

ATTACHMENT 3

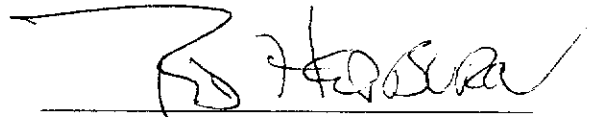
**DECLARATION OF
TED HEPBURN**

1. I am the principal in The Ted Hepburn Company, a media brokerage company. I have been active in the media brokerage field since 1969, or thirty-five years.

2. Attached to this declaration is a new duplicate of a letter I provided to Marshall Pagon of Pegasus Broadcast Television L.P. on February 9, 1993. The letter addressed the standalone value of what was then WWLF-TV in Hazleton, PA and WOLF-TV, Scranton, PA. I have prepared this duplicate because the only available copy of the original letter is virtually illegible. The illegible version of the original letter is also attached thereto.

3. I believed that the conclusions contained in the February 9, 1993 letter at the time -- including that WWLF could not have operated on its own without the additional market coverage provided by WOLF, and that WOLF would have been at a severe competitive disadvantage without the coverage added by WWLF -- and nothing has come to my attention since then that would cause me to change my opinion.

I certify under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief

A handwritten signature in black ink, appearing to read "Ted Hepburn", written over a horizontal line.

Ted Hepburn

Date: April 19, 2004

February 9, 1993

Mr. Marshall Pagon
Pegasus Broadcast Television L. P.
5 Radnor Corporate Center
Suite 454
Radnor, PA 19087

Dear Mr. Pagon

This will confirm our conversation in which I shared with you my impressions what value Channel 56 in Hazelton might have as a free standing television station. WWLF-TV, presently operates as a fulltime satellite of WOLF-TV, in Scranton. If this station were forced to operate on its own, I do not believe it could survive. Hazelton is in Luzerne County which is the largest county in the Wilkes Barre/Scranton ADI. Because of the mountainous terrain there is a line of mountains between Hazelton and Wilkes Barre which essentially prevents the Channel 56 signal from covering the main portion of the market. To think that Hazelton could support a television station by itself would be foolish.

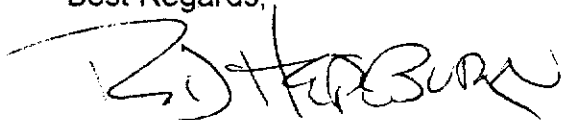
One of the big difficulties in attempting to support a TV station in Hazelton would be the lack of ability to affiliate with any of the networks including Fox. Since Hazelton is in the Wilkes Barre/Scranton ADI, the network affiliates in the principal cities would block any attempt by the network to affiliate with another station within the same ADI. This would leave WWLF with the unhappy prospect of trying to operate without a network and generate enough advertising revenue to survive. They would be up against the additional problem of having to pay Wilkes Barre/Scranton prices for any programming since they would be competing with TV stations in the same marketing area which further limits the amount of programming available to the station. We have a station without a network affiliation and unable to purchase normal programming and with a market so small it can't support even a network affiliate trying to survive. It would be impossible.

I have been active in the field of TV station brokerage since 1969, or almost twenty-five years. I can say unequivocally that WWLF-TV cannot survive on its own.

I would also like to point out that WOLF-TV, without WWLF-TV as a satellite, would be far less attractive to a potential buyer. The reason for this is the limitation on the WOLF signal as a result of its transmitter location in Lackawana County. The three traditional network affiliates are all located on Penobscott Mountain south of Wilkes Barre. That particular location is the highest point in the combined area and offers coverage not only of Wilkes Barre but it has exceptional coverage up the valley into Scranton and on to Carbondale. In addition, it has the unique ability to cover Hazelton, as well because of the Penobscott Mountain location which is the mountain range that separates Wilkes Barre and Hazelton. Since WOLF-TV is not authorized to relocate to that location, it is not able to put an over the air signal into Hazelton giving it a significant disadvantage. It is essential that they have a satellite survive in the Hazelton Area to be competitive with the other three television stations.

I hope this is adequate clarification for the conversation we had but if I can expand upon this in any way please let me know.

Best Regards,

A handwritten signature in black ink, appearing to read "Ted Hepburn", with a stylized, cursive script.

Ted Hepburn

Attachment 3

UNITED STEEL PAPER
COMPANY

February 9, 1993

Mr. Marshall Pagon
Pegasus Broadcast Television Inc.
5 Radnor Corporate Center
Suite 151
Radnor, PA 19087

Dear Mr. Pagon:

This will continue our conversation in which I shared with you my impressions what value channel 56 in Hazelton might have as a free standing television station. While TV, presently operates as a multiple enterprise of WOLF-TV in Scranton. If this station were forced to operate on its own, I don't believe it could survive. Hazelton is in business country which is the largest county in the Market Barre/Scranton ABJ. Because of the mountainous terrain there is a line of mountains between Hazelton and Wilkes Barre which essentially prevents the channel 56 signal from covering the main portion of the market. I think that Hazelton could support a television station by itself would be foolish.

One of the big difficulties in attempting to support a TV station in Hazelton would be the lack of ability to attract any of the networks including Fox. Since Hazelton is in the Wilkes Barre/Scranton ABJ, the network advantages in the principal cities would place any attempt by the network to establish a station in Hazelton with the same network. This would leave the station with the narrow prospect of trying to operate without a network and generate enough advertising revenue to survive. They would be up against the additional problem of having to compete with Barre/Scranton which has any programming since they would be competing with TV stations in the same marketing area. Further, since the amount of programming available to the station. We have a station without a network affiliation and unable to purchase quality programming and with a market so small it can't support even a network affiliation. It would be impossible.

I have been active in the field of TV station operations since 1969, for almost twenty five years. I can say unequivocally that WOLF-TV cannot survive on its own.

THE
TED HEPBURN
COMPANY

I would also like to point out that WOLF IV, although WOLF IV
as a satellite, would be far less effective as a satellite
hive. The reason for this is the limitation on the WOLF signal
as a result of the transmitter location in Jackson County.
The three transmitter network stations are all located on
Pamlico Mountain South of Wilkes County. That particular
location is the highest point of the Pamlico area and offers
coverage not only of Wilkes County but it has excellent coverage
up the valley into Scotland and on to Carbondale. In addition,
it has the unique ability to cover Johnston as well because
of the Pamlico Mountain location which is the mountain range
that separates Wilkes County and Johnston. Since WOLF IV is
not authorized to relocate to that location, it is not able
to put an over the air signal into Johnston giving it no
significant advantage. It is essential that they have a
satellite station in the Johnston area to be competitive with
the other three television stations.

I hope this is adequate clarification for the conversation we
had but if I can expand upon this in any way please let me know.

Best Regards,

TED HEPBURN

THE TED HERBURN COMPANY

WHIO FM Canton	WHN New York	KFOG FM San Francisco	WDHO TV Toledo
KEZK FM St. Louis	WZZD Philadelphia	WLQR FM Toledo	Louisville AM GP
WHYI FM Ft. Lauderdale	WQKE FM Clearwater	WOWO Fort Wayne	WCSC/WXTC Charleston
WLYF FM Miami	KTNV TV Reno	WTPA FM Harrisburg	WCEF FM Riley
WIVA FM South Bend	WVAC Nashville	WUAB FM Boston	
WLAK FM Chicago	WKQB FM Nashville	WPNH Nashua	MID AMERICA MEDIA GROUP
KMAX FM Dallas	WOHL FM Louisville	WCOM FM Buffalo	WIRL/WSTV Peoria
WYGL FM Hamilton	WYFA Long Island	WMKZ Quad Cities	KQVR FM Davenport
WEZA FM Milwaukee	WVON Grand Rapids	WTRG Flint	WIRE/WCZ Indianapolis
WHYI FM Hartford	Sandusky Cablevision	WATF Indianapolis	WEZ FM Peoria
WTVN TV Indianapolis	Buffalo Cablevision	WHEO Ames	WANA/WRTV Chicago
WOPR/WOPR Orlando	KEGL FM Dallas Ft. Worth	WZLZ TV Tucson	
WSPZ FM Ft.	KHOU Denver	WGSV-TV Mount Airy	GROUP ONE RADIO GROUP
KDKR AM/FM Phoenix	WTRF Ashland	WKRC Cincinnati	WPEZ FM Dallas
WPHL TV Philadelphia	WHBP FM Huntington	WUAB Cablevision	WRTN FM Akron
	WVCA FM Boston	Rolling Cablevision	WONE TV/DAYTON
WISCONSIN TV NETWORK	WLAK FM Chicago	WVH Nashville	WZZ FM Denver
WAGV TV Marsh	WISN AM/FM Milwaukee	WMMY FM Knoxville	
WKOV TV Madison	Fairfield Cablevision	KTNH FM Minneapolis	WRCO/WIS Charleston
WXOW TV La Crosse	Greenville Cablevision	Banner Graphic Newspaper	WVLS Washington
	WOKY Cincinnati	WVON Mount Airy	WVBC Charlotte
WHBP TV Rochester	WVNT TV Syracuse	WZLZ FM Tampa	WRAP Norfolk
KING TV Los Angeles	WFTL TV Fort Wayne	WXXV FM Tampa	WCHW/FM Savannah
WDCA TV Washington	WHIT Miami	WVSC TV Santa Fe	WSPB Raleigh
KHYZ FM Los Angeles	WFTV FM Jacksonville	WMOH Portland	WXYL Dayton
WGBS AM/FM Miami	KIOA/KMIK Des Moines	WVWA FM Nashville	WNCN-TV/Radio Charlotte
WSPD Toledo	Champaign Cablevision		WOMX/WKOK Oklahoma City
WBIR AM/FM Knoxville	WVBC Cablevision	NEW YORK	WVUE Cincinnati
WVZ FM Louisville	WVBC AM/FM Cincinnati	WHDN TV Harrisburg	WVUE Cincinnati
WMOH Hamilton	WVBC FM Syracuse	WISN TV Superior	WTOG Chattanooga
KDAX FM Dallas Ft. Worth	WSPB AM/FM Nashville	WVBC FM Erie	WZLZ FM Greenville/Spartanburg

"JUST THE FACTS"

In the rapidly changing field of media brokerage,
one company stands out as a leader in
consistently delivering top prices for the owners of
radio and television stations the year around.

THE TED HERBURN COMPANY

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(407) 833-3295

Ted Herburn, Vice President
200 E. 24th St., Cincinnati, Ohio 45202
(616) 421-6700

Profile

Hepburn of Hepburn: brokering to the top

On his 45th birthday, Oct. 11, 1976—after seven and a half years as a broadcast station broker with R.C. Crisler & Co.—Ted Hepburn opened his own station brokerage firm, The Ted Hepburn Co. Not unexpectedly, Hepburn had no closings in 1976. In 1977 he had one—WHLO(FM) Canton, Ohio, which sold for \$465,000. Since that time he has brokered 28 broadcast station sales totaling \$215,178,000. Not a bad track record for little more than three years' work.

Hepburn's formula for success: "Basically one thing—I work my head off. If you work hard at each deal you do, you'll learn something from it. It's continual on-the-job training."

Hepburn has been involved in broadcasting all of his working life with duties ranging from traffic and copy manager to vice president and general manager.

In the late 1930's, when Hepburn was a boy in Montclair, N.J., his grandfather and great uncle sold off parcels of their farm in neighboring Clifton to a group of businessmen who built a radio station. It was to become one of the first beautiful music success stories: WPAT(AM) Paterson.

Recalls Hepburn: "I was about 8 years old, and I'd sit out in the pasture with a crystal set—there were still cows there—and listen to the station. From that time on, I thought that I'd like to get into that business [and] be one of those announcers who talk over the radio. My father always thought I would outgrow the business."

Hepburn's first job in broadcasting was traffic and copy manager at WFAR(AM) Farrell, Pa. By that time, Hepburn knew himself well enough to realize that announcing was not where his true talents lay: "I sounded like a 14-year-old with his head in a bucket."

In June of 1958, Hepburn went to work on the sales force of WHGB(AM) Harrisburg, Pa., briefly, before signing on with Susquehanna Broadcasting's WHLO(AM) Akron, Ohio, as sales manager. In 1962, Susquehanna transferred him to WARM(AM) Wilkes-Barre-Scranton, Pa., as vice president and general manager.

In the fall of 1966, Hepburn was approached by representatives of WMCA(AM) New York as a candidate for the general managership of that station. At that time, he thought that was simply "the end of the world, my dream." Three months later, however, the position was awarded to someone else.

Disappointed, Hepburn came to the conclusion that "I didn't make it because they thought the jump from Wilkes-Barre to New York was too big a hurdle."



George Theodore Hepburn Jr.—president, The Ted Hepburn Co., Cincinnati; b. Oct. 11, 1931, Montclair, N.J.; U.S. Air Force, 1951; BS in economics, Marietta College, Marietta, Ohio, 1954; traffic and copy manager, WFAR(AM) Farrell, Pa., 1954; sales representative, Mercury Records, Pittsburgh, 1955; announcer, salesman and commercial manager, WKVA(AM) Lewistown, Pa., 1955-1957; sales representative, WHGB(AM) (now WFEC) Harrisburg, Pa., 1958-59; sales manager, WHLO(AM) Akron, Ohio, 1959-62; vice president and general manager, WARM(AM) Wilkes-Barre-Scranton, Pa., 1962-67; general manager, WSAI(AM) Cincinnati, 1967-68; broadcast station broker, R.C. Crisler & Co., Cincinnati, 1969-76; present position since Oct. 11, 1976; m. Carole Zook, 1956; children—Todd, 23, Heidi, 19.

Within weeks of that decision, Hepburn was interviewed for the position of general manager of WSAI(AM) Cincinnati and in April of 1967 the job was his.

Soon after that he sought out Cincinnati broadcast station broker Dick Crisler and attempted to put together a group of investors to buy a Roanoke, Va., radio station. When that effort failed, he approached Crisler about joining his brokerage firm on a straight commission basis, suggesting to Crisler: "Look, you've got office space that you're not using and I know a lot of radio people and I'm a salesman by nature, and I don't need a draw, not at least for a year. Why don't I come in and use your offices?"

And thus began a relationship that was to last seven and a half years, from the spring of 1969 until he opened his own doors in October of 1976.

Hepburn wasn't sure at first that working with Crisler was "going to be a long-term thing because I figured I should manage radio stations." His wife, Carole, was of the same opinion. In fact, Hepburn says she was "beside herself. She thought I was crazy because I was getting out of the

mainstream of the business and [thought] that I'd never be able to get a good managing job after I fooled around as a broker."

But at age 38, Hepburn found the perfect niche: "The longer I was in it, the more I realized that this was a better line of work than managing radio stations because you don't have any people problems and I was in a business that I really felt comfortable dealing in."

In 1978 alone—his second full year on his own—Hepburn had more closings in terms of dollar volume than in all the years he spent with Crisler. In that year he closed on the sale of WTTV(TV) Bloomington-Indianapolis for \$26.5 million, the highest price then paid for an independent television station. The following year he brokered the sale of WHC(TV) Rochester, N.Y.—the first major-market, network-affiliated television station to be minority-owned (purchased by Ragan Henry's Broadcast Enterprises National Inc.)—for \$27 million. Also in 1979, he brokered the sale of WDCATV Washington for \$15.5 million, then the highest price ever paid for a UHF independent television station.

He explains his sudden proliferation of business this way: "A lot of the deals I've done as the Ted Hepburn Co. I could not have done with Crisler. When I was with Crisler there were certain clients that were his and there were clients that were mine. If I were to do a deal with one of his clients I was obligated to work with him, and it was an awkward situation ... it didn't work very well. So, when I was on my own, suddenly I had the shackles lifted ... I had been capped like an oil well and when I went on my own I took off the cap and it just kind of spurted out."

Station brokering is "a very personal business," says Hepburn. "It's not a good business to have a highly structured relationship. It's not like a radio station where you have several salesmen with account lists and then a station manager who coordinates the operation. The bigger clients work with particular people ... They feel comfortable with those people."

The Ted Hepburn Co. was the exclusive broker for Storer Broadcasting when that company sold off its radio stations and used the proceeds to expand its cable operations. Odds are that the two companies will continue to do business with each other in the future. Hepburn's son, Todd, joined the firm last summer to specialize in cable, something his father has been too busy to concentrate on so far.

What about the station of Hepburn's dreams? To that, he replies, "A shoe-maker should stick to his last. In other words, do what you do and do it well but don't try to spread yourself too thin."