

ALAN G. HEVESTI
COMPTROLLER



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ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

October 18, 2004

Mr. David D. Smith, CEO
Sinclair Broadcast Group, Inc.
10706 Beaver Dam Road
Hunt Valley, MD 21030

Dear Mr. Smith:

As New York State Comptroller, I am the sole trustee of the \$115 billion New York State Common Retirement Fund. We hold 256,600 shares of Sinclair Broadcast Group Inc. As a shareholder, I am writing to ask about some recent actions that have brought a great deal of publicity to our company. I would like to understand how these actions will improve performance and add to shareholder value.

It has been reported publicly, and confirmed by representatives of Sinclair, that you have ordered all of our 62 television stations to reserve an hour of prime time sometime later this week to show a film titled "Stolen Honor: Wounds that Never Heal" and that this film will be shown with no commercial interruption.

It is my understanding that this film deals with issues related to the Vietnam War and Sen. John Kerry's actions during and after that war. The film is very controversial and, according to press reports, has been called by some "an anti-Kerry attack ad masquerading as a documentary."

Please understand that because of our size and our investing perspective, we are not short-term traders, but rather long-term investors eager to work with management that seeks to build long-term value in our companies.

I would appreciate it if you would provide answers to the following questions, as soon as possible:

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1. What is the cost to our company of foregoing an hour's worth of commercial time for all 62 stations? Critics say showing the film amounts to an in-kind contribution to President Bush worth millions of dollars.
2. Is there any offsetting benefit to our company from the loss of this income?
3. Will the film be shown with no commercial interruption because advertisers were not willing to buy commercial time during its presentation?
4. There are press reports that some advertisers are boycotting Sinclair in response to the decision to run this film. How many advertisers have pulled their ads and how much will this cost our company?
5. What has been the impact of this controversy on overall ratings for our 62 stations? Since the cost of advertising is directly related to ratings, what has been the financial impact of that change in ratings?
6. It is important to television stations to attract as large as possible an audience. It would seem that even appearing to take sides in a hotly contested presidential election would provide a substantial risk of alienating some significant portion of the potential audience. Has this controversy affected our stations ability to attract a broad audience?
7. One of the largest shareholders, Barry Lucas of Gabelli & Co., which owns about four percent of Sinclair, has been quoted as follows: "I don't want my media companies that cover the news to be making news." Given the stocks' already poor performance, it would seem that any bad news would risk reducing investor interest and, thus, risk a lower stock price. What has been the impact of this controversy on the views toward the company of Wall Street analysts and other key investors? Are investors, especially large investors, selling out of Sinclair stock?
8. What was the role of our company's board of directors in the decision to show this film?

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9. In its 2004 Proxy Statement, the company acknowledges its “relatively small number of independent directors on the Board.” In fact, only three current directors appear to meet the independence criteria established by Nasdaq. As a result, the board can draw only on these three directors to serve on Audit and Compensation Committees and to perform the Nominating Committee function (although the board also has named one non-independent director to serve on two committees). Does the board believe that these three independent directors alone possess the requisite skills and can make the time commitments needed to effectively perform the important functions of these committees? Do you have any plans to increase the number of independent directors?
10. Our company has not produced good returns. Sinclair's shares have lost about half their value in 2004. The price per share of Sinclair's stock has declined from \$15.03 on January 2, 2004 to \$6.94 as of today. During the same time period, Sinclair's performance has plummeted by 53.9%, while other stocks in its sector (the Russell 2000 Consumer Discretionary sector) increased by 2.4%, and the Russell 2000, on the whole, increased by 1.8%. What are your plans for improving returns for shareholders?
11. Our company has two types of shares with unequal value. It is our experience that this arrangement entrenches management and may harm performance. We trust that you are also strong believers in capitalism and competition. Please explain how this concentration of power benefits shareholders who own the majority of the shares, but have a minority of the voting power. Please discuss how this arrangement has affected our company's performance.
12. Some critics suggest that Sinclair management is more interested in advancing its partisan political views than in protecting shareholder value. They say Sinclair's partisan agenda also risks alienating viewers, advertisers, and regulators. Could you explain why they are wrong?
13. By appearing to tie the future prospects of the company so closely to the outcome of a national election, are you adding political risk to the normal economic and business risks that face our company? What is the benefit of taking on this additional risk?
14. Please discuss any plans to rebroadcast this film after the initial prime time broadcast. What would be the cost of those additional showings?
15. According to press reports, some organizations “are vowing to find groups in cities with Sinclair stations who will challenge the broadcast licenses of every Sinclair-owned station over the next several years. Such challenges almost never result in lost licenses, but they often result in heavy legal costs for the station having to defend them.” What would the impact of such legal actions be on our bottom line? If even one such suit were successful, what would be the cost to our company?

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Please respond to these questions as soon as possible. If you have questions or would like to discuss these issues, please contact our director of corporate governance Julie Gresham at 212-681-4480.

Thank you for your time and consideration.

Sincerely,



Alan G. Hevesi

AGH/JG