CAPITALIZATION

The following table sets forth the current portion of long-term debt and total consolidated capitalization of the Company as of September 30, 1993 and as adjusted to reflect the application of the net proceeds of the Offering and consummation of the Proposed Acquisitions. This table should be read in conjunction with "Proposed Acquisitions," "Use of Proceeds" and "Selected Historical Financial Data."

	September 30, 1993		
	Actual	Post Offering (a)	Post Acquisition (a)
		(Dollars in thousands)	
Current portion of:			
Long-term debt, net of capital lease obligations	$10,874	$ 874	$ 874
Capital leases payable	756	756	756
Notes and capital leases payable to affiliates	621	621	621
	$12,251	$ 2,251	$ 2,251
Long-term debt:			
Term Loan	$72,831 (b)	$ –	$ –
Revolving Credit Facility	2,500	– (b)	–
Capital leases payable, net of current portion	1,246	1,246	1,246
Notes and capital leases payable to affiliates	18,437	18,437	18,437
Other	3,086	3,086	3,086
Notes offered hereby	–	100,000	100,000
Senior secured acquisition indebtedness	–	–	75,000
Senior subordinated acquisition indebtedness	–	–	100,000
Total long-term debt	98,100	122,769	297,769
Stockholders' equity (deficit):			
Common stock, $.01 par value; 25,000,000 shares authorized, 691,980 shares issued and outstanding	7	7	7
Additional paid-in capital	4,746	4,746	4,746
Accumulated deficit	(11,432)	(21,490) (c)	(21,490) (c)
Total stockholders' equity (deficit)	(6,679)	(16,737)	(16,737)
Total capitalization	$91,421	$106,032	$281,032

(a) See "Pro Forma Consolidated Financial Data."

(b) The Term Loan includes unamortized discount of $7,354 as of September 30, 1993. After the Offering, the Revolving Credit Facility with available credit of $15,000 will continue to be available to finance operations. The Revolving Credit Facility is currently being partially utilized for the $6,250 letter of credit described in Note 14 to the Consolidated Financial Statements.

(c) Reflects a $10,058 extraordinary loss resulting from early retirement of debt.

SELECTED HISTORICAL FINANCIAL DATA

The selected consolidated financial data for the years ended December 31, 1988, 1989, 1991 and 1992 and for the nine months ended September 30, 1990 and the three months ended December 31, 1990 have been derived from the audited Consolidated Financial Statements. The consolidated financial statements for the three months ended December 31, 1990, the years ended December 31, 1991 and 1992, and the nine months ended September 30, 1992 and 1993 are included elsewhere in this Prospectus. The consolidated financial statements for, and as of, the nine months ended September 30, 1992 and 1993 are unaudited, but in the opinion of management, such financial statements have been prepared on the same basis as the audited Consolidated Financial Statements included elsewhere in this Prospectus and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations for that period. Results for the nine months ended September 30, 1993 are not necessarily indicative of the results for a full year.

The acquisition by the Company on September 30, 1990 of the Founders' Stock was accounted for under the "push-down" method of accounting and a new accounting basis was established for the Company beginning September 30, 1990. Accordingly, results of operations for periods prior to September 30, 1990 are not comparable to results for subsequent periods.

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 of the Company included elsewhere in this Prospectus.

	The Predecessor			The Company				
	Year Ended December 31,		Nine Months Ended Sept. 30,	Three Months Ended Dec. 31,	Year Ended December 31,		Nine Months Ended September 30,	
	1988	1989	1990(a)(b)	1990	1991(c)(d)	1992	1992	1993
				(Dollars in thousands)				
Statement of Operations Data:								
Net broadcast revenues	$34,464	$38,690	$27,268	$10,205	$45,358	$67,349	$45,570	$51,291
Operating expenses, excluding depreciation and amortization and special bonuses to be paid to executive officers	24,071	25,052	15,176	6,448	25,187	31,117	20,556	21,328
Depreciation and amortization (e)	6,407	9,913	5,156	1,765	18,078	30,920	23,478	17,300
Special bonuses paid to executive officers	–	–	–	–	–	–	–	10,000
Broadcast operating income	3,986	3,725	6,936	1,992	2,093	5,312	1,536	2,663
Interest expense	3,825	4,052	3,426	1,402	8,895	12,997	9,972	8,574
Interest and other income	35	146	324	150	562	1,207	943	1,622
Income (loss) before (provision) benefit for income taxes and extraordinary item	196	(181)	3,834	740	(6,240)	(6,478)	(7,493)	(4,289)
Net income (loss)	(115)	(898)	2,342	452	(4,660)	(5,289)	(6,094)	(2,952)
Ratio of earnings to fixed charges (f)	1.1 x	–	2.1 x	1.5 x	–	–	–	–
Other Data:								
Net cash flows from operating activities	$ 568	$ 1,608	$ (818)	$ 1,586	$ (2,264)	$ 5,235	$ 2,317	$10,515
Broadcast operating cash flow (g)	4,045	8,350	8,971	2,586	15,483	25,806	17,513	23,613
Broadcast operating cash flow margin (h)	11.7%	21.6%	32.9%	25.3%	34.1%	38.3%	38.4%	46.0%
Cash paid for interest	$ 3,156	$ 3,844	$ 3,731	$ 334	$ 5,604	$13,192	$10,692	$ 6,525
Program contract payments	6,348	5,288	3,121	1,171	4,688	10,427	7,301	6,350
Capital expenditures	1,520	1,239	1,652	479	3,985	441	268	255
Ratio of total debt to broadcast operating cash flow (i)					7.3 x	4.3 x		3.2 x
Ratio of broadcast operating cash flow to cash paid for interest					2.8 x	2.0 x		3.6 x
Ratio of broadcast operating cash flow to interest expense					1.7 x	2.0 x		2.8 x
Ratio of broadcast operating cash flow to interest expense, net					1.8 x	2.2 x		3.0 x
Ratio of broadcast operating cash flow less capital expenditures to cash paid for interest					2.1 x	1.9 x		3.6 x

(continued on following page)

	The Predecessor		The Company			
	As of December 31,		As of December 31,			As of September 30,
	1988	1989	1990(a)(b)	1991(c)(d)	1992	1993
			(Dollars in thousands)			
Balance Sheet Data:						
Total assets	$49,593	$51,156	$75,102	$149,227	$139,728	$124,758
Total debt (j)	29,729	31,020	51,280	112,183	110,659	102,997
Total stockholders' equity	105	(793)	1,608	(3,052)	(3,765)	(6,679)

(a) On September 30, 1990, the Company redeemed all of the Founders' Stock. The redemption was accounted for under the "push-down" method of accounting since approximately 73% of the outstanding shares of capital stock was purchased and a management control group became owner of substantially all of the Company's capital stock.

(b) On September 30, 1990, the Company sold Channel 63, Inc., the owner and operator of WIIB, to the Current Stockholders. The statement of operations, balance sheet and other data subsequent to this date do not include amounts for Channel 63, Inc. and are therefore not comparable to preceding periods.

(c) WPGH, Inc. acquired the net assets of WPGH on August 30, 1991. The statement of operations, balance sheet and other data presented for periods preceding this date do not include amounts for WPGH, and are therefore not comparable to subsequent periods.

(d) WPTT was sold on August 30, 1991. The statement of operations, balance sheet and other data presented for periods subsequent to this date do not include amounts for WPTT and are therefore not comparable to preceding periods.

(e) Depreciation and amortization includes amortization of program contract costs and net realizable value adjustments, depreciation and amortization of property and equipment, and amortization of acquired intangible broadcasting assets and other assets, including amortization of deferred financing costs.

(f) For the purpose of calculating the ratio of earnings to fixed charges, earnings consist of net income (loss) before income taxes and extraordinary item plus fixed charges. Fixed charges consist of interest expense, which includes interest on all debt and amortization of debt discount, and deferred financing costs. Earnings were inadequate to cover fixed charges for the years ended December 31, 1989, 1991 and 1992 and the nine months ended September 30, 1992 and 1993 by $181, $6,240, $6,478, $7,493 and $4,289, respectively.

(g) Broadcast operating cash flow is defined as broadcast operating income plus depreciation and amortization and special bonuses paid to executive officers, less program contract payments. Broadcast operating cash flow is a widely accepted financial indicator of a company's ability to service and/or incur debt. However, broadcast operating cash flow should not be construed as an alternative to broadcast operating income or net cash flows from operating activities and should not be construed as an indication of the Company's operating performance or as a measure of liquidity.

(h) Broadcast operating cash flow margin is defined as broadcast operating cash flow divided by net broadcast revenues.

(i) For the nine months ended September 30, 1993, the ratio of total debt to broadcast operating cash flow was computed using broadcast operating cash flow for the 12 months ended September 30, 1993.

(j) Total debt is defined as long-term debt, net of unamortized discount, and capital lease obligations, including current portion thereof, and warrants outstanding. The remaining outstanding warrants were purchased by the Company for $9,000 in September 1993.

PRO FORMA CONSOLIDATED FINANCIAL DATA

The following pro forma consolidated financial data includes the unaudited pro forma consolidated statements of operations for the year ended December 31, 1992 and for the nine months ended September 30, 1993 (the "Pro Forma Consolidated Statements of Operations") and the unaudited pro forma consolidated balance sheet as of September 30, 1993 (the "Pro Forma Consolidated Balance Sheet"). The unaudited Pro Forma Consolidated Statements of Operations are adjusted to give effect to (i) the Offering and the application of the proceeds thereof and (ii) the consummation of the Proposed Acquisitions, as if such transactions had occurred on January 1, 1992. The unaudited Pro Forma Consolidated Balance Sheet is adjusted to give effect to (i) the Offering and the application of the proceeds thereof and (ii) the consummation of the Proposed Acquisitions, as if such transactions had occurred on September 30, 1993. The adjustments to the Pro Forma Statements of Operations for the Proposed Acquisitions reflect the statements of operations of WCGV in Milwaukee and WTTO in Birmingham on a combined basis as currently operated by the existing owner, and includes the results of operations of WVTV in Milwaukee, which currently operates a time brokerage agreement with an affiliate of WCGV. In connection with the Proposed Acquisitions, the Company anticipates entering into a PSA with WVTV. The Pro Forma Consolidated Statements of Operations further reflect the results of operations of WNUV in Baltimore, a station with which the Company anticipates entering into a PSA, payments pursuant to a covenant not to compete and certain other acquisition related adjustments. See "Proposed Acquisitions."

The pro forma adjustments are based upon available information and certain assumptions that the Company believes are reasonable. The Pro Forma Consolidated Financial Data should be read in conjunction with the Company's Consolidated Financial Statements and related notes thereto and the financial statements and related notes of BBM Partners, L.P. (which reflect the historical financial statements of WCGV and WTTO) included elsewhere in this Prospectus. The unaudited Pro Forma Consolidated Financial Data do not purport to represent what the Company's results of operations or financial position would have been had the Offering or the Proposed Acquisitions occurred on January 1, 1992 or September 30, 1993 or to project the Company's results of operations or financial position for or at any future period or date.

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1992

	Historical	Offering Adjustments(b)	Post Offering	WCGV and WTTO Combined	Acquisition Adjustments	Post Acquisition
			(Dollars in thousands)			
REVENUES:						
Advertising revenues, net of agency commissions	$58,544		$58,544	$26,077 (e)	$ 4,384 (f)	$ 89,005
Revenues realized from barter arrangements	8,805	—	8,805	4,718	—	13,523
Net broadcast revenues	67,349	—	67,349	30,795	4,384	102,528
OPERATING EXPENSES:						
Program and production	17,454		17,454	13,029		30,483
Selling, general and administrative	13,663		13,663	7,278	(500) (g)	20,441
Amortization of program contract costs and net realizable value adjustments	16,288		16,288	6,415		22,703
Depreciation and amortization of property and equipment	2,654		2,654	2,315		4,969
Amortization of acquired intangible broadcasting assets and other assets	11,978	$(598) (c)	11,380	988	24,930 (h)	37,298
	62,037	(598)	61,439	30,025	24,430	115,894
Broadcast operating income	5,312	598	5,910	770	(20,046)	(13,366)
OTHER INCOME (EXPENSE):						
Interest expense	(12,997)	118 (d)	(12,879)	(4,606)	(11,019) (i)	(28,504)
Interest income	1,117		1,117			1,117
Other income	90	—	90	—	—	90
	(11,790)	118	(11,672)	(4,606)	(11,019)	(27,297)
INCOME (LOSS) BEFORE BENEFIT FOR INCOME TAXES	(6,478)	716	(5,762)	(3,836)	(31,065)	(40,663)
BENEFIT FOR INCOME TAXES(a)	1,189	—	1,189	—	—	1,189
NET INCOME (LOSS)	$ (5,289)	$ 716	$ (4,573)	$ (3,836)	$(31,065)	$(39,474)

(footnotes on page 28)

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1993

	Historical	Offering Adjustments(b)	Post Offering	WCGV and WTTO Combined	Acquisition Adjustments	Post Acquisition
			(Dollars in thousands)			
REVENUES:						
Advertising revenues, net of agency commissions	$45,768		$45,768	$16,587 (e)	$ 4,307 (f)	$ 66,662
Revenues realized from barter arrangements	5,523		5,523	3,671		9,194
Net broadcast revenues	51,291		51,291	20,258	4,307	75,856
OPERATING EXPENSES:						
Program and production	12,224		12,224	6,518		18,742
Selling, general and administrative	9,104		9,104	5,388	(510) (g)	13,982
Amortization of program contract costs and net realizable value adjustments	6,999		6,999	3,893		10,892
Depreciation and amortization of property and equipment	1,879		1,879	1,770		3,649
Amortization of acquired intangible broadcasting assets and other assets	8,422	$ (529)(c)	7,893	755	18,684 (h)	27,332
Special bonuses paid to executive officers	10,000		10,000			10,000
	48,628	(529)	48,099	18,324	18,174	84,597
Broadcast operating income	2,663	529	3,192	1,934	(13,867)	(8,741)
OTHER INCOME (EXPENSE):						
Interest expense	(8,574)	(859) (d)	(9,433)	(3,107)	(8,612) (i)	(21,152)
Interest income	772		772			772
Other income	850		850			850
	(6,952)	(859)	(7,811)	(3,107)	(8,612)	(19,530)
INCOME (LOSS) BEFORE BENEFIT FOR INCOME TAXES	(4,289)	(330)	(4,619)	(1,173)	(22,479)	(28,271)
BENEFIT FOR INCOME TAXES (a)	80		80		800	880
NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	(4,209)	(330)	(4,539)	(1,173)	(21,679)	(27,391)
EXTRAORDINARY ITEM — GAIN ON PURCHASE OF WARRANTS	1,257	(1,257)	—			—
NET INCOME (LOSS)	$ (2,952)	$(1,587)	$ (4,539)	$ (1,173)	$(21,679)	$(27,391)

(footnotes on following page)

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands)

(a) To reflect tax benefits related to acquisition adjustments for the nine months ended September 30, 1993. No other pro forma adjustments to benefit for income taxes have been recorded as realization under Financial Accounting Standards Board Statement No. 109 "Accounting for Income Taxes" ("SFAS 109") would not have been assured.

(b) Excludes the effects of an extraordinary gain of $1,059 related to the purchase of Warrants outstanding and an extraordinary loss of $10,058, net of tax benefits of $800, related to the early extinguishment of debt.

(c) To reflect change in amortization of deferred financing costs as a result of the Offering, calculated as follows:

	December 31, 1992	September 30, 1993
Elimination of amortization expense for Bank Credit Agreement indebtedness	$(948)	$(792)
Amortization expense related to the Notes for deferred financing costs of $3,500 to be amortized over 10 years	350	263
	$(598)	$(529)

(d) To eliminate interest expense related to secured indebtedness under the Bank Credit Agreement to be refinanced and amortization of original issue discount and record interest at an assumed rate of 10% on $100,000 of the Notes, calculated as follows:

	December 31, 1992	September 30, 1993
Interest on Bank Credit Agreement indebtedness refinanced	$ 8,022	$5,095
Debt discount amortization	2,096	1,546
	10,118	6,641
Less: Interest on the Notes at 10%	(10,000)	(7,500)
	$ 118	$ (859)

(e) Includes $274 and $210 of net revenues (net of depreciation and amortization of $4,381 and $3,240) from the proposed PSA with WVTV in Milwaukee for the year ended December 31, 1992 and the nine months ended September 30, 1993, respectively, pursuant to which the Company will acquire certain of WVTV's inventory of air time in exchange for an hourly fee. This agreement will be subject to certain restrictions. The Company's investment in this agreement will be accounted for under the equity method of accounting as the Company will be operating a programming services agreement and will not have ownership interest in the broadcast license or technical equipment of the station. Net revenues reflect historical broadcast operating income less amortization of intangibles recorded by the prior owner of the stations. The amounts do not reflect any incremental expenses and related fees which may be incurred by the Company or operating efficiencies expected to be achieved by the Company.

(f) To reflect net revenues from the proposed PSA with WNUV, to become effective concurrent with the closing of the Proposed Acquisitions, pursuant to which the Company will acquire certain of WNUV's inventory of air time in exchange for an hourly fee. This agreement will be subject to certain restrictions. The Company's investment in this agreement will be accounted for under the equity method of accounting as the Company will be operating a programming services agreement and will not have ownership interest in the broadcast license or technical equipment of the station. Net revenues reflect historical broadcast operating income less amortization of intangibles recorded by the prior owner of the stations. The amounts do not reflect any incremental expenses and related fees which may be incurred by the Company or operating efficiencies expected to be achieved by the Company. These net revenues include depreciation and amortization of $3,474 and $2,573 for the year ended December 31, 1992 and the nine months ended September 30, 1993.

(g) To eliminate management fees paid to former owners.

(h) To record amortization expense related to acquired intangibles and deferred financing costs on $175,000 of acquisition debt and eliminate amortization on acquired companies. Intangibles are to be amortized over an average life of 15 years, deferred financing costs are to be amortized over 10 years, and covenants not to compete are to be amortized over an average life of three years, calculated as follows:

	December 31, 1992 Amortization	September 30, 1993 Amortization
WCGV related and WTTO acquired intangibles.	$ 4,530	$ 3,398
Investment in WNUV PSA	2,221	1,666
Deferred financing costs	500	375
Covenants not to compete	18,667	14,000
	25,918	19,439
Less: Intangible amortization recorded by WCGV and WTTO	(988)	(755)
	$24,930	$18,684

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS – *(Continued)*
(Dollars in thousands)

(i) To record interest expense on anticipated acquisition financing of $175,000 ($100,000 of senior subordinated notes at 10% and $75,000 of senior secured indebtedness at 7½%) and eliminate interest expense related to debt of WCGV and WTTO, calculated as follows:

	December 31, 1992	September 30, 1993
Interest expense on acquisition financing	$(15,625)	$(11,719)
Less: Interest expense recorded by WCGV and WTTO	4,606	3,107
	$(11,019)	$ (8,612)

A ½% change in the blended interest rate would change pro forma interest expense by $875 and $656 for the year ended December 31, 1992 and nine months ended September 30, 1993, respectively. Amount of acquisition financing was calculated based on purchase prices as follows:

WCGV related and WTTO purchase price	$ 88,395
Assets and intangibles acquired in conjunction with anticipated WNUV PSA	37,000
Covenants not to compete	56,000
	181,395
Less: Company cash utilized (does not reflect $5,000 in deferred financing costs)	(6,395)
	$175,000

PRO FORMA CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 1993

	Historical	Offering Adjustments	Post Offering	WCGV and WTTO Combined	WNUV PSA	Post Acquisition
			(Dollars in thousands)			
CURRENT ASSETS:						
Cash and cash equivalents	$ 2,428	$ 11,169 (a)	$ 13,597	$ (5,000)(c)	$ (6,395)(i)	$ 2,202
Accounts receivable, net of allowance for doubtful accounts	13,979		13,979			13,979
Refundable income taxes	1,537		1,537			1,537
Current portion of program contract costs	6,056		6,056	4,052 (g)		10,108
Deferred barter costs	688		688			688
Prepaid expenses and other current assets	953		953			953
Deferred tax asset	450	350 (b)	800			800
Total current assets	26,091	11,519	37,610	(948)	(6,395)	30,267
PROPERTY AND EQUIPMENT, net	12,754		12,754	13,201 (g)		25,955
PROGRAM CONTRACT COSTS, noncurrent portion	5,144		5,144	5,279 (g)		10,423
LOANS TO OFFICERS AND AFFILIATES, net of deferred gain	12,934		12,934			12,934
OTHER ASSETS	4,343	(4)(c)	4,339	5,000 (c) 56,000 (h)		65,339
INVESTMENT IN PROGRAMMING SERVICES AGREEMENTS			–	28,395 (g)	37,000 (i)	65,395
ACQUIRED INTANGIBLE BROADCASTING ASSETS, net	63,492		63,492	42,208		105,700
Total Assets	$124,758	$ 11,515	$136,273	$149,135	$30,605	$316,013
CURRENT LIABILITIES:						
Accounts payable	$ 1,284		$ 1,284			$ 1,284
Accrued liabilities	3,684		3,684			3,684
Current portion of long-term liabilities—						
Notes payable and commercial bank financing	10,874	$(10,000)(d)	874			874
Capital leases payable	756		756			756
Notes and capital leases payable to affiliates	621		621			621
Program contracts payable	12,526		12,526	$ 2,078 (g)		14,604
Deferred barter revenues	713		713			713
Total current liabilities	30,458	(10,000)	20,458	2,078		22,536
LONG-TERM OBLIGATIONS:						
Notes payable and commercial bank financing	71,063	32,023 (e)	103,086	56,000 (h) 88,395 (g)	$30,605 (i)	278,086 (j)
Capital leases payable	1,246		1,246			1,246
Notes and capital leases payable to affiliates	18,437		18,437			18,437
Program contracts payable	8,734		8,734	2,662 (g)		11,396
Deferred taxes payable	1,219	(450)(b)	769			769
Deferred gains	280		280			280
	131,437	21,573	153,010	149,135	30,605	332,750
COMMITMENTS AND CONTINGENCIES						
STOCKHOLDERS' EQUITY:						
Common stock, $.01 par value, 25,000,000 shares authorized and 691,980 shares issued and outstanding	7		7			7
Additional paid-in capital	4,746		4,746			4,746
Accumulated deficit	(11,432)	(10,058)(f)	(21,490)			(21,490)
Total stockholders' equity	(6,679)	(10,058)	(16,737)			(16,737)
Total Liabilities and Stockholders' Equity	$124,758	$ 11,515	$136,273	$149,135	$30,605	$316,013

(footnotes on following page)

NOTES TO PRO FORMA CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 1993
(Dollars in thousands)

(a) Reflects increase in cash as a result of the issuance of the Notes, calculated as follows:

Net proceeds of the Offering	$96,500
Repayment of Bank Credit Agreement indebtedness, including Revolving Credit Facility of $2,500	(85,331)
	$11,169

(b) Reflects tax benefit of extraordinary loss resulting from early retirement of debt.

(c) Reflects change in deferred financing costs as a result of the Offering and Proposed Acquisitions, calculated as follows:

	Offering	Proposed Acquisitions
Deferred financing costs associated with the Offering and Proposed Acquisitions	$3,500	$5,000
Write-off of deferred financing costs associated with the Bank Credit Agreement	(3,504)	–
	$ (4)	$5,000

(d) Reflects reduction in current portion of long-term debt as a result of the repayment of the Bank Credit Agreement.

(e) Reflects the net impact on long-term debt of $100,000 from the Notes as follows:

Notes	$100,000
Less: Long-term portion of the Bank Credit Agreement indebtedness being refinanced, net of unamortized discount of $7,354	(67,977)
	$ 32,023

(f) Reflects impact on retained earnings of extraordinary loss on early extinguishment of debt, net of tax benefit.

(g) Reflects the assets acquired in connection with the purchase of WCGV (including net assets purchased reflecting the investment in the proposed Milwaukee PSA) and WTTO and debt incurred in the transaction. Total acquired intangibles are calculated as follows:

Purchase price	$88,395
Add: Liabilities acquired — program contracts payable	
Current	2,078
Long-term	2,662
Less: Assets acquired	
Investment in WVTV PSA	(28,395)
Current portion of program contracts	(4,052)
Noncurrent portion of program contracts	(5,279)
Property and equipment, net	(13,201)
Acquired intangibles	$42,208

The Company's investment in the proposed PSA with WVTV will be accounted for under the equity method of accounting as the Company will be operating a programming services agreement and will not have an ownership interest in the broadcast license or technical equipment of the station.

(h) Reflects impact of purchase of covenants not to compete and related financing.

(i) Reflects certain assets purchased in connection with the proposed PSA with WNUV and related financing. Total investment and net amount financed was calculated as follows:

Total price for net assets purchased	$37,000
Less: Company cash utilized	(6,395)
Net amount financed	$30,605

The Company's investment in the proposed PSA with WNUV will be accounted for under the equity method of accounting as the Company will be operating a programming services agreement and will not have an ownership interest in the broadcast license or technical equipment of the station.

(j) Reflects anticipated financing of acquisition of WCGV and WTTO, certain assets of WNUV and WVTV and the covenants not to compete as follows:

Senior secured indebtedness at 7 1/2%	$ 75,000
Senior subordinated notes at 10%	100,000
	$175,000

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

Introduction

The operating revenues of the Company are derived from local and national advertisers and, to a much lesser extent, from Fox for the broadcast of programming and from commercial production. The primary operating expenses involved in owning and operating television stations are employee salaries and commissions, depreciation and amortization, programming, news gathering, production and promotion.

The Consolidated Financial Statements reflect an increase in net broadcast revenues and operating expenses before depreciation and amortization from 1990 to 1991, from 1991 to 1992 and from the nine months ended September 30, 1992 to the nine months ended September 30, 1993. The primary reason for the increase in net broadcast revenues from 1990 to 1991 was the purchase of television station WPGH in August 1991. Excluding the acquisition of WPGH, the Company's revenue growth was adversely affected by the reduction in national and local advertising revenues due to the 1991 economic recession and the additional impact of reduced local and national advertising revenues due to the Gulf War in early 1991. The growth of the Company's overall net broadcast revenues has exceeded the overall growth of its markets in 1992 and through the first six months of 1993. These increases can be attributed to the introduction of local news programming in the Baltimore market, improved ratings due to the continued success of Fox programming and an increase in viewership during the Monday through Friday 6:00 p.m. to 8:00 p.m. "fringe" time period. The primary reason for the increase in 1992 operating expenses was the additional costs associated with the full-year operation of WPGH. Depreciation and amortization and interest expense increased from 1990 to 1991 and from 1991 to 1992 primarily due to increases in these expenses as a result of the acquisition of both the Founders' Stock and WPGH. These expenses decreased from the nine months ended September 30, 1992 to the nine months ended September 30, 1993 due to reduction of amortization and repayment of notes payable and commercial bank financing. As a result, the Company experienced net losses of \$4.7 million and \$5.3 million for 1991 and 1992 and \$6.1 million and \$3.0 million for the nine months ended September 30, 1992 and the nine months ended September 30, 1993.

The pro forma financial data presented for 1990 reflect the combined results of the predecessor company for the nine months ended September 30, 1990 and the Company for the three months ended December 31, 1990 as if the acquisition of the Founders' Stock had occurred on January 1, 1990. On September 30, 1990, the Company sold Channel 63, Inc. (WIIB) to the Current Stockholders. WPGH was acquired and WPTT was sold on August 30, 1991. The statement of operations, balance sheet and other data presented for periods subsequent to the date of these transactions are therefore not comparable to preceding periods.

Moreover, the Company anticipates consummating the Proposed Acquisitions in 1994 and anticipates that it will need to incur approximately \$175 million of additional indebtedness in order to finance the Proposed Acquisitions. On a pro forma basis, giving effect to the Proposed Acquisitions and the Offering, the Company would have had net losses of \$39.5 million and \$27.4 million for 1992 and the nine months ended September 30, 1993, respectively. See "Proposed Acquisitions" and "Pro Forma Consolidated Financial Data."

The Company may be required to divest its broadcast license for WBFF if an affiliate of the Company is granted a broadcast authority for a competing station pursuant to a pending application at the FCC. This divestiture may or may not have a material adverse effect on the Company's ability to service its debt obligations. See "Risk Factors – Possible Divestiture of WBFF."

Although the advertising share of cable networks increased significantly in the 1980's, the Company believes that this increase has had no material adverse effect on its results of operations. See "Business – Industry Background." Moreover, Congressional committees have recently examined legislation proposals which may eliminate or severely restrict the advertising of beer and wine. Although no prediction can be made as to whether any or all of the present proposals will b3 enacted into law, the elimination of all beer and wine advertising would have an adverse effect upon the revenues of the Company's television stations. See "Business – Licensing and Regulation – *Restrictions on Broadcast Advertising.*"

Fox has recently announced that it will provide programming on a designated Fox channel over one major cable network, and that it plans to negotiate similar transactions with other cable companies. The Company expects that the programming offered by Fox on this channel will be different from the programming broadcast on the Fox affiliates; nevertheless, such programming may have an impact upon the viewers of Fox over-the-air programming. The Company cannot predict the impact of the Fox cable programming or whether the cable companies now carrying WBFF, WPGH and/or WTTE will carry the proposed Fox cable channel. However, the proposed Fox cable channel, if carried by cable companies now carrying the Company's stations, could cause a decline in viewership of the Company's stations which could have a material adverse effect on the Company's operations. See "Business – Competition."

Two groups of media companies recently announced their intentions to establish separate affiliations of independent television stations similar to the Fox network. The Company cannot predict at this time the impact of the development of such networks upon the broadcast television industry, the Fox network or the Company's business.

Upon completion of the Offering, based upon recorded balances as of September 30, 1993, the Company will incur an extraordinary charge of approximately $10.1 million relating to the early extinguishment of debt.

Set forth below are the principal types of broadcast revenues received by the Company's stations for the periods indicated and the percentage contribution of each type to the total gross broadcast revenues.

	Year Ended December 31,						Nine Months Ended September 30,			
	1990		1991		1992		1992		1993	
	(Dollars in thousands)									
REVENUES										
Local/regional advertising	$20,897	53.7%	$22,188	47.9%	$31,803	46.6%	$22,136	47.6%	$25,577	48.3%
National advertising	17,146	44.1	23,229	50.2	34,817	51.0	23,548	50.7	26,747	50.5
Network compensation	205	0.5	346	0.7	349	0.5	293	0.6	192	0.3
Political advertising	296	0.8	168	0.4	675	1.0	97	0.2	47	0.1
Production	358	0.9	386	0.8	572	0.9	424	0.9	407	0.8
Operating revenues	38,902	100.0%	46,317	100.0%	68,216	100.0%	46,498	100.0%	52,970	100.0%
Other revenues	58		119		339		744		583	
Advertising revenues	38,960		46,436		68,555		47,242		53,553	
Less: Agency commissions	5,581		6,738		10,011		6,801		7,785	
Advertising revenues, net	33,379		39,698		58,544		40,441		45,768	
Barter revenues	4,094		5,660		8,805		5,129		5,523	
Broadcast revenues, net	$37,473		$45,358		$67,349		$45,570		$51,291	

The Company's primary types of programming and their approximate percentages of 1992 net broadcast revenues were Fox prime time (15%), children's programming (20%) and other syndicated programming (33%).

The Company's two largest categories of advertising for 1992 were children's and automotive advertising, accounting for 19.8% and 10.4% of the Company's net broadcast revenues, respectively. No other advertising category accounted for more than 10% of the Company's net broadcast revenues in 1992. No individual advertiser accounted for more than 5% of any individual station's net broadcast revenues in 1992.

Results of Operations

Nine Months Ended September 30, 1992 and 1993

	Nine Months Ended September 30, 1992 Amount	1992 Percent of Net Revenues	1993 Amount	1993 Percent of Net Revenues	Increase (Decrease) 1992 vs. 1993 Amount	Percent Change
	(Dollars in thousands)					
Broadcast revenues, net	$45,570	100.0%	$51,291	100.0%	$ 5,721	12.6%
Operating expenses excluding depreciation and amortization and special bonuses paid to executive officers	20,556	45.1	21,328	41.6	772	3.8
Depreciation and amortization	23,478	51.5	17,300	33.7	(6,178)	(26.3)
Special bonuses paid to executive officers	–	–	10,000	19.5	10,000	(a)
Total operating expenses	44,034	96.6	48,628	94.8	4,594	10.4
Broadcast operating income	1,536	3.4	2,663	5.2	1,127	73.4
Interest expense	9,972	21.9	8,574	16.7	1,398	(14.0)
Interest and other income	943	2.1	1,622	3.2	679	72.0
Net (loss) income before provision for income taxes and extraordinary item	$ (7,493)	(16.4)%	$ (4,289)	(8.4)%	$ 3,204	42.8%

(a) Not meaningful.

Net broadcast revenues increased from $45.6 million for the nine months ended September 30, 1992 to $51.3 million for the nine months ended September 30, 1993, or 12.6%. This increase was due primarily to the continued success of Fox programming with an increase of net broadcasting revenues of approximately 35% during prime time network programming, an increase in net broadcasting revenues during the Monday through Friday 6:00 p.m. to 8:00 p.m. "fringe" time period of approximately 20%, the change from survey to metered rating services in Baltimore and Pittsburgh and increased ratings of news programming in Baltimore. The only rating service available in Pittsburgh will be a survey rating service beginning in 1994 with the decision by Arbitron to discontinue its national audience measuring services. Although such a change is likely to counteract the benefits that resulted from a metered service in Pittsburgh, the Company does not believe that it will have a material adverse impact on the results of operations of the Company.

Operating expenses, excluding depreciation and amortization and special bonuses, increased from $20.6 million for the nine months ended September 30, 1992 to $21.3 million for the nine months ended September 30, 1993, or 3.8%. This increase was a result of increased commissions paid due to higher revenue levels and increased expenses associated with the increase in barter program revenues. Other operating expenses, such as promotion and rating service fees, decreased. As a percentage of net broadcast revenues, operating expenses declined from 45.1% to 41.6% due to continued cost controls.

Depreciation and amortization expenses decreased from $23.5 million for the nine months ended September 30, 1992 to $17.3 million for the nine months ended September 30, 1993, or 26.3%. This decrease was primarily attributable to net realizable value adjustments of approximately $2.5 million to the WPGH programming inventory during the nine months ended September 30, 1992, the decreased amount of program amortization on WPGH programming of $2.8 million and the decreased amount of amortization on certain acquisition related intangibles amortized on an accelerated basis.

Broadcast operating income increased from $1.5 million for the nine months ended September 30, 1992 to $2.7 million for the nine months ended September 30, 1993. The increase is a result of the aforementioned increases in net broadcast revenues, and the decreases in depreciation and amortization. A special bonus to executive officers of $10.0 million decreased broadcast operating income for the nine months ended September 30, 1993. Broadcast operating income for the nine months ended September 30, 1993, excluding these bonuses, was $12.7 million, a 724.4% increase over the comparable period for 1992.

Interest expense decreased from $10.0 million for the nine months ended September 30, 1992 to $8.6 million for the nine months ended September 30, 1993, or 14.0%. This decrease was due to lower interest rates and reductions in principal balances of indebtedness resulting from quarterly installment payments on the Term Loan.

Interest and other income increased from $0.9 million for the nine months ended September 30, 1992 to $1.6 million for the nine months ended September 30, 1993, or 72.0%, primarily due to proceeds in excess of carrying value of related life insurance policies. This non-taxable gain was received in May 1993 and has been recorded as other income.

Net loss before provision for income taxes decreased from $7.5 million for the nine months ended September 30, 1992 to $4.3 million for the nine months ended September 30, 1993, or 42.8%. However, during the nine months ended September 30, 1993, the Company generated a net income before provision for income taxes, excluding the special bonuses paid to executive officers, of $5.7 million.

Net loss decreased from $6.6 million for the nine months ended September 30, 1992 to $3.0 million for the nine months ended September 30, or 54.5%, primarily due to the aforementioned increases in net broadcast revenues and decreases in depreciation and amortization, and was partially offset by the special bonuses paid to executive officers. Excluding these bonuses, the Company would have had net income of $5.0 million.

Years Ended December 31, 1991 and 1992

	Year Ended December 31,				Increase (Decrease)	
	1991		1992		1991 vs. 1992	
	Amount	Percent of Net Revenues	Amount	Percent of Net Revenues	Amount	Percent Change
			(Dollars in thousands)			
Broadcast revenues, net	$45,358	100.0%	$67,349	100.0%	$21,991	48.5%
Operating expenses before depreciation and amortization	25,187	55.5	31,117	46.2	5,930	23.5
Depreciation and amortization	18,078	39.9	30,920	45.9	12,842	71.0
Total operating expenses	43,265	95.4	62,037	92.1	18,772	43.4
Broadcast operating income	2,093	4.6	5,312	7.9	3,219	153.8
Interest expense	8,895	19.6	12,997	19.3	4,102	46.1
Interest and other income	562	1.2	1,207	1.8	645	114.8
Net (loss) income before provision for income taxes	$ (6,240)	(13.8)%	$ (6,478)	(9.6)%	$ (238)	3.8%

Net broadcast revenues increased from $45.4 million for 1991 to $67.3 million for 1992, or 48.5%. Net broadcast revenues in 1991 were negatively impacted by the Gulf War and the poor economic environment during 1991. The increase was primarily due to the inclusion of a full year of WPGH net advertising revenues compared to four months of net advertising revenues in 1991. Further increases in revenues were attributed to a full year of news programming on WBFF and general improvement in the Company's advertising revenues due to its increased audience share in Columbus and Pittsburgh. Overall gross advertising revenues in the Company's three markets grew 9.5% from 1991 to 1992 while the Company's gross advertising revenues grew 47.5%, reflecting a significant increase in the Company's market share of advertising revenues.

Operating expenses before depreciation and amortization increased from $25.2 million for 1991 to $31.1 million for 1992, or 23.5%. This increase is primarily attributable to the costs resulting from the acquisition of WPGH on August 30, 1991. The acquisition resulted in an increase in the amount of first-run syndicated programming under contract. This increased programming resulted in a 15.7% increase in selling, general and administrative expenses due to higher levels of commissions paid to sales people and a 56.0% increase in barter expenses.

Depreciation and amortization increased from $18.1 million for 1991 to $30.9 million for 1992, or 71.0%. Amortization of program contract costs and net realizable value adjustments were $9.7 million and $16.3 million for 1991 and 1992, respectively. The increase in depreciation and amortization was primarily due to the acquisition of the WPGH assets and increases related to the equipment acquired for news programming to be aired on WBFF. Due to programming commitments entered into in 1992, it was determined that net realizable value adjustments were required for certain program contracts acquired in connection with the WPGH acquisition. Approximately $3.0 million of charges related to these contracts were included in amortization of program contract costs and net realizable value adjustments during 1992.

Broadcast operating income increased from $2.1 million for 1991 to $5.3 million for 1992, or 153.8%, due primarily to the inclusion of WPGH for 12 months of operation in 1992 as compared with four months in 1991.

Interest expense increased from $8.9 million for 1991 to $13.0 million for 1992, or 46.1%, primarily as a result of the higher level of debt incurred by the Company to acquire WPGH in August 1991.

Net loss before provision for income taxes increased from $6.2 million in 1991 to $6.5 million in 1992, or 3.8%.

Years Ended December 31, 1990 (Pro Forma) and 1991

	Year Ended December 31,				Increase (Decrease)	
	1990 (a)		1991		1990 vs. 1991	
	Amount	Percent of Net Revenues	Amount	Percent of Net Revenues	Amount	Percent Change
	(Dollars in thousands)					
Broadcast revenues, net	$37,473	100.0%	$45,358	100.0%	$ 7,885	21.0%
Operating expenses before depreciation and amortization	21,624	57.7	25,187	55.5	3,563	16.5
Depreciation and amortization	7,179	19.2	18,078	39.9	10,899	151.8
Total operating expenses	28,803	76.9	43,265	95.4	14,462	50.2
Broadcast operating income	8,670	23.1	2,093	4.6	(6,577)	(75.9)
Interest expense	5,761	15.4	8,895	19.6	3,134	54.4
Interest and other income	474	1.3	562	1.2	88	18.6
Net (loss) income before provision for income taxes	$ 3,383	9.0%	$ (6,240)	(13.8)%	$(9,623)	(b)

(a) The 1990 amounts are presented on a pro forma basis to give effect for the acquisition by the Company of the Founders' Stock as if such transaction had occurred on January 1, 1990. The resulting adjustments provide for additional amortization of acquired intangible broadcasting assets and interest expense.

(b) Not meaningful.

Net broadcast revenues increased from $37.5 million for 1990 to $45.4 million for 1991, or 21.0%. This increase was due primarily to the purchase of WPGH in August 1991. Excluding the acquisition of WPGH, the Company's revenue growth was adversely affected by the reduction in national and local advertising revenues due to the economic recession and the Gulf War.

Operating expenses before depreciation and amortization increased from $21.6 million for 1990 to $25.2 million for 1991, or 16.5%. The main components of the increase in expenses were the related expenses of the newly acquired WPGH, the start-up costs of a news department at WBFF and the cost of the move into a new building and studio in Baltimore.

Depreciation and amortization expenses increased from $7.2 million on a pro forma basis for 1990 to $18.1 million for 1991, or 151.8%. This increase is attributable primarily to increased program purchases and acquired intangible asset amortization expenses associated with the acquisition of WPGH, and the increased asset base available for depreciation as a result of WBFF's new news facilities.

Broadcast operating income decreased from $8.7 million on a pro forma basis for 1990 to $2.1 million for 1991, or 75.9%, due to the aforementioned increases in operating, amortization and depreciation expenses.

Interest expense increased from $5.8 million on a pro forma basis for 1990 to $8.9 million for 1991, or 54.4%, primarily as a result of the higher level of debt incurred by the Company to acquire WPGH.

Income before provision for income taxes was $3.4 million on a pro forma basis in 1990 as compared to a net loss before provision for income taxes of $6.2 million for 1991. This change was attributable primarily to increased amortization expense due to the WPGH acquisition.

Liquidity and Capital Resources

The capital structure of the Company consists of the Company's outstanding long-term debt and stockholders' deficit. The stockholders' deficit consists of common stock, additional paid-in capital and accumulated deficit. The Company's balance of cash and cash equivalents was $2.4 million at September 30, 1993.

The Company's primary source of liquidity is cash provided by operations. Cash from operations increased from $2.3 million for the nine months ended September 30, 1992 to $10.5 million for the nine months ended September 30, 1993, an increase of $8.2 million. This increase is due primarily to a reduction in net loss of $3.1 million and an accrued payment to a former officer at the Company made in the nine months ended September 30, 1992, which was not made in the nine months ended September 30, 1993. This increase was offset by capital expenditures of $255,000, net debt repayments of $849,000 and payments on program contracts of $6.4 million. In addition, the Company received $553,000 in net repayments of loans to officers and affiliates and $1.1 million from proceeds from life insurance policies. As a result, cash increased by $605,000 for the nine months ended September 30, 1993.

Cash from operations increased from a use of $2.3 million for 1991 to a source of $5.2 million for 1992, an increase of $7.5 million. This increase was offset by capital expenditures of $426,000, net loans to officers and affiliates of $625,000, net debt repayments of $3.7 million and payments on program contracts of $10.4 million. As a result, cash increased by $443,000 for 1992.

Cash from operations decreased from a source of $3.9 million for 1990 to a use of $2.3 million for 1991, a decrease of $6.2 million. Capital expenditures were $1.7 million for 1991, net loans to officers and affiliates were $653,000 and payments on program contracts were $4.7 million. The acquisition of WPGH resulted in cash purchase price payments of $55.0 million, net borrowings of $45.5 million and issuance of warrants for $11.6 million. As a result, cash decreased by $2.4 million for 1991.

The Company has the rights to air numerous syndicated programs. See "Business — Programming." As of September 30, 1993, the Company had commitments totalling $18.7 million to acquire future program rights through 1998. The Company anticipates that it will incur contract program expenses of approximately $9.0 million in each of 1993 and 1994.

Since January 1, 1991, the Company has invested approximately $2.4 million of capital expenditures in its television stations. The Company anticipates that its capital expenditures for each of 1993 and 1994 will be approximately $500,000.

The net proceeds of the Offering will be used to repay in full the Term Loan. The Company is a party to an interest rate swap agreement with respect to $34.0 million through April 1994 which has fixed a portion of the Company's floating rate debt at the interest rate of 10.61% per annum. In connection with the Offering, the Company will terminate the swap agreement.

The Company believes that the consummation of the Offering will increase its financial flexibility. At September 30, 1993 after giving pro forma effect to the Offering, the total amount of indebtedness of the Company and its Subsidiaries, excluding the Notes, would have been approximately $31.3 million. The Company anticipates borrowing approximately $175 million of indebtedness in connection with the Proposed Acquisitions. See "Proposed Acquisitions."

The Company has a $15.0 million Revolving Credit Facility and, as of November 8, 1993, had $8.75 million available under the Revolving Credit Facility as a result of an outstanding letter of credit of $6.25 million. The letter of credit was incurred in connection with the Proposed Acquisitions. The Revolving Credit Facility bears interest of LIBOR plus 2¼ percentage points.

The Company anticipates that funds from operations and from its Revolving Credit Facility will be sufficient to meet its working capital, capital expenditures and debt service requirements for the foreseeable future. However, to the extent such funds are not sufficient, the Company may need to incur additional indebtedness or refinance existing indebtedness. The Company's Revolving Credit Facility, the Indenture and the instruments governing indebtedness incurred in connection with the Proposed Acquisitions will restrict such incurrence.

Income Taxes

The benefit for income taxes for the nine months ended September 30, 1993 was 1.9% of net loss before provision for income taxes. This amount was less than statutory rates primarily due to not recording the full tax benefit of losses incurred due to uncertainties of realization of these tax benefits under SFAS 109 and non-deductible goodwill amortization recorded during the period. The benefit for income taxes for the nine months ended September 30, 1992 was 18.7% of the net loss before benefit for income taxes primarily due to non-deductible goodwill amortization and state income taxes paid during the period. The benefit for income taxes for 1992 was 18.4% of the net loss before benefit for income taxes and was due to the non-deductibility of goodwill expenses and other miscellaneous deductions such as travel and entertainment. The benefit for income taxes for 1991 was 25.3% of the net loss before benefit for income taxes primarily due to non-deductible goodwill amortization.

Seasonality

The Company's results are subject to seasonal fluctuations which result in higher fourth quarter broadcast operating income as compared with the first, second and third quarters. This seasonality is primarily attributable to increased expenditures by advertisers in anticipation of holiday season spending and an increase in viewership during this period.

Certain Accounting Matters

Pursuant to the stock redemption effected in 1990, the Company issued the $14.2 million Founders' Notes. The stock redemption was accounted for under the "push-down" method of accounting, as substantially all of the common stock of the Company became owned by a management control group.

The purchase price was allocated based upon the fair value of the assets and liabilities of the Company as of the date of the redemption and resulted in additional recorded acquired intangible broadcasting assets of $13.8 million. As a result of this, the results of operations of the Company prior to the redemption are not comparable to results for periods subsequent thereto. Financial information for periods prior to September 30, 1990 is presented as "predecessor" financial information.

The Financial Accounting Standards Board has issued SFAS No. 106, "Employers' Accounting for Post Retirement Benefits Other Than Pensions" and SFAS No. 112, "Employers' Accounting for Post Employment Benefits." The Company does not offer any benefits of the type covered by these standards. Therefore, the adoption of these standards will not have a material effect on the Company's results of operations or financial condition.

Inflation

Inflation in recent years has not had a significant impact on the Company's operations, and it is not expected to materially adversely affect the Company in the future, unless it increases substantially and the Company suffers from a negative impact on the economy in general.

BUSINESS

Industry Background

Commercial television broadcasting began in the United States on a regular basis in the 1940s over a portion of the broadcast spectrum commonly known as the "VHF Band" (very-high frequency broadcast channels numbered two through 13). Television channels were later assigned by the FCC under an additional broadcast spectrum commonly known as the "UHF Band" (ultra-high frequency broadcast channels numbered 14 through 83). Currently there are a limited number of channels available for broadcasting in any one geographic area, and the license to operate a broadcast station is granted by the FCC.

Although UHF stations and VHF stations compete in the same market, UHF stations have historically suffered a competitive disadvantage, in part because: (i) receivers of many households were originally designated only for VHF reception; (ii) UHF signals were more affected by terrain and other obstructions than VHF signals; and (iii) VHF stations were able to provide higher quality signals to a wider area. This historic disadvantage of UHF stations has gradually declined through: (i) carriage on cable systems; (ii) improvement in television receivers; (iii) improvement in television transmitters; and (iv) wider use of all channel antennae.

All television stations throughout the United States are grouped into approximately 210 generally recognized media markets which are ranked in size according to various formulae based upon actual or potential audience. Each market is determined as an exclusive geographic area consisting of all counties in which the home-market commercial stations receive the greatest percentage of total viewing hours.

A majority of commercial television stations in the United States are affiliated with one of the three major television networks (the American Broadcasting Companies, Inc. ("ABC"), the National Broadcasting Company, Incorporated ("NBC") and CBS, Inc. ("CBS")). Each of these networks provides the majority of their affiliates' programming each day without charge in exchange for a substantial majority of the available advertising time in the programs supplied. Each network sells this advertising time and retains the revenue. The affiliate retains the revenue from time sold during breaks in and between network programs and in programming the affiliate produces or purchases from non-network sources.

In contrast to a major network-affiliated station, an independent station supplies over-the-air programming through the acquisition of rights to broadcasted programs through syndication. This syndicated programming is generally acquired by the independent stations for cash. Independent stations which acquire a program through syndication are usually given exclusive rights to show the program in the station's market for either a period of years or a number of episodes agreed upon between the independent station and the syndicator of the programming. Types of syndicated programs aired on the independent stations include feature films, popular series previously shown on network television, and series produced for direct distribution to television stations.

Fox has established an affiliation of independent stations, commonly known as the "fourth network," which operates on a basis similar to the three major networks. However, the hours of programming supplied by Fox to its affiliates are significantly less than that of the three major networks and, as a result, Fox affiliates retain a significantly higher portion of the available inventory of broadcast time for their own use than major network affiliates. Fox currently has 146 affiliated stations broadcasting to 92% of United States television households and in 97 of the top 100 media markets in the country.

Two groups of media companies recently announced their intentions to establish separate affiliations of independent television stations similar to the Fox network. The Company cannot predict at this time the impact of the development of such networks upon the broadcast television industry, the Fox network or the Company's business.

Television stations primarily derive their revenues from the sale of national, regional and local advertising. All network-affiliated stations, including those affiliated with Fox, are required to carry spot advertising sold by their networks and inserted into that network's programming broadcast by the stations. This substantially reduces the amount of spot advertising for sale directly by the network-affiliated stations. Network affiliates are generally compensated for the broadcast of network advertising according to a formula which apportions the compensation received for the advertising between the network and its affiliates. Stations directly sell all of the remaining spot advertising to be inserted in network programming and all of the spot advertising in non-network programming, retaining all of the revenues received from these sales of advertising, less commissions. Through barter and cash-plus-barter arrangements, however, a national syndicated program distributor typically retains up to 50% of the available advertising time for programming it supplies, in exchange for no or reduced fees to the station for such programming.

Advertisers wishing to reach a national audience usually purchase time directly from the major networks or the Fox network or advertise nationwide on an ad hoc basis. National advertisers who wish to reach a particular region or local audience buy advertising time directly from local stations through national advertising sales representative firms. Additionally, local businesses purchase advertising time directly from the stations' local sales staff. Advertising rates are based upon the size of the market in which the station operates, a program's popularity among the viewers that an advertiser wishes to attract, the number of advertisers competing for the available time, demographic composition of the market served by the station, the availability of alternative advertising media in the market area, aggressive and knowledgeable sales forces and development of projects, features and marketing programs that tie advertiser messages to programming. Because broadcast television stations rely on advertising revenues, declines in advertising budgets, particularly in recessionary periods, will adversely affect the broadcast business. Conversely, increases in advertising budgets targeting specific demographic groups, based upon the superior coverage of broadcast television stations or the dominant competitive position of a particular station, may contribute to an increase in the revenue and operating cash flow of a particular broadcast television station.

Arbitron Co. ("Arbitron") and A. C. Nielsen Co. ("Nielsen") are two national audience measuring services which periodically publish data on estimated audiences for television stations in various television markets throughout the country. The estimates are expressed in terms of the percentage of the total potential audience in the media market viewing a station, referred to as the station's "rating," and of the percentage of the audience actually watching the television station, referred to as the station's "share." The two rating services provide such data on the basis of total television households and of selected demographic groupings in the media markets being measured. The specific geographic media markets are called areas of dominant influence (each, an "ADI") by Arbitron and designated market areas (each, a "DMA") by Nielsen. The geographic area covered by an ADI corresponds roughly to the geograpic area covered by the corresponding DMA. Each rating service uses one of two methods of measuring the station's actual viewership. In larger geographic markets, ratings are determined by a combination of meters connected directly to selected television sets and periodic surveys of television viewing, while in smaller markets only periodic surveys are completed. Of the Company's markets, Baltimore is a Nielsen and Arbitron metered market and Columbus is a Nielsen and Arbitron survey market. Pittsburgh is an Arbitron metered market and a Nielsen survey market. All Arbitron and Nielsen information contained herein represents estimates of such data by Arbitron and Nielsen, respectively. Arbitron has recently announced that it intends to discontinue its national audience measuring services.

The following schedule indicates the household ratings/shares of the four broadcast television networks during the periods indicated:

Household Ratings/Shares(1)

Broadcast Season	Fox	ABC	NBC	CBS
1987-1988	3.8/7	11.9/21	14.4/25	12.1/21
1988-1989	5.5/10	11.7/20	14.3/25	11.5/20
1989-1990	6.3/11	11.7/21	12.9/22	11.0/19
1990-1991	6.3/11	11.2/20	11.5/20	11.2/20
1991-1992	7.5/13	11.0/19	11.6/20	12.2/21
1992-1993(2)	7.7/12	12.5/20	10.9/18	13.6/22

(1) Based on Nielsen Television Index data from September to September.

(2) 1992-1993 ratings are September 21, 1992 through February 24, 1993.

As the schedule indicates, the Fox network's ratings have increased from 3.8 during the 1987-1988 broadcast season to 7.7 during the 1992-1993 broadcast season while the net share increased from seven to 12 points.

Broadcast television stations compete for advertising revenues primarily with other broadcast television stations, and to a lesser extent, with radio stations and cable system operators serving the same market. Major network programming and Fox programming generally achieve higher audience levels than syndicated programs aired by independent stations. However, since greater amounts of advertising time are available for sale in syndicated programs by independent stations and Fox affiliates, they typically achieve a share of the television market advertising revenues greater than their share of the market's audience.

Broadcast television stations compete with other television stations in their markets for the acquisition of programming. Generally, cable systems do not compete with local stations for programming, but various national cable networks do from time to time acquire programming that could have been offered to local television stations. Public broadcasting stations generally compete with commercial broadcasters for viewers but not for advertising dollars. Historically, the cost of programming had increased because of an increase in the number of new independent stations and a shortage of quality programming. However, over the past five years, program prices have stabilized and, in some instances, have declined as a result of recent increases in the supply of programming and the failure of some independent stations.

Cable television penetration in the Baltimore, Pittsburgh and Columbus markets is 59%, 75% and 62%, respectively, according to the July 1993 Arbitron Television Market Report. Cable-originated programming has emerged as a competitor for viewers of broadcast television programming, although no single cable programming network regularly attains audience levels amounting to more than a small fraction of any broadcast network. In the 1980's, the advertising share of cable networks increased significantly. Notwithstanding such increases in cable viewership and advertising, over-the-air broadcasting remains the dominant distribution system for mass market television advertising.

The Company's Television Stations

The following table sets forth general information for each of the Company's stations as of May 1993.

Station	Market Area	Channel/ Frequency	Approx. Market Population	Approx. Market Television Household	Market Rank	Total Commercial Stations In Market (a)	Station Audience Share (b)	Rank In Market (c)
WBFF	Baltimore	45/UHF	2,600,000	973,000	22	5	9	4
WPGH	Pittsburgh	53/UHF	2,822,500	1,138,000	17	5	9	4
WTTE	Columbus	28/UHF	1,814,000	697,000	34	4	8	4

(a) Total number of commercial broadcast television stations in the media market delivering at least 1% of the 6:00 a.m. to 2:00 a.m., Sunday to Saturday audience.

(b) Based on the average of the Arbitron rating share for 6:00 a.m. to 2:00 a.m., Sunday to Saturday for May 1993.

(c) Station's rank in the market based on its share of total viewing on broadcast television stations in the market, 6:00 a.m. to 2:00 a.m., Sunday to Saturday.

WBFF: Baltimore, Maryland

WBFF operates in the 22nd largest media market in the country, with over 970,000 television households and a population of approximately 2.6 million. The average household effective buying income in the Baltimore metropolitan area was $41,863 as of July 1993. Because of its large and diverse population, as well as its proximity to Washington, D.C., the seventh ranked media market in the country, Baltimore is attractive to advertisers. It is home to a large number of state and federal employees, and has significant concentrations of business in the education, health care and defense industries.

In June 1991, WBFF instituted local news programming in the Baltimore market. This local news programming, "The News at Ten," airs daily at 10:00 p.m., seven days a week, with news updates during regular programming hours. The program premiered in the July 1991 Nielsen ratings with a five household share and has since grown to a nine household share as of July 1993. During its first two years of operation, WBFF has been awarded 13 Emmy awards, 11 Associated Press awards, two Maryland Bar Association awards, one National Bar Association award, and numerous other awards from the Society of Professional Journalists and the New York Festival, as well as numerous technical awards. WBFF actively produces documentaries for prime time, focusing on such issues as the destruction of the Brazilian rain forests, the juvenile justice system, the Chesapeake Bay and health care reform. The introduction of news programming in the Baltimore area has increased WBFF's strong presence in the community by highlighting local concerns and featuring investigative reporting aimed at examining local issues. In addition, it provides access to advertising sources targeted specifically to local news. Further, the hour-long 10:00 p.m. local news program allows WBFF to present news prior to and in greater depth than the half-hour 11:00 p.m. local news aired on the major network affiliates.

The strengths of the Fox network are well suited to WBFF's programming strategy. The Company believes the station's 6:00 p.m. to 8:00 p.m. line-up of "Star Trek: The Next Generation," "Married . . . With Children" and "Cheers" helps increase the prime time Fox viewing audience in the key demographic group of adults, ages 18-49. The improved ratings of the Fox programming, particularly in the 9:00 p.m. to 10:00 p.m. time slot, has helped deliver a large audience to "The News at Ten."

As a locally owned station, WBFF prides itself on its involvement in the community. WBFF has annually aired the Arthritis Telethon and the Easter Seals Telethon. As additional community involvement, WBFF periodically airs a segment entitled "Maryland's Most Wanted," which is presented in coordination with the Baltimore City Police Department and the Maryland State Police, and has resulted in arrests locally. Additionally, WBFF offers its "Champions of Courage," which promotes an essay contest for public schools in the inner city of Baltimore.

WBFF is also the leading station in children's programming in Baltimore. WBFF has pioneered the concept of a "Kids Club" which the Company believes is directly responsible for generating additional ratings and promotional opportunities for the station. The station currently has over 100,000 members as part of its Kids Club. Members receive their own personalized card with an identification number, as well as a magazine that is mailed directly to them on a monthly basis. Throughout the year, WBFF holds Kids Club events that not only generate revenue (for example, the 1993 Halloween Fun Fest drew over 47,000 children and adults and generated an additional $925,000 in advertising revenue), but also enhance the station's image. WBFF also produces "Take-One," a show aimed at informing, educating and entertaining children ages two to 15. The half-hour show debuted in September 1993.

The Company may be required to divest the broadcast license for WBFF if an affiliate is granted a broadcast license in the same market pursuant to a pending FCC application. See "Risk Factors — Possible Divestiture of WBFF."

WPGH: Pittsburgh, Pennsylvania

WPGH operates in the 17th largest media market in the country, with over 1.1 million television households and a population of approximately 2.9 million. The average effective household buying income was $35,639 in July 1993. The Pittsburgh economy, once dependent on heavy manufacturing, has shifted toward a diverse high technology base. Overall, 85% of Pittsburgh's work force is employed in non-manufacturing industries. Pittsburgh is known as one of the leading medical centers in the country. Pittsburgh is home to many Fortune 500 corporations, including USX Corporation, Westinghouse Electric Corporation, Aluminum Company of America (Alcoa), PPG Industries, Inc. and H.J. Heinz Company.

On the strength of its Fox programming, WPGH out performs many of the network shows during prime time in the 18-49 demographic, including all three network affiliates on Wednesdays 8:00 p.m. to 9:00 p.m. with "Beverly Hills 90210," Saturdays 8:00 p.m. to 10:00 p.m. with "Cops" and "Code 3" and Sundays 9:00 p.m. to 9:30 p.m. with "Married . . . With Children."

WPGH is actively involved in areas of community interest. WPGH has annually aired the Arthritis Telethon and participates in promoting fundraising efforts for the SIDS Foundation. WPGH also sponsored the 1993 Pittsburgh Arts Festival. WPGH personnel also appear at public school functions aimed at promoting educational and health goals. Most recently, WPGH sponsored a local community effort by students to pick up trash in the Pittsburgh area in a program called "Stash the Trash."

WPGH is the leading children's programmer in the Pittsburgh market. The station's Fox 53 Kids Club currently has approximately 125,000 members. As part of its Kids Club, WPGH produces local inserts, entitled "Club AM," in its morning block of children's programming. The station also sponsors Kids Club promotional events and on location shoots, and distributes "KC's Clubhouse Magazine" to its Kids Club members. The magazine is sponsored by advertisers looking to market to families and is an added source of revenue for the station.

Within the next two years, the station anticipates producing a local news program to air at 10:00 p.m. WPGH expects to lease new tower facilities and expand studio facilities, both of which will facilitate the introduction of local news production. The Company believes the local news focus in Pittsburgh, as in Baltimore, will be an important link to the local community and will provide access to additional viewership and advertising sources.

WTTE: Columbus, Ohio

WTTE operates in the 34th largest media market in the country, with over 695,000 television households and a population of approximately 1.8 million. The metropolitan area had an average household effective buying income of $37,424 in July 1993. Columbus is Ohio's state capital and home to such Fortune 500 companies as Nationwide Mutual Insurance Company, Wendy's International, Inc., The Limited, Inc. and BancOne Corporation. The media market is characterized by a relatively young population, including 60,000 students at Ohio State University. Columbus has a diversified economy, supported by industries such as education, telecommunications, insurance and retailing, and has recently opened the Greater Columbus Convention Center.

As the sole commercial independent in the Columbus market, WTTE enjoys a wide range of programming possibilities which are available at attractive prices. Because competition is limited to the major network affiliates, the station is better able to utilize counter-programming to its competitive advantage.

WTTE's Kids Club membership has approximately 125,000 members, representing 38% of the children in the market. Club promotions include the Kids Club Newsletter, the Kids Club Birthday Card and a "Kids Expo" which features free entertainment and activities for 20,000 children and parents.

As part of its community involvement efforts, WTTE has annually aired the Arthritis Telethon in the Central Ohio region. WTTE also participates in numerous community and fundraising activities, including support for the United Way and many of its member organizations. WTTE's sponsorship often includes both free publicity for worthy causes and live appearances by local television personalities for area children's events. For two consecutive years, the Ohio Environmental Education Fund has awarded WTTE an environmental education grant which WTTE uses to fund programs promoting environmental awareness among children.

Television Market Historical Operating Data

The following schedule indicates certain historical data with respect to each television market in which the Company operates:

	Year Ended December 31,				
	1988	1989	1990	1991	1992(a)
	(Dollars in thousands)				
Baltimore					
Market revenue (b)	$ 155,015	$ 150,573	$ 153,056	$ 142,536	$ 149,558
Market revenue growth over prior period	9.81%	(2.87)%	1.65%	(6.87)%	4.93%
Market rank (c)	22	22	22	22	22
Television homes (c)	911,000	931,000	939,000	957,000	966,000
WBFF audience share (d)	5.6	8.0	6.3	7.0	6.0
Pittsburgh					
Market revenue (b)	$ 131,340	$ 132,426	$ 137,983	$ 130,010	$ 142,376
Market revenue growth over prior period	1.14%	0.83%	4.20%	(5.78)%	9.51%
Market rank (e)	16	17	17	17	17
Television homes (e)	1,186,800	1,166,000	1,157,000	1,140,000	1,138,000
WPGH audience share (f)	7.0	6.0	6.7	8.3	10.0
Columbus					
Market revenue (b)	$ 102,779	$ 101,575	$ 101,685	$ 96,581	$ 112,218
Market revenue growth over prior period	13.97%	(1.17)%	.11%	5.28%	16.19%
Market rank (c)	33	34	34	34	34
Television homes (c)	650,000	667,000	672,000	668,000	678,000
WTTE audience share (f)	7.0	6.3	7.3	9.0	8.3

(a) Historical data for the six months ended June 30, 1992 and June 30, 1993.

	Market Revenue for the six months ended June 30,		Market Revenue Growth
	1992	1993	
Baltimore	$73,671	$73,906	0.3%
Pittsburgh	66,429	69,000	3.9%
Columbus	51,670	57,625	11.5%

(b) The Company's estimates of total commercial broadcast television revenues, excluding network compensation, in the media market are derived from figures compiled by an independent accounting firm based on data provided to the firm by each commercial broadcast television station in the market.

(c) Based on the Nielsen Station Index for November of each of these years.

(d) Stations' audience share is based on the average of the Nielsen share, for 7:00 a.m. to 1:00 a.m. for three rating periods: the prior year's November book and the February and May books for the year.

(e) Based on the Arbitron Television Market Report for November of each of these years.

(f) Station's audience share is based on the average of the Arbitron share for signon to signoff for three rating periods: the prior year's November book and the February and May books for the applicable year.

Operating Strategy

The Company's operating strategy is: (i) to increase viewership and advertising revenues through the acquisition of quality programming, the use of counter-programming and children's programming, the introduction and development of hour-long local news at 10:00 p.m., and extensive community involvement by its stations; (ii) to aggressively control operating and programming costs; and (iii) to acquire additional broadcasting properties which offer attractive growth opportunities.

Increasing Viewership and Advertising Revenues

The Company believes that an important factor in increasing the viewership of its stations is their affiliations with Fox. These affiliations enable the Company to capture additional viewers by virtue of the quality first-run original programming provided by the Fox network and Fox's promotion of such programming. The Company also seeks to obtain quality syndicated programming at attractive prices. Examples of quality syndicated programming obtained by the Company for future broadcast are "Coach," "The Simpsons" and "Home Improvement." The Company believes that this type of programming attracts audiences with desirable demographic characteristics.

Counter-Programming. The Company's general programming strategy is one of "counter-programming," consisting of offering programs which are alternatives to the type of programs being concurrently shown on competing stations. This strategy is designed to attract additional audience share in demographic groups not served by concurrent programming on competing stations. As an example, WPGH shows weekend movies, "Star Trek: The Next Generation" and "Deep Space Nine" opposite network sports on weekend afternoons. The Company believes that implementation of this strategy has enabled WPGH to obtain a number one ranking in households in the 18-49 and 25-54 demographics during that time period, according to the February 1993 Arbitron report.

Children's Programming. WBFF, WPGH and WTTE are the leading children's programmers in their respective markets. The Company's nationally recognized Kids Club was the forerunner and model for the Fox network-wide marketing efforts promoting children's broadcasting. Each of the Company's stations is developing children's programming that complies with FCC regulations. Children's advertising represented the Company's largest category of advertisers during 1992, accounting for approximately 20% of the Company's net broadcast revenues for such period.

Local News and Community Involvement. The Company believes the production and airing of local news is an important link to the community the station serves and its efforts to expand its viewership. In addition, local news programming provides access to advertising sources targeted specifically to local news. In June 1991, WBFF instituted local news programming in the Baltimore market. This award-winning local news programming airs daily at 10:00 p.m., with news updates during regular programming hours. The program premiered in the July 1991 Nielsen ratings with a five household share and has since grown to a nine household share as of July 1993. The hour-long 10:00 p.m. news program allows WBFF to present news prior to and in greater depth than the half-hour 11:00 p.m. local news aired on the major network affiliates.

Within the next two years, the Company anticipates producing a local news program to air at 10:00 p.m. on WPGH. WPGH expects to lease new tower facilities and expand studio facilities, both of which will facilitate the live news format.

Each of the Company's stations actively participates in various community activities and offers many community services. The Company believes that active community involvement provides increased exposure to its potential markets and ultimately increases viewership and advertising support.

Cost Management

By employing a disciplined approach to managing programming and other costs, the Company has been able to achieve high operating margins. The Company has and believes that it will continue to acquire quality programming at prices consistent with operating revenues generated by the programming. As an owner or operator of multiple stations in the top 50 media markets, the Company believes