

SINCLAIR BROADCAST GROUP INC
Form 11-K
June 27, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2007.

or

Transition Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934 for the transition period from to .

Commission file number 000-26076

SINCLAIR BROADCAST GROUP, INC.

401(k) RETIREMENT SAVINGS PLAN

(Full Title of Plan)

SINCLAIR BROADCAST GROUP, INC.

10706 BEAVER DAM ROAD

HUNT VALLEY, MD 21030

(Name of issuer of the securities held pursuant to the Plan

and address of its principal executive office)

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM

SINCLAIR BROADCAST GROUP, INC.
401(K) RETIREMENT SAVINGS PLAN

DECEMBER 31, 2007 and 2006

Sinclair Broadcast Group, Inc

401(k) Retirement Savings Plan

TABLE OF CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

FINANCIAL STATEMENTS

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

NOTES TO FINANCIAL STATEMENTS

SUPPLEMENTAL SCHEDULE

SCHEDULE OF ASSETS (HELD AT YEAR END)

SCHEDULE OF REPORTABLE TRANSACTIONS

Reznick Group, P.C.
500 East Pratt Street
Suite 200
Baltimore, MD 21202-3100

Tel: (410) 783-4900
Fax: (410) 727-0460
www.reznickgroup.com

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Administrative Committee

Sinclair Broadcast Group, Inc.

401(k) Retirement Savings Plan

We have audited the accompanying statements of net assets available for benefits of Sinclair Broadcast Group 401(k) Retirement Savings Plan as of December 31, 2007 and 2006, and the related statement of changes in net assets available for benefits and supplemental information for the year then ended December 31, 2007. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. 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 financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2007 and 2006, and the changes in net assets available for benefits for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at year end) as of December 31, 2007, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement

Atlanta • Baltimore • Bethesda • Charlotte • Chicago • Sacramento • Tysons Corner

Reznick Group, P.C.
500 East Pratt Street
Suite 200
Baltimore, MD 21202-3100

Tel: (410) 783-4900
Fax: (410) 727-0460
www.reznickgroup.com

Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Reznick Group, P.C.

Baltimore, Maryland

June 23, 2008

Atlanta • Baltimore • Bethesda • Charlotte • Chicago • Sacramento • Tysons Corner

Sinclair Broadcast Group, Inc

401(k) Retirement Savings Plan

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	2007	December 31,	2006
ASSETS			
Investments at fair value	\$ 79,982,145	\$	75,247,670
Guaranteed investment contract at fair value	5,020,757		4,396,088
Receivables			
Employer contributions	1,746,337		1,670,358
Net assets available for benefits at fair market value	86,749,239		81,314,116
Adjustment from fair value to contract value for fully benefit-responsive contracts	222,306		117,257
Net assets available for benefits	\$ 86,971,545	\$	81,431,373

See notes to financial statements

Sinclair Broadcast Group, Inc

401(k) Retirement Savings Plan

STATEMENT OF CHANGES IN NET
ASSETS AVAILABLE FOR BENEFITS

Year ended December 31, 2007

Additions	
Investment income	
Interest	\$ 137,676
Net realized and unrealized appreciation in aggregate fair value of investments	3,461,531
Net investment income	3,599,207
Contributions	
Employee	9,023,295
Employer	1,748,873
Total contributions	10,772,168
Total additions	14,371,375
Deductions	
Benefit payments	8,804,481
Administrative expenses	26,722
Total deductions	8,831,203
Net increase	5,540,172
Net assets available for benefits:	
Beginning of the year	81,431,373
End of the year	\$ 86,971,545

See notes to financial statements

Sinclair Broadcast Group, Inc

401(k) Retirement Savings Plan

NOTES TO FINANCIAL STATEMENTS

December 31, 2007 and 2006

NOTE 1 - PLAN DESCRIPTION

The following description of the Sinclair Broadcast Group, Inc. 401(k) Retirement Savings Plan (the Plan) provides only general information. Participants should refer to the Summary Plan Description for a more complete description of the Plan s provisions. Copies of this summary are available from Sinclair Broadcast Group, Inc., Human Resources Department.

General

The Plan was adopted on January 1, 1988 and was amended and restated effective January 1, 2002 pursuant to a Massachusetts Mutual Life Insurance Company (Mass Mutual) Non-standardized 401(k) Profit Sharing Plan Prototype Plan Document. The Plan is a participatory defined contribution plan covering substantially all of our employees. As of September 1, 2005 an employee is eligible to participate in the Plan upon successful completion of the introductory period (90-day evaluation period to which all new employees and re-hires are subject). Re-hires, if eligible to participate in the plan on their date of termination, are eligible to enter the plan on the date of re-hire. Although employees may participate in the plan they will not be eligible to receive the discretionary company match until they have completed one year of service, defined as 1,000 hours worked in a 12-month consecutive period. Prior to September 1, 2005 an employee was eligible to participate in the Plan upon attaining 21 years of age and having completed one year of service, defined as 1,000 hours worked in a 12-month consecutive period. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

Employees contribute to the Plan through payroll deductions, up to a maximum of 98% of their total compensation. Each participant s account is credited with the participant s contribution, our matching contribution, and their pro rata share of earnings or losses on invested assets of the trust funds. Our matching contribution for all participating employees is discretionary and during 2007 was equal to 50% of the employees contributions up to a maximum deferral of 4% of their total compensation. Participants must be employed at the end of the Plan year, have completed one full year of service and have completed at least 1,000 hours of service in the plan in order to receive our matching contributions. Contributions to the Plan are invested in the available investment options in accordance with the participant s election. A terminating member of the Plan has the option to maintain their account (if the balance is over \$5,000) or be paid the current value of their contributions to the Plan reduced by any outstanding loan balances.

Sinclair Broadcast Group, Inc

401(k) Retirement Savings Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007 and 2006

Unless the member is fully vested, as defined, they must forfeit the current unvested value of the employer's contribution to their account. In accordance with the terms of the Plan, such forfeitures are first applied to pay administrative expenses of the Plan, if any, and then to reduce future contributions required of the employer. Participants are fully vested in their contribution to the Plan and related earnings. Under the provisions of the Plan, eligible employees become 20% vested in employer contribution amounts credited to their account after two years of service, 40% vested after three years of service, 60% vested after four years of service, 80% vested after five years of service and 100% vested after six years of service.

Unallocated assets in the Plan were approximately \$191,000 and \$214,000 as of December 31, 2007 and 2006, respectively.

The December 31, 2007 and 2006 employer contributions include a receivable that was funded subsequent to the Plan's year end with our common stock. We may also make additional discretionary profit sharing contributions each year. There were no additional discretionary contributions during 2007.

Upon enrollment, a participant may direct employee contributions to any of the Plan's available fund options except the Sinclair Broadcast Group Common Stock Fund. Employer contributions are invested in common stock, but may be redirected by participants to other fund options immediately.

Payment of Benefits

Participants may elect one of several methods to receive their vested benefits including: (a) a joint and survivor option whereby the employee receives a reduced monthly benefit during his/her lifetime and, upon death, the surviving spouse will receive a monthly benefit for his/her lifetime; (b) the purchase of a life annuity; (c) equal installments over a period of not more than the participant's assumed life expectancy (or participant's and participant's beneficiary's assumed life expectancy) at the time of distribution; (d) a lump sum distribution; or (e) partial distributions. In the absence of such election by the participant, the method of distribution shall be determined by the Plan. Upon termination of employment before normal retirement, a lump sum distribution may also be made.

Sinclair Broadcast Group, Inc

401(k) Retirement Savings Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007 and 2006

Participant Loans

Participants have the option to borrow from the vested portion of their account. The minimum loan amount is \$1,000 and the maximum loan permitted is the lesser of: (1) \$50,000; or (2) one-half of their vested balance, and is secured by the balance in the participant's account with interest charged based on the prime rate at the time of borrowing. Participants may have two loans outstanding at one time. Generally, the term of the loans may not exceed five years. Interest income from these loans is treated as income to the Plan and is allocated with other earnings on investments. Principal and interest are paid ratably through monthly payroll deductions.

Plan Termination

Although we have not expressed any intent to do so, we have the right under the Plan to discontinue our contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

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 in the financial statements and accompanying notes. Actual results could differ from those estimates.

Basis of Accounting

Edgar Filing: SINCLAIR BROADCAST GROUP INC - Form 11-K

The accompanying financial statements are presented on the accrual basis of accounting. Certain administrative expenses are borne by Sinclair Broadcast Group, Inc.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value, which equals the quoted market price on the last business day of the Plan year. The fair value of the participation units owned by the Plan in the pooled separate accounts is based on quoted redemption values on the last business day of the Plan year as determined by Massachusetts Mutual Life Insurance Company (Mass

Sinclair Broadcast Group, Inc

401(k) Retirement Savings Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007 and 2006

Mutual). The participant loans are valued at their outstanding balances, which approximate fair value.

Investment contracts are presented at fair value. The fair value of the investment contracts at December 31, 2007 and 2006 was \$5,020,757 and \$4,396,088, respectively. Contract values represent contributions and reinvested income, less any withdrawals, plus accrued interest, because these investments have fully benefit-responsive features. Under certain conditions, participants may receive less than the contract value of their accounts invested in the investment contracts, as determined by Mass Mutual. At December 31, 2007, there are no reserves against contract values for credit risk of contract issuers or otherwise. The crediting interest rate for these investment contracts is reset biannually by the issuer but cannot be less than permanent minimum interest rate of 3.0%. The interest rate was 3.25% and 3.2% at December 31, 2007 and 2006, respectively.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

The Sinclair Broadcast Group, Inc. Common Stock Fund (the Fund) is tracked on a unitized basis. The Fund consists of our common stock and funds held in the Investors Bank and Trust Money Market Fund sufficient to meet the Fund's daily cash needs. Unitizing the Fund allows for daily trades. The value of a unit reflects the combined market value of our common stock and the cash investments held by the Fund. At December 31, 2007, 608,799 units were outstanding with a value of \$6.82 per unit. At December 31, 2006, 642,872 units were outstanding with a value of \$8.22 per unit.

Benefit Payments

Benefit payments are recorded when paid.

Sinclair Broadcast Group, Inc

401(k) Retirement Savings Plan

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2007 and 2006

NOTE 3 - INVESTMENTS

During 2007, the Plan's investments (including investments purchased, sold, as well as held during the year) appreciated in aggregate fair value as follows:

Net realized and unrealized appreciation in aggregate fair value:

Pooled separated accounts	\$	4,285,844
Sinclair Broadcast Group, Inc. Common Stock		(824,313)
	\$	3,461,531

The following presents individual investments that represent 5% or more of the Plan's net assets at December 31, 2007 and 2006:

	2007	2006
Select Large Cap Value (Davis)	\$ 12,491,284	\$ 13,059,146
Select Focused Value (Harris/C&B)	12,211,733	12,981,112
Select Overseas (MFS/Harris)	8,448,649	8,680,241
Select Fundamental Value (Wellington)	6,929,161	6,557,181
Select Blue Chip Growth (TRP)	5,393,364	(a)
SF Guaranteed Interest Fund	5,020,757	4,396,088
Sinclair Broadcast Group, Inc. Common Stock Fund	(b)	5,282,914