7.3	175.6%	17.8%
Gain on asset exchange	**$ —**	$ 4.9	$ 3.2	(100.0%)	53.1%
Impairment of goodwill, intangible and other assets	**$ 4.8**	$ 249.6	$ 462.3	(98.1%)	(46.0%)

Station production expenses. Station production expenses for 2010 increased compared to 2009. This increase was primarily due to an increase in fees pursuant to network affiliation agreements, increased promotional advertising expenses, increased compensation expense and increased maintenance costs to remove analog equipment. Additionally, news profit share expenses increased due to increased news performance which resulted in higher payments to our news share partner pursuant to news share arrangements with another broadcaster. These increases were partially offset by a decrease in electric expense due to the digital signal conversion in June 2009 and cessation of analog transmission.

Station production expenses for 2009 decreased compared to 2008. This decrease was primarily due to lower compensation expense and electric expenses due to the digital signal conversion in June 2009 and cessation of analog transmission. Additionally, promotional advertising decreased due to our revised media-spending plan.

Station selling, general and administrative expenses. Station selling, general and administrative expenses increased for 2010 compared to 2009. This increase was primarily due to higher national sales representative and local commissions costs due to an increase in sales and increased non-income based tax expenses. These increases were partially offset by decreased trade transaction expense and bad debt expense.

Station selling, general and administrative expenses decreased for 2009 compared to 2008. This decrease was primarily due to lower compensation expense and local commissions and national rep commissions savings due to lower revenues in 2009 compared to 2008.

We expect 2011 station production and station selling, general and administrative expenses, excluding barter, to trend higher than our 2010 results.

Amortization of program contract costs and net realizable value adjustments. The amortization of program contract costs decreased during 2010 compared to 2009 and 2009 compared to 2008. Over the past few years, we have entered into barter arrangements for short-term program contracts which are less expensive and result in lower contract cost amortization. We expect program contract amortization to trend lower in 2011 compared to 2010.

Corporate general and administrative expenses. See explanation under *Corporate and Unallocated Expenses*

Gain on asset exchange. During 2009 and 2008, we recognized a non-cash gain of $4.9 million and $3.2 million, respectively, from the exchange of equipment under agreements with Sprint Nextel Corporation and in association with the FCC's decision to allow Sprint Nextel Corporation to utilize our vacated analog spectrum in exchange for the new digital equipment. We received all applicable equipment pursuant to the agreement in 2009.

Impairment of goodwill, intangible and other assets. We completed our annual test of goodwill and broadcast licenses for impairment in fourth quarter 2010, 2009 and 2008. Due to the severity of the economic downturn and the decrease of our market capitalization, we also tested our goodwill and broadcast licenses for impairment during the first quarter 2009. See *Note 4. Goodwill, Broadcast Licenses and Other Intangible Assets*, in the Notes to our Consolidated Financial Statements. During 2010, we recorded impairments of $4.8 million related to our broadcast licenses and other assets. During 2009, we recorded impairments

of $164.2 million and $80.4 million related to our goodwill and broadcast licenses and other assets, respectively. During 2008, we recorded impairments of $270.4 million and $191.8 million related to our broadcast licenses and goodwill, respectively.

OTHER OPERATING DIVISIONS SEGMENT REVENUE AND EXPENSE

The following table presents our other operating divisions segment revenue and expenses related to Triangle Signs & Services, LLC (Triangle), a sign designer and fabricator, Alarm Funding Associates, LLC. (Alarm Funding), a regional security alarm operating and bulk acquisition company, G1440 Holdings, Inc. (G1440), an information technology staffing, consulting and software development company, Acrodyne Communications, Inc. (Acrodyne), a manufacturer of television transmissions systems, and real estate ventures and other nominal businesses for the years ended December 31, 2010, 2009, and 2008 (in millions):

				Percent Change	
	2010	2009	2008	’10 vs. ‘09	’09 vs. ‘08
Revenues:					
G1440	**$ —**	$ 6.7	$ 10.9	(100.0%)	(38.5%)
Acrodyne	**$ —**	$ 4.2	$ 7.7	(100.0%)	(45.5%)
Triangle	**$ 19.1**	$ 20.4	$ 28.9	(6.4%)	(29.4%)
Alarm Funding	**$ 10.0**	$ 6.7	$ 2.7	49.3%	148.1%
Real Estate Ventures and other	**$ 7.5**	$ 5.7	$ 5.2	31.6%	9.6%
Expenses: (a)					
G1440	**$ —**	$ 8.5	$ 11.4	(100.0%)	(25.4%)
Acrodyne	**$ —**	$ 6.8	$ 9.5	(100.0%)	(28.4%)
Triangle	**$ 19.8**	$ 20.6	$ 27.0	(3.9%)	(23.7%)
Alarm Funding	**$ 8.0**	$ 5.8	$ 2.9	37.9%	100.0%
Real Estate Ventures and other	**$ 9.8**	$ 8.5	$ 13.6	15.3%	(37.5%)

(a) Comprises total expenses of the entity including other operating divisions expenses, depreciation and amortization and applicable other income (expense) items such as interest expense.

G1440 was sold in fourth quarter 2009 and Acrodyne closed its business September 30, 2009.

The decreases in Triangle’s results for the year ended December 31, 2010 are primarily due to a decline in order volume in the early part of 2010; however, in later half of 2010 sales were up compared to the same period in 2009 as the economy improved. The increases in Alarm Funding’s results are primarily due to the acquisition of new alarm monitoring contracts and the expansion of sales efforts.

Revenues have increased for our consolidated real estate ventures due to the ramp up of leasing activity for properties previously being developed. As of December 31, 2010, we held $52.6 million of real estate for development and sale and $49.7 million in equity method investments in real estate ventures.

(Loss) Income from Equity and Cost Method Investments. Results of our equity and cost method investments in private investment funds and real estate ventures are included in (loss) income from equity and cost method investments in our consolidated statements of operations. During 2010, we determined three of our investments were impaired, primarily due to decreases in the underlying values of our real estate investments, and we recorded impairments totaling $6.7 million. Additionally, during 2010, we recorded losses of $1.7 million related to other real estate ventures and income of $3.6 million related to certain private investment funds. During 2009, we recorded income of $0.4 million primarily related to certain private investment funds. During 2008, we recorded a loss of $1.0 million related to certain private investment funds and a loss of $2.8 million related to our real estate ventures. The losses were partially offset by a distribution of $0.7 million from a direct investment in a privately held small business.

CORPORATE AND UNALLOCATED EXPENSES

	2010	2009	2008	Percent Change (Increase/(Decrease)) '10 vs. '09	'09 vs. '08
Corporate general and administrative expenses	**$ 2.2**	$ 16.0	$ 17.7	(86.3%)	(9.6%)
Interest expense	**$ 114.1**	$ 78.5	$ 86.6	45.4%	(9.4%)
(Loss) gain from extinguishment of debt	**$ (6.3)**	$ 18.5	$ 5.5	(134.1%)	236.4%
Income tax (provision) benefit	**$ (40.2)**	$ 32.5	$ 121.4	(223.7%)	(73.2%)

Corporate general and administrative expenses In conjunction with our recent debt restructuring activities, we re-examined our corporate overhead cost allocation methodologies and made applicable changes to the way we allocate costs resulting in greater overhead absorption by our broadcast segment. This allocation change resulted in more corporate general and administrative expenses allocated to the *Broadcast Segment*, thus increasing that segment's corporate general and administrative expenses for 2010 accordingly. Therefore, rather than examining the yearly costs on a segment basis, we will examine the cost variance on an overall basis. The results that follow combine the corporate general and administrative expenses found in the *Broadcast Segment* with the corporate general and administrative expenses found in this section, *Corporate and Unallocated Expenses*. These results exclude general and administrative costs from our other operating divisions segment which are included in the expenses discussed in the *Other Operating Divisions Segment* section.

	2010	2009	2008	Percent Change (Increase/(Decrease)) '10 vs. '09	'09 vs. '08
Combined: *Broadcast Segment* and *Corporate and Unallocated Expenses*- corporate general and administrative expenses	**$ 25.9**	$ 24.6	$ 25.0	5.3%	(1.6%)

Combined corporate general and administrative expenses increased to $25.9 million in 2010 from $24.6 million in 2009. This is primarily due to a 2010 increase in compensation expense including an increase in executive bonuses and stock-based compensation related to stock-settled appreciation rights. The increases were partially offset by a reduction in health and other insurance costs as well as accounting and legal fees.

Combined corporate general and administrative expenses decreased to $24.6 million in 2009 from $25.0 million in 2008. This is primarily due to a 2009 decrease in compensation expense and stock-based compensation due to cost cutting efforts.

We expect corporate general and administrative expenses to increase in 2011 compared to 2010.

Interest expense. Interest expense has increased primarily due to the debt refinancings in fourth quarter 2009 and during 2010. As part of these comprehensive debt refinancings, we issued new 9.25% Notes in fourth quarter 2009, amended and restated our Bank Credit Agreement in fourth quarter 2009 and issued new 8.375% Notes in fourth quarter 2010, all of which accrue interest at higher rates than the debt replaced. Additionally, in the third quarter 2010, we further amended our Bank Credit Agreement. Our interest rate was reduced, however, certain costs amounting to $3.7 million associated with the amendment were expensed as interest. These increases were partially offset by the redemption or partial redemption of our 8.0% Notes, a portion of our 6.0% Notes in fourth quarter 2010, and our 3.0% Notes and 4.875% Notes. (See *Liquidity and Capital Resources* below for more information).

The decrease in interest expense in 2009 compared to 2008 was primarily due to a decrease in LIBOR, lowering our interest expense in 2009 on our Bank Credit Agreement. In addition, open market purchases during the first half of 2009 of our 6.0% Notes, 4.875% Notes and 3.0% Notes and partial extinguishment of the 3.0% Notes and 4.875% Notes pursuant to tender offers closed in fourth quarter 2009 lowered interest expense in 2009.

We expect interest expense to decrease in 2011 compared to 2010.

(Loss) gain from extinguishment of debt. During 2010, through a combination of tender offers, the exercise of holder put rights, and open market repurchases, we redeemed $64.1 million, $31.3 million and $22.3 million of our 6.0% Notes, 4.875% Notes and 3.0% Notes, respectively, resulting in a loss on extinguishment of $3.2 million, $0.5 million and $0.1 million, respectively. Additionally, we made a prepayment on our Term Loan B in second quarter 2010 and amended our Term Loan B in third quarter 2010, resulting in a loss of $3.1 million from extinguishment of debt. During fourth quarter, we redeemed $224.7 million in principal amount of our 8.0% Notes resulting in a gain of $0.7 million from extinguishment of debt.

During 2009, we redeemed $266.6 million and $106.5 million face value of the 3.0% Notes and 4.875% Notes, respectively, resulting in a gain of $0.4 million and $0.2 million, respectively, from extinguishment of debt. We repurchased, in the open market, $1.0 million face value of the 6.0% Notes and $50.7 million face value of the 3.0% Notes, resulting in a gain of $0.4 million and $18.5 million, respectively, from extinguishment of debt.

During 2008, we repurchased, in the open market, $38.7 million face value of the 8.0% Notes, $18.1 million face value of the 6.0% Notes and $6.5 million face value of the 4.875% Notes, resulting in a gain of $5.5 million from extinguishment of debt.

Income tax (provision) benefit. The 2010 income tax provision for our pre-tax income from continuing operations (including the effects of the noncontrolling interest) of $117.0 million resulted in an effective tax rate of 34.4%. The 2009 income tax benefit for our pre-tax loss from continuing operations (including the effects of the noncontrolling interest) of $168.1 million resulted in an effective tax rate of 19.3%. The increase in the absolute value of the effective tax rate from 2010 to 2009 is primarily attributable to more impairments in 2009 relating to assets that are not deductible for income tax purposes.

As of December 31, 2010, we had a net deferred tax liability of $200.7 million as compared to a net deferred tax liability of $162.2 million as of December 31, 2009. The increase primarily relates to: 1) an increase in net deferred tax liabilities associated with book and tax differences attributable to the amortization and impairment of intangible and FCC license assets and 2) a decrease in deferred tax assets associated with the utilization of federal net operating losses.

The 2009 income tax benefit for our pre-tax loss from continuing operations (including the effects of the noncontrolling interest) of $168.1 million resulted in an effective tax rate of 19.3%. The 2008 income tax benefit for our pre-tax loss from continuing operations (including the effects of the noncontrolling interest) of $367.8 million resulted in an effective tax rate of 33.0%. The decrease in the effective tax rate benefit from 2008 to 2009 is primarily attributable to more impairments in 2009 relating to assets that are not deductible for income tax purposes.

As of December 31, 2009, we had a net deferred tax liability of $162.2 million as compared to a net deferred tax liability of $195.0 million as of December 31, 2008. The decrease primarily relates to: 1) a decrease in net deferred tax liabilities associated with book and tax differences attributable to the amortization and impairment of intangible and FCC license assets and 2) an increase in deferred tax assets associated with the generation of 2009 federal net operating losses; partially offset by an increase in deferred tax liabilities associated with book and tax differences attributable to contingent convertible debt instruments.

As of December 31, 2010, we had $26.1 million of gross unrecognized tax benefits. Of this total, $15.1 million (net of federal effect on state tax issues) and $6.8 million (net of federal effect on state tax issues) represent the amounts of unrecognized tax benefits that, if recognized, would favorably affect our effective tax rates from continuing operations and discontinued operations, respectively. As of December 31, 2009, we had $26.1 million of gross unrecognized tax benefits. Of this total, $15.0 million (net of federal effect on state tax issues) and $6.8 million (net of federal effect on state tax issues) represent the amounts of unrecognized tax benefits that, if recognized, would favorably affect our effective tax rates from continuing operations and discontinued operations, respectively. See *Note 9. Income Taxes* in the Notes to our Consolidated Financial Statements for further information.

We recognized $1.0 million and $1.1 million of income tax expense for interest related to uncertain tax positions for the years ended December 31, 2010 and 2009, respectively.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2010, we had $22.0 million in unrestricted cash and cash equivalent balances and working capital of approximately $31.3 million, excluding restricted cash. Cash generated by our operations and availability under the Revolving Credit Facility are used as our primary source of liquidity. As of December 31, 2010, we had $135.9 million of borrowing capacity available on our Revolving Credit Facility. We anticipate that existing cash and cash equivalents, cash flow from our operations and borrowing capacity under the Revolving Credit Facility will be sufficient to satisfy our debt service obligations, capital expenditure requirements and working capital needs for the next twelve months. For our long-term liquidity needs, in addition to the sources described above, we may rely upon the issuance of long-term debt, the issuance of equity or other instruments convertible into or exchangeable for equity, or the sale of non-core assets. However, there can be no assurance that additional financing or capital or buyers of our non-core assets will be available, or that the terms of any transactions will be acceptable or advantageous to us.

On January 26, 2010, we commenced tender offers to purchase for cash any and all of the outstanding 3.0% and 4.875% Notes at 100% of the face value of such notes. The tender offers expired February 23, 2010 and approximately $12.3 million and $14.3 million principal amount of the 3.0% and 4.875% Notes, respectively, were tendered and purchased. On May 17, 2010, the put right period for the 3.0% Notes expired and holders representing $10.0 million in principal amount of the 3.0% Notes exercised

their put rights. Holders of the remaining $5.4 million principal amount of 3.0% Notes can exercise put rights again in May 2017. As of December 31, 2010, the face amount of the outstanding 4.875% Notes was $5.7 million. As of December 31, 2010, we held $5.1 million in restricted cash to pay holders of the 4.875% Notes if they exercised their put rights on January 15, 2011. In January 2011, the put option was not exercised, however, pursuant to our Bank Credit Agreement, the $5.1 million in restricted cash must remain restricted and be used within 120 days towards reducing our overall debt balance. The 4.875% Notes mature on July 15, 2018.

On August 19, 2010, we entered into an amendment of our Bank Credit Agreement. Under the Amendment, we paid down $35.0 million of the outstanding $305.0 million balance under the Term Loan B and repriced the remaining $270.0 million outstanding. The final terms of the Amendment are as follows:

- The Term Loan B bears interest at LIBOR plus 4.00% with a 1.5% LIBOR floor and will continue to amortize principal at a rate of 0.25% per quarter commencing on March 31, 2011, continuing until the scheduled final payment on October 29, 2015 with 94.19% due at maturity or upon earlier termination of the Term Loan B pursuant to the terms in the Bank Credit Agreement.
- We have the right to prepay the Term Loan B at any time; provided, however, that if we prepay, reprice downward or otherwise refinance all or any portion of the Term Loan B prior to August 19, 2011, then we will be required to pay the Term Loan B lenders a prepayment premium equal to 1.00% of the aggregate amount prepaid, repriced or otherwise refinanced. Any prepayments on the Term Loan B are deducted from the scheduled final payment due on October 29, 2015.
- Provision for an additional incremental term loan capacity up to $100.0 million.
- The terms of the Revolving Credit Facility were not materially effected by the Amendment.

On September 20, 2010, we commenced tender offers to purchase for cash up to $60.0 million of the outstanding 6.0% Notes and any and all of the outstanding 8.0% Notes. We offered to purchase the 6.0% Notes at a purchase price of $987.50 per $1,000 principal amount plus accrued and unpaid interest. We offered to purchase the 8.0% Notes at a purchase price of $1,002.50 per $1,000 principal amount, if tendered within the first ten business days of the tender offer period or $972.50 per $1,000 principal amount if tendered after such time, plus accrued and unpaid interest. The tender offers expired on October 19, 2010 and approximately, $58.0 million and $175.7 million principal amount of the 6.0% and 8.0% Notes, respectively, were tendered and purchased. The net proceeds from the offering of the 8.375% Notes, discussed below, were used to fund these tender offers. We redeemed the remaining $49.0 million of the 8.0% Notes on November 19, 2010 at a purchase price of 100% of the principal amount plus accrued and unpaid interest. As of December 31, 2010, the face amount of the outstanding 6.0% Notes was $70.0 million.

On October 4, 2010, we issued $250.0 million aggregate principal amount of 8.375% Notes due October 15, 2018 at 98.567% of their par value. Interest on the 8.375% Notes will be paid on April 15 and October 15 of each year, beginning April 15, 2011. Prior to October 15, 2014, we may redeem the 8.375% Notes in whole or in part, at any time or from time to time at a price equal to 100% of the principal amount of the 8.375% Notes plus accrued and unpaid interest, plus a "make-whole premium" as set forth in the Indenture.

In February 2011, we disclosed our intention to refinance a portion of and to amend certain terms of the Bank Credit Agreement.

Our ability to finance working capital needs, capital expenditures and general corporate needs from the public and private markets, as well as the associated cost of funding is dependent, in part, on our credit ratings. During 2010, in conjunction with the Amendment of the Bank Credit Agreement, the 8.375% Notes issuance, and the 6.0% and 8.0% Notes tenders, both Moody's Investor Services (Moody's) and Standard & Poor's Ratings Services (S&P) raised our credit ratings. The 6.0% Notes are not rated. As of the filing date, our credit ratings, as assigned by Moody's and S&P were:

	Moody's	**S&P**
Corporate Credit	Ba3	BB-
8.375% Notes	B2	B
4.875% and 3.0% Notes	B2 (a)	B (b)
9.25% Notes	Ba3	BB-
Bank Credit Agreement	Baa3	BB+

(a) The 3.0% Notes have not been rated by Moody's; this rating reflects the rating for the 4.875% Notes.

(b) The 4.875% Notes have not been rated by S&P; this rating reflects the rating for the 3.0% Notes.

There can be no assurance that our credit ratings will remain at these levels or will not be downgraded in the future, in some cases for reasons beyond our control.

Sources and Uses of Cash

The following table sets forth our cash flows for the years ended December 31, 2010, 2009 and 2008 (in millions):

	2010	2009	2008
Net cash flows from operating activities	**$ 155.0**	$ 105.4	$ 211.8
Cash flows from (used in) investing activities:			
Acquisition of property and equipment	**$ (11.7)**	$ (7.7)	$ (25.2)
Payments for acquisition of television stations	**—**	—	(17.1)
Consolidation of variable interest entity	**—**	—	1.3
Payments for acquisitions of other operating divisions companies	**—**	—	(53.5)
Decrease (increase) in restricted cash	**59.6**	(64.9)	—
Dividends and distributions from cost method investees	**0.9**	1.5	1.6
Purchase of alarm monitoring contracts	**(10.1)**	(12.3)	(7.7)
Investments in equity and cost method investees	**(7.2)**	(10.6)	(42.0)
Other	**0.4**	0.2	0.3
Net cash flows from (used in) investing activities	**$ 31.9**	$ (93.8)	$ (142.3)
Cash flows (used in) from financing activities:			
Proceeds from notes payable, commercial bank financing and capital leases	**$ 283.9**	$ 980.9	$ 274.6
Repayments of notes payable, commercial bank financing and capital leases	**(427.4)**	(931.6)	(255.6)
Repurchase of Class A Common Stock	**—**	(1.5)	(29.8)
Payments for deferred financing costs	**(7.0)**	(28.8)	(0.5)
Dividends paid on Class A and Class B Common Stock	**(34.2)**	(16.0)	(66.7)
Proceeds from derivative terminations	**—**	—	8.0
Purchase of subsidiary shares from noncontrolling interest	**—**	(5.0)	—
Noncontrolling interests distributions	**(0.3)**	—	(0.6)
Other	**(3.1)**	(2.8)	(3.4)
Net cash flows used in financing activities	**$ (188.1)**	$ (4.8)	$ (74.0)

Net cash flows from operating activities increased during the year ended December 31, 2010 compared to the same period in 2009. During 2010, we received more cash receipts from customers, net of cash payments to vendors, however, we paid more interest and program payments. In 2010, we received larger tax refunds than in 2009.

Net cash flows from operating activities decreased during the year ended December 31, 2009 compared to the same period in 2008. During 2009, we received less cash receipts from customers, net of cash payments to venders for operating expenses and working capital cash activities and received less in tax refunds. In 2009, we made a payment of original issuance discount associated with our 3.0% Notes. These decreases to operating cash were partially offset by less interest and tax payments in 2009.

We expect program payments to decrease in 2011 compared to 2010. We expect net interest expense to decrease in 2011 compared to 2010.

With the exception of restricted cash, net cash flows used in investing activities decreased slightly during the year ended December 31, 2010 compared to the same period in 2009. We decreased our investment in restricted cash in order to use the cash to pay for redemptions of the 3.0% and 4.875% Notes through a combination of tender offers, put rights and open market purchases.

With the exception of restricted cash, net cash flows used in investing activities decreased during the year ended December 31, 2009 compared to the same period in 2008. In 2009, we focused our cash use towards debt and stock redemptions in the first quarter and conservation of cash during the second, third and fourth quarters instead of new investment opportunities. We purchased no other operating divisions companies or television stations during 2009. We decreased our equity investments and capital expenditures. In addition, we increased the purchase of alarm monitoring contracts in 2009 as that business continued to grow. Finally, the increase in 2009 in restricted cash was primarily related to the cash collateral account associated with the 3.0% and 4.875% Notes.

In 2011, we anticipate incurring more capital expenditures than incurred in 2010.

Financing Activities

Net cash flows used in financing activities increased during the year ended December 31, 2010 compared to the same period in 2009. During 2010, we purchased $117.7 million principal amount of our 3.0% Notes, 4.875% Notes and 6.0% Notes pursuant to a combination of tender offers, put rights and open market purchases. We reduced our Term Loan B by $60.0 million through a combination of an early repayment and the amendment of our Bank Credit Agreement in 2010. In addition, we fully extinguished the outstanding $224.7 million principal amount of 8.0% Notes in 2010. During 2010, we issued $250.0 million in principal amount of our 8.375% Notes.

Net cash flows used in financing activities decreased during the year ended December 31, 2009 compared to the same period in 2008. We had more debt proceeds than debt repayments in 2009 compared to 2008 primarily due to the cash required to be held in the cash collateral account associated with the 3.0% and 4.875% Notes. In addition, the volume of proceeds and repayment activity was greater in 2009 compared to 2008 as well as the payments made for deferred financing costs due to the refinancings that occurred in the fourth quarter of 2009.

From time to time, we may repurchase additional outstanding debt and stock on the open market. We expect to fund any repurchases with cash generated from operating activities and in some cases, borrowings under our Revolving Credit Facility.

We ceased paying our cash dividend after the first quarter of 2009, however, in November 2010, our Board of Directors declared a $0.43 per share common stock dividend paid in December 2010. In February 2011, our Board of Directors reinstated a quarterly common stock dividend of $0.12 per share. Future dividends on our common shares, if any, will be at the discretion of our Board of Directors and will depend on several factors including our results of operations, cash requirements and surplus, financial condition, covenant restrictions and other factors that the Board of Directors may deem relevant. Under the terms of the Bank Credit Agreement, in certain circumstances we may make up to $40.0 million in unrestricted cash payments including but not limited to dividends and other strategic investments.

Contractual Obligations

We have various contractual obligations which are recorded as liabilities in our consolidated financial statements. Other items, such as certain purchase commitments and other executory contracts are not recognized as liabilities in our consolidated financial statements but are required to be disclosed. For example, we are contractually committed to acquire future programming and make certain minimum lease payments for the use of property under operating lease agreements.

The following table reflects a summary of our contractual cash obligations as of December 31, 2009 and the future periods in which such obligations are expected to be settled in cash (in thousands):

CONTRACTUAL OBLIGATIONS RELATED TO CONTINUING OPERATIONS (a)

	Total	**2011**	**2012-2013**	**2014-2015**	**2016 and thereafter** (b)
Notes payable, capital leases and commercial bank financing (c), (d)	$ 1,748.7	$ 95.8	$ 265.8	$ 419.7	$ 967.4
Notes and capital leases payable to affiliates (c)	34.9	5.4	9.9	6.8	12.8
Operating leases	22.8	3.9	6.9	5.8	6.2
Employment contracts	13.8	8.6	4.8	0.4	—
Program content (e)	284.8	111.4	142.8	30.6	—
Programming services (f)	106.5	39.9	43.1	16.1	7.4
Maintenance and support	1.8	1.6	0.2	—	—
Other operating contracts	4.8	0.6	1.0	0.8	2.4
LMA and outsourcing agreements (g)	2.9	0.9	1.3	0.2	0.5
Investments and loan commitments (h)	14.9	14.9	—	—	—
Total contractual cash obligations	$ 2,235.9	$ 283.0	$ 475.8	$ 480.4	$ 996.7

(a) Excluded from this table are $26.1 million of accrued unrecognized tax benefits. Due to inherent uncertainty, we can not make reasonable estimates of the amount and period payments will be made.

(b) Includes a one-year estimate of $7.3 million in payments related to contracts that automatically renew. We have not calculated potential payments for years after 2016.

(c) Includes interest on fixed rate debt and capital leases. Estimated interest on our recourse variable rate debt has been excluded. Recourse variable rate debt represents $270.0 million of our $1.2 billion total face value of debt as of December 31, 2010.

(d) During 2010, we repurchased $22.3 million, $31.3 million, $64.1 million and $224.7 million of our 3.0% Notes, 4.875% Notes, 6.0% Notes and 8.0% Notes, respectively. As of December 31, 2010, the outstanding face amount of the 3.0% Notes, 4.875% Notes, 6.0% Notes and 8.0% Notes was $5.4 million, $5.7 million, $70.0 million and zero, respectively.

(e) Our Program content includes contractual amounts owed through the expiration date of the underlying agreement for active and future program contracts, network programming and additional advertising inventory in various dayparts, including prime-time and NFL programming. Active program contracts are included in the balance sheet as an asset and liability while future program contracts are excluded until the cost is known, the program is available for its first showing or telecast and the licensee has accepted the program. Industry protocol typically enables us to make payments for program contracts on a three-month lag, which differs from the contractual timing within the table. Network programming agreements may include variable fee components such as subscriber levels, which in certain circumstances have been estimated and reflected in the table.

(f) Includes obligations related to rating service fees, music license fees, market research, weather and news services.

(g) Certain LMAs require us to reimburse the licensee owner their operating costs. Certain outsourcing agreements require us to pay a fee to another station for providing non-programming services. The amount will vary each month and, accordingly, these amounts were estimated through the date of the agreements' expiration, based on historical cost experience. Excluded from the table are estimated amounts due pursuant to LMAs and outsourcing agreements where we consolidate the counterparty, as well as, prepayments towards purchase options to acquire the counterparty. These amounts totaled $18.1 million, $25.0 million, $13.9 million and $3.8 million for the periods 2011, 2012-2013, 2014-2015 and 2016 and thereafter, respectively.

(h) Commitments to contribute capital or provide loans to Allegiance Capital, LP, Sterling Ventures Partners, LP and Patriot Capital II, LP.

Off Balance Sheet Arrangements

Off balance sheet arrangements as defined by the SEC means any transaction, agreement or other contractual arrangement to which an entity unconsolidated with the registrant is a party, under which the registrant has: obligations under certain guarantees or contracts; retained or contingent interest in assets transferred to an unconsolidated entity or similar arrangements; obligations under certain derivative arrangements; and obligations arising out of a material variable interest in an unconsolidated entity. As of December 31, 2010, we do not have any material off balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk from changes in interest rates. At times we enter into derivative instruments primarily for the purpose of reducing the impact of changing interest rates on our floating rate debt and to reduce the impact of changing fair market values on our fixed rate debt. See *Note 8. Derivative Instruments* and *Note 5. Notes Payable and Commercial Bank Financing,* in the Notes to our Consolidated Financial Statements.

On August 19, 2010, we entered into an amendment of our Bank Credit Agreement. Under the Amendment, we paid down $35.0 million of the outstanding $305.0 million balance under the Term Loan B and repriced the remaining $270.0 million outstanding. As of December 31, 2010, we had $270.0 million outstanding under our Term Loan B and no amount drawn on our Revolving Credit Facility. The Term Loan B will initially bear interest at LIBOR plus 4.0% with a 1.5% LIBOR floor. Any outstanding amounts accrue interest with a variable rate and therefore increases our risk to increases from interest rates. During 2010, the three-month LIBOR rate slightly increased.

We are 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. The fair value of the 4.875% Notes, 3.0% Notes, 6.0% Notes, 8.375% Notes and 9.25% Notes combined was $884.9 million as of December 31, 2010. We estimate that adding 1.0% to prevailing interest rates would result in a decrease in fair value of these notes by $42.3 million as of December 31, 2010. Generally, the fair market value of these notes will decrease as interest rates rise and increase as interest rates fall.

Under certain circumstances, we have contingent cash interest features related to the 3.0% Notes and the 4.875% Notes. The contingent cash interest feature for both issuances were embedded derivatives which have negligible fair values.

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures and Internal Control over Financial Reporting

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the design and effectiveness of our disclosure controls and procedures and our internal control over financial reporting as of December 31, 2010.

The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

The term "internal control over financial reporting," as defined in Rules 13a-15d-15(f) under the Exchange Act, means a process designed by, or under the supervision of our Chief Executive and Chief Financial Officers and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles (GAAP) and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that our receipts and expenditures are being made in accordance with authorizations of management or our Board of Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material adverse effect on our financial statements.

Assessment of Effectiveness of Disclosure Controls and Procedures

Based on the evaluation of our disclosure controls and procedures as of December 31, 2010, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective at the reasonable assurance level.

Report of Management on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we assessed the effectiveness of our internal control over financial reporting as of December 31, 2010 based on the criteria set forth in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on our assessment, management has concluded that, as of December 31, 2010, our internal control over financial reporting was effective based on those criteria.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2010 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended December 31, 2010, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls

Management, including our Chief Executive Officer and Chief Financial Officer, do not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management's override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

As of December 31,	2010	2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 21,974	$ 23,224
Current portion of restricted cash	5,058	27,667
Accounts receivable, net of allowance for doubtful accounts of $3,242 and $2,932, respectively	121,283	106,792
Affiliate receivable	88	69
Current portion of program contract costs	37,000	43,741
Income taxes receivable	—	8,073
Prepaid expenses and other current assets	6,064	6,130
Deferred barter costs	3,156	2,825
Deferred tax assets	9,658	7,277
Total current assets	204,281	225,798
PROGRAM CONTRACT COSTS, less current portion	8,729	16,417
PROPERTY AND EQUIPMENT, net	272,231	296,227
RESTRICTED CASH, less current portion	223	37,216
GOODWILL	660,017	660,017
BROADCAST LICENSES	47,375	51,988
DEFINITE-LIVED INTANGIBLE ASSETS, net	184,652	193,405
OTHER ASSETS	108,416	108,961
Total assets	$ 1,485,924	$ 1,590,029
LIABILITIES AND EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	$ 5,952	$ 3,746
Accrued liabilities	68,071	60,523
Income taxes payable	298	—
Current portion of notes payable, capital leases and commercial bank financing	19,556	40,632
Current portion of notes payable and capital leases payable to affiliates	3,196	2,995
Current portion of program contracts payable	68,301	91,995
Deferred barter revenues	2,522	2,810
Total current liabilities	167,896	202,701
LONG-TERM LIABILITIES:		
Notes payable, capital leases and commercial bank financing, less current portion	1,169,740	1,297,964
Notes payable and capital leases to affiliates, less current portion	19,573	24,717
Program contracts payable, less current portion	29,593	48,448
Deferred tax liabilities	210,335	169,527
Other long-term liabilities	45,869	48,894
Total liabilities	1,643,006	1,792,251
EQUITY (DEFICIT):		
SINCLAIR BROADCAST GROUP SHAREHOLDERS' EQUITY (DEFICIT):		
Class A Common Stock, $.01 par value, 500,000,000 shares authorized, 50,284,052 and 47,375,437 shares issued and outstanding, respectively	503	474
Class B Common Stock, $.01 par value, 140,000,000 shares authorized, 30,083,819 and 32,453,859 shares issued and outstanding, respectively, convertible into Class A Common Stock	301	325
Additional paid-in capital	609,640	605,340
Accumulated deficit	(771,953)	(813,876)
Accumulated other comprehensive loss	(3,914)	(4,213)
Total Sinclair Broadcast Group shareholders' deficit	(165,423)	(211,950)
Noncontrolling interest	8,341	9,728
Total deficit	(157,082)	(202,222)
Total liabilities and equity (deficit)	$ 1,485,924	$ 1,590,029

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

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008

(In thousands, except per share data)

	2010	2009	2008
REVENUES:			
Station broadcast revenues, net of agency commissions	**$ 655,378**	$ 554,597	$ 639,163
Revenues realized from station barter arrangements	**75,210**	58,182	59,877
Other operating divisions revenues	**36,598**	43,698	55,434
Total revenues	**767,186**	656,477	754,474
OPERATING EXPENSES:			
Station production expenses	**154,133**	142,415	158,965
Station selling, general and administrative expenses	**127,091**	122,833	136,142
Expenses recognized from station barter arrangements	**67,083**	48,119	53,327
Amortization of program contract costs and net realizable value adjustments	**60,862**	73,087	84,422
Other operating divisions expenses	**30,916**	45,520	59,987
Depreciation of property and equipment	**36,307**	42,892	44,765
Corporate general and administrative expenses	**26,800**	25,632	26,285
Amortization of definite-lived intangible assets	**18,834**	22,355	18,340
Gain on asset exchange	**—**	(4,945)	(3,187)
Impairment of goodwill, intangible and other assets	**4,803**	249,799	463,887
Total operating expenses	**526,829**	767,707	1,042,933
Operating income (loss)	**240,357**	(111,230)	(288,459)
OTHER INCOME (EXPENSE):			
Interest expense and amortization of debt discount and deferred financing costs	**(116,046)**	(80,021)	(87,634)
(Loss) gain from extinguishment of debt	**(6,266)**	18,465	5,451
(Loss) income from equity and cost method investments	**(4,861)**	354	(2,703)
Other income, net	**2,667**	1,972	3,461
Total other expense	**(124,506)**	(59,230)	(81,425)
Income (loss) from continuing operations before income taxes	**115,851**	(170,460)	(369,884)
INCOME TAX (PROVISION) BENEFIT	**(40,226)**	32,512	121,362
Income (loss) from continuing operations	**75,625**	(137,948)	(248,522)
DISCONTINUED OPERATIONS:			
Loss from discontinued operations, net of related income tax provision of ($77), ($350) and ($358), respectively	**(577)**	(81)	(141)
NET INCOME (LOSS)	**75,048**	(138,029)	(248,663)
Net loss attributable to the noncontrolling interest	**1,100**	2,335	2,133
NET INCOME (LOSS) ATTRIBUTABLE TO SINCLAIR BROADCAST GROUP	**$ 76,148**	$ (135,694)	$ (246,530)
Dividends declared per share	**$ 0.43**	$ —	$ 0.80
EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO SINCLAIR BROADCAST GROUP:			
Basic earnings (loss) per share from continuing operations	**$ 0.96**	$ (1.70)	$ (2.87)
Basic loss per share from discontinued operations	**$ (0.01)**	$ —	$ —
Basic earnings (loss) per share	**$ 0.95**	$ (1.70)	$ (2.87)
Diluted earnings (loss) per share from continuing operations	**$ 0.95**	$ (1.70)	$ (2.87)
Diluted loss per share from discontinued operations	**$ (0.01)**	$ —	$ —
Diluted earnings (loss) per share	**$ 0.94**	$ (1.70)	$ (2.87)
Weighted average common shares outstanding	**80,245**	79,981	85,794
Weighted average common and common equivalent shares outstanding	**83,606**	79,981	85,794
AMOUNTS ATTRIBUTABLE TO SINCLAIR BROADCAST GROUP COMMON SHAREHOLDERS:			
Income (loss) from continuing operations, net of tax	**$ 76,725**	$ (135,613)	$ (246,389)
Loss from discontinued operations, net of tax	**(577)**	(81)	(141)
Net income (loss)	**$ 76,148**	$ (135,694)	$ (246,530)

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

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008

(In thousands)

	Sinclair Broadcast Group Shareholders						
	Class A Common Stock	**Class B Common Stock**	**Additional Paid-In Capital**	**Accumulated Deficit**	**Accumulated Other Comprehensive Loss**	**Noncontrolling Interests**	**Total Equity (Deficit)**
BALANCE, December 31, 2007	$ 528	$ 345	$ 631,621	$ (364,049)	$ (1,931)	$ 3,067	$269,581
Dividends declared on Class A and Class B Common Stock	—	—	—	(67,603)	—	—	(67,603)
Class A Common Stock issued pursuant to employee benefit plans	4	—	4,021	—	—	—	4,025
Issuance of subsidiary stock awards	—	—	—	—	—	2,479	2,479
Contributions from noncontrolling interest, net of distributions	—	—	—	—	—	10,989	10,989
Consolidation of variable interest entity	—	—	—	—	—	1,900	1,900
Tax provision on employee stock awards	—	—	(8)	—	—	—	(8)
Change in pension funded status and amortization of net periodic pension benefit costs, net of taxes	—	—	—	—	(1,564)	—	(1,564)
Repurchase of 6,722,310 shares of Class A Common Stock	(67)	—	(29,769)	—	—	—	(29,836)
Net loss	—	—	—	(246,530)	—	(2,133)	(248,663)
BALANCE, December 31, 2008	$ 465	$ 345	$ 605,865	$ (678,182)	$ (3,495)	$ 16,302	$ (58,700)

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

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008

(In thousands)

	Sinclair Broadcast Group Shareholders						
	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity (Deficit)
BALANCE, December 31, 2008	$ 465	$ 345	$ 605,865	$ (678,182)	$ (3,495)	$ 16,302	$ (58,700)
Class A Common Stock issued pursuant to employee benefit plans	4	—	1,378	—	—	—	1,382
Class B Common Stock converted into Class A Common Stock	20	(20)	—	—	—	—	—
Contribution from noncontrolling interests, net of distributions	—	—	—	—	—	26	26
Purchase of subsidiary shares from noncontrolling interest	—	—	(220)	—	—	(4,807)	(5,027)
Repurchase of 1,536,633 shares of Class A Common Stock	(15)	—	(1,439)	—	—	—	(1,454)
Removal of noncontrolling interest deficit related to disposition of other operating divisions companies	—	—	—	—	—	542	542
Tax provision on employee stock awards	—	—	(244)	—	—	—	(244)
Change in pension funded status and amortization of net periodic pension benefit costs, net of taxes	—	—	—	—	(718)	—	(718)
Net (loss) income	—	—	—	(135,694)	—	(2,335)	(138,029)
BALANCE, December 31, 2009	$ 474	$ 325	$ 605,340	$ (813,876)	$ (4,213)	$ 9,728	$ (202,222)

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

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008

(In thousands)

	Sinclair Broadcast Group Shareholders						
	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity (Deficit)
BALANCE, December 31, 2009	$ 474	$ 325	$ 605,340	$ (813,876)	$ (4,213)	$ 9,728	$ (202,222)
Dividends declared on Class A and Class B Common Stock	—	—	—	(34,225)	—	—	(34,225)
Class A Common Stock issued pursuant to employee benefit plans	5	—	4,423	—	—	—	4,428
Class B Common Stock converted into Class A Common Stock	24	(24)	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	(287)	(287)
Tax provision on employee stock awards	—	—	(123)	—	—	—	(123)
Change in pension funded status and amortization of net periodic pension benefit costs, net of taxes	—	—	—	—	299	—	299
Net income (loss)	—	—	—	76,148	—	(1,100)	75,048
BALANCE, December 31, 2010	$ 503	$ 301	$ 609,640	$ (771,953)	$ (3,914)	$ 8,341	$ (157,082)

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008

(In thousands)

	2010	2009	2008
Net income (loss)	$ 75,048	$ (138,029)	$ (248,663)
Change in pension funded status and amortization of net periodic pension benefit costs, net of taxes	299	(718)	(1,564)
Comprehensive income (loss)	75,347	(138,747)	(250,227)
Comprehensive loss attributable to the noncontrolling interest	1,100	2,335	2,133
Comprehensive income (loss) attributable to Sinclair Broadcast Group	$ 76,447	$ (136,412)	$ (248,094)

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2010, 2009 AND 2008

(In thousands)

	2010	2009	2008
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:			
Net income (loss)	**$ 75,048**	$ (138,029)	$ (248,663)
Adjustments to reconcile net (loss) income to net cash flows from operating activities:			
Amortization of debt discount, net of debt premium	**4,963**	10,286	13,404
Depreciation of property and equipment	**36,563**	43,217	45,027
Recognition of deferred revenue	**(25,967)**	(25,512)	(29,416)
Impairment of goodwill, intangible and other assets	**4,803**	249,799	463,887
Amortization of definite-lived intangible assets	**18,834**	22,355	18,340
Amortization of program contract costs and net realizable value adjustments	**60,862**	73,087	84,422
Loss (gain) on extinguishment of debt, non-cash portion	**5,525**	(18,465)	2,000
Original debt issuance discount paid	**(14,393)**	(18,176)	—
Deferred tax provision (benefit)	**38,636**	(24,949)	(121,077)
Changes in assets and liabilities, net of effects of acquisitions and dispositions:			
(Increase) decrease in accounts receivable, net	**(14,491)**	823	22,884
Decrease (increase) in income taxes receivable	**8,073**	(5,739)	13,938
Increase in accounts payable and accrued liabilities	**33,312**	12,654	14,465
(Increase) decrease in other assets and liabilities	**6**	6,778	5,937
Payments on program contracts payable	**(88,992)**	(82,184)	(82,285)
Other, net	**12,179**	(509)	8,908
Net cash flows from operating activities	**154,961**	105,436	211,771
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:			
Acquisition of property and equipment	**(11,694)**	(7,693)	(25,169)
Consolidation of variable interest entity	**—**	—	1,328
Purchase of alarm monitoring contracts	**(10,106)**	(12,291)	(7,675)
Payments for acquisition of television stations	**—**	—	(17,123)
Payments for acquisitions of other operating divisions companies	**—**	—	(53,487)
Decrease (increase) in restricted cash	**59,602**	(64,883)	—
Dividends and distributions from equity and cost method investees	**894**	1,501	1,575
Investments in equity and cost method investees	**(7,224)**	(10,601)	(41,971)
Proceeds from the sale of assets	**110**	126	199
Proceeds from insurance settlements	**372**	—	—
Loans to affiliates	**(136)**	(162)	(178)
Proceeds from loans to affiliates	**117**	157	179
Net cash flows from (used in) investing activities	**31,935**	(93,846)	(142,322)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:			
Proceeds from notes payable, commercial bank financing and capital leases	**283,930**	980,875	274,643
Repayments of notes payable, commercial bank financing and capital leases	**(427,421)**	(931,566)	(255,597)
Purchase of subsidiary shares from noncontrolling interests	**—**	(5,000)	—
Repurchase of Class A Common Stock	**—**	(1,454)	(29,836)
Dividends paid on Class A and Class B Common Stock	**(34,225)**	(16,038)	(66,683)
Payments for deferred financing costs	**(7,020)**	(28,815)	(524)
Proceeds from derivative terminations	**—**	—	8,001
Noncontrolling interests (distributions) contributions	**(287)**	26	(637)
Repayments of notes and capital leases to affiliates	**(3,123)**	(2,864)	(3,326)
Net cash flows used in financing activities	**(188,146)**	(4,836)	(73,959)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(1,250)**	6,754	(4,510)
CASH AND CASH EQUIVALENTS, beginning of year	**23,224**	16,470	20,980
CASH AND CASH EQUIVALENTS, end of year	**$ 21,974**	$ 23,224	$ 16,470

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Operations

Sinclair Broadcast Group, Inc. is a diversified television broadcasting company that owns or provides certain programming, operating or sales services to television stations pursuant to broadcasting licenses that are granted by the Federal Communications Commission (the FCC or Commission). We currently own, provide programming and operating services pursuant to local marketing agreements (LMAs) or provide, or are provided, sales services pursuant to outsourcing agreements to 58 television stations in 35 markets. For the purpose of this report, these 58 stations are referred to as "our" stations. Our broadcast group is a single reportable segment for accounting purposes and includes the following network affiliations: FOX (20 stations); MyNetworkTV (16 stations; not a network affiliation, however is branded as such); ABC (9 stations); The CW (10 stations); CBS (2 stations) and NBC (1 station). In addition, certain stations broadcast programming on second and third digital signals through network affiliation or program service arrangements with TheCoolTV, The Country Network, MyNetworkTV, This TV and Estrella TV.

Principles of Consolidation

The consolidated financial statements include our accounts and those of our wholly-owned and majority-owned subsidiaries and variable interest entities (VIEs) for which we are the primary beneficiary. Noncontrolling interest represents a minority owner's proportionate share of the equity in certain of our consolidated entities. All intercompany transactions and account balances have been eliminated in consolidation.

Variable Interest Entities

In June 2009, the Financial Accounting Standards Board (FASB) issued amended guidance on the consolidation of variable interest entities (VIEs). The intent of this guidance is to improve financial reporting by enterprises involved with VIEs and to provide more relevant and reliable information to users of financial statements. The new guidance requires a number of new disclosures and we are required to perform ongoing reassessments of whether we are the primary beneficiary of a VIE for financial reporting purposes. For us, this guidance was effective as of January 1, 2010.

In determining whether we are the primary beneficiary of a VIE for financial reporting purposes, we consider whether we have the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and whether we have the obligation to absorb losses or the right to receive returns that would be significant to the VIE. We consolidate VIEs when we are the primary beneficiary. The assets of our consolidated VIEs can only be used to settle the obligations of the VIE. All the liabilities including debt held by our VIEs are non-recourse to us. However, the VIE debt of Cunningham Broadcasting Corporation (Cunningham) contains cross-default provisions under our senior secured credit facility (Bank Credit Agreement). See *Note 11. Related Person Transactions* for more information.

We have entered into LMAs to provide programming, sales and managerial services for television stations of Cunningham, the license owner of six television stations as of December 31, 2010. In February 2011, we entered into another LMA agreement with Cunningham for WDBB-TV, in Birmingham, Alabama. We pay LMA fees to Cunningham and also reimburse all operating expenses. We also have an acquisition agreement in which we have a purchase option to buy the license assets of the television stations which includes the FCC license and certain other assets used to operate the station (License Assets). Our applications to acquire the Federal Communications Commission (FCC) licenses are pending approval. We have determined that the Cunningham stations are VIEs and that based on the terms of the agreements, we are the primary beneficiary of the variable interests because we have the power to direct the activities which significantly impact the economic performance of the VIE through the sales and managerial services we provide and we absorb losses and returns that would be considered significant to Cunningham. See *Note 11. Related Person Transactions* for more information on our arrangements with Cunningham. Included in the accompanying consolidated statements of operations for the years ended December 31, 2010, 2009 and 2008 are net revenues of $118.5 million, $100.9 million and $109.7 million, respectively, that relate to LMAs.

We have outsourcing agreements with other license owners, which we provide certain non-programming related sales, operational and administrative services. We pay a fee to the license owner based on a percentage of broadcast cash flow and we reimburse all operating expenses. We also have a purchase option to buy the License Assets. For the same reasons noted above regarding the LMA, we have determined that the outsourced license station assets are VIEs and we are the primary beneficiary.

As of the dates indicated, the carrying amounts and classification of the assets and liabilities of the VIEs mentioned above which have been included in our consolidated balance sheets as of December 31, 2010 and 2009 were as follows (in thousands):

ASSETS	2010	2009
CURRENT ASSETS:		
Cash and cash equivalents	**$ 5,319**	$ 4,127
Income taxes receivable	**—**	33
Current portion of program contract costs	**480**	430
Prepaid expenses and other current assets	**105**	129
Deferred tax assets	**—**	27
Total current asset	**5,904**	4,746
PROGRAM CONTRACT COSTS, less current portion	**491**	649
PROPERTY AND EQUIPMENT, net	**7,461**	8,239
GOODWILL	**6,357**	6,357
BROADCAST LICENSES	**4,183**	4,320
DEFINITE-LIVED INTANGIBLE ASSETS, net	**6,959**	7,393
OTHER ASSETS	**914**	213
Total assets	**$ 32,269**	$ 31,917
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	**$ 37**	$ 37
Accrued liabilities	**773**	774
Income taxes payable	**44**	—
Current portion of notes payable, capital leases and commercial bank financing	**11,056**	11,039
Current portion of program contracts payable	**649**	576
Total current liabilities	**12,559**	12,426
LONG-TERM LIABILITIES:		
Notes payable, capital leases and commercial bank financing, less current portion	**13,484**	24,540
Program contracts payable, less current portion	**190**	444
Deferred tax liabilities	**—**	218
Total liabilities	**$ 26,233**	$ 37,628

The amounts above represent the consolidated assets and liabilities of the VIEs related to our LMA and outsourcing agreements and have been aggregated as they all relate to our broadcast business. In addition the risk and reward characteristics of the VIEs are similar.

Under the previously applicable accounting guidance for consolidation, we had determined that we had a variable interest in four real estate ventures and that we were the primary beneficiary of those VIEs and should consolidate the assets and liabilities of those entities. However, under the new accounting guidance for consolidation which was effective January 1, 2010, we no longer consider one of these investments to be a VIE since the investment does not meet the VIE criteria under the new accounting guidance. We still consolidate the assets and liabilities of this entity pursuant to other accounting guidance based on voting-interests. Under the new accounting guidance for consolidation, we no longer consider ourselves the primary beneficiary of the other three real estate ventures since, as the manager of the venture, the other partner holds the power to direct activities that significantly impact the economic performance of the VIE and can participate in returns that would be considered significant to the VIE. The effect of this change is not material to our consolidated financial statements.

We have investments in other real estate ventures and investment companies which are considered VIEs. However, we do not participate in the management of these entities including the day-to-day operating decisions or other decisions which allow us to control the entity, and therefore, we are not considered the primary beneficiary of the VIE. We account for these entities using the equity or cost method of accounting.

The carrying amounts of our investments in these VIEs for which we are not the primary beneficiary as of December 31, 2010 and 2009 are as follows (in thousands):

	2010		2009	
	Carrying amount	**Maximum exposure**	**Carrying amount**	**Maximum exposure**
Investments in real estate ventures	**$ 7,769**	**$ 7,769**	$ 8,796	$ 8,796
Investments in investment companies	**24,872**	**24,872**	21,108	21,108
Total	**$ 32,641**	**$ 32,641**	$ 29,904	$ 29,904

The carrying amounts above are included in other assets in the consolidated balance sheets. The income and loss related to these investments are recorded in (loss) income from equity and cost method investments in the consolidated statement of operations. We recorded income of $2.1 million, a loss of $0.6 million and $4.4 million for the years ended December 31, 2010, 2009 and 2008, respectively. As of December 31, 2010 and December 31, 2009, our unfunded commitments totaled $14.9 million and $16.8 million, respectively.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses in the consolidated financial statements and in the disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

Nonmonetary Asset Exchanges

In 2004, Sprint Nextel Corporation (Nextel) agreed to relocate its airwaves to end interference between its cellular signals and the wireless signals used by the country's public safety agencies. As part of this agreement, the FCC granted Nextel the right to a certain spectrum within the 1.9 GHz band that was used by television broadcasters for electronic news gathering. Accordingly, Nextel entered into agreements with several of our stations to exchange our existing analog equipment for comparable digital equipment. As equipment was exchanged and placed in service, we recorded a gain to the extent that the fair market value of the equipment received exceeds the carrying amount of the equipment relinquished. The equipment is recorded at the estimated fair market value and is depreciated over a useful life of eight years. For the year ended December 31, 2009 and 2008, we recorded a gain of $4.9 million and $3.2 million, respectively, for the equipment received. We received all applicable equipment pursuant to the agreement in 2009.

Recent Accounting Pronouncements

In September 2009, the FASB ratified the Emerging Issues Task Force's (EITF's) amended guidance on accounting for revenue arrangements with multiple deliverables. The amended guidance allows the use of an estimated selling price for the undelivered units of accounting in transactions in which vendor-specific objective evidence (VSOE) or third-party evidence (TPE) does not exist. The amended guidance no longer allows the use of the residual method when allocating arrangement consideration between the delivered and undelivered units of accounting if VSOE and TPE of selling price does not exist for all units of accounting. Entities are required to estimate the selling price of the deliverables, when VSOE and TPE are not available, and then allocate the consideration based on the relative selling prices of the deliverables. This guidance also requires additional disclosures including the amount of revenue recognized each reporting period and the amount of deferred revenue as of the end of each reporting period under this guidance. This guidance is effective for revenue arrangements entered into or materially modified in fiscal years beginning after June 15, 2010 and should be applied on a prospective basis. We do not believe that this guidance will have a material impact on our consolidated financial statements.

In January 2010, the FASB amended the guidance on fair value measurements and disclosures to add two new disclosure provisions to the current fair value disclosure guidance, including (1) details of transfers in and out of level 1 and level 2 measurements, and (2) gross presentation of activity within the level 3 roll forward. The guidance also amends two existing fair value disclosure requirements so that entities are required to disclose (1) the valuation techniques and inputs used to develop fair value measurements for assets and liabilities that are measured at fair value on both a recurring basis and nonrecurring basis in periods subsequent to initial recognition and (2) fair value measurement disclosures for each class of assets and liabilities. A class is defined as a subset of assets or liabilities within a line item in the statement of financial position. The guidance is for interim and annual reporting periods beginning after December 15, 2009, except for the changes to the level 3 roll forward which are effective for fiscal years beginning after December 15, 2010. We added the required disclosures under this guidance to our consolidated financial statements.

In November 2010, the FASB ratified the EITF's amended guidance with respect to goodwill impairment. The amended guidance requires that step two of the goodwill impairment test be performed if the carrying amount of a reporting unit is zero or negative and it is more likely than not that a goodwill impairment exists based on any adverse qualitative factors including an evaluation of the triggering circumstances noted in the guidance. The change is effective for fiscal years and interim changes within those years beginning after December 15, 2010. We do not believe that this guidance will have a material impact on our consolidated financial statements.

2009 Retrospective Application of New Accounting Standards

In December 2007, the FASB issued accounting guidance that requires the recognition of a noncontrolling interest (minority interest) as equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest is included in consolidated net income on the face of the statement of operations. The new guidance was effective for financial statements issued after December 15, 2008. We applied the requirements of this guidance retrospectively to our consolidated financial statements resulting in a change to the presentation of loss attributable to noncontrolling interest and net income (loss) attributable to Sinclair Broadcast Group on the face of the income statement for the year ended December 31, 2008.

In May 2008, the FASB issued new accounting guidance that requires issuers of convertible debt instruments that may be settled in cash upon conversion to account for the liability and equity components in a manner that will reflect the entity's nonconvertible debt borrowing rate when interest cost is recognized in subsequent periods. Issuers were required to determine the carrying value of just the liability portion of the debt by measuring the fair value of a similar liability (including any embedded features other than the conversion option) that does not have an associated equity component. The excess of the initial proceeds received from the debt issuance and the fair value of the liability component are recorded as a debt discount with the offset recorded to equity. The discount is amortized to interest expense using the interest method over the life of a similar liability that does not have an associated equity component. Transaction costs incurred with third parties shall be allocated between the liability and equity components in proportion to the allocation of proceeds and accounted for as debt issuance costs and equity issuance costs, respectively, with the debt issuance costs amortized to interest expense. This guidance was effective for financial statements issued after December 15, 2008. In 2009, we recorded the impact of this guidance retrospectively by recording additional interest expense on our 3.0% Convertible Senior Notes, due 2027 (the 3.0% Notes) related to the amortization of the debt discount and deferred financing costs of approximately $9.9 million for the year ended December 31, 2008. As of December 31, 2008, accumulated deficit increased, net of taxes, $8.8 million and additional paid in capital increased $17.5 million as a result of the retrospective impact of this guidance. In addition, the adjusted net income attributable to Sinclair Broadcast Group for the year ended December 31, 2008 decreased $5.0 million, with a resulting decrease to earnings per share of $0.06. For the year ended December 31, 2009, the application of this new guidance increased our net loss attributable to Sinclair Broadcast Group approximately $8.7 million and resulted in an approximate increase to loss per share of $0.11.

Cash and Cash Equivalents

We consider all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Restricted Cash

In October 2009, we established a cash collateral account with the proceeds from the sale of 9.25% Senior Secured Second Lien Notes due 2017 (the 9.25% Notes). The cash collateral account restricted the use of cash therein to repurchase the 3.0% Notes and our 4.875% Convertible Senior Notes due 2018 (the 4.875% Notes) upon, or prior to, the expiration of the put periods for such notes in May 2010 and January 2011, respectively. Upon expiration of such put periods, the unused cash is released to us to be used for general corporate purposes. During 2010, we used $53.6 million of restricted cash to redeem the 3.0% and 4.875% Notes. See *Note 5. Notes Payable and Commercial Bank Financing* for more information. As of December 31, 2010, we held $5.1 million in the restricted cash collateral account to be used for the redemption of the remaining $5.7 million aggregate principal amount of the 4.875% Notes. As of December 31, 2010, primarily all of the restricted cash classified as current related to the January 2011 put option. In January 2011, the put option was not exercised, however, pursuant to our Bank Credit Agreement the cash must be used within 120 days towards reducing our overall debt balance.

Additionally, under the terms of certain lease agreements, as of December 31, 2010, we are required to hold $0.2 million of restricted cash related to the removal of analog equipment from some of our leased towers. As of December 31, 2009, we were required to hold $0.5 million of restricted cash related to the removal of analog tower equipment.

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 appropriate allowance level.

Programming

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 equal to or shorter than the contract period. Pursuant to accounting guidance for the broadcasting industry, an asset and a liability for the rights acquired and obligations incurred under a license agreement are reported on the balance sheet where the cost of each program is known or reasonably determinable, the program material has been accepted by the licensee in accordance with the conditions of the license agreement and the program is available for its first showing or telecast. The portion of program contracts which becomes payable within one year is reflected as a current liability in the accompanying consolidated balance sheets.

The rights to this programming 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 on management's expectation of future advertising revenues, net of sales commissions, to be generated by the program material. With the exception of one-year contracts amortization of program contract costs is computed using either a four-year accelerated method or based on usage, whichever method results in the earliest recognition of amortization for each program. Program contract cost are amortized on a straight-line basis for one-year contracts. 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 made 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 airtime in lieu of cash payments for the rights to such programming. The revenues realized from station barter arrangements are recorded as the programs are aired at the estimated fair value of the advertising airtime given in exchange for the program rights. Program service arrangements are accounted for as station barter arrangements, however, network affiliation programming is excluded from these calculations. Revenues are recorded as revenues realized from station barter arrangements and the corresponding expenses are recorded as expenses recognized from station barter arrangements. In conjunction with the 2009 termination of our MyNetworkTV affiliation agreements described in *Note 10. Commitments and Contingencies*, in September 2009 our relationship with MyNetworkTV changed to a program service arrangement and is accounted for as a station barter arrangement.

We broadcast 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 and are included in station production expenses and station selling, general and administrative expenses, as applicable. Deferred barter revenues are recognized as the related advertising is aired and are recorded in revenues realized from station barter arrangements.

Other Assets

Other assets as of December 31, 2010 and 2009 consisted of the following (in thousands):

	2010	2009
Equity and cost method investments	**$ 76,275**	$ 75,176
Unamortized costs related to debt issuances	**30,017**	30,913
Other	**2,124**	2,872
Total other assets	**$ 108,416**	$ 108,961

We have equity and cost method investments primarily in private investment funds and real estate ventures. These investments are included in our other operating divisions segment. In the event that one or more of our investments are significant, we are required to disclose summarized financial information. For the years ended December 31, 2010, 2009, and 2008, none of our investments were significant individually or in the aggregate.

When factors indicate that there may be a decrease in value of an equity or cost method investment, we assess that investment and determine whether a loss in value has occurred. If that loss is deemed to be other than temporary, an impairment loss is recorded accordingly. For any investments that indicate a potential impairment, we estimate the fair values of those investments using discounted cash flow models, unrelated third party valuations or industry comparables, based on the various facts available to us. For the year ended December 31, 2010, we recorded impairments of $6.7 million related to three of our investments. The impairments are recorded in the gain (loss) from equity and cost method investees in our consolidated statement of operations. No impairment was recorded for the years ended December 31, 2009 or 2008.

In addition to our equity and cost method investments mentioned above, we hold one loan in a real estate venture. During 2008, we reserved 100% of the loan through a $3.9 million charge to other operating divisions expense in our consolidated statements of operations.

Impairment of Intangible and Long-Lived Assets

The accounting guidance for goodwill and other intangible assets requires that goodwill and indefinite-lived intangible assets be tested for impairment at least annually. The guidance prescribes a two-step method for determining goodwill impairment. In the first step, the Company determines the fair value of the reporting unit and compares that fair value to the net book value of the reporting unit. The fair value of the reporting unit is determined using various valuation techniques, including quoted market prices, observed earnings /cash flow multiples paid for comparable television stations and discounted cash flow models. If the net book value of the reporting unit were to exceed the fair value, we would then perform the second step of the impairment test, which requires allocation of the reporting unit's fair value to all of its assets and liabilities in a manner similar to a purchase price allocation, with any residual fair value being allocated to goodwill. An impairment charge will be recognized only when the implied fair value of a reporting unit's goodwill is less than its carrying amount. Broadcast licenses are analyzed at the market level. When evaluating whether a broadcast license is impaired, we compare the fair value of the broadcast licenses to the carrying amount of those same broadcast licenses. If the carrying amount of the broadcast licenses exceeds the fair value, then an impairment loss is recorded to the extent that the carrying value of the broadcast licenses exceeds the fair value.

We periodically evaluate our long-lived assets for impairment and continue to evaluate them as events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. We evaluate 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 that 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 tested for impairment by comparing their estimated fair value to the carrying value. We typically estimate fair value using discounted cash flow models and appraisals. See *Note 4. Goodwill and Other Intangible Assets*, for more information.

Accrued Liabilities

Accrued liabilities consisted of the following as of December 31, 2010 and 2009 (in thousands):

	2010	2009
Compensation and employee insurance	**$ 16,637**	$ 13,989
Interest	**13,528**	16,653
Other accruals relating to operating expenses	**29,027**	20,093
Deferred revenue	**8,879**	9,788
Total accrued liabilities	**$ 68,071**	$ 60,523

We expense these activities when incurred.

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 provide a valuation allowance for deferred tax assets if we determine, based on the weight of all available evidence, that it is more likely than not that some or all of the deferred tax assets will not be realized. As of December 31, 2010, valuation allowances have been provided for a substantial amount of our available state net operating losses. Management periodically performs a comprehensive review of our tax positions and accrues amounts for tax contingencies. Based on these reviews, the status of ongoing audits and the expiration of applicable statute of limitations, accruals are adjusted as necessary in accordance with income tax accounting guidance.

Supplemental Information – Statements of Cash Flows

During 2010, 2009 and 2008, we had the following cash transactions (in thousands):

	2010	2009	2008
Income taxes paid related to continuing operations	**$ 1,211**	$ 537	$ 3,477
Income tax refunds received related to continuing operations	**$ 8,435**	$ 2,975	$ 11,810
Income tax refunds received related to discontinued operations	**$ —**	$ —	$ 5,501
Interest paid	**$ 110,833**	$ 61,266	$ 73,041

Non-cash barter and trade expense are presented in the consolidated statements of operations. Non-cash transactions related to capital lease obligations were $1.4 million, $2.3 million and $10.0 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Revenue Recognition

Total revenues include: (i) cash and barter advertising revenues, net of agency commissions; (ii) retransmission consent fees; (iii) network compensation; (iv) other broadcast revenues and (v) revenues from our other operating divisions.

Advertising revenues, net of agency commissions, are recognized in the period during which time spots are aired.

Our retransmission consent agreements contain both advertising and retransmission consent elements. We have determined that our retransmission consent agreements are revenue arrangements with multiple deliverables. Advertising and retransmission consent deliverables sold under our agreements are separated into different units of accounting at fair value. Revenue applicable to the advertising element of the arrangement is recognized similar to the advertising revenue policy noted above. Revenue applicable to the retransmission consent element of the arrangement is recognized ratably over the life of the agreement.

Network compensation revenue is recognized ratably over the term of the contract. All other significant revenues are recognized as services are provided.

Advertising Expenses

Advertising expenses are recorded in the period when incurred and are included in station production expenses. Total advertising expenses from continuing operations, net of advertising co-op credits, were $6.2 million, $3.9 million and $7.6 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Financial Instruments

Financial instruments, as of December 31, 2010 and 2009, consisted of cash and cash equivalents, trade accounts receivable, notes receivable (which are included in other current assets), derivatives, accounts payable, accrued liabilities and notes payable. The carrying amounts approximate fair value for each of these financial instruments, except for the notes payable. See *Note 5. Notes Payable and Commercial Bank Financing,* for additional information regarding the fair value of notes payable.

Pension

We are required to recognize the funded status (i.e., the difference between the fair value of plan assets and the projected benefit obligations) of our pension plan in our consolidated financial statements. As of December 31, 2010 and 2009, we held a liability of $3.2 million and $3.9 million, respectively, representing the under funded status of our defined benefit pension plan.

Reclassifications

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

2. STOCK-BASED COMPENSATION PLANS:

Description of Awards

We have seven types of stock-based compensation awards: compensatory stock options (options), restricted stock awards (RSAs), an employee stock purchase plan (ESPP), employer matching contributions (the Match) for participants in our 401(k) plan, stock-settled appreciation rights (SARs), subsidiary stock awards and stock grants to our non-employee directors. Stock-based compensation expense has no effect on our consolidated cash flows. Below is a summary of the key terms and methods of valuation of our stock-based compensation awards:

Options. In June 1996, our Board of Directors adopted, upon approval of the shareholders by proxy, the 1996 Long-Term Incentive Plan (LTIP). The purpose of the LTIP is to reward key individuals for making major contributions to our success and the success of our 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 this plan. As of December 31, 2010, 10,335,259 shares (including forfeited shares) were available for future grants.

The following is a summary of changes in outstanding stock options:

	Options	Weighted-Average Exercise Price	Exercisable	Weighted-Average Exercise Price
Outstanding at December 31, 2009	**389,500**	**$ 10.74**	**389,500**	**$ 10.74**
2010 Activity:				
Granted	**—**	**—**	**—**	**—**
Exercised	**—**	**—**	**—**	**—**
Forfeited	**(89,000)**	**10.51**	**—**	**—**
Outstanding at December 31, 2010	**300,500**	**$ 10.81**	**300,500**	**$ 10.81**

RSAs. RSAs are granted to employees pursuant to the LTIP. RSAs issued in 2010 have certain restrictions that lapse over two years at 50% and 50%, respectively. RSAs issued prior to 2010 have certain restrictions that lapse over three years at 25%, 25% and 50%, respectively. As the restrictions lapse, the Class A Common Stock may be freely traded on the open market. We awarded 173,000 RSAs that had a fair value of $5.75 per share and 95,500 RSAs that had a fair value of $8.94 per share on March 12, 2010 and April 1, 2008, respectively. The fair value assumes the value of the stock on the trading date immediately prior to the grant date. No RSAs were granted in 2009. In 2010 and 2009, 51,625 and 57,750, respectively, RSAs vested. As of December 31, 2010, 220,750 shares were unvested. For the years ended December 31, 2010, 2009 and 2008, we recorded expense of $0.8 million, $0.6 million and $0.6 million, respectively. RSAs are included in basic earnings (loss) per share upon grant date.

ESPP. In March 1998, the Board of Directors adopted, subject to approval of the shareholders, the ESPP. The ESPP provides our employees with an opportunity to become shareholders through a convenient arrangement for purchasing shares of Class A Common Stock. On the first day of each payroll deduction period, each participating employee receives options to purchase a number of shares of our common stock with money that is withheld from his or her paycheck. The number of shares available to the participating employee is determined at the end of the payroll deduction period by dividing the total amount of money withheld during the payroll deduction period by the exercise price of the options (as described below). Options granted under the ESPP to employees are automatically exercised to purchase shares on the last day of the payroll deduction period unless the participating employee has, at least thirty days earlier, requested that his or her payroll contributions stop. Any cash accumulated in an employee's account for a period in which an employee elects not to participate is distributed to the employee.

The initial exercise price for options under the ESPP is 85% of the lesser of the fair market value of the common stock as of the first day of the quarter and as of the last day of that quarter. No participant can purchase more than $25,000 worth of our common stock over all payroll deduction periods ending during the same calendar year. We value the stock options under the ESPP using the Black-Scholes option pricing model, which incorporates the following assumptions as of December 31, 2010, 2009 and 2008:

	2010	2009	2008
Risk-free interest rate	**0.29%**	0.28%	1.36%
Expected life	**91 days**	91 days	91 days
Expected volatility	**78.86%**	137.40%	117.70%
Annual dividend yield	**0.00%**	0.00%	15.22%

We use the Black-Scholes model as opposed to a lattice pricing model because employee exercise patterns are not relevant to this plan. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant. The expected life is based on the approximate number of days in the quarter assuming the option was issued on the first day of the quarter. The expected volatility is based on our historical stock prices over the previous 90-day period. The annual dividend yield is based on the annual dividend per share divided by the share price on the grant date.

The stock-based compensation expense recorded related to the ESPP for the years ended December 31, 2010, 2009 and 2008 was $0.2 million, $0.3 million and $0.2 million, respectively. Less than 0.2 million shares were issued to employees during the year ended December 31, 2010.

Match. The Sinclair Broadcast Group, Inc. 401(k) Profit Sharing Plan and Trust (the 401(k) Plan) is available as a benefit for our eligible employees. Contributions made to the 401(k) Plan include an employee elected salary reduction amount, company-matching contributions (the Match) and an additional discretionary amount determined each year by the Board of Directors. The Match and any additional discretionary contributions may be made using our Class A Common Stock if the Board of Directors so chooses. Typically, we make the Match using our Class A Common Stock.

The value of the Match is based on the level of elective deferrals into the 401(k) plan. The amount of shares of our Class A Common Stock used to make the Match is determined using the closing price on or about March 1st of each year for the previous calendar year's Match. The Match is discretionary and is equal to a maximum of 50% of elective deferrals by eligible employees, capped at 4% of the employee's total cash compensation. For the years ended December 31, 2010, 2009 and 2008, we recorded $1.5 million, zero and $2.0 million, respectively, of compensation expense related to the Match. We did not make a 401(k) plan Match in 2009.

SARs. On March 12, 2010, 300,000 SARs were granted to David Smith, our President and Chief Executive Officer, pursuant to the LTIP. The base value of each SAR is $5.75 per share, which was the closing price of our Class A Common Stock on the grant date. The SARs had a grant date fair value of $1.6 million. On April 1, 2008, 350,000 SARs were granted to David Smith, pursuant to the LTIP. The base value of each SAR is $8.94 per share, which was the closing price of our Class A Common Stock on the grant date. The SARs had a grant date fair value of $0.5 million. No SARs were granted in 2009. The SARs have a 10-year term and vest immediately. As of December 31, 2010, 850,000 SARs were outstanding. We valued the SARs using the Black-Scholes model and the following assumptions:

	2010	**2008**
Risk-free interest rate	**3.85%**	4.25%
Expected life	**10 years**	10 years
Expected volatility	**110.38%**	46.10%
Annual dividend yield	**0.00%**	9.23%

For the years ended December 31, 2010 and 2008, we recorded compensation expense of $1.6 million and $0.5 million, respectively, related to these grants. During 2009 and 2008, these SARs had no effect on the shares used in our basic and diluted loss per share. During 2010, SARs had a dilutive effect on our earnings per share. In 2011, David Smith exercised 650,000 of his SARs for 237,947 shares. As of February 28, 2011, 200,000 SARs were outstanding.

Subsidiary Stock Awards. From time to time, we grant subsidiary stock awards to employees. The subsidiary stock is typically in the form of a membership interest in a consolidated limited liability company, not traded on a public exchange and valued based on the estimated fair value of the subsidiary. Fair value is typically estimated using discounted cash flow models and appraisals. These stock awards vest immediately. For the year ended December 31, 2008, we recorded compensation expense of $2.5 million related to these awards. We did not issue any subsidiary stock awards in 2010 or 2009. These awards have no effect on the shares used in our basic and diluted earnings per share.

Stock Grants to Non-Employee Directors. In addition to directors fees paid, on the date of each of our annual meetings of shareholders, each non-employee director receives a grant of shares of Class A Common Stock pursuant to the LTIP. In 2010, 2009 and 2008, each non-employee director received 5,000 shares, respectively. On June 3, 2010, June 4, 2009 and May 15, 2008, we granted 25,000 shares that had a fair value of $6.61 per share, 25,000 shares that had a fair value of $2.09 per share and 25,000 shares that had a fair value of $9.28 per share, respectively. The fair value assumes the closing value of the stock on the date of grant. We recorded an expense of $0.2 million, less than $0.1 million and $0.2 million on the date of grant for the years ended December 31, 2010, 2009 and 2008, respectively. Additionally, these shares are included in the total shares outstanding, which results in a dilutive effect on our basic and diluted earnings (loss) per share.

3. 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 - 30 years
Station equipment	5 - 10 years
Office furniture and equipment	5 - 10 years
Leasehold improvements	Lesser of 10 - 30 years or lease term
Automotive equipment	3 - 5 years
Property and equipment under capital leases	Lease term

Property and equipment consisted of the following as of December 31, 2010 and 2009 (in thousands):

	2010	2009
Land and improvements	**$ 20,183**	$ 20,060
Real estate held for development and sale	**54,474**	52,049
Buildings and improvements	**93,514**	91,396
Station equipment	**341,022**	345,809
Office furniture and equipment	**44,735**	44,120
Leasehold improvements	**15,336**	15,286
Automotive equipment	**12,040**	12,006
Capital leased assets	**79,259**	80,483
Construction in progress	**3,005**	1,368
	663,568	662,577
Less: accumulated depreciation	**(391,337)**	(366,350)
	$ 272,231	$ 296,227

Capital leased assets are related to building, tower and equipment leases. Depreciation related to capital leases is included in depreciation expense in the consolidated statements of operations. We recorded capital lease depreciation expense of $4.0 million, $4.7 million and $5.3 million for the years ended December 31, 2010, 2009 and 2008, respectively.

4. GOODWILL, BROADCAST LICENSES AND OTHER INTANGIBLE ASSETS:

Goodwill and broadcast licenses are required to be tested for impairment at least annually. We test our broadcast licenses and goodwill annually during the fourth quarter each year and between annual evaluations if events occur or circumstances change that indicate that the fair value of our reporting units or licenses may be below their carrying amount. We did not have any indicators of impairment in the first, second or third quarters of 2010 and therefore did not perform impairment tests for those periods. We performed our annual impairment test in the fourth quarter of 2010.

When evaluating whether goodwill is impaired, we aggregate our stations by market for purposes of our goodwill impairment testing. We believe that our markets are most representative of our broadcast reporting units because we view, manage and evaluate our stations on a market basis. Furthermore, in our markets operated as duopolies, certain costs of operating the stations are shared including the use of buildings and equipment, the sales force and administrative personnel. We then compare the fair value of the reporting unit to which the goodwill is assigned to the reporting unit's carrying amount, including goodwill. We estimate the fair market value of our reporting units using a combination of quoted market prices, observed earnings/cash flow multiples paid for comparable television stations, and discounted cash flow models. Our discounted cash flow model is based on our judgment of future market conditions within each designated market area, as well as discount rates that would be used by market participants in an arms-length transaction. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. The impairment loss is calculated by comparing the implied fair value of reporting unit goodwill to its carrying amount. In calculating the implied fair value of reporting unit goodwill, the fair value of the reporting unit is allocated to all of the other assets and liabilities of that unit based on their fair values. The excess of the fair value of a reporting unit over the amount assigned to its other assets and liabilities is the implied fair value of goodwill. An impairment loss is recognized to the extent that the carrying amount of goodwill exceeds its implied fair value.

When evaluating our broadcast licenses for impairment, the testing is done at the unit of accounting level using the income approach method. The income approach method involves an eight-year model that incorporates several variables, including, but not limited to, discounted cash flows of a typical market participant, market revenue and long term growth projections, estimated market share for the typical participant and estimated profit margins based on market size and station type. The model also assumes outlays for capital expenditures, future terminal values, an effective tax rate assumption and a discount rate based on the weighted-average cost of capital of the television broadcast industry.

The impairment charge taken during the year ended December 31, 2008 was primarily due to the severe economic downturn during the fourth quarter and, as a result, we made further revisions to our forecasted cash flows, cash flow multiples and discount rates. Broadcast licenses were impaired in 31 of 35 markets. We recorded goodwill impairment in four markets including Flint/Saginaw/Bay City, Michigan; Las Vegas, Nevada; Springfield/Champaign, Illinois and St. Louis, Missouri.

During the year ended December 31, 2008, certain events led us to test our goodwill associated with an other operating division company, Acrodyne Communications, Inc. As a result of this testing, we recorded a $1.6 million impairment charge in our consolidated statements of operations. There was no impairment related to our other operating division companies for the years ended December 31, 2010 and 2009.

We recorded an impairment charge in the first quarter of 2009 based on an interim impairment test performed as a result of the severe economic downturn and continued decrease in our market capitalization. As a result of this test, we recorded $69.5 million and $60.6 million in impairment charges related to our goodwill and broadcast licenses, respectively, in the first quarter of 2009. Broadcast licenses were impaired in 28 of 35 markets. The fair value of the broadcast licenses was $85.3 million. We recorded goodwill impairment in three markets including Cedar Rapids, Iowa; Charleston, West Virginia; and Madison, Wisconsin.

The impairment charge taken during the fourth quarter of 2009 was primarily due to the continued deterioration of the economy and further revisions to our forecasted cash flows, cash flow multiples and discount rates. As a result of this test, we recorded $94.7 million and $24.3 million in impairment charges related to our goodwill and broadcast licenses, respectively, in the fourth quarter of 2009. Broadcast licenses were impaired in 18 of 35 markets. We recorded goodwill impairment in two markets including Buffalo, New York; and Pensacola, Florida.

As a result of our 2010 annual impairment test, we recorded an impairment charge related to our broadcast licenses of $4.6 million. Broadcast licenses were impaired in 7 of 35 markets and were primarily the result of additional cash outflows for increased signal strength necessary to maintain competitive market positions. The fair value of the broadcast licenses was $55.5 million. There was no impairment to goodwill in 2010.

The carrying value, fair value and impairment loss of the goodwill and broadcast licenses which were impaired during 2010 and 2009 were as follows (in thousands):

		Fair Value Measurements Using			
Description	**Carrying Value**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total Impairment Losses**
Year Ended December 31, 2010					
Broadcast licenses (a)	**$ 14,850**	**$ —**	**$ —**	**$ 14,850**	**$ 4,613**
Year Ended December 31, 2009					
Goodwill of markets which were impaired during the year (b)	$ 55,762	$ —	$ —	$ 55,762	$ 164,171
Broadcast licenses (a)	$ 51,542	$ —	$ —	$ 51,542	$ 80,434
Year Ended December 31, 2008					
Goodwill of markets which were impaired during the year (b)	$ 20,094	$ —	$ —	$ 20,094	$ 191,840
Broadcast licenses (a)	$ 112,415	$ —	$ —	$ 112,415	$ 270,422

(a) The fair value above represents the fair value of the broadcast licenses that were impaired in 2010, 2009 and 2008 and recorded to fair value. It excludes carrying values of $32.5 million, $0.4 million and $20.0 million related to broadcast licenses as of December 31, 2010, 2009 and 2008, respectively, which were not impaired during those years and had fair values in excess of carrying value.

(b) The fair value above represents the implied fair value of the goodwill assigned to the five impaired markets in 2009 and four impaired markets in 2008 for which we were required to calculate this amount. It excludes carrying values related to goodwill of $604.2 million and $804.1 million at December 31, 2009 and 2008, respectively, for which we were not required to calculate the fair value.

The key assumptions used to determine the fair value of our reporting units to test our goodwill for impairment and to determine the fair value of our broadcast licenses consist of discount rates, revenue and expense growth rates, constant growth rates and comparable business multiples. The revenue and expense growth rates used in our goodwill impairment testing and the revenue, expense and constant growth rates used in determining the fair value of our broadcast licenses have decreased slightly from 2009 to 2010. However, the baseline cash flows to which these growth rates are applied have increased due to a stronger than expected recovery in revenue in 2010. The growth rates are based on market studies, industry knowledge and historical performance.

The discount rates used to determine the fair value of our reporting units to test our goodwill for impairment and to determine the fair value of our broadcast licenses have slightly decreased from 2009 to 2010. The discount rate is based on a number of factors including market interest rates, a weighted average cost of capital analysis based on the target capital structure for a television station, and includes adjustments for market risk and company specific risk. The minimal decrease in the discount rate is primarily due to a slight decrease in the general cost of equity in 2010.

The comparable business multiple used to determine the fair value of our reporting units to test our goodwill for impairment has not changed from 2009 to 2010 due to the lack of data from sales transactions in the market in the past two years. It is an estimate of the multiple that would most likely be paid for a mature, cash flowing television station in the current marketplace.

As of December 31, 2010 and 2009, the carrying amount of our broadcast licenses related to continuing operations was as follows (in thousands):

	As of December 31,	
	2010	**2009**
Beginning balance	**$ 51,988**	$ 132,422
Broadcast license impairment charge (a)	**(4,613)**	(80,434)
Ending balance (b)	**$ 47,375**	$ 51,988

(a) In 2010 and 2009, an impairment of $0.2 million and $4.5 million, respectively, was recorded against purchase option assets included in other assets in the consolidated balance sheet. These purchase options give us the right to purchase the license assets of certain stations.

(b) Approximately $4.2 million and $4.3 million of broadcast licenses relate to consolidated VIEs as of December 31, 2010 and 2009, respectively.

The change in the carrying amount of goodwill related to continuing operations was as follows (in thousands):

	2010	**2009**
Balance as of January 1,	**$ 1,073,590**	$ 1,073,590
Accumulated impairment losses	**(413,573)**	(249,402)
	660,017	824,188
Impairment losses (a)	**—**	(164,171)
Balance as of December 31,		
Goodwill	**1,073,590**	1,073,590
Accumulated impairment losses	**(413,573)**	(413,573)
	$ 660,017	$ 660,017

(a) In 2009, all of the goodwill impairment charge related to our broadcast segment.

Definite-lived intangible assets and other assets subject to amortization are being amortized on a straight-line basis over periods of 5 to 25 years. We analyze specific definite-lived intangibles for impairment when events occur that may impact their value in accordance with the respective accounting guidance for long-lived assets. There was no impairment charge recorded for the years ended December 31, 2010 and 2009, respectively.

The following table shows the gross carrying amount and accumulated amortization of intangibles and estimated amortization related to continuing operations (in thousands):

		As of December 31, 2010		As of December 31, 2009	
	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:					
Network affiliation	25 years	**$ 245,025**	**$ (132,013)**	$ 245,160	$ (122,718)
Decaying advertiser base	15 years	**122,375**	**(111,675)**	122,375	(106,248)
Other	15 years	**97,200 (a)**	**(36,260)**	86,983 (a)	(32,147)
Total		**$ 464,600**	**$ (279,948)**	$ 454,518	$ (261,113)

(a) During 2010 and 2009, we purchased $10.2 million and $15.2 million, respectively, in additional alarm monitoring contracts.

The amortization expense of the definite-lived intangible assets and other assets for the years ended December 31, 2010, 2009 and 2008 was $18.8 million, $22.4 million and $18.3 million, respectively. The following table shows the estimated amortization expense of the definite-lived intangible assets and other assets for the next five years (in thousands):

For the year ended December 31, 2011	$ 17,952
For the year ended December 31, 2012	16,796
For the year ended December 31, 2013	14,877
For the year ended December 31, 2014	12,552
For the year ended December 31, 2015	12,349
Thereafter	110,126
	$ 184,652

5. NOTES PAYABLE AND COMMERCIAL BANK FINANCING:

Bank Credit Agreement

On October 29, 2009, concurrently with the closing of the offering of the 9.25% Notes we entered into the Bank Credit Agreement by amending and restating the previous bank credit agreement. On August 19, 2010, we entered into an amendment (the Amendment) of our Bank Credit Agreement. The final terms of the Bank Credit Agreement, as amended, are set forth below:

- A six-year term loan facility (Term Loan B) of $330.0 million. Under the Amendment, we paid down $35.0 million of the outstanding $305.0 million balance under the Term Loan B and repriced the remaining $270.0 million outstanding. The Term Loan B bears interest at LIBOR plus 4.00% with a 1.5% LIBOR floor and will continue to amortize principal at a rate of 0.25% per quarter commencing on March 31, 2011, continuing until the scheduled final payment on October 29, 2015 with 94.19% due at maturity or upon earlier termination of the Term Loan B pursuant to the terms in the Bank Credit Agreement.
- We have the right to prepay the Term Loan B at any time; provided, however, that if we prepay, reprice downward or otherwise refinance all or any portion of the Term Loan B prior to August 19, 2011, then we will be required to pay the Term Loan B lenders a prepayment premium equal to 1.00% of the aggregate amount prepaid, repriced or otherwise refinanced. Any prepayments on the Term Loan B are deducted from the scheduled final payment due on October 29, 2015.
- An amended and restated revolving credit facility (the Revolving Credit Facility). Under the terms of the Revolving Credit Facility, $60.5 million in existing commitments will remain in place under the revolving credit facility pricing in the previous bank credit agreement, which as of December 31, 2010 was LIBOR plus 0.75% and will expire June 2011. In addition, $75.4 million in commitments were extended until December 31, 2013 at a price of LIBOR plus 4.00% with a 2.0% LIBOR floor. We have the right to prepay the Revolving Credit Facility at any time without prepayment penalty. As of December 31, 2010, we did not have any amounts drawn under the Revolving Credit Facility.
- Provision for additional incremental term loan capacity up to $100.0 million.

The Bank Credit Agreement is collateralized by $1,001.8 million of our tangible and intangible assets.

During 2010, debt refinancing costs of $3.6 million were recorded to interest expense in our consolidated statement of operations in accordance with debt modification accounting guidance that applied to the amendment. Interest expense, excluding the debt refinancing costs, was $19.9 million, $8.5 million and $14.1 million for the years ended December 31, 2010, 2009 and 2008, respectively.

The weighted average interest rate of the Term Loan B for the years ended December 31, 2010 and 2009 was 6.86% and 6.96%, respectively.

In February 2011, we disclosed our intention to refinance a portion of and to amend certain terms of the Bank Credit Agreement.

8.0% Senior Subordinated Notes, Due 2012

From March 2002 through May 29, 2003, we issued $650.0 million aggregate principal amount of 8.0% Senior Subordinated Notes, due 2012 (the 8.0% Notes). Interest on the 8.0% Notes was paid semiannually on March 15 and September 15 of each year, beginning September 15, 2002. The 8.0% Notes were issued under an indenture among us, certain of our subsidiaries (the guarantors) and the trustee.

In addition to partial redemptions in 2007, during 2008, we repurchased, in the open market, $38.8 million of the 8.0% Notes at face value. As a result of these redemptions, we recorded a gain from extinguishment of debt of $0.4 million for the year ended December 31, 2008. We did not repurchase any 8.0% Notes in 2009.

On September 20, 2010, we commenced a tender offer to purchase for cash any and all of the outstanding 8.0% Notes. We offered to purchase the 8.0% Notes at a purchase price of $1,002.50 per $1,000 principal amount, if tendered within the first ten business days of the tender offer period or $972.50 per $1,000 principal amount if tendered after such time, plus accrued and unpaid interest. The tender offers expired October 19, 2010 and approximately $175.7 million principal amount of the 8.0% Notes were tendered and purchased. On November 19, 2010, we completed the redemption of the remaining $49.0 million outstanding of 8.0% Notes. These Notes were redeemed for cash at a redemption price of 100% of the principal amount of the Notes plus accrued and unpaid interest. The redemption of the Notes was effected in accordance with the terms of the indenture governing the Notes and was funded from the net proceeds of the 8.375% Senior Unsecured Notes, due 2018 (8.375% Notes) offering described below and available cash on hand. As a result of these redemptions, we recorded a gain from extinguishment of debt of $0.7 million for the year ended December 31, 2010.

Interest expense was $13.9 million, $17.6 million and $19.4 million for the years ended December 31, 2010, 2009 and 2008, respectively.

The weighted average interest rate for the 8.0% Notes including the amortization of its bond premium was 7.88% and 7.83% for the years ended December 31, 2010 and 2009, respectively.

6.0% Convertible Debentures, Due 2012

On June 15, 2005, we completed an exchange of our Series D Convertible Exchangeable Preferred Stock (the Preferred Stock) into 6.0 % Convertible Debentures, due 2012 (the 6.0% Notes). The 6.0% Notes mature September 15, 2012, and bear interest at a rate of 6.0% per annum, payable quarterly on each March 15, June 15, September 15 and December 15, beginning September 15, 2005. The 6.0% Notes are convertible into Class A Common Stock at the option of the holders at a conversion price of $22.813 per share, subject to adjustment. The difference in the carrying amount of the Preferred Stock and the fair value of the 6.0% Notes was recorded as a $31.7 million discount on the 6.0% Notes and is being amortized over the life of the 6.0% Notes using the effective interest method.

During 2009 and 2008, we redeemed, on the open market, $1.0 million and $18.1 million principal amount of the 6.0% Notes. In connection with these redemptions, we recorded a gain from extinguishment of debt of $0.4 million and $2.2 million for the years ended December 31, 2009 and 2008, respectively.

During 2010, we repurchased, on the open market, $6.1 million in principal amount of the 6.0% Notes. On September 20, 2010, we commenced tender offers to purchase for cash up to $60.0 million in principal amount of the outstanding 6.0% Notes. We offered to purchase the 6.0% Notes at a purchase price of $987.50 per $1,000 principal amount plus accrued and unpaid interest. The tender offer expired October 19, 2010 and approximately $58.0 million of the 6.0% Notes were tendered and purchased. The net proceeds from the offering of the 8.375% Notes described below and cash on hand were used to fund this tender offer.

Interest expense was $10.6 million, $11.6 million, and $9.0 million for the years ended December 31, 2010, 2009 and 2008, respectively.

The weighted average interest rate for the 6.0% Notes including the amortization of its bond discount was 8.96% and 8.65% for the years ended December 31, 2010 and 2009, respectively.

9.25% Senior Secured Second Lien Notes, Due 2017

On October 29, 2009, we issued $500.0 million aggregate principal amount of the 9.25% Notes that mature on November 1, 2017, pursuant to an indenture, dated as of October 29, 2009 (the Indenture). The 9.25% Notes were priced at 97.264% of their par value and accrue interest at a rate of 9.25% beginning on the issue date. Interest on the 9.25% Notes is paid on May 1 and November 1 of each year, beginning May 1, 2010. Prior to November 1, 2013, we may redeem the 9.25% Notes in whole, but not in part, at any time at a price equal to 100% of the principal amount of the 9.25% Notes plus accrued and unpaid interest, plus a "make-whole premium" as set forth in the Indenture. Beginning on November 1, 2013, we may redeem some or all of the 9.25% Notes at any time or from time to time at the redemption prices set forth in the Indenture. In addition, on or prior to November 1, 2012, we may redeem up to 35.0% of the 9.25% Notes using the proceeds of certain equity offerings. Upon the sale of certain of our assets or certain changes of control, the holders of the 9.25% Notes may require us to repurchase some or all of the 9.25% Notes. The 9.25% Notes are collateralized by $1,001.8 million of our tangible and intangible assets.

The weighted average interest rate for the 9.25% Notes including the amortization of its bond discount was 9.71% and 9.72% for the years ended December 31, 2010 and 2009, respectively.

Interest expense was $47.3 million and $8.3 million for the years ended December 31, 2010 and 2009, respectively.

8.375% Senior Unsecured Notes, due 2018

On October 4, 2010, we issued $250.0 million aggregate principal amount of 8.375% Notes due October 15, 2018 at 98.567% of their par value pursuant to an indenture, dated as of October 4, 2010 (the Indenture). Interest on the 8.375% Notes will be paid on April 15 and October 15 of each year, beginning April 15, 2011. Prior to October 15, 2014, we may redeem the 8.375% Notes in whole or in part, at any time or from time to time at a price equal to 100% of the principal amount of the 8.375% Notes plus accrued and unpaid interest, plus a "make-whole premium" as set forth in the Indenture. Beginning on October 15, 2014, we may redeem some or all of the 8.375% Notes at any time or from time to time at the redemption prices set forth in the Indenture. In addition, on or prior to October 15, 2013, we may redeem up to 35% of the 8.375% Notes using the proceeds of certain equity offerings. Upon certain changes of control, we must offer to purchase the 8.375% Notes at a price equal to 101% of the face amount of the Notes plus accrued and unpaid interest. The net proceeds from the offering of the 8.375% Notes were used to fund the tender offers for our 6.0% and 8.0% Notes described above. Concurrent to entering into the Indenture we also entered into a registration rights agreement requiring us to complete an offer of an exchange of the 8.375% Notes for registered securities with the SEC by July 1, 2011. The 8.375% Notes registration became effective on November 23, 2010.

The weighted average interest rate of the 8.375% Notes for the year ended December 31, 2010 was 8.45%.

Interest expense was $5.1 million for the year ended December 31, 2010.

4.875% Convertible Senior Notes, Due 2018 and 3.0% Convertible Senior Notes, Due 2027

Any holder of the 4.875% Notes may surrender all or any portion of their notes for a conversion into our Class A Common Stock at any time. As of December 31, 2010, the conversion price of the 4.875% Notes was $22.37 per share and the number of Class A Common Stock that would be delivered upon conversion was 254,128. The 4.875% Notes bore cash interest at an annual rate of 4.875% until January 15, 2011 and now bear cash interest at an annual rate of 2.00% from January 15, 2011 through maturity. The principal amount of the 4.875% Notes will accrete to 125.66% of the original par amount from January 15, 2011 to maturity. As of January 15, 2011, no put rights were exercised for the 4.875% Notes and the put right expired.

Upon certain conditions, the 3.0% Notes are convertible into cash and, in certain circumstances, shares of Class A Common Stock at any time on or before November 15, 2026. Holders of the 3.0% Notes will have the right on May 15, 2017 and May 15, 2022, or any other such date to be determined by us at a repurchase price payable in cash equal to the aggregate principal amount plus accrued and unpaid interest (including contingent cash interest), if any, through the repurchase date. As of December 31, 2010, the conversion price of the 3.0% Notes was $18.99 per share and the number of Class A Common Stock that would be delivered upon conversion was 284,360.

During 2008, we redeemed, on the open market, $6.5 million of the 4.875% Notes. We recorded a $2.8 million gain on extinguishment of debt related to this redemption for the year ended December 31, 2008.

During 2009, we commenced tender offers at 98% of the face value of the Notes and purchased $266.6 million and $106.5 million of the 3.0% Notes and 4.875% Notes, respectively. Additionally, during 2009, we redeemed, on the open market, $50.7 million of the 3.0% Notes. We recorded $18.9 million and $0.2 million gain from extinguishment on the 3.0% Notes and 4.875% Notes, respectively for the year ended December 31, 2009.

During the first quarter of 2010, we completed tender offers to purchase for cash any and all of the outstanding 3.0% Notes and 4.875% Notes at 100% of the face value of such notes. We redeemed approximately $12.3 million and $14.3 million of the 3.0% and 4.875% Notes, respectively. During the second quarter of 2010, the put right period for the 3.0% Notes expired and holders representing $10.0 million in principal amount of the 3.0% Notes exercised their put rights. During the third quarter of 2010, we redeemed $17.0 million of the 4.875% Notes in a private transaction.

The weighted average interest rate for the 4.875% Notes was 4.875% for the year ended December 31, 2009. The effective interest rate on the liability portion of the 3.0% Notes at December 31, 2009 was 6.35%.

Interest expense for the 4.875% Notes was $1.0 million, $6.2 million and $7.3 million for the years ended December 31, 2010, 2009 and 2008, respectively. Interest expense for the 3.0% Notes was $0.5 million, $15.5 million and $20.5 million, respectively.

Cunningham Bank Credit Facility

Cunningham, one of our consolidated VIEs, holds a $33.5 million term loan facility originally entered into on March 20, 2002, with an unrelated third party. Primarily all of Cunningham's assets are collateral for its term loan facility, which is non-recourse. On June 5, 2009, the administrative agent under Cunningham's bank credit facility declared an event of default under the facility for failure to timely deliver certain annual financial statements as required. As of such date, a rate of interest of LIBOR plus 5.0%, which rate includes a 2.0% default rate of interest, was instituted on all outstanding borrowings under the Cunningham bank credit facility. On June 30, 2009, the default was waived and the termination date of the Cunningham bank credit facility was extended to July 31, 2009, subject to certain conditions, including maintaining the default interest rate. On July 31, 2009, the Cunningham bank credit facility was further extended to October 30, 2009. The extension required that Cunningham make $0.2 million principal payments on its term loan facility as of the first day of each of August, September and October with the balance due on October 30, 2009. To avoid any potential bankruptcy of Cunningham, the lenders under Cunningham's existing credit facility indicated their willingness to replace such credit facility with a new credit facility, which was conditioned upon Cunningham's demonstration that it can repay the outstanding principal balance due under the facility within three years maturing on October 1, 2012. The interest rate of the new credit facility is LIBOR plus 4.5% with a 2.0% floor. As a result, Cunningham asked us to restructure certain of its arrangements with us, including the LMAs. See *Note 11. Related Person Transactions* for more information.

Our Bank Credit Agreement contains certain cross-default provisions with certain material third-party licensees. As of December 31, 2010, Cunningham was the sole material third party licensee as defined in our Bank Credit Agreement. A default by a material third-party licensee including a default caused by insolvency would cause an event of default under our Bank Credit Agreement.

For the years ended December 31, 2010, 2009 and 2008, the interest expense relating to Cunningham's term loan facility was $1.7 million, $1.8 million and $2.0 million, respectively.

Other Operating Divisions Segment Debt

Other operating divisions segment debt includes the debt of our consolidated subsidiaries with non-broadcast related operations. This debt is non-recourse. Interest is paid on this debt at rates typically ranging from LIBOR plus 2.75% to a fixed 6.11% during 2010. During 2010, 2009 and 2008, interest expense on this debt was $4.3 million, $3.8 million and $1.0 million, respectively.

Summary

Notes payable, capital leases and the Bank Credit Agreement consisted of the following as of December 31, 2010 and 2009 (in thousands):

	2010	2009
Bank Credit Agreement, Term Loan B	**$ 270,000**	$ 330,000
Cunningham Term Loan Facility (non-recourse)	**21,933**	32,900
8.0% Senior Subordinated Notes, due 2012	**—**	224,663
6.0% Convertible Debentures, due 2012	**70,035**	134,121
9.25% Senior Secured Second Lien Notes, due 2017	**500,000**	500,000
4.875% Convertible Senior Notes, due 2018	**5,685**	37,016
8.375% Senior Unsecured Notes, due 2018	**250,000**	—
3.0% Convertible Senior Notes, due 2027	**5,400**	27,667
Capital leases	**43,689**	43,592
Other operating divisions segment debt (all non-recourse)	**48,000**	37,756
	1,214,742	1,367,715
Plus: Premium on 8.0% Senior Subordinated Notes, due 2012	**—**	2,734
Less: Discount on Bank Credit Agreement, Term Loan B	**(5,648)**	(6,449)
Less: Discount on 6.0% Convertible Debentures, due 2012	**(4,015)**	(11,639)
Less: Discount on 9.25% Senior Secured Second Lien Notes, due 2017	**(12,276)**	(13,481)
Less: Discount on 8.375% Senior Unsecured Notes, due 2018	**(3,507)**	—
Less: Discount on 3.0% Convertible Notes, due 2027	**—**	(284)
Less: Current portion	**(19,556)**	(40,632)
	$ 1,169,740	$ 1,297,964

Indebtedness under the notes payable, capital leases and the Bank Credit Agreement as of December 31, 2010 matures as follows (in thousands):

	Notes and Bank Credit Agreement	Capital Leases	Total
2011	$ 18,713	$ 4,946	$ 23,659
2012	113,078	5,090	118,168
2013	4,134	5,218	9,352
2014	17,243	5,359	22,602
2015	256,800	5,406	262,206
2016 and thereafter	762,544	59,418	821,962
Total minimum payments	1,172,512	85,437	1,257,949
Less: Discount on Term Loan B	(5,648)	—	(5,648)
Less: Discount on 6.0% Convertible Debentures, due 2012	(4,015)	—	(4,015)
Less: Discount on 9.25% Senior Secured Second Lien Notes, due 2017	(12,276)	—	(12,276)
Less: Discount on 8.375% Senior Unsecured Notes, due 2018	(3,507)	—	(3,507)
Less: Amount representing interest	(1,459)	(41,748)	(43,207)
	$ 1,145,607	$ 43,689	$ 1,189,296

Substantially all of our stock in our wholly-owned subsidiaries has been pledged as security for the Bank Credit Agreement.

As of December 31, 2010, our broadcast segment had 28 capital leases with non-affiliates, including 26 tower leases and two building leases; our other operating divisions segment had 2 capital equipment leases and corporate has one building lease. All of our tower leases will expire within the next 22 years and the building lease will expire within the next 7 years. Most of our leases have 5-10 year renewal options and it is expected that these leases will be renewed or replaced within the normal course of business. For more information related to our affiliate notes and capital leases, see *Note 11. Related Person Transactions*.

We filed a $500.0 million universal shelf registration statement with the SEC which became effective April 22, 2009 and expires March 8, 2012. We may use the universal shelf registration statement to issue common and preferred equity, debt securities and securities convertible into equity.

6. PROGRAM CONTRACTS:

Future payments required under program contracts as of December 31, 2010 were as follows (in thousands):

2011	$ 68,301
2012	17,776
2013	10,477
2014	1,215
2015 and thereafter	125
Total	97,894
Less: Current portion	(68,301)
Long-term portion of program contracts payable	$ 29,593

Each future periods' film liability includes contractual amounts owed, however, what is contractually owed does not necessarily reflect what we are expected to pay during that period. While we are contractually bound to make the payments reflected in the table during the indicated periods, industry protocol typically enables us to make film payments on a three-month lag. Included in the current portion amounts are payments due in arrears of $18.5 million. In addition, we have entered into non-cancelable commitments for future program rights aggregating $88.5 million as of December 31, 2010.

We perform a net realizable value calculation quarterly for each of our program contract costs in accordance with FASB guidance on Financial Reporting for Broadcasters. We utilize sales information to estimate the future revenue of each commitment and measure that amount against the commitment. If the estimated future revenue is less than the amount of the commitment, a loss is recorded in amortization of program contract costs and net realizable value adjustments in the consolidated statements of operations.

7. 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 together 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. During 2010 and 2009, 2,370,040 and 2,000,000, respectively, Class B Common Stock shares were converted into Class A Common Stock shares.

Our Bank Credit Agreement and some of our subordinated debt instruments have restrictions on our ability to pay dividends. Under our Bank Credit Agreement, in certain circumstances, we may make up to $40.0 million in unrestricted annual cash payments including but not limited to dividends. Under the indentures governing the 9.25% Notes and 8.375% Notes, we are restricted from paying 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
- after taking into account the dividends payment, we are within certain restricted payment requirements contained in the indenture.

In addition, under certain of our debt instruments, the payment of dividends is not permissible during a default thereunder.

No dividend payments were made in 2009. In November 2010, our Board of Directors declared a $0.43 per share common stock dividend. The dividend was paid on December 15, 2010 to holders of record on December 1, 2010. In February 2011, our Board of Directors reinstated our dividend policy, declaring a quarterly common stock dividend of $0.12 per share.

On February 5, 2008, our Board of Directors renewed its authorization to repurchase up to $150.0 million of the Class A Common Stock on the open market or through private transactions. During 2009, we repurchased approximately 1.5 million shares of Class A Common Stock for approximately $1.5 million on the open market, including transaction cost. We did not repurchase any shares of Class A Common Stock during 2010.

8. DERIVATIVE INSTRUMENTS:

We enter into derivative instruments primarily to reduce the impact of changing interest rates on our floating rate debt and to reduce the impact of changing fair market values on our fixed rate debt.

In February 2008, the counterparty to our then existing interest rate swap agreements, elected to change the termination dates of the $180.0 million and $120.0 million swaps from March 15, 2012 to March 25, 2008 and March 26, 2008, respectively. We received a termination fee of $3.2 million from the counterparty for the early termination of the $120.0 million swap. After the removal of the related $2.4 million derivative asset from our consolidated balance sheet, the resulting $0.8 million, along with $0.2 million of interest was recorded in gain from derivative instruments in the consolidated statements of operations. We received a termination fee of $4.8 million from the counterparty for the early termination of the $180.0 million swap. The carrying value of the underlying debt was adjusted to reflect the $4.8 million termination fee and that amount was treated as a premium on the underlying debt that was being hedged and is amortized over its remaining life as a reduction to interest expense. The total termination fees received of $8.0 million are included in the cash flows from financing activities section of the consolidated statement of cash flows for the year ended December 31, 2008.

As of December 31, 2010, we have embedded derivatives related to contingent cash interest features in our 4.875% Notes and 3.0% Notes, which had negligible fair values.

9. INCOME TAXES:

The provision (benefit) for income taxes consisted of the following for the years ended December 31, 2010, 2009 and 2008 (in thousands):

	2010	2009	2008
Provision (benefit) for income taxes - continuing operations	**$ 40,226**	$ (32,512)	$ (121,363)
Provision for income taxes - discontinued operations	**77**	350	358
	$ 40,303	$ (32,162)	$ (121,005)
Current:			
Federal	**$ 1,263**	$ (7,882)	$ 76
State	**596**	669	(4)
	1,859	(7,213)	72
Deferred:			
Federal	**37,010**	(25,598)	(115,587)
State	**1,434**	649	(5,490)
	38,444	(24,949)	(121,077)
	$ 40,303	$ (32,162)	$ (121,005)

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

	2010	2009	2008
Federal income tax (benefit) provision at statutory rate	**35.0%**	(35.0%)	(35.0%)
Adjustments-			
State income taxes, net of federal effect	**1.5%**	(0.3%)	(1.3%)
Non-deductible expense items	**(0.1%)**	18.0%	3.9%
Basis in subsidiaries stock	**(2.1%)**	(2.3%)	—%
Other	**0.1%**	0.3%	(0.6%)
Provision (benefit) for income taxes	**34.4%**	(19.3%)	(33.0%)

The non-deductible expense items include the tax effect of $27.9 million and $5.4 million of non-deductible goodwill impairment for the years ended December 31, 2009 and 2008, respectively, and $0.1 million, $2.0 million and $8.3 million of non-deductible FCC license impairment for the years ended December 31, 2010, 2009 and 2008, respectively.

We recorded a deferred tax benefit of $2.5 million and $3.8 million during the years ended December 31, 2010 and 2009, respectively, related to the recovery of historical losses attributable to the basis in stock of certain subsidiaries.

Temporary differences between the financial reporting carrying amounts and the tax bases of assets and liabilities give rise to deferred taxes. Total deferred tax assets and deferred tax liabilities as of December 31, 2010 and 2009 were as follows (in thousands):

	2010	2009
Current and Long-Term Deferred Tax Assets:		
Net operating losses:		
Federal	**$ 4,063**	$ 17,430
State	**83,229**	81,578
Broadcast licenses	**24,782**	31,725
Intangibles	**8,669**	11,774
Other	**32,235**	33,093
	152,978	175,600
Valuation allowance for deferred tax assets	**(77,559)**	(76,834)
Total deferred tax assets	**$ 75,419**	$ 98,766
Current and Long-Term Deferred Tax Liabilities:		
Broadcast licenses	**$ (9,199)**	$ (9,814)
Intangibles	**(191,658)**	(173,836)
Property and equipment, net	**(19,019)**	(24,424)
Contingent interest obligations	**(52,212)**	(51,044)
Other	**(4,008)**	(1,898)
Total deferred tax liabilities	**(276,096)**	(261,016)
Net tax liabilities	**$ (200,677)**	$ (162,250)

Our remaining federal and state net operating losses will expire during various years from 2011 to 2030.

We establish valuation allowances in accordance with the guidance related to accounting for income taxes. In evaluating our ability to realize net deferred tax assets, we consider all available evidence, both positive and negative, including our past operating results, tax planning strategies and forecasts of future taxable income. In considering these sources of taxable income, we must make certain assumptions and judgments that are based on the plans and estimates used to manage our underlying businesses. A valuation allowance has been provided for deferred tax assets based on past operating results, expected timing of the reversals of existing temporary book/tax basis differences, alternative tax strategies and projected future taxable income. Although realization is not assured for the remaining deferred tax assets, we believe it is more likely than not that they will be realized in the future. During the year ended December 31, 2010, we increased our valuation allowance by $0.7 million. The change in valuation allowance was primarily due to state net operating losses. During the year ended December 31, 2009, we decreased our valuation allowances by $8.0 million. The change in valuation allowance was primarily due to the removal of the fully valued federal net operating losses related to the closure of a subsidiary.

As of December 31, 2010 and 2009, we had $26.1 million of gross unrecognized tax benefits. Of this total, $15.1 million (net of federal effect on state tax issues) and $6.8 million (net of federal effect on state tax issues) represent the amounts of unrecognized tax benefits that, if recognized, would favorably affect our effective tax rates from continuing operations and discontinued operations, respectively.

The following table summarizes the activity related to our accrued unrecognized tax benefits (in thousands):

	2010	2009	2008
Balance at January 1,	**$ 26,148**	$ 26,088	$ 27,972
(Reductions) increases related to prior years tax position	**(210)**	146	(1,017)
Increases related to current year tax positions	**187**	104	167
Reductions related to settlements with taxing authorities	**—**	(76)	(501)
Reductions related to expiration of the applicable statute of limitations	**—**	(114)	(533)
Balance at December 31,	**$ 26,125**	$ 26,148	$ 26,088

In addition, we recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. We recognized $1.0 million, $1.1 million and $1.4 million of income tax expense for interest related to uncertain tax positions for the years ended December 31, 2010, 2009 and 2008, respectively.

Management periodically performs a comprehensive review of our tax positions and accrues amounts for tax contingencies. Based on these reviews, the status of on-going audits and the expiration of applicable statute of limitations, these accruals are adjusted as necessary. The resolution of audits is unpredictable and could result in tax liabilities that are significantly higher or lower than for what we have provided. Amounts accrued for these tax matters are included in the table above and long-term liabilities in our consolidated balance sheets. We believe that adequate accruals have been provided for all years.

We are subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. All of our 2007 and subsequent federal and state tax returns remain subject to examination by various tax authorities. Some of our pre-2007 federal and state tax returns may also be subject to examination. In addition, our 2006 and 2007 federal tax returns are currently under audit, and several of our subsidiaries are currently under state examinations for various years. We do not anticipate the resolution of these matters will result in a material change to our consolidated financial statements. In addition, it is reasonably possible that various statutes of limitations could expire by December 31, 2011. We do not expect such expirations, if any, would significantly change our unrecognized tax benefits over the next twelve months.

10. COMMITMENTS AND CONTINGENCIES:

Litigation

We are a party to lawsuits and claims from time to time in the ordinary course of business. Actions currently pending are in various stages and no material judgments or decisions have been rendered by hearing boards or courts in connection with such actions. After reviewing developments to date with legal counsel, our management is of the opinion that the outcome of our pending and threatened matters will not have a material adverse effect on our consolidated balance sheets, consolidated statements of operations or consolidated statements of cash flows.

Various parties have filed petitions to deny our applications for the following stations' license renewals: WXLV-TV, Winston-Salem, North Carolina; WMYV-TV, Greensboro, North Carolina; WLFL-TV, Raleigh/Durham, North Carolina; WRDC-TV, Raleigh/Durham, North Carolina; WLOS-TV, Asheville, North Carolina, WMMP-TV, Charleston, South Carolina; WTAT-TV, Charleston, South Carolina; WMYA-TV, Anderson, South Carolina; WICS-TV and WICD-TV in Springfield/Champaign, Illinois and WCGV-TV and WVTV-TV in Milwaukee, Wisconsin. The FCC is in the process of considering the renewal applications and we believe the petitions have no merit.

Operating Leases

We have entered into operating leases for certain property and equipment under terms ranging from one to 15 years. The rent expense from continuing operations under these leases, as well as certain leases under month-to-month arrangements, for the years ended December 31, 2010, 2009 and 2008 was approximately $3.7 million, $4.1 million and $4.3 million, respectively.

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

2011	$	3,854
2012		3,615
2013		3,304
2014		3,199
2015		2,550
2016 and thereafter		6,246
	$	22,768

We had no material outstanding letters of credit as of December 31, 2010.

Network Affiliation Agreements and Program Service Arrangements

Our 58 television stations that we own and operate, or to which we provide programming services or sales services, are affiliated as follows: FOX (20 stations); MyNetworkTV (16 stations; not a network affiliation, however is branded as such); ABC (9 stations); The CW (10 stations); CBS (2 stations) and NBC (1 station). 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 programming. In addition, certain stations broadcast programming on second and third digital signals through network affiliation or program service arrangements with TheCoolTV, the Country Network, MyNetworkTV, This TV and Estrella TV.

The non-renewal or termination of any of our other network affiliation agreements or program service arrangements would prevent us from being able to carry applicable programming. This loss of programming would require us to obtain replacement programming, which may involve higher costs and which may not be as attractive to our target audiences, resulting in reduced revenues. Upon the termination of any of the above affiliation agreements or program service arrangements, we would be required to establish a new affiliation agreement or program service arrangement with another party or operate as an independent station. At such time and if applicable, the remaining value of a network affiliation asset could become impaired and we would be required to write down the value of the asset to its estimated fair value. As of December 31, 2010, the net book value of network affiliation assets was $113.0 million.

On February 9, 2009, MyNetworkTV announced that it was moving to a new program services model pursuant to which it would obtain for its affiliates popular programming that has previously aired on other networks, rather than continuing to provide first-run programming as is generally the case in a typical network model. MyNetworkTV advised us that in connection with this change to what it refers to as a "hybrid" model, it believes it had the right to terminate all of its existing affiliate agreements and negotiate new agreements for this programming service with the television stations that have been MyNetworkTV affiliates. On March 3, 2009, we received notice from MyNetworkTV claiming that it had ceased to exist as a network and therefore, was terminating each of our affiliation agreements effective September 26, 2009. On March 25, 2009, each of our subsidiaries that owned or operated stations which were affiliated with MyNetworkTV entered into an agreement, effective September 28, 2009 with a party related to MyNetworkTV to provide such stations with programming during the following year for the time periods previously programmed by MyNetworkTV, excluding programming for Saturday night. This programming agreement is accounted for as a station barter arrangement. The amortization related to our network affiliation intangible assets associated with MyNetworkTV stations was accelerated during 2009, resulting in zero asset balances remaining as of September 30, 2009. On January 24, 2011, our MyNetworkTV program service arrangement was extended until the fall of 2014. The program service arrangement gives us the ability to exercise early cancellation options beginning in 2012.

On October 30, 2009, our affiliation agreements of the stations owned, programmed and/or to which we provide services that are affiliated with the CW were extended for an additional year to August 31, 2011.

On February 12, 2010, we entered into a network affiliation agreement with The CW, expiring on August 31, 2011. Effective April 26, 2010 KMYS-TV in San Antonio, Texas switched from MyNetworkTV to the CW.

On March 25, 2010, we agreed to terms on a renewal of the ABC network affiliation agreements, expiring August 31, 2015. Pursuant to the terms we are required to pay fees to ABC for network programming.

On December 21, 2010, we entered into a renewal of our FOX affiliation agreements, expiring December 31, 2012. Pursuant to the terms we are required to pay fees to FOX for network programming.

Changes in the Rules on Television Ownership and Local Marketing Agreements

Certain of our stations have entered into what have commonly been referred to as local marketing agreements or LMAs. One typical type of LMA is a programming agreement between two separately owned television stations serving the same market, whereby the licensee of one station programs substantial portions of the broadcast day and sells advertising time during such programming segments on the other licensee's station subject to the latter licensee's ultimate editorial and other controls. We believe these arrangements allow us to reduce our operating expenses and enhance profitability.

If we are required to terminate or modify our LMAs, our business could be affected in the following ways:

> *Losses on investments.* As part of our LMA arrangements, we own the non-license assets used by the stations with which we have LMAs. If certain of these LMA arrangements are no longer permitted, we would be forced to sell these assets, restructure our agreements or find another use for them. If this happens, the market for such assets may not be as good as when we purchased them and, therefore, we cannot be certain that we will recoup our original investments.

Termination penalties. If the FCC requires us to modify or terminate existing LMAs before the terms of the LMAs expire, or under certain circumstances, we elect not to extend the terms of the LMAs, we may be forced to pay termination penalties under the terms of some of our LMAs. Any such termination penalty could be material.

The following paragraphs discuss various proceedings relevant to our LMAs.

In 1999, the FCC established a new local television ownership rule. LMAs fell under this rule, however the rule grandfathered LMAs that were entered into prior to November 5, 1996, and permitted the applicable stations to continue operations pursuant to the LMAs until the conclusion of the FCC's 2004 biennial review. The FCC stated it would conduct a case-by-case review of grandfathered LMAs and assess the appropriateness of extending the grandfathering periods. The FCC did not initiate any review of grandfathered LMAs in 2004 or as part of its 2006 quadrennial review. We do not know when, or if, the FCC will conduct any such review of grandfathered LMAs. For LMAs executed on or after November 5, 1996, the FCC required compliance with the 1999 local television ownership rule by August 6, 2001. We challenged the 1999 rules in the U.S. Court of Appeals for the D.C. Circuit (D.C. Circuit), resulting in the exclusion of post-November 5, 1996 LMAs from the 1999 rules. In 2002, the D.C. Circuit ruled in *Sinclair Broadcast Group, Inc. v. F.C.C.*, 284 F.3d 114 (D.C. Cir. 2002) that the 1999 local television ownership rule was arbitrary and capricious and sent the rule back to the FCC for further refinement.

In 2003, the FCC revised its ownership rules, including the local television ownership rule; however the U. S. Court of Appeals for the Third Circuit (Third Circuit) did not enable the 2003 rules to become effective and sent the 2003 rules back to the FCC for further refinement. Due to the court decisions, the FCC concluded the 1999 rules could not be justified as necessary in the public interest and as a result, we took the position that an issue exists regarding whether the FCC has any current legal right to enforce any rules prohibiting the acquisition of television stations. Several parties, including us, filed petitions with the Supreme Court of the United States seeking review of the Third Circuit decision, but the Supreme Court denied the petitions in June 2005.

In July 2006, the FCC released a Further Notice of Proposed Rule Making seeking comment on how to address the issues raised by the Third Circuit's decision. In January 2008, the FCC released an order containing ownership rules that re-adopted the 1999 rules. On February 29, 2008, several parties, including us, separately filed petitions for review in a number of federal appellate courts challenging the 1999 rules. Those petitions were consolidated in the U.S. Court of Appeals for the Ninth Circuit (Ninth Circuit) and in November 2008, transferred by the Ninth Circuit to the Third Circuit where the proceedings are still pending.

On November 15, 1999, we entered into an agreement to acquire WMYA-TV (formerly WBSC-TV) in Anderson, South Carolina from Cunningham Broadcasting Corporation (Cunningham), but that transaction was denied by the FCC. Since none of the FCC rule changes ever became effective, we filed a petition for reconsideration with the FCC and amended our application to acquire the license of WMYA-TV. We also filed applications in November 2003 to acquire the license assets of, at that time, the remaining five Cunningham stations: WRGT-TV, Dayton, Ohio; WTAT-TV, Charleston, South Carolina; WVAH-TV, Charleston, West Virginia; WNUV-TV, Baltimore, Maryland; and WTTE-TV, Columbus, Ohio. Rainbow/PUSH filed a petition to deny these five applications and to revoke all of our licenses. The FCC dismissed our applications and denied the Rainbow/PUSH petition due to the abovementioned 2003 Third Circuit decision. Rainbow/PUSH filed a petition for reconsideration of that denial and we filed an application for review of the dismissal. In 2005, we filed a petition with the D. C. Circuit requesting that the Court direct the FCC to take final action on our applications, but that petition was dismissed. On January 6, 2006, we submitted a motion to the FCC requesting that it take final action on our applications. The applications and the associated petition to deny are still pending. We believe the Rainbow/PUSH petition is without merit. On February 8, 2008, we filed a petition with the D.C. Circuit requesting that the Court direct the FCC to act on our applications and cease its use of the 1999 rules. In July 2008, the D.C. Circuit transferred the case to the Ninth Circuit, and we filed a petition with the D.C. Circuit challenging that decision; however, it was denied. We also filed with the Ninth Circuit a motion to transfer that case back to the D.C. Circuit. In November 2008, the Ninth Circuit consolidated and sent our petition seeking final FCC action on our applications to the Third Circuit. In December 2008, we agreed voluntarily with the parties to our proceeding to dismiss our petition seeking final FCC action on our applications.

11. RELATED PERSON TRANSACTIONS:

David, Frederick, Duncan and Robert Smith (collectively, the controlling shareholders) are brothers and hold substantially all of the Class B Common Stock and some of our Class A Common Stock. We engaged in the following transactions with them and/or entities in which they have substantial interests.

Related Person Leases. Certain assets used by us and our operating subsidiaries are leased from Cunningham Communications Inc., Keyser Investment Group, Gerstell Development Limited Partnership and Beaver Dam, LLC (entities owned by the controlling shareholders). Lease payments made to these entities were $4.5 million, $4.7 million and $4.8 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Bay TV. In January 1999, we entered into a LMA with Bay Television, Inc. (Bay TV), which owns the television station WTTA-TV in the Tampa/St. Petersburg, Florida market. Our controlling shareholders own a substantial portion of the equity of Bay TV. Payments made to Bay TV were $1.7 million, $3.0 million and $3.2 million for the years ended December 31, 2010, 2009 and 2008. We received $0.5 million for each of the years ended December 31, 2010, 2009 and 2008 from Bay TV for certain equipment leases which expired on November 1, 2010.

Notes and capital leases payable to affiliates consisted of the following as of December 31, 2010 and 2009 (in thousands):

	2010	2009
Capital lease for building, interest at 7.93%	**$ 520**	$ 1,312
Capital lease for building, interest at 8.54%	**9,273**	10,025
Capital leases for broadcasting tower facilities, interest at 9.0%	**1,975**	4,033
Capital leases for broadcasting tower facilities, interest at 10.5%	**5,065**	5,074
Liability payable to affiliate for local marketing agreement, interest at 7.69%	**4,600**	5,913
Capital leases for building and tower, interest at 7.93%	**1,336**	1,355
	22,769	27,712
Less: Current portion	**(3,196)**	(2,995)
	$ 19,573	$ 24,717

Notes and capital leases payable to affiliates as of December 31, 2010 mature as follows (in thousands):

2011	$ 5,372
2012	4,931
2013	5,028
2014	3,406
2015	3,371
2016 and thereafter	12,827
Total minimum payments due	34,935
Less: Amount representing interest	(12,166)
	$ 22,769

Cunningham Broadcasting Corporation. We have options from trusts established by Carolyn C. Smith, a parent of our controlling shareholders, for the benefit of her grandchildren that will grant us the right to acquire, subject to applicable FCC rules and regulations, 100% of the capital stock of Cunningham Broadcasting Corporation (Cunningham) or 100% of the capital stock or assets of Cunningham's individual subsidiaries. As of December 31, 2010 Cunningham was the owner-operator and FCC licensee of: WNUV-TV, Baltimore, Maryland; WRGT-TV, Dayton, Ohio; WVAH-TV, Charleston, West Virginia; WTAT-TV, Charleston, South Carolina; WMYA-TV, Anderson, South Carolina; and WTTE-TV, Columbus, Ohio. In 2011, Cunningham acquired WDBB-TV, in Birmingham, Alabama.

In addition to the option agreement, we entered into five-year LMA agreements (with five-year renewal terms at our option) with Cunningham pursuant to which we provide programming to Cunningham for airing on WNUV-TV, WRGT-TV, WVAH-TV, WTAT-TV, WMYA-TV and WTTE-TV. In February 2011, we entered into a LMA agreement for WDBB-TV.

On October 28, 2009 we entered into amendments and /or restatements of the following agreements between Cunningham and us: (i) the LMAs, (ii) option agreements to acquire Cunningham stock and (iii) certain acquisition or merger agreements relating to television stations owned by Cunningham (Cunningham stations). Such amendments and/or restatements were effective at the expiration of the tender offers for the 3.0% Notes and 4.875% Notes on November 5, 2009.

In consideration of the new terms of the LMAs and other agreements and the extension options, beginning on January 1, 2010 and ending on July 1, 2012, we are obligated to pay Cunningham the sum of approximately $29.1 million in 10 quarterly installments of $2.75 million and one quarterly payment of approximately $1.6 million, which amounts will be used to pay off Cunningham's bank credit facility and which amounts will be credited toward the purchase price for each Cunningham Station. An additional $3.9 million will be paid in two installments on July 1, 2012 and October 1, 2012 as an additional LMA fee. The aggregate purchase price of the television stations, $78.5 million pursuant to certain acquisition or merger agreements, will be decreased by each payment made by us to Cunningham up to $29.1 million in the aggregate, pursuant to the foregoing transactions with Cunningham as such payments are made. Beginning on January 1, 2013, we will be obligated to pay Cunningham an annual LMA fee for the television stations equal to the greater of (i) 3% of each station's annual net broadcast revenue and (ii) $5.0 million.

We continue to reimburse Cunningham for 100% of its operating costs. In addition, we continue to pay Cunningham a monthly payment of $50,000 through December 2012. In accordance with the effective date of the abovementioned agreements, the $50,000 monthly payment no longer reduces the option exercise price.

We made payments to Cunningham under these LMA and other agreements of $17.3 million, $6.5 million and $8.0 million for the years ended December 31, 2010, 2009 and 2008, respectively. For the year ended December 31, 2010, 2009 and 2008, Cunningham's stations provided us with approximately $94.3 million, $80.4 million and $90.0 million, respectively, of total revenue. The financial statements for Cunningham are included in our consolidated financial statements for all periods presented. Our Bank Credit Agreement contains certain cross-default provisions with certain material third-party licenses. As of December 31, 2010, Cunningham was the sole material third-party licensee. The amended or restated LMAs and option agreements have been approved pursuant to our related person transaction policy.

Cunningham accounts for income taxes and deferred taxes using the separate return method and those amounts are consolidated into our income taxes and deferred taxes, which are also calculated using the separate return method. For the years ended December 31, 2010, 2009 and 2008, Cunningham's benefit for income taxes was $0.9 million, $0.9 million and $1.3 million, respectively. As of December 31, 2010 and 2009, Cunningham's deferred tax liabilities were $0.5 million and $0.3 million, respectively. There were no deferred tax assets as of December 31, 2010 and 2009.

In fourth quarter 2010, the FCC approved Cunningham's acquisition of WDBB-TV license assets. In February 2011, Cunningham acquired the license assets and we will continue to operate WDBB pursuant to a LMA..

Atlantic Automotive. We sold advertising time to and purchased vehicles and related vehicle services from Atlantic Automotive Corporation (Atlantic Automotive), a holding company which owns automobile dealerships and an automobile leasing company. David D. Smith, our President and Chief Executive Officer, has a controlling interest in, and is a member of the Board of Directors of Atlantic Automotive. We received payments for advertising totaling $0.3 million, $0.3 million and $0.6 million during the years ended December 31, 2010, 2009 and 2008, respectively. We paid $0.8 million, $0.4 million and $0.9 million for vehicles and related vehicle services from Atlantic Automotive during the years ended December 31, 2010, 2009 and 2008, respectively.

Allegiance Capital Limited Partnership. In August 1999, we made an investment in Allegiance Capital Limited Partnership (Allegiance), a small business investment company. Our controlling shareholders and our Executive Vice President/Chief Financial Officer are also investors in Allegiance. Allegiance Capital Management Corporation (ACMC) is the general partner. An employee of ours is a non-controlling shareholder of ACMC. ACMC controls all decision making, investing and management of operations of Allegiance in exchange for a monthly management fee based on actual expenses incurred which currently averages approximately less than $0.1 million and which is paid by the limited partners. We did not make any contributions into Allegiance during 2010 or 2009. Allegiance did not make any distributions to us during 2010 or 2009. As of December 31, 2010, our remaining unfunded commitment was $5.3 million.

Thomas & Libowitz, P.A. Basil A. Thomas, a member of our Board of Directors, is the father of Steven A. Thomas, a partner and founder of Thomas & Libowitz, P.A. (Thomas & Libowitz), a law firm providing legal services to us on an ongoing basis. We paid fees of $0.5 million, $1.7 million and $1.0 million to Thomas & Libowitz during 2010, 2009 and 2008, respectively. During 2007, Steven A. Thomas received, in lieu of cash payment for certain legal fees, an ownership percentage in two of our real estate investments and one of our private equity investments. The fair value of the three ownership interests was $0.1 million as of the dates the investments were made.

Charter Aircraft. From time to time, we charter aircraft owned by certain controlling shareholders. We incurred less than $0.1 million during the years ended December 31, 2010 and 2009, and $0.1 million during the year ended December 31, 2008 related to these arrangements.

Other Leases. In September 2008, AP Management Company, the management company of Patriot Capital II, L.P., a small business investment company in which we have made investments, entered into a five-year office lease agreement with Skylar Development LLC, a subsidiary of one of our real estate ventures.

In October 2009, Bagby's Bistro, LLC, a company owned by David Smith and one of his sons, entered into a restaurant lease agreement with Skylar Development, LLC (Skylar), a subsidiary of one of our real estate ventures.

Other. One of our controlling shareholders, Frederick Smith, holds an investment in Patriot Capital II, L.P. Qualified employees, directors and officers have been approved to invest in entities we have an interest in pursuant to the current related person transaction policy.

12. EARNINGS (LOSS) PER SHARE:

The following table reconciles income (loss) (numerator) and shares (denominator) used in our computations of earnings (loss) per share for the years ended December 31, 2010, 2009 and 2008 (in thousands):

	2010	2009	2008
Income (loss) (Numerator)			
Income (loss) from continuing operations	**$ 75,625**	$ (137,948)	$ (248,522)
Income impact of assumed conversion of the 4.875% Notes, net of taxes	**166**	—	—
Income impact of assumed conversion of the 6.0% Notes, net of taxes	**2,521**	—	—
Net loss attributable to noncontrolling interests included in continuing operations	**1,100**	2,335	2,133
Numerator for diluted earnings (loss) per common share from continuing operations available to common shareholders	**79,412**	(135,613)	(246,389)
Loss from discontinued operations, net of taxes	**(577)**	(81)	(141)
Numerator for diluted earnings (loss) available to common shareholders	**$ 78,835**	$ (135,694)	$ (246,530)
Shares (Denominator)			
Weighted-average common shares outstanding	**80,245**	79,981	85,794
Dilutive effect of stock-settled appreciation rights	**37**	—	—
Dilutive effect of 4.875% Notes	**254**	—	—
Dilutive effect of 6.0% Notes	**3,070**	—	—
Weighted-average common and common equivalent shares outstanding	**83,606**	79,981	85,794

Potentially dilutive securities representing 1.4 million, 9.9 million and 30.9 million shares of common stock for the years ended December 31, 2010, 2009 and 2008, respectively, were excluded from the computation of diluted earnings (loss) per common share for these periods because their effect would have been antidilutive. The decrease in 2010 compared to 2009 of potentially dilutive securities is primarily related to the partial redemption of our 3.0% Notes and the inclusion of the 4.875% Notes and 6.0% Notes in dilutive earnings (loss) per share. The decrease in 2009 compared to 2008 of potentially dilutive securities is primarily related to the partial redemption of our 3.0% and 4.875% Notes. The net income (loss) per share amounts are the same for Class A and Class B Common Stock because the holders of each class are legally entitled to equal per share distributions whether through dividends or in liquidation.

13. SEGMENT DATA:

We measure segment performance based on operating income (loss). Our broadcast segment includes stations in 35 markets located predominately in the eastern, mid-western and southern United States. Our 2010 other operating divisions segment primarily earned revenues from sign design and fabrication; regional security alarm operating and bulk acquisitions and real estate ventures. In addition to the revenues noted in 2010, in 2009 and 2008, our other operating divisions segment earned revenues from information technology staffing, consulting and software development and transmitter manufacturing. All of our other operating divisions are located within the United States. Corporate costs primarily include our costs to operate as a public company and to operate our corporate headquarters location. Corporate is not a reportable segment. In 2010, in conjunction with our debt restructurings, we re-examined our corporate overhead cost allocation methodologies and made applicable changes to the way we allocate costs resulting in greater overhead absorption by the broadcast segment. This allocation change resulted in approximately $14.5 million in more corporate general and administrative expenses allocated to the broadcast segment for the year ended December 31, 2010, than what would have been allocated pursuant to prior year's methodology. We had approximately $167.3 million and $161.9 million of intercompany loans between the broadcast segment, operating divisions segment and corporate as of December 31, 2010 and 2009, respectively. We had $19.3 million, $22.9 million and $9.9 million in intercompany interest expense related to intercompany loans between the broadcast segment, other operating divisions segment and corporate for the years ended December 31, 2010, 2009 and 2008, respectively. Intercompany loans and interest expense are excluded from the tables below. All other intercompany transactions are immaterial.

Financial information for our operating segments is included in the following tables for the years ended December 31, 2010, 2009 and 2008 (in thousands):

For the year ended December 31, 2010	**Broadcast**	**Other Operating Divisions**	**Corporate**	**Consolidated**
Revenue	**$ 730,588**	**$ 36,598**	**$ —**	**$ 767,186**
Depreciation of property and equipment	**33,260**	**1,291**	**1,756**	**36,307**
Amortization of definite-lived intangible assets	**15,974**	**2,860**	**—**	**18,834**
Amortization of program contract costs and net realizable value adjustments	**60,862**	**—**	**—**	**60,862**
Impairment of goodwill, intangible and other assets	**4,803**	**—**	**—**	**4,803**
General and administrative overhead expenses	**23,685**	**918**	**2,197**	**26,800**
Operating income (loss)	**243,839**	**478**	**(3,960)**	**240,357**
Interest expense	**—**	**1,943**	**114,103**	**116,046**
Loss from equity and cost method investments	**—**	**(4,861)**	**—**	**(4,861)**
Goodwill	**656,629**	**3,388**	**—**	**660,017**
Assets	**1,232,332**	**242,033**	**11,559**	**1,485,924**
Capital expenditures	**9,859**	**1,835**	**—**	**11,694**

For the year ended December 31, 2009	**Broadcast**	**Other Operating Divisions**	**Corporate**	**Consolidated**
Revenue	$ 612,758	$ 43,719	$ —	$ 656,477
Depreciation of property and equipment	39,982	1,035	1,875	42,892
Amortization of definite-lived intangible assets	20,228	2,127	—	22,355
Amortization of program contract costs and net realizable value adjustments	73,087	—	—	73,087
Impairment of goodwill, intangible and other assets	249,556	—	243	249,799
General and administrative overhead expenses	8,607	1,039	15,986	25,632
Operating loss	(86,885)	(5,969)	(18,376)	(111,230)
Interest expense	—	1,472	78,549	80,021
Income from equity and cost method investments	—	354	—	354
Goodwill	656,629	3,388	—	660,017
Assets	1,357,826	226,557	5,646	1,590,029
Capital expenditures	5,724	1,927	42	7,693

For the year ended December 31, 2008	**Broadcast**	**Other Operating Divisions**	**Corporate**	**Consolidated**
Revenue	$ 699,040	$ 55,434	$ —	$ 754,474
Depreciation of property and equipment	41,947	844	1,974	44,765
Amortization of definite-lived intangible assets	17,063	1,277	—	18,340
Amortization of program contract costs and net realizable value adjustments	84,422	—	—	84,422
Impairment of goodwill and broadcast licenses	462,261	1,626	—	463,887
General and administrative overhead expenses	7,288	1,274	17,723	26,285
Operating loss	(258,889)	(9,456)	(20,114)	(288,459)
Interest expense	—	1,025	86,609	87,634
Loss from equity and cost method investments	—	(2,703)	—	(2,703)

14. FAIR VALUE MEASUREMENTS:

Accounting guidance provides for valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). A fair value hierarchy using three broad levels prioritizes the inputs to valuation techniques used to measure fair value. The following is a brief description of those three levels:

- *Level 1:* Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2:* Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- *Level 3:* Unobservable inputs that reflect the reporting entity's own assumptions.

The carrying value and fair value of our notes, debentures, program contracts payable and non-cancelable commitments as of December 31, 2010 and 2009 were as follows (in thousands):

	2010		2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
8.0% Notes	**$ —**	**$ —**	$ 225,488	$ 220,731
6.0% Notes	**66,019**	**70,385**	122,482	111,991
4.875% Notes	**5,685**	**5,685**	37,016	36,091
3.0% Notes	**5,400**	**5,400**	27,383	27,044
8.375% Notes	**246,493**	**258,750**	—	—
9.25% Notes	**487,724**	**544,690**	486,519	518,125
Term Loan B	**264,352**	**273,240**	323,551	314,306
Cunningham Bank Credit Facility	**21,933**	**22,452**	32,900	32,900
Active program contracts payable	**97,894**	**89,145**	140,443	124,951
Future program liabilities (a)	**88,510**	**72,823**	70,038	56,202
Total fair value	**$ 1,284,010**	**$ 1,342,570**	$ 1,465,820	$ 1,442,341

(a) Future program liabilities reflect a license agreement for program material that is not yet available for its first showing or telecast and is, therefore, not recorded as an asset or liability on our balance sheet.

Our notes, except the 3.0% and 4.875% Notes are fair valued using Level 1 hierarchy inputs described above. The carrying value of our 3.0% and 4.875% Notes approximates their fair value. Our Term Loan B and Cunningham's bank credit facility are fair valued using Level 2 hierarchy inputs described above.

Our estimates of active program contracts payable and future program liabilities were based on discounted cash flows using Level 3 inputs described above. The discount rate represents an estimate of a market participants return and risk applicable to program contracts.

15. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS:

Sinclair Television Group, Inc. (STG), a wholly-owned subsidiary and the television operating subsidiary of Sinclair Broadcast Group, Inc. (SBG), was the primary obligor under the Bank Credit Agreement, and the 8.0% Notes as of December 31, 2009. STG is the primary obligor under the Bank Credit Agreement, the 8.375% Notes and the 9.25% Notes and was the primary obligor under the 8.0% Notes until they were fully redeemed in 2010. Our Class A Common Stock, Class B Common Stock, the 6.0% Notes, the 4.875% Notes and the 3.0% Notes remain obligations or securities of SBG and are not obligations or securities of STG. SBG is a guarantor under the Bank Credit Agreement, the 9.25% Notes and the 8.375% Notes. As of December 31, 2010 our consolidated total debt of $1,212.1 million included $1,050.6 million of debt related to STG and its subsidiaries of which SBG guaranteed $998.6 million.

SBG, KDSM, LLC, a wholly-owned subsidiary of SBG, and STG's wholly-owned subsidiaries (guarantor subsidiaries), have fully and unconditionally guaranteed all of STG's obligations. Those guarantees are joint and several. There are certain contractual restrictions on the ability of SBG, STG or KDSM, LLC to obtain funds from their subsidiaries in the form of dividends or loans.

The following condensed consolidating financial statements present the consolidated balance sheets, consolidated statements of operations and consolidated statements of cash flows of SBG, STG, KDSM, LLC and the guarantor subsidiaries, the direct and indirect non-guarantor subsidiaries of SBG and the eliminations necessary to arrive at our information on a consolidated basis. These statements are presented in accordance with the disclosure requirements under SEC Regulation S-X, Rule 3-10.

CONDENSED CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2010
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Cash	$ —	$ 5,071	$ 1,022	$ 15,881	$ —	$ 21,974
Restricted cash - current	—	5,058	—	—	—	5,058
Accounts and other receivables	43	99	115,615	5,765	(151)	121,371
Other current assets	1,477	5,492	46,231	2,962	(284)	55,878
Total current assets	1,520	15,720	162,868	24,608	(435)	204,281
Property and equipment, net	9,856	2,669	169,260	97,219	(6,773)	272,231
Investment in consolidated subsidiaries	—	609,737	—	—	(609,737)	—
Restricted cash – long term	—	—	223	—	—	223
Other long-term assets	79,184	318,137	10,207	89,956	(380,339)	117,145
Total other long-term assets	79,184	927,874	10,430	89,956	(990,076)	117,368
Acquired intangible assets	—	—	829,884	64,694	(2,534)	892,044
Total assets	$ 90,560	$ 946,263	$ 1,172,442	$ 276,477	$ (999,818)	$ 1,485,924
Accounts payable and accrued liabilities	$ 512	$ 19,733	$ 46,734	$ 8,110	$ (1,066)	$ 74,023
Current portion of long-term debt	363	3,300	391	15,502	—	19,556
Current portion of affiliate long-term debt	870	—	2,326	113	(113)	3,196
Other current liabilities	—	—	70,428	693	—	71,121
Total current liabilities	1,745	23,033	119,879	24,418	(1,179)	167,896
Long-term debt	79,091	995,269	38,098	57,282	—	1,169,740
Affiliate long-term debt	8,403	—	11,170	224,207	(224,207)	19,573
Dividends in excess of investment in consolidated subsidiaries	122,994	—	—	—	(122,994)	—
Other liabilities	43,750	1,709	394,192	47,154	(201,008)	285,797
Total liabilities	255,983	1,020,011	563,339	353,061	(549,388)	1,643,006
Common stock	804	—	10	282	(292)	804
Additional paid-in capital	609,640	123,695	445,577	78,637	(647,909)	609,640
Accumulated (deficit) earnings	(771,953)	(195,049)	165,316	(154,656)	184,389	(771,953)
Accumulated other comprehensive loss	(3,914)	(2,394)	(1,800)	(847)	5,041	(3,914)
Total Sinclair Broadcast Group shareholders' (deficit) equity	(165,423)	(73,748)	609,103	(76,584)	(458,771)	(165,423)
Noncontrolling interest in consolidated subsidiaries	—	—	—	—	8,341	8,341
Total liabilities and equity (deficit)	$ 90,560	$ 946,263	$ 1,172,442	$ 276,477	$ (999,818)	$ 1,485,924

CONDENSED CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2009
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Cash	$ —	$ 10,364	$ 217	$ 12,643	$ —	$ 23,224
Restricted cash - current	—	27,667	—	—	—	27,667
Accounts and other receivables	232	6,014	110,733	4,045	(6,090)	114,934
Other current assets	639	2,558	54,546	2,513	(283)	59,973
Total current assets	871	46,603	165,496	19,201	(6,373)	225,798
Property and equipment, net	11,597	2,135	194,139	95,437	(7,081)	296,227
Investment in consolidated subsidiaries	—	691,578	—	—	(691,578)	—
Restricted cash – long term	—	36,732	484	—	—	37,216
Other long-term assets	62,183	273,806	26,272	58,342	(295,225)	125,378
Total other long-term assets	62,183	1,002,116	26,756	58,342	(986,803)	162,594
Acquired intangible assets	—	—	838,998	57,512	8,900	905,410
Total assets	$ 74,651	$ 1,050,854	$ 1,225,389	$ 230,492	$ (991,357)	$ 1,590,029
Accounts payable and accrued liabilities	$ 2,886	$ 20,742	$ 32,200	$ 19,373	$ (10,932)	$ 64,269
Current portion of long-term debt	27,695	—	289	12,648	—	40,632
Current portion of affiliate long-term debt	753	—	2,242	136	(136)	2,995
Other current liabilities	—	—	94,229	576	—	94,805
Total current liabilities	31,334	20,742	128,960	32,733	(11,068)	202,701
Long-term debt	161,848	1,037,467	37,747	60,902	—	1,297,964
Affiliate long-term debt	9,272	—	15,445	192,097	(192,097)	24,717
Dividends in excess of investment in consolidated subsidiaries	59,402	—	—	—	(59,402)	—
Other liabilities	24,745	1,979	352,567	37,148	(149,570)	266,869
Total liabilities	286,601	1,060,188	534,719	322,880	(412,137)	1,792,251
Common stock	799	—	10	282	(292)	799
Additional paid-in capital	605,340	279,664	670,863	41,824	(992,351)	605,340
Accumulated (deficit) earnings	(813,876)	(286,414)	21,904	(131,677)	396,187	(813,876)
Accumulated other comprehensive loss	(4,213)	(2,584)	(2,107)	(2,817)	7,508	(4,213)
Total Sinclair Broadcast Group shareholders' (deficit) equity	(211,950)	(9,334)	690,670	(92,388)	(588,948)	(211,950)
Noncontrolling interest in consolidated subsidiaries	—	—	—	—	9,728	9,728
Total liabilities and equity (deficit)	$ 74,651	$ 1,050,854	$ 1,225,389	$ 230,492	$ (991,357)	$ 1,590,029

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Net revenue	$ —	$ —	$ 731,756	$ 45,351	$ (9,921)	$ 767,186
Program and production	—	893	161,746	369	(8,875)	154,133
Selling, general and administrative	2,205	23,530	125,106	3,597	(547)	153,891
Depreciation, amortization and other operating expenses	1,756	518	179,345	37,022	164	218,805
Total operating expenses	3,961	24,941	466,197	40,988	(9,258)	526,829
Operating (loss) income	(3,961)	(24,941)	265,559	4,363	(663)	240,357
Equity in earnings of consolidated subsidiaries	85,974	136,815	—	—	(222,789)	—
Interest expense	(13,611)	(95,089)	(5,204)	(22,334)	20,192	(116,046)
Other income (expense)	1,666	33,389	(36,048)	(7,026)	(441)	(8,460)
Total other income (expense)	74,029	75,115	(41,252)	(29,360)	(203,038)	(124,506)
Income tax benefit (provision)	6,080	31,654	(84,073)	6,113	—	(40,226)
Loss from discontinued operations, net of taxes	—	(577)	—	—	—	(577)
Net income (loss)	76,148	81,251	140,234	(18,884)	(203,701)	75,048
Net loss attributable to the noncontrolling interest	—	—	—	—	1,100	1,100
Net income (loss) attributable to Sinclair Broadcast Group	$ 76,148	$ 81,251	$ 140,234	$ (18,884)	$ (202,601)	$ 76,148

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Net revenue	$ —	$ —	$ 613,875	$ 52,278	$ (9,676)	$ 656,477
Program and production	—	721	149,528	480	(8,314)	142,415
Selling, general and administrative	16,249	8,701	119,779	4,334	(598)	148,465
Depreciation, amortization and other operating expenses	17,893	541	427,559	38,250	(7,416)	476,827
Total operating expenses	34,142	9,963	696,866	43,064	(16,328)	767,707
Operating (loss) income	(34,142)	(9,963)	(82,991)	9,214	6,652	(111,230)
Equity in losses of consolidated subsidiaries	(101,049)	(115,681)	—	—	216,730	—
Interest income	844	21,853	—	1,805	(24,443)	59
Interest expense	(36,454)	(35,828)	(5,871)	(27,346)	25,478	(80,021)
Other income (expense)	32,611	23,523	(35,233)	(699)	530	20,732
Total other (expense) income	(104,048)	(106,133)	(41,104)	(26,240)	218,295	(59,230)
Income tax benefit	2,577	7,749	10,421	11,765	—	32,512
Loss from discontinued operations, net of taxes	(81)	—	—	—	—	(81)
Net (loss) income	(135,694)	(108,347)	(113,674)	(5,261)	224,947	(138,029)
Net loss attributable to the noncontrolling interest	—	—	—	—	2,335	2,335
Net (loss) income attributable to Sinclair Broadcast Group	$ (135,694)	$ (108,347)	$ (113,674)	$ (5,261)	$ 227,282	$ (135,694)

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
Net revenue	$ —	$ —	$ 701,455	$ 65,970	$ (12,951)	$ 754,474
Program and production	—	1,002	167,043	219	(9,299)	158,965
Selling, general and administrative	18,147	6,429	133,650	4,631	(430)	162,427
Depreciation, amortization and other operating expenses	1,974	582	614,451	98,822	5,712	721,541
Total operating expenses	20,121	8,013	915,144	103,672	(4,017)	1,042,933
Operating loss	(20,121)	(8,013)	(213,689)	(37,702)	(8,934)	(288,459)
Equity in losses of consolidated subsidiaries	(187,454)	(172,429)	—	—	359,883	—
Interest income	1,081	8,892	9	1,181	(10,420)	743
Interest expense	(43,754)	(34,374)	(6,885)	(15,098)	12,477	(87,634)
Other income (expense)	21,174	27,134	(39,655)	(1,939)	(1,248)	5,466
Total other expense	(208,953)	(170,777)	(46,531)	(15,856)	360,692	(81,425)
Income tax benefit	15,308	5,195	87,923	12,936	—	121,362
(Loss) income from discontinued operations, net of taxes	(358)	—	217	—	—	(141)
Net loss	(214,124)	(173,595)	(172,080)	(40,622)	351,758	(248,663)
Net loss attributable to the noncontrolling interest	—	—	—	—	2,133	2,133
Net (loss) income attributable to Sinclair Broadcast Group	$ (214,124)	$ (173,595)	$ (172,080)	$ (40,622)	$ 353,891	$ (246,530)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
NET CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	$ (25,213)	$ (76,450)	$ 265,706	$ (5,729)	$ (3,353)	$ 154,961
CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES:						
Acquisition of property and equipment	—	(3,686)	(6,173)	(1,835)	—	(11,694)
Purchase of alarm monitoring contracts	—	—	—	(10,106)	—	(10,106)
Decrease in restricted cash	—	59,342	260	—	—	59,602
Distributions from investments	709	—	—	185	—	894
Investments in equity and cost method investees	(2,000)	—	—	(5,224)	—	(7,224)
Proceeds from sale of assets	—	—	110	—	—	110
Loans to affiliates	(136)	—	—	—	—	(136)
Proceeds from loans to affiliates	117	—	—	—	—	117
Proceeds from insurance settlement	—	—	372	—	—	372
Net cash flows (used in) from investing activities	(1,310)	55,656	(5,431)	(16,980)	—	31,935
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:						
Proceeds from notes payable, commercial bank financing and capital leases	—	264,068	—	19,862	—	283,930
Repayments of notes payable, commercial bank financing and capital leases	(103,878)	(302,350)	(317)	(20,876)	—	(427,421)
Dividends paid on Class A and Class B Common Stock	(34,557)	—	—	—	332	(34,225)
Payments for deferred financing costs	—	(7,016)	—	(4)	—	(7,020)
Distributions from noncontrolling interests	—	—	—	(287)	—	(287)
Repayments of notes and capital leases to affiliates	(753)	—	(2,370)	—	—	(3,123)
Increase (decrease) in intercompany payables	165,711	60,799	(256,783)	27,252	3,021	—
Net cash flows from (used in) financing activities	26,523	15,501	(259,470)	25,947	3,353	(188,146)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	—	(5,293)	805	3,238	—	(1,250)
CASH AND CASH EQUIVALENTS, beginning of period	—	10,364	217	12,643	—	23,224
CASH AND CASH EQUIVALENTS, end of period	$ —	$ 5,071	$ 1,022	$ 15,881	$ —	$ 21,974

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
NET CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	$ (56,248)	$ (3,833)	$ 171,883	$ (1,364)	$ (5,002)	$ 105,436
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:						
Acquisition of property and equipment	(43)	(1,215)	(4,508)	(1,927)	—	(7,693)
Purchase of alarm monitoring contracts	—	—	—	(12,291)	—	(12,291)
Increase in restricted cash	—	(64,399)	(484)	—	—	(64,883)
Distributions from investments	—	—	—	1,501	—	1,501
Investments in equity and cost method investees	(3,333)	—	—	(7,268)	—	(10,601)
Proceeds from sale of assets	—	—	126	—	—	126
Loans to affiliates	(162)	—	—	—	—	(162)
Proceeds from loans to affiliates	157	—	—	—	—	157
Net cash flows used in investing activities	(3,381)	(65,614)	(4,866)	(19,985)	—	(93,846)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:						
Proceeds from notes payable, commercial bank financing and capital leases	—	946,184	—	34,691	—	980,875
Repayments of notes payable, commercial bank financing and capital leases	(378,183)	(536,100)	(447)	(16,836)	—	(931,566)
Purchase of subsidiary shares from noncontrolling interest	—	—	—	(5,000)	—	(5,000)
Repurchase of Class A Common Stock	(1,454)	—	—	—	—	(1,454)
Dividends paid on Class A and Class B Common Stock	(16,193)	—	—	—	155	(16,038)
Payments for deferred financing costs	—	(28,278)	—	(537)	—	(28,815)
Contributions to noncontrolling interests	—	—	—	26	—	26
Repayments of notes and capital leases to affiliates	(648)	—	(2,216)	—	—	(2,864)
Increase (decrease) in intercompany payables	456,107	(311,643)	(164,366)	15,055	4,847	—
Net cash flows from (used in) financing activities	59,629	70,163	(167,029)	27,399	5,002	(4,836)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	—	716	(12)	6,050	—	6,754
CASH AND CASH EQUIVALENTS, beginning of period	—	9,649	227	6,594	—	16,470
CASH AND CASH EQUIVALENTS, end of period	$ —	$ 10,365	$ 215	$ 12,644	$ —	$ 23,224

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2008
(In thousands)

	Sinclair Broadcast Group, Inc.	Sinclair Television Group, Inc.	Guarantor Subsidiaries and KDSM, LLC	Non-Guarantor Subsidiaries	Eliminations	Sinclair Consolidated
NET CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES	$ (23,968)	$ (2,756)	$ 243,780	$ (5,058)	$ (227)	$ 211,771
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES:						
Acquisition of property and equipment	(57)	(561)	(22,269)	(2,282)	—	(25,169)
Consolidation of variable interest entity	—	—	—	1,328	—	1,328
Purchase of alarm monitoring contracts	—	—	—	(7,675)	—	(7,675)
Payments for acquisition of television stations	—	(17,123)	—	—	—	(17,123)
Payment for acquisition of other operating divisions companies	—	—	—	(53,487)	—	(53,487)
Distributions from investments	860	—	—	715	—	1,575
Investments in equity and cost method investees	(6,244)	—	—	(35,727)	—	(41,971)
Proceeds from the sale of assets	3	—	196	—	—	199
Loans to affiliates	(178)	—	—	—	—	(178)
Proceeds from loans to affiliates	179	—	—	—	—	179
Net cash flows used in investing activities	(5,437)	(17,684)	(22,073)	(97,128)	—	(142,322)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:						
Proceeds from notes payable, commercial bank financing and capital leases	—	257,173	—	17,470	—	274,643
Repayments of notes payable, commercial bank financing and capital leases	(24,778)	(216,608)	(207)	(14,004)	—	(255,597)
Repurchase of Class A Common Stock	(29,836)	—	—	—	—	(29,836)
Dividends paid on Class A and Class B Common Stock	(67,128)	—	—	—	445	(66,683)
Payments for deferred financing costs	—	—	—	(524)	—	(524)
Proceeds from derivative terminations	—	8,001	—	—	—	8,001
Distributions to noncontrolling interest	—	—	—	(637)	—	(637)
Repayments of notes and capital leases to affiliates	(722)	—	(2,604)	—	—	(3,326)
Increase (decrease) in intercompany payables	151,869	(32,955)	(221,268)	102,572	(218)	—
Net cash flows from (used in) financing activities	29,405	15,611	(224,079)	104,877	227	(73,959)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	—	(4,829)	(2,372)	2,691	—	(4,510)
CASH AND CASH EQUIVALENTS, beginning of period	—	14,478	2,599	3,903	—	20,980
CASH AND CASH EQUIVALENTS, end of period	$ —	$ 9,649	$ 227	$ 6,594	$ —	$ 16,470

16. QUARTERLY FINANCIAL INFORMATION (UNAUDITED):

(in thousands, except per share data)

For the Quarter Ended	**03/31/10**	**06/30/10**	**09/30/10**	**12/31/10**
Total revenues, net	**$ 169,628**	**$ 185,551**	**$ 186,452**	**$ 225,555**
Impairment of goodwill, intangible and other assets	**$ —**	**$ —**	**$ —**	**$ 4,803**
Loss on extinguishment of debt	**$ (289)**	**$ (149)**	**$ (3,939)**	**$ (1,889)**
Operating income	**$ 46,227**	**$ 56,691**	**$ 56,095**	**$ 81,344**
Income from continuing operations	**$ 11,060**	**$ 17,020**	**$ 14,213**	**$ 33,332**
Loss from discontinued operations	**$ (66)**	**$ (68)**	**$ (68)**	**$ (375)**
Net income attributable to Sinclair Broadcast Group	**$ 11,520**	**$ 17,273**	**$ 14,276**	**$ 33,079**
Basic earnings per common share from continuing operations attributable to Sinclair Broadcast Group	**$ 0.14**	**$ 0.22**	**$ 0.18**	**$ 0.42**
Basic earnings per common share attributable to Sinclair Broadcast Group	**$ 0.14**	**$ 0.22**	**$ 0.18**	**$ 0.41**
Diluted earnings per common share from continuing operations attributable to Sinclair Broadcast Group	**$ 0.14**	**$ 0.21**	**$ 0.18**	**$ 0.41**
Diluted earnings per common share attributable to Sinclair Broadcast Group	**$ 0.14**	**$ 0.21**	**$ 0.18**	**$ 0.40**

For the Quarter Ended	**03/31/09**	**06/30/09**	**09/30/09**	**12/31/09**
Total revenues, net	$ 154,738	$ 158,272	$ 160,127	$ 183,340
Impairment of goodwill, intangible and other assets	$ 130,098	$ —	$ 243	$ 119,458
Gain (loss) on extinguishment of debt	$ 18,986	$ —	$ —	$ (521)
Operating (loss) income	$ (106,707)	$ 25,824	$ 35,733	$ (66,080)
(Loss) income from continuing operations	$ (87,039)	$ 2,695	$ 15,855	$ (69,459)
(Loss) income from discontinued operations	$ (108)	$ (109)	$ 245	$ (109)
Net (loss) income attributable to Sinclair Broadcast Group	$ (85,655)	$ 2,783	$ 14,938	$ (67,760)
Basic and diluted (loss) earnings per common share from continuing operations attributable to Sinclair Broadcast Group	$ (1.06)	$ 0.04	$ 0.18	$ (0.85)
Basic and diluted (loss) earnings per common share attributable to Sinclair Broadcast Group	$ (1.06)	$ 0.04	$ 0.19	$ (0.85)

MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our Class A Common Stock is listed for trading on the NASDAQ stock market under the symbol SBGI. Our Class B Common Stock is not traded on a public trading market or quotation system. The following tables set forth for the periods indicated the high and low closing sales prices on the NASDAQ stock market for our Class A Common Stock.

2010	High	Low
First Quarter	**$ 5.78**	**$ 4.63**
Second Quarter	**$ 7.79**	**$ 5.33**
Third Quarter	**$ 7.38**	**$ 5.39**
Fourth Quarter	**$ 8.47**	**$ 7.12**

2009	High	Low
First Quarter	$ 3.86	$ 0.89
Second Quarter	$ 2.12	$ 1.04
Third Quarter	$ 3.81	$ 1.07
Fourth Quarter	$ 5.03	$ 2.95

As of February 28, 2011, there were approximately 82 shareholders of record of our common stock. This number does not include beneficial owners holding shares through nominee names.

Dividend Policy

In February 2009, we decided it was prudent to suspend the dividend due to the negative economic climate. Amid improvements in general economic conditions and in our performance, in November 2010, our Board of Directors declared a $0.43 per share common stock dividend payable on December 15, 2010 to holders of record on December 1, 2010. In February 2011, our Board of Directors reinstated our dividend policy, declaring a quarterly common stock dividend of $0.12 per share. Future dividends on our common shares, if any, will be at the discretion of our Board of Directors and will depend on several factors including our results of operations, cash requirements and surplus, financial condition, covenant restrictions and other factors that the Board of Directors may deem relevant. The Class A Common Stock and Class B Common Stock holders have the same rights related to dividends. Our Bank Credit Agreement and some of our debt instruments contain restrictions on our ability to pay dividends. Under our Bank Credit Agreement, in certain circumstances we may make up to $40.0 million in unrestricted annual cash payments including but not limited to dividends. Under the indentures governing our 9.25% Second Lien Notes, due 2017 (the 9.25% Notes) and our 8.375% Senior Notes, due 2018 (the 8.375% Notes), we are restricted from paying dividends on our common stock unless certain specified conditions are satisfied, including that:

- no event of default then exists under each indenture or certain other specified agreements relating to our indebtedness; and
- after taking account of the dividends payment, we are within certain restricted payment requirements contained in each indenture.

In addition, under certain of our debt instruments, the payment of dividends is not permissible during a default thereunder.

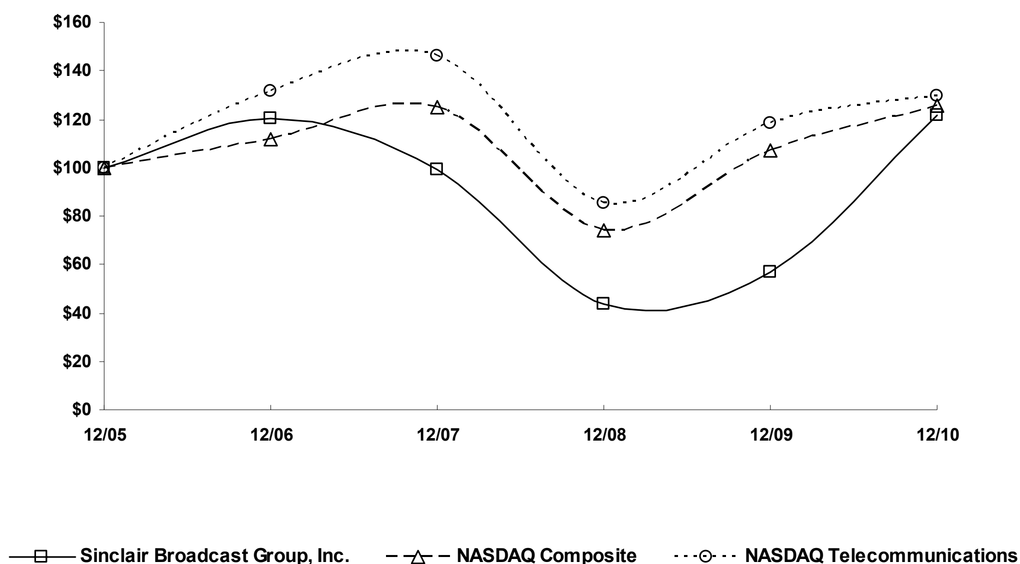
Issuer Purchases of Equity Securities

During the fourth quarter 2010, we repurchased, pursuant to a tender offer, $58.0 million in principal amount of the 6.0% Convertible Subordinated Debentures, due 2012 (the 6.0% Notes).

Comparative Stock Performance

The following line graph compares the yearly percentage change in the cumulative total shareholder return on our Class A Common Stock with the cumulative total return of the NASDAQ Composite Index and the cumulative total return of the NASDAQ Telecommunications Index (an index containing performance data of radio and television broadcast companies and communication equipment and accessories manufacturers) from December 31, 2005 through December 31, 2010. The performance graph assumes that an investment of $100 was made in the Class A Common Stock and in each Index on December 31, 2005 and that all dividends were reinvested. Total shareholder return is measured by dividing total dividends (assuming dividend reinvestment) plus share price change for a period by the share price at the beginning of the measurement period.

Company/Index/Market	12/31/05	12/31/06	12/31/07	12/31/08	12/31/09	**12/31/10**
Sinclair Broadcast Group, Inc.	100.00	120.18	99.05	43.67	56.77	**121.45**
NASDAQ Telecommunications Index	100.00	131.50	146.22	85.43	118.25	**129.78**
NASDAQ Composite Index	100.00	111.74	124.67	73.77	107.12	**125.93**



*$100 invested on 12/31/05 in stock or index, including reinvestment of dividends.
Fiscal year ending December 31.

REPORTS OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMS: CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors and Shareholders of Sinclair Broadcast Group, Inc.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, of equity (deficit) and other comprehensive (loss) income, and of cash flows present fairly, in all material respects, the financial position of Sinclair Broadcast Group, Inc. and its subsidiaries (the Company) at December 31, 2010 and December 31, 2009 and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2010 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in Item 15(a) for the two years ended December 31, 2010, presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the Report of Management on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (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 and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audits of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for noncontrolling interests and convertible debt instruments that may be settled in cash upon conversion in 2009 and changed its method of accounting for variable interest entities in 2010.

We have also audited the adjustments to the 2008 consolidated financial statements to retrospectively apply the change in accounting for noncontrolling interests and convertible debt instruments that may be settled in cash upon conversion, as described in Note 1. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2008 consolidated financial statements of the Company other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2008 consolidated financial statements taken as a whole.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP

Baltimore, Maryland
March 4, 2011

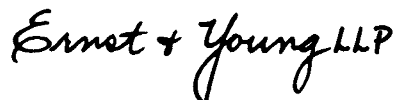
The Board of Directors and Shareholders of Sinclair Broadcast Group, Inc.

We have audited, before the effects of the adjustments to retrospectively apply the changes in accounting described in Note 1, the consolidated statements of operations, equity (deficit), comprehensive income (loss) and cash flows for the year ended December 31, 2008 of Sinclair Broadcast Group, Inc. (the 2008 financial statements before the effects of the adjustments discussed in Note 1 are not presented herein). 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 audit in accordance with the standards of the Public Company Accounting Oversight Board (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 audit provides a reasonable basis for our opinion.

In our opinion, the 2008 financial statements referred to above, before the effects of the adjustments to retrospectively apply the changes in accounting described in Note 1, present fairly, in all material respects, the consolidated results of Sinclair Broadcast Group, Inc's operations and its cash flows for the year ended December 31, 2008, in conformity with U.S. generally accepted accounting principles.

We were not engaged to audit, review, or apply any procedures to the adjustments to retrospectively apply the changes in accounting described in Note 1 and, accordingly, we do not express an opinion or any other form of assurance about whether such adjustments are appropriate and have been properly applied. Those adjustments were audited by PricewaterhouseCoopers LLP.



Ernst & Young LLP
Baltimore, Maryland
March 3, 2009

GROUP MANAGERS / GENERAL MANAGERS

Group Manager
William J. Fanshawe

- Baltimore, Maryland
- Norfolk, Virginia

General Managers

- Mary Margaret Johnson – Charleston, South Carolina
- Mike Wilson – Des Moines, Iowa
- Audra Swain – Las Vegas, Nevada
- Kerry Johnson – Cedar Rapids, Iowa and Madison, Wisconsin
- David Ford – Milwaukee, Wisconsin
- Philip Waterman – Minneapolis-St. Paul, Minnesota
- John Rossi – Oklahoma City, Oklahoma
- Steven Genett – Richmond, Virginia
- John Seabers – San Antonio, Texas

Group Manager
Alan B. Frank

- Pittsburgh, Pennsylvania
- Rochester, New York
- Tampa/St. Petersburg, Florida

General Managers

- Jay C. Lowe – Birmingham, Alabama
- Nick Magnini – Buffalo, New York
- Harold Cooper – Charleston/ Huntington, West Virginia
- Chad Conklin – Flint/Saginaw/Bay City, Michigan
- Dominic Mancuso – Nashville, Tennessee
- John Hummel – Raleigh/Durham, North Carolina
- Rochester, New York
- Don O'Connor – Syracuse, New York
- John Dittmeier – Tallahassee, Florida

Group Manager
Daniel P. Mellon

- Columbus, Ohio
- Greensboro/Highpoint/Winston-Salem, North Carolina
- Peoria/Bloomington, Illinois

General Managers

- John V. Connors – Asheville, North Carolina-Greenville/Spartanburg/ Anderson, South Carolina
- Thomas L. Tipton – Cape Girardeau, Missouri-Paducah, Kentucky and St. Louis, Missouri
- Jonathan P. Lawhead – Cincinnati, Ohio
- Dean Ditmer – Dayton, Ohio
- Michael C. Brickey – Lexington, Kentucky
- Terry Cole – Mobile, Alabama-Pensacola, Florida
- Tom Humpage – Portland, Maine
- Tim Mathis – Springfield/Champaign, Illinois

OFFICERS

David D. Smith
President & Chief Executive Officer

Frederick G. Smith
Vice President

J. Duncan Smith
Vice President

David B. Amy
Executive Vice President, Chief Financial Officer

David R. Bochenek
Vice President, Chief Accounting Officer

Barry M. Faber
Executive Vice President, General Counsel

Lucy A. Rutishauser
Vice President, Corporate Finance & Treasurer

Donald H. Thompson
Vice President, Human Resources

Thomas I. Waters, III
Vice President, Purchasing

OTHER OPERATING DIVISIONS

W. Gary Dorsch
President, Keyser Capital, LLC

BOARD OF DIRECTORS

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

Frederick G. Smith
Vice President

J. Duncan Smith
Vice President, Secretary

Robert E. Smith
Director

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

Martin R. Leader
Director

Lawrence E. McCanna
Director

Basil A. Thomas
Director

TELEVISION DIVISION

Steven M. Marks
Vice President, Chief Operating Officer

M. William Butler
Vice President, Programming & Promotion

Robert F. Malandra
Vice President, Finance Television

Delbert R. Parks III
Vice President, Engineering & Operations

David F. Schwartz
Vice President, Sales

Gregg L. Siegel
Vice President, National Sales

Robert D. Weisbord
Vice President, New Media

ANNUAL MEETING

The Annual Meeting of stockholders will be held at Sinclair Broadcast Group's corporate offices,
10706 Beaver Dam Road
Hunt Valley, MD 21030
Thursday, June 2, 2011 at 10:00am.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers, LLP
100 East Pratt Street
Suite 1900
Baltimore, MD 21202-1096

TRANSFER AGENT & REGISTRAR

Questions regarding stock certificates, change of address, or other stock transfer account matters may be directed to:

American Stock Transfer & Trust Company, LLC
Operations Center
6201 15th Ave.
Brooklyn, NY 11219
Toll Free: 1-800-937-5449
Email: info@amstock.com
Website: www.amstock.com

FORM 10-K, ANNUAL REPORT

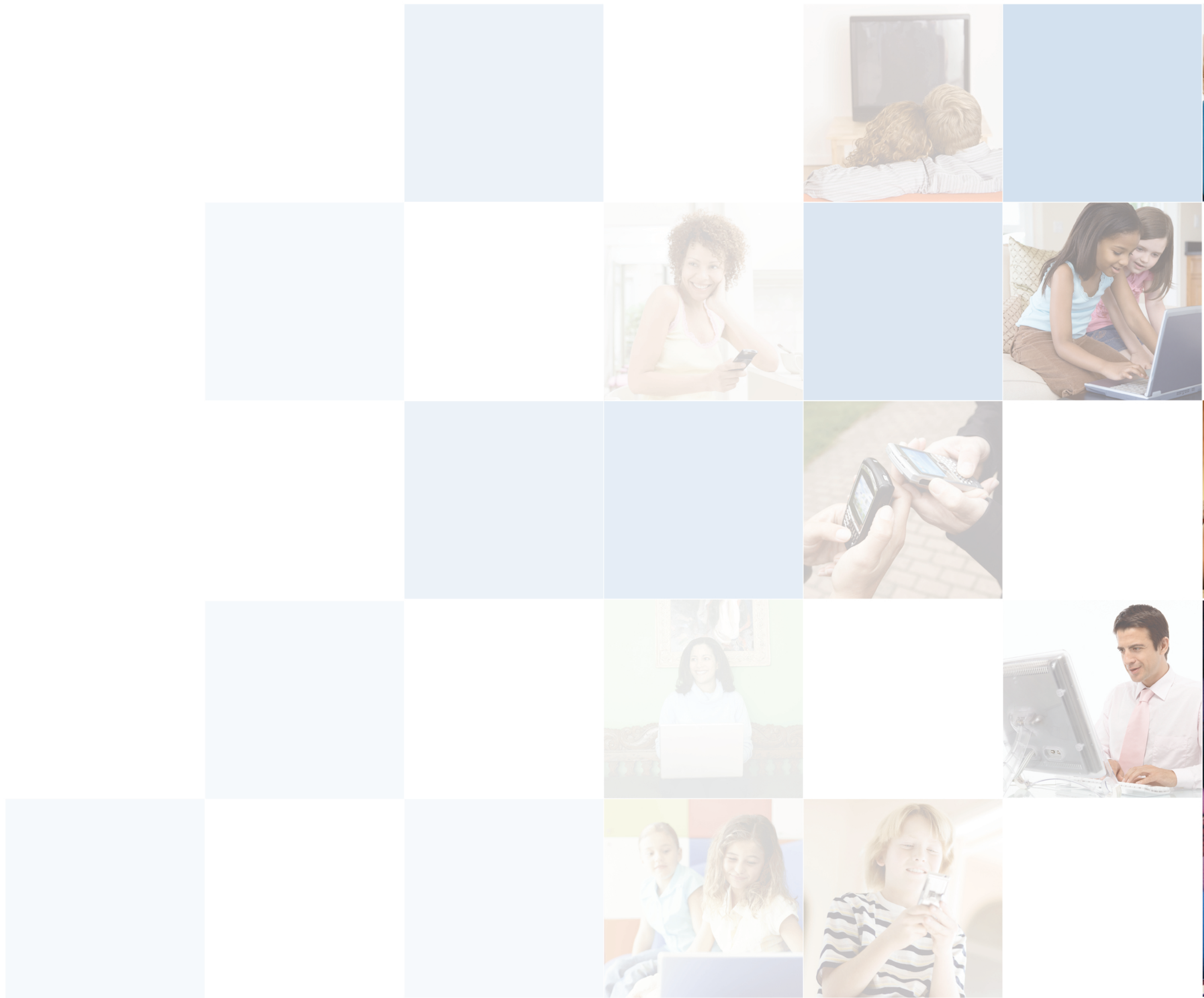
A copy of the Company's 2010 Form 10-K, as filed with the Securities and Exchange Commission, is available at no charge on the Company's website www.sbgi.net or upon written request to:

Lucy A. Rutishauser
VP, Corporate Finance & Treasurer
Sinclair Broadcast Group, Inc.
10706 Beaver Dam Road
Hunt Valley, MD 21030
Phone: 410-568-1500
E-mail: investor@sbgi.net

COMMON STOCK

The Company's Class A Common Stock trades on the Nasdaq Global Select Market tier of the Nasdaq[SM] Stock Market under the symbol SBGI.

SINCLAIR BROADCAST GROUP, INC.



SBG

SINCLAIR BROADCAST GROUP