edness is accelerated in accordance with its terms unless, in either case, such default has been cured or waived, any such acceleration has been rescinded or such indebtedness has been repaid in full. Moreover, under certain circumstances, if any non-payment default exists with respect to Designated Senior Indebtedness, the Company may not make any payments on the Notes for a specified time, unless such default is cured or waived, any acceleration of such indebtedness has been rescinded or such indebtedness has been repaid in full. See "Description of the Notes — Subordination." At September 30, 1993, on a pro forma basis, after giving effect to the sale of the Notes and the repayment of indebtedness outstanding under the Bank Credit Agreement with the proceeds of the Offering, the aggregate amount of Senior Indebtedness that ranked senior in right of payment to the Notes would have been $19.4 million, and the aggregate amount of indebtedness that was *pari passu* in right of payment to the Notes would have been $3.5 million. The Company's and the Subsidiaries' ability to incur additional indebtedness is restricted under the Indenture. See "Description of Notes — Certain Covenants — *Limitation on Indebtedness*." Any indebtedness which can be incurred may constitute additional Senior Indebtedness or Guarantor Senior Indebtedness.

The Guarantees by the Guarantors will be subordinated in right of payment to the guarantees by the Guarantors of the Company's obligations under the Bank Credit Agreement and the Founders' Notes and will be subordinated in the future to all future guarantees by the Guarantors of Senior Indebtedness of the Company and any other Guarantor Senior Indebtedness. As of September 30, 1993, on a pro forma basis, after giving effect to the sale of the Notes and the repayment of indebtedness outstanding under the Bank Credit Agreement with the proceeds of the Offering, the aggregate amount of Guarantor Senior Indebtedness that ranked senior in right of payment to the Guarantees would have been $27.7 million (including $19.4 million of outstanding indebtedness representing guarantees of Senior Indebtedness).

The Notes will not be secured by any of the Company's assets, except as provided in the Pledge Agreement. The obligations of the Company under the Bank Credit Agreement, however, are secured, to the extent permitted by law, by a first priority security interest in substantially all of the Company's assets, including the assets of the Guarantors. Moreover, the Company's obligations under the Founders' Notes are secured on a second priority basis by substantially all of the Company's assets, including the assets of the Guarantors. In addition, all or a portion of the indebtedness incurred by the Company to finance the Proposed Acquisitions may also be similarly secured by all of the Company's assets. If the Company becomes insolvent or is liquidated, or if payment under the Bank Credit Agreement, the Founders' Notes or such additional secured indebtedness is accelerated, the lenders under the Bank Credit Agreement, the holders of the Founders' Notes and such additional secured indebtedness would be entitled to exercise the remedies available to a secured lender under applicable law and pursuant to instruments governing such indebtedness. Accordingly, such lenders will have a prior claim on such of the Company's assets. In any such event, because the Notes will not be secured by any of the Company's assets, it is possible that there would be no assets remaining from which claims of the holders of the Notes could be satisified or, if any such assets remained, such assets might be insufficient to satisfy such claims fully. See "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources," "Description of the Notes" and Notes to the Consolidated Financial Statements.

Dependence Upon Operations of Subsidiaries; Possible Invalidity of Guarantees

The Notes are the obligations of the Company. As of September 30, 1993, approximately 88% of the tangible assets (other than loans to officers and affiliates) of the Company were held by the Subsidiaries, and for the nine months ended September 30, 1993, all of the Company's operating revenues were derived from operations of the Subsidiaries. Therefore, the Company's ability to make interest and principal payments when due to holders of the Notes is dependent, in part, upon the receipt of sufficient funds from its Subsidiaries.

The Company's obligations under the Notes will be guaranteed, jointly and severally, on a senior subordinated basis by each of the Subsidiaries. To the extent that a court were to find that: (i) a Guarantee was incurred by a Guarantor with intent to hinder, delay or defraud any present or future creditor or the Guarantor contemplated insolvency with a design to prefer one or more creditors to the

exclusion in whole or in part of others; or (ii) such Guarantor did not receive fair consideration or reasonable equivalent value for issuing its Guarantee and such Guarantor: (a) was insolvent; (b) was rendered insolvent by reason of the issuance of such Guarantee; (c) was engaged or about to engage in a business or transaction for which the remaining assets of such Guarantor constituted unreasonably small capital to carry on its business; or (d) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured, the court could avoid or subordinate such Guarantee in favor of the Guarantor's other creditors. Among other things, a legal challenge of a Guarantee on fraudulent conveyance grounds may focus on the benefits, if any, realized by the Guarantor as a result of the issuance by the Company of the Notes. To the extent any Guarantee were to be avoided as a fraudulent conveyance or held unenforceable for any other reason, holders of the Notes would cease to have any claim in respect of such Guarantor and would be creditors solely of the Company and any Guarantor whose Guarantee was not avoided or held unenforceable. In such event, the claims of the holders of the Notes against the issuer of an invalid Guarantee would be subject to the prior payment of all liabilities of such Guarantor. There can be no assurance that, after providing for all prior claims, there would be sufficient assets to satisfy the claims of the holders of the Notes relating to any voided Guarantee.

Based upon financial and other information currently available to it, the Company believes that the Notes and the Guarantees are being incurred for proper purposes and in good faith and that the Company and each Guarantor is solvent and will continue to be solvent after issuing the Notes or its Guarantee, as the case may be, will have sufficient capital for carrying on its business after such issuance and will be able to pay its debts as they mature. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources," "Description of the Notes" and "Description of Outstanding Indebtedness – Bank Credit Agreement."

Potential Release of Guarantees

Any Guarantee of a Guarantor may be released at any time upon any sale, exchange or transfer by the Company of the stock of such Guarantor or substantially all the assets of such Guarantor to a non-affiliate. Under the Indenture, the net cash proceeds of any Asset Sale (as defined) are required to be applied to the repayment of any Senior Indebtedness or to the purchase of properties and assets for use in the Company's businesses existing on the date of the Indenture or reasonably related thereto. If such proceeds are not so utilized within 12 months of the Asset Sale and all such proceeds not so utilized exceed $5.0 million, the Company is required to apply such proceeds to the repayment of the Notes and any indebtedness *pari passu* in right of payment to the Notes. See "Description of the Notes – Certain Covenants – *Limitation on Sale of Assets*" and "– Certain Definitions – *Asset Sale*."

Dependence Upon Fox Affiliation

All three of the Company's existing stations (WBFF, WPGH and WTTE), as well as the stations proposed to be acquired (WCGV and WTTO), are affiliated with Fox, which provides those stations with up to 20 hours of programming time per week, including 15 hours of prime time programming, in return for the stations broadcasting Fox-inserted commercials in the programs. Although Fox affiliates have generally achieved higher ratings than unaffiliated independent stations in the same market, there can be no assurance as to the future success of Fox programming or even whether Fox programming will continue. The Company's Fox affiliation agreements expire in October 1998 and are subject to termination by Fox under certain circumstances. Although Fox has occasionally changed affiliates in certain markets, the Company believes that Fox has generally renewed its existing affiliation agreements. The Company believes it presently enjoys a good relationship with Fox. There can be no assurance, however, that the Fox affiliation agreements will remain in place or that Fox will continue to provide programming to affiliates on the same basis that currently exists. The non-renewal or termination of the Fox affiliation of one or more of the Company's stations could have a material adverse effect on the Company's operations. See "Business – Fox Affiliation."

Fox has recently announced that it intends to 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.

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.

Competition Within the Television Industry

The television industry is highly competitive. Some of the stations with which the Company's stations compete are subsidiaries of large national or regional companies that have greater resources than the Company. Technological innovation and the resulting proliferation of programing alternatives, such as cable television, pay-per-view and home video, have fractionalized television viewing audiences and subjected television broadcast stations to new types of competition. Over the past 10 years, cable television has captured increasing market share while the overall viewership of the major networks has declined.

The Company's stations face strong competition for market share and advertising revenues in their respective markets from other local broadcast stations, cable television, radio stations, newspapers, periodicals and other entertainment media. Some competitors are part of larger companies with greater financial, technical and other resources than the Company.

The FCC has proposed the adoption of rules for implementing advanced (including high-definition) television service ("ATV") in the United States. Implementation of ATV will improve the technical quality of television. Under certain circumstances, however, conversion to ATV operations may reduce a station's geographical coverage area. Implementation of ATV will impose additional costs on television stations providing the new service, due to increased equipment costs. At the same time, there is a potential for increased revenues derived through the use of high-definition television. While the Company believes the FCC will authorize ATV in the United States, the Company cannot predict when such authorization might be given or the effect such authorization might have on the Company's business.

Further advances in technology may also increase competition for household audiences and advertisers. Video compression techniques, now under development for use with current cable channels or direct broadcast satellites (scheduled to commence operation in 1994), are expected to reduce the bandwidth required for television signal transmission. These compression techniques, as well as other technological developments, are applicable to all video delivery systems, including over-the-air broadcasting, and have the potential to provide vastly expanded programming to highly targeted audiences. Reduction in the cost of creating additional channel capacity could lower entry barriers for new channels and encourage the development of increasingly specialized "niche" programming. This ability to reach very defined audiences may alter the competitive dynamics for advertising expenditures. The Company is unable to predict the effect that technological changes will have on the broadcast television industry or the future results of the Company's operations. See "Business – Competition."

Regulation by FCC; Dependence Upon Broadcast Licenses

The broadcasting industry is subject to regulation by the FCC pursuant to the Communications Act of 1934, as amended (the "Communications Act"). Approval by the FCC is required for the issuance, renewal and transfer of station operating licenses. In particular, the Company's business will be dependent upon its continuing to hold television broadcasting licenses from the FCC that are issued for terms of five years. While in the vast majority of cases such licenses are renewed by the FCC, there can be no assurance that the Company's licenses will be renewed at their expiration dates. All three of the Company's stations are presently operating under regular five-year licenses which expire on August 1, 1994 (WPGH), October 1, 1996 (WBFF) and October 1, 1998 (WTTE). The United States Congress

and the FCC currently have under consideration and may in the future adopt new laws, regulations and policies regarding a wide variety of matters (including technological changes) which could, directly or indirectly, affect the operations and ownership of the Company's broadcast properties. See "Business – Licensing and Regulation."

Conflicts of Interest

In addition to their respective interests in the Company and the Subsidiaries, members of the Smith Family hold ownership interests in various non-Company entities which are involved in businesses related to the business of the Company, including, among others, operation of television stations in St. Petersburg, Florida and Bloomington, Indiana. Members of the Smith Family are free to continue to own these interests and to acquire additional interests in television industry enterprises, including interests in enterprises that are competitive with the Company or the Subsidiaries. Under the terms of the Indenture, and generally under Maryland corporation law, the Current Stockholders are not required to undertake future acquisitions and other corporate opportunities through the Company. Such activities could also present a conflict of interest with the Company in the allocation of management time and resources of executive officers. In addition, there have been and will continue to be transactions between the Company and members of the Smith Family or other entities in which members of the Smith Family have ownership interests or with which they are affiliated. For example, the Company leases certain properties from entities controlled by the Current Stockholders. See "Certain Transactions." There is no established procedure or policy for resolving such conflicts of interest. The Indenture provides that transactions between the Company and its affiliates, including members of the Smith Family, must be no less favorable to the Company than would be available in a comparable transaction in arm's-length dealings with an unrelated third party. Moreover, the Indenture provides that any such transactions involving aggregate payments in excess of $1.0 million must be approved by a majority of the members of the Board of Directors of the Company and the Company's independent directors (or, in the event there is only one independent director, by such director), and, in the case of any such transactions involving aggregate payments in excess of $5.0 million, the Company shall be required to obtain an opinion as to the fairness of the transaction to the Company from a financial point of view issued by an investment banking or appraisal firm of national standing. See "Description of the Notes – Certain Covenants – *Limitation on Transactions with Affiliates*." The Company does not have employment contracts or non-competition agreements with any of the members of the Smith Family.

Possible Divestiture of WBFF

Four Jacks Broadcasting, Inc. ("Four Jacks"), a company wholly owned by the Current Stockholders, has filed a competing application with the FCC for the broadcast license for VHF Channel 2 in Baltimore, Maryland. Because of the FCC's multiple ownership rules, the principals of Four Jacks have committed themselves in their application for Channel 2 to divest the interest held by the Company in the broadcast license for WBFF if Channel 2 is awarded to them and before assuming operational control of Channel 2.

For 1992, net broadcast revenues from WBFF represented 31.7% of the Company's net broadcast revenues. If the Company were required to divest itself of the broadcast license for WBFF, the proceeds from such divestiture would be applied to purchase additional broadcast assets or reduce Senior Indebtedness in accordance with the Indenture and the Company's other debt instruments. See "Description of the Notes – Certain Covenants – *Limitation on Sale of Assets*." For any Asset Sale (as defined in the Indenture), which the divestiture of WBFF would likely be considered, the Indenture requires that the Company receive consideration at least equal to the sale value that would be obtained in an arm's-length transaction. Depending upon whether the Company is able to replace the revenues of WBFF or reduce indebtedness sufficiently with the proceeds from the divestiture, the Company's ability to service its debt obligations may or may not be materially adversely affected. In addition, the divestiture of WBFF would constitute an event of default under the Bank Credit Agreement and, as a result, consent of the Banks (as defined) would be required for the divestiture of WBFF. Any divestiture of WBFF, if accomplished through the sale of the stock or substantially all the assets of a Guarantor, would require the relase of such Guarantor in accordance with the Indenture. See "Description of the Notes – Certain Covenants."

Possible Failure to Consummate Proposed Acquisitions

Consummation of each of the Proposed Acquisitions is subject to the receipt of sufficient financing and certain closing conditions, including the closing of each of the other Proposed Acquisitions and the Glencairn Acquisitions (as defined). FCC consent for the Proposed Acquisitions and the Glencairn Acquisitions is also required and is a precondition to closing. The Company estimates that the FCC will rule on the Proposed Acquisitions and the Glencairn Acquisitions during the first quarter of 1994. If the FCC grants its consent to these transactions, members of the general public have 30 days from the day upon which public notice of the FCC's consent to these transactions is granted to petition the FCC to reconsider, review or stay the FCC consent to any of these transactions. The FCC has an additional 10 days to set aside on its own motion the consent to any of these transactions. Thus, assuming that no action is taken to reconsider or review the FCC consent, the FCC consent to these transactions becomes final 40 days from the date on which the FCC issues its public notice reflecting the grant of the licenses. Whether or not FCC consent has been obtained, any party to the purchase agreements may terminate such agreements after June 30, 1994 in the event the acquisitions have not been consummated. If FCC consent is obtained but the Proposed Acquisitions are not consummated, the Company will, in certain circumstances (including the failure to obtain sufficient financing), forfeit its $6.25 million deposit in the form of a letter of credit. There can be no assurance that FCC consent will be granted, that the other closing conditions will be satisfied or waived, or that the Company or Glencairn Ltd. ("Glencairn") will obtain sufficient financing on terms acceptable to either of them. A third party has filed a petition with the FCC to deny the application for consent to assign a license pursuant to one of the Glencairn Acquisitions. See "Proposed Acquisitions." Moreover, if the Company fails to consummate the Proposed Acquisitions by June 1, 1994, the Company will be required to redeem $100.0 million principal amount of the Notes. See "Description of the Notes – Special Mandatory Redemption."

Potential FCC Regulation of Local Marketing Agreements

The FCC currently is reviewing its "cross-interest policy," which essentially prevents individuals from having meaningful "cross-interests" which are not otherwise specifically prohibited by the application of the multiple ownership rules discussed herein. See "Business – Licensing and Regulation – *Ownership Limitations*." In connection with such review, in June 1992, the FCC released a Notice of Proposed Rulemaking which, among other things, seeks comments on the extent to which local marketing agreements between television stations should be regulated. The FCC has permitted similiar agreements for radio broadcast stations and has, to date, not stated that local marketing agreements between televisions stations would be an impermissible business arrangement. There can be no assurance, however, that the FCC will not prohibit or restrict television local marketing agreements as a result of the above-mentioned rulemaking or of any other proceeding.

In 1991, Keyser Communications, Inc. ("KCI"), a company wholly owned by the Current Stockholders, entered into a PSA with WPTT in Pittsburgh, and the Company entered into a marketing and sales agreement with KCI with respect to the sale of advertising time available on the programming aired by KCI on WPTT. In connection with the Proposed Acquisitions, the Company is expected to enter into a PSA with WNUV in Baltimore and WVTV in Milwaukee. These arrangements with WNUV and WVTV have been described in the Company's pending FCC application for approval of the WCGV and WTTO acquisitions. The existing and proposed PSAs are examples of local marketing agreements. The Company does not believe that any changes in the cross-interest policy will have a material adverse effect on the proposed arrangements in Baltimore and Milwaukee, or on the Company's operations generally; however, there can be no assurance in this regard.

Control by Stockholders; Dependence Upon Key Personnel; Potential Commitment by Executive Officers to Non-Company Operations

The Current Stockholders own in the aggregate 100% of the outstanding capital stock of the Company. Accordingly, such individuals are able to control the vote on all matters submitted to a vote of the Company's stockholders. Moreover, the Company leases property from and engages in other transactions with non-Company entities controlled by the Current Stockholders and family members. See "Certain Transactions."

The Company believes that its success will continue to be dependent upon its ability to attract and retain skilled managers and other personnel, including its present officers and general managers. The loss of services of any of the present officers, especially its President and Chief Executive Officer, David D. Smith, may have a material adverse effect on the operations of the Company. None of the Company's officers has an employment agreement with the Company. In addition, each of David D. Smith, Robert E. Smith and Frederick G. Smith, executive officers of the Company, has made certain commitments in the application filed with the FCC by Four Jacks, including the commitment to work on a full-time basis (40 hours or more per week) in the operations of Channel 2 in Baltimore in the event that Four Jacks is awarded such channel by the FCC. In the FCC application, David D. Smith, Robert E. Smith and Frederick G. Smith further stated that each of them would resign from their then-current employment and limit or terminate any other activities that might interfere with their commitments to Four Jacks. The Company does not believe that such commitment of resignation requires them to resign as officers or directors of the Company or to dispose of their ownership interests in the Company. Further, the Company has been informed by its FCC regulatory counsel and each of these officers that in neither the application nor the FCC proceeding with respect to Four Jacks has any of these officers committed to resign his official positions with, or dispose of his ownership interests in, the Company in the event that Four Jacks is awarded such channel by the FCC. Moreover, the Company believes that each of David D. Smith, Robert E. Smith and Frederick G. Smith will be able to perform all of his current duties with the Company while fulfilling his commitment to work for Channel 2. The Company maintains key personnel life insurance of $5.0 million on the life of David D. Smith, but does not maintain such insurance on any of the other officers. See "– Possible Divestiture of WBFF" and "Management."

Absence of Public Trading Market for the Notes

There is no public market for the Notes and the Company does not intend to apply for listing of the Notes on any national securities exchange or for quotation of the Notes through Nasdaq. The Company has been advised by the Underwriters that, following the completion of the Offering, the Underwriters presently intend to make a market in the Notes; however, they are under no obligation to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the Notes or that an active public market will develop or, if developed, will continue. If an active public market does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected.

THE COMPANY

Sinclair Broadcast Group, Inc. owns and operates three Fox-affiliated independent UHF television stations: WBFF in Baltimore, Maryland; WPGH in Pittsburgh, Pennsylvania; and WTTE-TV in Columbus, Ohio. WBFF and WPGH are the leading revenue producing independents in their respective markets. WTTE is the sole independent in the Columbus market. Each of the stations broadcasts in one of the 35 largest media markets in the country. The Company's three markets are characterized by favorable demographics and strong local economies.

During the last three years, the Company's net broadcast revenues have grown steadily from $37.5 million in 1990 to $67.3 million in 1992, representing a compound annual growth rate of 34.0%. Broadcast operating cash flow has increased from $11.5 million in 1990 to $25.8 million in 1992, representing a compound annual growth rate of 49.8%. Net income has decreased from a net income of $2.8 million in 1990 to a net loss of $5.3 million in 1992, primarily due to increased amortization and interest expense as a result of the acquisition of both the Founders' Stock and WPGH. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

WBFF is located in Baltimore, the 22nd largest media market in the country, with over 970,000 television households and a population of approximately 2.6 million. Baltimore 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. Total television advertising revenues in the Baltimore market increased by 4.9% in 1992 from 1991 and 0.3% for the six months ended June 30, 1993 from the six months ended June 30, 1992.

WPGH is located in Pittsburgh, the 17th largest media market in the country, with over 1.1 million television households and a population of approximately 2.9 million. Pittsburgh is a market in transition from a heavy manufacturing economic base toward a high technology economy. Pittsburgh is known as one of the leading medical centers in the country and is also home to many Fortune 500 companies. Total television advertising revenues in the Pittsburgh market increased by 9.5% in 1992 from 1991 and 3.9% for the six months ended June 30, 1993 from the six months ended June 30, 1992.

WTTE is located in Columbus, the 34th largest media market in the country, with over 695,000 television households and a population of approximately 1.8 million. Columbus, Ohio's state capital and the home of Ohio State University and many Fortune 500 companies, is a growing area characterized by a relatively young population. Total television advertising revenues in the Columbus market increased by 16.2% in 1992 from 1991 and 11.5% for the six months ended June 30, 1993 from the six months ended June 30, 1992. See "Business – The Company's Television Stations."

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 the stations; (ii) to aggressively control operating and programming costs; and (iii) to acquire additional broadcast properties which offer attractive growth opportunities. See "Business – Operating Strategy."

The Company is the successor to a business founded in 1952 by the father of the Current Stockholders and which received its first television broadcast license in the late 1960s when it constructed WBFF in Baltimore. Subsequently, the business expanded through the construction of WPTT in Pittsburgh in 1978, WTTE in Columbus in 1984 and WIIB in Bloomington, Indiana in 1988. In 1986, the predecessor business was acquired by the Company, which was formed by certain stockholders, including the Current Stockholders, and their parents. During 1989 and 1990, the Company redeemed all of the outstanding shares of its capital stock held by stockholders other than the Current Stockholders. In 1990, the Company sold WIIB to the Current Stockholders for $1.5 million. Prior to the sale, WIIB operated under a home shopping format. The Company believed that the program format of WIIB was inconsistent with the Company's operating strategy.

In 1991, the Company sold WPTT for $7.0 million and acquired WPGH for $55.0 million. WPTT and WPGH both serve the Pittsburgh, Pennsylvania television market. When the Company purchased WPGH, it was required under FCC regulations to divest itself of its broadcast license in WPTT. See "Certain Transactions."

In September 1993, Commercial Radio Institute, Inc. ("CRI"), a then wholly owned subsidiary of the Company, was merged into the Company. The Company had acquired all of the issued and outstanding stock of CRI in December 1986. At the time of the merger of CRI into the Company, CRI owned no material assets other than all of the issued and outstanding capital stock of the operating Subsidiaries. Prior to the sale of WPTT, CRI owned and operated WPTT. The merger was accomplished to simplify the corporate structure of the Company.

The Company, Chesapeake Television, Inc., WTTE, Channel 28, Inc., WTTE, Channel 28 Licensee, Inc., WPGH, Inc., WPGH Licensee, Inc., WTTO, Inc. and WCGV, Inc. were each organized as Maryland corporations in 1986, 1988, 1983, 1991, 1991, 1991, 1993 and 1993, respectively. Their principal executive offices are located at 2000 W. 41st Street, Baltimore, Maryland 21211 and their telephone number is (410) 467-5005. Chesapeake Television Licensee, Inc., WTTO Licensee, Inc. and WCGV Licensee, Inc. were each organized as Delaware corporations in 1991, 1993 and 1993, respectively. Their principal executive offices are located at 1105 North Market Street, Suite 1300, Wilmington, Delaware 19801 and their telephone number is (302) 427-3629.

PROPOSED ACQUISITIONS

In August 1993, the Company, through its Subsidiaries, and ABRY Communications, L.P. ("ABRY"), through related partnerships and business entities, including BBM Partners, L.P., entered into asset purchase agreements for the Company's acquisition of WCGV in Milwaukee and WTTO in

Birmingham for an aggregate purchase price of approximately $60 million, subject to certain closing conditions and purchase price adjustments. WCGV is one of three independents in the Milwaukee market, the 28th largest media market in the country. WTTO is the leading revenue producing independent in the Birmingham market, the 49th largest media market in the country. WCGV and WTTO are each affiliated with the Fox network. With respect to the proposed acquisition of WCGV, the Company intends to acquire substantially all of the assets owned by WCGV for a purchase price of approximately $30.5 million. The assets intended to be acquired include the FCC license, the transmitter and other technical equipment, call letters, trademarks, furniture, fixtures, equipment, programming contracts and real property. With respect to the proposed acquisition of WTTO, the Company intends to acquire substantially all of the assets owned by WTTO for a purchase price of approximately $29.5 million. The assets intended to be acquired include the FCC license, the transmitter and other technical equipment, call letters, trademarks, furniture, fixtures, equipment, programming contracts and real property, including transmitter and tower sites.

In addition, the Company and ABRY entered into an agreement for the purchase by the Company from WVTV in Milwaukee of programming contracts, advertiser subscription lists, production equipment and certain other assets (excluding the FCC license, transmitter, technical equipment, call letters and trademarks, and certain furniture, fixtures and equipment) for approximately $28 million. In addition, the Company has agreed with ABRY to purchase for approximately $37 million (subsequent to the sale to Glencairn of WNUV's FCC license, transmitter, technical equipment, call letters and trademarks and certain other assets) all equity interests in WNUV in Baltimore, whose assets at the time of purchase will consist substantially of programming contracts, advertiser subscription lists and production equipment. The purchases are subject to certain closing conditions and purchase price adjustments. In compliance with FCC regulations, the Company has not sought to acquire the FCC licenses of WVTV and WNUV because the Company already holds an FCC license for the Baltimore market and has a pending application for an FCC license in the Milwaukee market.

Upon completion of the Proposed Acquisitions, the Company will pay approximately $56 million to certain principals and affiliates of ABRY pursuant to a three-year covenant not to compete in the Milwaukee, Birmingham, Baltimore, Pittsburgh and Columbus markets.

ABRY has also entered into purchase agreements to sell the FCC license, transmitter, technical equipment, call letters and trademarks, and certain furniture, fixtures and equipment of WNUV and WVTV to Glencairn simultaneously with the closing of the Proposed Acquisitions (the "Glencairn Acquisitions"). If FCC consent to the Proposed Acquisitions and the Glencairn Acquisitions as proposed in current FCC applications is obtained, the Company expects to enter into PSAs with Glencairn with respect to WNUV and WVTV, whereby the Company, in exchange for an hourly fee, will obtain the right to program and sell advertising on substantially all of the stations' inventory of broadcast time. Nevertheless, Glencairn will have full control and responsibility for the operations of these stations, including control over all programming broadcast on these stations, through the acquisition of the FCC license of WVTV and WNUV. Glencairn is a corporation in which a majority of the voting capital stock is owned by Carolyn C. Smith, the mother of the Current Stockholders. Edwin L. Edwards, Sr., a former station manager with the Company, is the president and chief operating officer of Glencairn and the other voting stockholder of the corporation.

Scripps Howard Broadcasting Company ("Scripps Howard") has filed a petition to deny the application for consent to assign the license of WNUV in Baltimore to Glencairn. The Scripps Howard petition alleges that the proposed business arrangement will conflict with the television duopoly rule barring attributable interests in more than one television station in the Baltimore market. Glencairn has vigorously opposed the factual and legal predicate for the allegations raised by Scripps Howard. Although the Company believes that the Proposed Acquisitions and the Glencairn Acquisitions do not violate current FCC regulations there can be no assurance that FCC consent to the transactions will be obtained.

Consummation of each of the Proposed Acquisitions is subject to the receipt of sufficient financing and certain closing conditions, including the closing of each of the other Proposed Acquisitions and the Glencairn Acquisitions. FCC consent for the Proposed Acquisitions and the Glencairn Acquisitions is

also required and is a precondition to closing. Applications with the FCC were filed by the Company and Glencairn in August 1993 seeking approval of the Proposed Acquisitions and the Glencairn Acquisitions, and the Company estimates that the FCC will rule on the Proposed Acquisitions and the Glencairn Acquisitions during the first quarter of 1994. If the FCC grants its consent to these transactions, members of the general public have 30 days from the day upon which public notice of the FCC's consent to these transactions is granted to petition the FCC to reconsider, review or stay the FCC consent to any of these transactions. The FCC has an additional 10 days to set aside on its own motion the consent to any of these transactions. Thus, assuming that no action is taken to reconsider or review the FCC consent, the FCC consent to these transactions becomes final 40 days from the date on which the FCC issues its public notice reflecting the grant of the licenses. Whether or not FCC consent has been obtained, any party to the purchase agreements may terminate such agreements after June 30, 1994. If FCC consent is obtained but the Proposed Acquisitions are not consummated, the Company will, in certain circumstances (including the failure to obtain sufficient financing), forfeit its $6.25 million deposit in the form of a letter of credit. There can be no assurance that FCC consent will be granted, that the other closing conditions will be satisfied or waived, or that the Company or Glencairn will obtain sufficient financing on terms acceptable to either of them.

Of the net proceeds of the Offering, $106.4 million is expected to be used to finance the Proposed Acquisitions. The Company anticipates that it will need to incur approximately $75 million of additional indebtedness in order to finance the Proposed Acquisitions. The Company anticipates entering into a new bank credit agreement to provide $75 million of Senior Indebtedness. However, the Company may obtain the required financing through any combination of public or private debt, equity or bank financing, all or a portion of which may be senior in right of payment to the Notes. There can be no assurance that the Company will obtain such financing on terms acceptable to it. See "Pro Forma Consolidated Financial Data." If the Proposed Acquisitions are not consummated by June 1, 1994, $100.0 million principal amount of the Notes are required to be redeemed. If the Company consummates the Proposed Acquisitions after the special redemption is effected, the Company intends to incur $175.0 million of additional indebtedness, all or a part of which may constitute Senior Indebtedness, to finance the Proposed Acquisitions. See "Description of the Notes — Special Mandatory Redemption."

USE OF PROCEEDS

The net proceeds of the Offering, after deducting the underwriting discount and estimated fees and expenses, are anticipated to be approximately $195.0 million. The Company intends to use approximately $82.8 million of the net proceeds to retire the term loan (the "Term Loan") under the Bank Credit Agreement and to pay down the outstanding amounts, if any, on the Revolving Credit Facility. If the Proposed Acquisitions are consummated, the Company intends to use approximately $111.4 million of the net proceeds to pay $106.4 million of the purchase price and $5.0 million of expenses in connection with the Proposed Acquisitions. The Company intends to use the remaining net proceeds of approximately $0.8 million for working capital and general corporate purposes. If the Proposed Acquisitions are not consummated, the Company intends to use approximately $12.2 million of the net proceeds, before reimbursement of certain expenses, for working capital and general corporate purposes. If the Permitted Acquisition (as defined in the Indenture) is not consummated by June 1, 1994, the Company will be required to redeem $100.0 million principal amount of the Notes pursuant to the special redemption provisions of the Notes. Such proceeds will also be subject to redemption at the option of the Company on or prior to June 15, 1994 if it appears, in the sole judgment of the Company, that the Permitted Acquisition can not be consummated in all material respects on or prior to June 1, 1994. Proceeds totalling $100.0 million will initially be deposited with and held by the Trustee pursuant to the Pledge Agreement as collateral for the Notes, until either consummation of the Permitted Acquisition or exercise of the special redemption. See "Description of the Notes — Special Mandatory Redemption."

As of November 15, 1993, amounts borrowed under the Bank Credit Agreement consist of $82.8 million of term indebtedness having a weighted average interest rate of 8.1% with a final maturity of December 31, 1996. As of November 15, 1993, no amounts are outstanding under the Revolving Credit Facility. After giving effect to the Offering, the Company will be able to re-borrow up to $15.0 million, subject to certain limitations, under the Revolving Credit Facility (of which $8.75 million is available as of November 15, 1993).

During the past 12 months, the Company used $9.0 million of borrowings under the Term Loan to purchase the remaining outstanding warrants (the "Warrants") that were previously issued to The Chase Manhattan Bank, N.A. ("Chase Bank") in 1991 in conjunction with the acquisition of WPGH by the Company and borrowings of $10.0 million under the Term Loan to finance special bonuses paid to the executive officers of the Company in September 1993. Amounts borrowed under the Revolving Credit Facility during the past 12 months were used to pay down the Term Loan and for general corporate purposes.

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, net of unamortized discount	$65,477(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	200,000
Senior secured acquisition indebtedness	–	–	75,000
Total long-term debt	90,746	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	$84,067	$106,032	$281,032

(a) See "Pro Forma Consolidated Financial Data." Post Offering adjustments do not give effect to the issuance of $100,000 principal amount of the Notes, the proceeds of which will be held by the Trustee pursuant to the Pledge Agreement pending consummation of the Proposed Acquisitions. See "Description of the Notes – Special Mandatory Redemption."

(b) The Term Loan is net of 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 working capital requirements. 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) before extraordinary item	(339)	(898)	2,342	452	(4,660)	(5,289)	(6,094)	(4,209)
Net income (loss)	(115)	(898)	2,342	452	(4,660)	(5,289)	(6,094)	(2,952)
Ratio of earnings to fixed charges (f)	1.1x	–	2.1x	1.5x	–	–	–	–
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	25,805	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	7,501	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)					7.3x	4.3x		3.2x
Ratio of broadcast operating cash flow to cash paid for interest					2.8x	2.0x		3.6x
Ratio of broadcast operating cash flow to interest expense					1.7x	2.0x		2.8x
Ratio of broadcast operating cash flow to interest expense, net					1.8x	2.2x		3.0x
Ratio of broadcast operating cash flow less capital expenditures to cash paid for interest					2.1x	1.9x		3.6x

(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	112,303	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." Adjustments to give effect to the Offering do not reflect the issuance of $100.0 million principal amount of the Notes, the proceeds of which will be held by the Trustee pursuant to the Pledge Agreement pending consummation of the Proposed Acquisitions. See "Description of the Notes – Special Mandatory Redemption."

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	24,830 (h)	37,198
	62,037	(598)	61,439	30,025	24,330	115,794
Broadcast operating income	5,312	598	5,910	770	(19,946)	(13,266)
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)	(30,965)	(40,563)
BENEFIT FOR INCOME TAXES(a)	1,189		1,189			1,189
NET INCOME (LOSS)	$ (5,289)	$ 716	$ (4,573)	$ (3,836)	$(30,965)	$(39,374)

(footnotes on page 29)

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	18,609 (h)	27,257
Special bonuses paid to executive officers	10,000		10,000			10,000
	48,628	(529)	48,099	18,324	18,099	84,522
Broadcast operating income	2,663	529	3,192	1,934	(13,792)	(8,666)
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)	(22,404)	(28,196)
BENEFIT FOR INCOME TAXES (a)	80		80		800	880
NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEM	(4,209)	(330)	(4,539)	(1,173)	(21,604)	(27,316)
EXTRAORDINARY ITEM — GAIN ON PURCHASE OF WARRANTS	1,257	(1,257)	—			—
NET INCOME (LOSS)	$ (2,952)	$(1,587)	$ (4,539)	$ (1,173)	$(21,604)	$(27,316)

(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 $1,257 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)

Adjustments do not reflect the issuance of $100,000 principal amount of the Notes, the proceeds of which will be held by the Trustee pending consummation of the Proposed Acquisitions. The Company will incur an increase in net interest expense as a result of the issuance of these Notes which will be partially offset by interest income earned on the proceeds.

(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	400	300
Covenants not to compete	18,667	14,000
	25,818	19,364
Less: Intangible amortization recorded by WCGV and WTTO	(988)	(755)
	$24,830	$18,609

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 the 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 $4,000 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	$ (4,000)(c)	$ (6,395)(i)	$ 3,202
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	52	(6,395)	31,267
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	4,000 (c) 56,000 (h)		64,339
INVESTMENT IN PROGRAMMING SERVICES AGREEMENTS			–	28,395 (g)	37,000 (i)	65,395
ACQUIRED INTANGIBLE BROADCASTING ASSETS, net	63,492		63,492	42,208 (g)		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

Adjustments to give effect to the Offering do not reflect the issuance of $100,000 principal amount of the Notes, the proceeds of which will be held by the Trustee pursuant to the Pledge Agreement pending consummation of the Proposed Acquisitions. See "Description of the Notes – Special Mandatory Redemption."

(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	$4,000
Write-off of deferred financing costs associated with the Bank Credit Agreement	(3,504)	–
	$ (4)	$4,000

(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

Adjustments to give effect to the Offering do not reflect the issuance of $100,000 principal amount of the Notes, the proceeds of which will be held by the Trustee pursuant to the Pledge Agreement pending consummation of the Proposed Acquisitions. See "Description of the Notes – Special Mandatory Redemption."

(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
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 $75 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 $39.4 million and $27.3 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" and "Business – Operating Strategy – *Acquisition Strategy*."

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 be 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	$20,929	53.7%	$22,246	47.9%	$31,965	46.6%	$22,351	47.6%	$25,797	48.3%
National advertising	17,172	44.1	23,290	50.2	34,994	51.1	23,777	50.7	26,977	50.5
Network compensation	205	0.5	346	0.7	349	0.5	293	0.6	192	0.4
Political advertising	296	0.8	168	0.4	675	1.0	97	0.2	47	0.1
Production	358	0.9	386	0.8	556	0.8	408	0.9	395	0.7
Operating revenues	38,960	100.0%	46,436	100.0%	68,539	100.0%	46,926	100.0%	53,408	100.0%
Other revenues	0		0		16		316		145	
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,				Increase (Decrease)	
	1992		1993		1992 vs. 1993	
	Amount	Percent of Net Revenues	Amount	Percent of Net Revenues	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 $2.6 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 paid 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 $6.1 million for the nine months ended September 30, 1992 to $3.0 million for the nine months ended September 30, 1993, or 51.6%, 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 47.6%, 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 $0.8 million for 1990 to a use of $2.3 million for 1991, a decrease of $3.0 million. Capital expenditures were $1.7 million for 1991, net loans to officers and affiliates were $544,000 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.

From January 1, 1991 through September 30, 1993, 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 10.16% 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 (which does not include liabilities for program contracts payable but does include the outstanding letter