



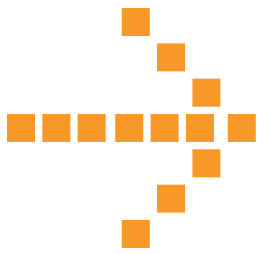
“Hearst Television is committed to developing innovations that enhance our local newsgathering efforts and serve our audiences with more immediacy.”

OUR EMPLOYEES WORK HARD EVERY DAY TO DELIVER CONSISTENTLY EXCELLENT NEWS COVERAGE AND PERFORM MEANINGFUL COMMUNITY SERVICE—

even while managing through one of the most uncertain and challenging times in industry history.”

HEARST *television inc*

DAVID BARRETT
President & CEO
Hearst Television Inc.



AS HEARST TELEVISION REPORTED ON THE FINANCIAL AND SOCIAL STORIES EMERGING FROM THE ECONOMIC CRISIS THAT CONTINUED TO AFFECT EVERY AMERICAN IN 2009,

it was also challenged by the adverse effects the crisis had on the broadcasting industry as a whole. While facing a major pullback in advertising spending, Hearst Television adapted to the changed market conditions by restructuring and downsizing some operations, staying the course on important digital initiatives and promising new investments, and adhering to its time-honored commitment to serve, inform and entertain the public in good times and bad.

INNOVATION CHANGING THE DISCUSSION

HEARST TELEVISION IS HELPING AMERICANS NEGOTIATE THE CHALLENGES of these difficult times through its PROJECT ECONOMY REPORTS.

In June, Hearst Corporation completed its acquisition of the outstanding shares of Hearst-Argyle Television, Inc., renaming the company Hearst Television Inc.

The event capped a 12-year run in the public equities market for Hearst's television stations.

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IN JANUARY, HEARST TELEVISION LAUNCHED PROJECT ECONOMY, A NATIONAL FEATURE SERIES THAT ADDRESSES BOTH WORLDWIDE AND COMMUNITY-SPECIFIC FINANCIAL ISSUES. Online, on-air and at events in the community, Hearst Television is helping Americans negotiate the challenges of these difficult times through its Project Economy reports on the financial issues, questions and legislation on everyone's minds.

The stations' Web sites showcase video reports and articles on the most pressing financial concerns, along with links to career and money management resources. Visitors to the sites are also encouraged to connect with their communities by sharing job-hunting experiences and résumé-writing tips, helping others to market themselves for a new job. While on-air reports shed light on everything from breaking financial news to economic issues facing local businesses, the coverage also highlights uplifting stories of people who have been able to adapt their skills to transition into new careers.

An essential component of Project Economy is encouraging people to be more proactive in taking control of their lives by attending job fairs. All Hearst Television stations hosted community job fairs—some in partnership with their local employment agencies—which generated record turnouts and earned the praise and gratitude of local leaders.

The Group also worked with other Hearst brands when the opportunity arose, including a successful content-sharing partnership with *SmartMoney*.

Following the success of the Commitment 2008 initiative, Project Economy provides another example of how Hearst Television stations are innovating in the ways they bring information to their audiences.



WMUR-TV'S PROJECT ECONOMY JOB FAIR IN MANCHESTER, N.H., DREW MORE THAN 10,000 PEOPLE.

U-LOCAL allows users to SUBMIT CONTENT to Hearst sites and is DRIVING TRAFFIC GROWTH across the Group.



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DIGITAL TELEVISION

Hearst Television played a key role in developing and implementing the nation's successful transition from analog to digital television (DTV). In the months leading up to the DTV switch, the stations' Web sites featured tips on how viewers could make the adjustment as seamlessly as possible and made station contact information readily available for those with questions. The smoother-than-expected implementation heralds the latest major step toward broadcasters' greater innovation in the use of electronic media to serve their audiences and marketing partners. Hearst Television is using the new DTV spectrum for additional channels dedicated to weather, entertainment and Hispanic content, and to pursue new mobile business models. Hearst Television provides high-definition television in all markets and HD newscasts in six markets.



GOING MOBILE

Hearst Television's next innovation: live, on-demand TV on handheld devices. The broadcast industry is working in unison to make this innovation a reality for consumers, starting in 2010. Already, Hearst Television's current mobile offerings—which new technology will improve significantly—served up the strongest results ever, with 6.75 million page views in October alone.

ON-AIR & ONLINE

Embraced by audiences and envied by competitors, Hearst Television's political and public affairs journalism on the year's most pressing issues, from the health-care reform debate to the wars in Iraq and Afghanistan, was once again a successful area of innovation for stations.

In partnership with Hearst Newspapers, Hearst Television reported on the widespread preventable medical errors and injuries responsible for hundreds of thousands of deaths annually. The Group also worked with partner Franklin & Marshall College on its fourth national public attitudes poll—resulting

in well-received national reports on health care, the economy and the current presidential administration.

WCVB-TV, Boston, continued Hearst's record of leading political coverage. Working closely with WMUR-TV, Manchester, N.H.,



HEARST TELEVISION EARNED THREE NATIONAL EDWARD R. MURROW AWARDS, A PEABODY AWARD AND ITS FIFTH CONSECUTIVE WALTER CRONKITE AWARD.



and Hearst Television's Washington bureau, the station earned higher audience ratings than all of its competitors combined for its coverage of the memorials honoring the late Sen. Edward Kennedy. WCVB-TV's Web site, TheBostonChannel.com, subsequently scooped the *Boston Globe* as well as national media outlets on Massachusetts Gov. Deval Patrick's interim appointment of Paul Kirk to Kennedy's U.S. Senate seat. TheBostonChannel.com was a runner-up for Overall Excellence in Television-Affiliated Online Journalism in the prestigious 2009 National Headliner Awards—second only to CNN.com.

Other accolades for Hearst's political journalism in 2009: KCCI-TV and WMUR-TV were honored with three national Edward R. Murrow Awards; and Hearst Television received a Peabody Award and its fifth consecutive Walter Cronkite Award.

"These honors further affirm Hearst Television's role as, undeniably, America's most honored commercial broadcast television organization for political journalism," Barrett says.

Throughout the year, Hearst Television stations found themselves reporting at the center of national stories. KCRA-TV, Sacramento, Calif., secured an exclusive jail interview with Phillip Garrido, the man accused of kidnapping Jaycee Lee Dugard and holding her hostage for 18 years. The interview was posted on KCRA.com and resulted in record traffic for the site. KCRA-TV later received a jailhouse letter from Garrido—yet another exclusive. A reporter from WGAL-TV, Lancaster, Pa., was vacationing in Wasilla,

In 2009, a record number of Hearst Television newscasts ranked No. 1 or No. 2 in their markets.

Alaska, on the day Sarah Palin announced her resignation as governor; the reporter provided live, on-scene reports for Hearst. A KITV, Honolulu, crew accompanied a humanitarian relief team to American Samoa following October's Pacific earthquake and filed reports for use throughout the Group.

It is this kind of dedication to news leadership that earns the audience levels—and ratings—vital to success in television. In the November sweeps, 84 percent of Hearst Television's weekday newscasts in Nielsen metered-markets ranked No. 1 or No. 2 in their local markets—continuing a record performance for the Group.

Along with on-air programming, Hearst Television Web content continued to be a popular audience draw:

In 19 of 22 measured markets, the Web sites were either the market leaders or the top local television station sites, according to comScore.

For 2010 revenue growth,

Hearst Television will look to new launches from the automotive industry—still broadcast television's biggest advertising category—as well as election-fueled candidate and issues advertising. Hearst will also be negotiating future retransmission consent agreements with distribution partners—an important new revenue stream.

The Group is confident about its continued growth, especially as TV, the Web and mobile devices become even more indispensable. The average American watches 153 hours of TV every month, a 1.2 percent increase over last year, according to Nielsen. Given the fact that 131 million Americans also watch an average of three hours of online video each month and 13.5 million watch more than three hours of video on mobile phones each month, three screens now reach viewers with news, information and entertainment.

"As we continue to proactively confront today's challenges and new business realities, we are confident that Hearst Television stations will remain valued local media franchises," Barrett says. "By remaining focused on excelling in our coverage, innovating in our processes and technology, and implementing new business models, we look forward to success in serving today's and tomorrow's multimedia audiences on all three screens."

INNOVATION CONTINUED

HEARST TELEVISION'S WEB INNOVATION U-LOCAL ALLOWS USERS TO SUBMIT CONTENT TO HEARST SITES AND IS DRIVING TRAFFIC GROWTH ACROSS THE GROUP.

Using a social media and video platform from KickApps, U-Local enables users to contribute local news reporting and connect to their communities by uploading photos, videos and first-person accounts.

In June, KCCI.com (Des Moines, Iowa) users submitted photos of pounding hail and the U-Local slide show recorded more than 220,000 views. Both WLKY-TV, Louisville, Ky., and WLWT-TV, Cincinnati, successfully augmented newsgathering of flash floods in Kentucky with U-Local content. Viewers appreciate the opportunity to play a direct role in delivering news to their community, and the effort is just another way the Group works to maintain its relationship with its audience. U-Local also offers advertisers unique opportunities with audiences not only consuming the news, but engaged in its creation.