

SINCLAIR BROADCAST GROUP

Technical Director  
File Reference No. 2011-180  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

June 2, 2011

Dear Sir/Madam:

Sinclair Broadcast Group ("SBG") wishes to comment on the Financial Accounting Standards Board's ("FASB") amended guidance for testing goodwill for impairment as presented in the proposed accounting standards update, *Intangibles – Goodwill and Other (Topic 350)* (the "Exposure Draft"). SBG is a diversified television broadcasting company that owns or provides certain programming, operating or sales services to more television stations than most other commercial broadcasting groups in the United States. SBG currently owns, provides programming and operating services pursuant to local marketing agreements or provides (or is provided) sales services pursuant to outsourcing agreements to 58 television stations in 35 markets. SBG is a public registrant and is traded on the NASDAQ stock market under the symbol SBGI. For the fiscal year ended December 31, 2010, SBG had total revenues of \$767.2 million.

We agree that the FASB's proposed guidance will reduce the overall costs and complexities involved in testing goodwill for impairment. We believe that the proposed examples of events and circumstances to be assessed in a qualitative review are adequate and the guidance on how to apply the qualitative factors is clear. We agree with the proposed effective date and the ability to early adopt the new guidance and hope to apply the qualitative assessment provisions to our annual impairment test for goodwill beginning with our fiscal year ending December 31, 2011. However, we also believe that the scope of the FASB's project should include the impairment testing for indefinite-lived intangible assets and that these assets should be subject to the same qualitative review procedures as goodwill. We have outlined our rationale for including the indefinite-lived intangible assets in the scope of this project below:

**Recurring cost and complexity in calculating fair value**

SBG's indefinite-lived intangible assets consist of broadcast licenses. Currently these assets are tested for impairment at least annually at the unit of accounting level using the income approach method. The values are determined with the assistance of third-party appraisals by using a complex model which involves substantial time to complete in the compilation and preparation of the numerous estimates and assumptions including discounted cash flows, market revenue and long term growth projections, estimated market share and profit margins for typical market participants. The preparation and review of these inputs results in increased hours and costs on the part of our internal accountants, valuation experts and auditors in that these inputs are not prepared for any other business purpose other than the preparation of the indefinite-lived intangible impairment test. As such, SBG effectively spends more time and money on broadcast license impairment tests than goodwill impairment tests. We believe that performing a qualitative analysis similar to that proposed for goodwill impairment testing would reduce the cost and complexity of the quantitative tests prepared each year. We also believe this is reasonable given that the FASB's intent in issuing the new guidance was to simplify how an entity is required to test goodwill for impairment and address preparers' concerns regarding the cost and complexity of performing the first step of the goodwill impairment test. We believe that these concerns are valid for indefinite-lived intangible assets as well.

**Consistency of qualitative factors as an indicator of impairment**

The current guidance for testing long-lived assets for recoverability involves first evaluating certain events or changes in circumstances which may indicate that the carrying amount of such asset is not recoverable. In addition,

cost and equity method investments are first subject to a qualitative evaluation. These qualitative evaluations are consistent with the proposed guidance for testing goodwill for impairment. However, the current guidance for annual testing of indefinite-lived intangible assets is strictly quantitative in nature involving a comparison of the fair value of the intangible asset with its carrying value. We believe this is inconsistent with the guidance for assessing other assets for impairment. For SBG, the broadcast license value is tied to the overall value of the reporting unit and therefore the qualitative assessment for goodwill can also be used as a component of the qualitative assessment for broadcast licenses.

We acknowledge that there may be qualitative factors which are not included in the listing in the Exposure Draft that apply to indefinite-lived intangible assets and may indicate that there are impairment issues with such assets. We believe that these specific qualitative factors could be included in the Exposure Draft in order to determine whether it is more likely than not that impairment of an indefinite-lived intangible asset may exist. However, we also believe that several of the events and circumstances included in the Exposure Draft would apply to both goodwill and indefinite-lived intangibles including those related to general economic conditions, the competitive environment, cost factors and negative or declining cash flows.

We do not see any reason that the proposed conceptual framework for goodwill impairment assessment should not be extended to indefinite-lived intangible asset assessments.

Thank you for allowing us the opportunity to comment on the Exposure Draft.

Sincerely,

A handwritten signature in black ink, appearing to read 'David Bochenek', with a long horizontal line extending to the right.

David Bochenek  
Vice President, Chief Accounting Officer  
Sinclair Broadcast Group, Inc.