

## **EXHIBIT 4**

### **DESCRIPTION OF PRO FORMA ASSIGNMENT**

With this application, the parties seek the FCC's consent to the *pro forma* assignment of the license for Station K07XL, Mountain Home, Arkansas, in order to correct inadvertent inaccuracies in prior transfer of control filings which have arisen as a result of certain good faith misunderstandings of the FCC's forms and procedures. The result of this *pro forma* assignment, if granted, will be to correct the Commission's records to properly reflect that TKO, Inc. has no ownership interest in Station K07XL, and to reflect the proper name of the actual licensee, Reynolds Media, Inc.

The construction permit for Station K07XL was originally issued to TKO, Inc., a corporation which was owned in equal (50/50) shares by Dennis King and Dan Reynolds. In late 2002, Messrs. King and Reynolds found themselves in a corporate deadlock which they resolved by entering into a Settlement Agreement. That Agreement provided, *inter alia*, for "full ownership of the FCC construction permit for K07XL" to be "transferred" to Mr. Reynolds, while Mr. Reynolds would convey all of his interest in TKO, Inc. to Mr. King. Thus, in relevant part, the Agreement contemplated that Messrs. King and Reynolds would separate their interests, with Mr. King retaining 100% ownership of TKO, Inc., but with Mr. Reynolds retaining 100% control of Station K07XL.

To implement that provision, in January, 2003, Messrs. King and Reynolds filed an application (File No. BTCTVL-20030107AAJ). Because ownership of TKO, Inc. was then held 50/50 by the two, they correctly filed their application of Form 316.<sup>1</sup> The goal was to have the

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<sup>1</sup> Form 316 could properly be used in this situation because Messrs. King and Reynolds had each  
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license of Station K07XL assigned to Mr. Reynolds. Unfortunately, through an inadvertent but understandable oversight (probably arising from the language of the Settlement Agreement, which referred to “transfer[ring]” TKO, Inc.’s ownership of the station to Mr. Reynolds), the application was completed to indicate (in Section II, Question 2) that the parties were seeking a transfer of control of a licensee, rather than assignment of a construction permit. While Exhibit 4 to the application clearly indicated that Mr. King was to remain sole stockholder of TKO, Inc., while Mr. Reynolds was to be “transferred full ownership” of the permit, the Commission treated the application as seeking consent to the transfer of control of TKO, Inc. from Mr. King to Mr. Reynolds.

When the parties received approval of that application, they understandably assumed that the Commission had approved Mr. Reynolds’s acquisition of the permit, since that’s what their Settlement Agreement had provided for and that’s what they thought they had applied for. Lending support to that interpretation, the Form 732 issued by the Commission with respect to the grant of the 2003 Form 316 application indicated that the Commission had approved a transfer from Mr. King to Mr. Reynolds. Mr. Reynolds interpreted this as consistent with the terms of the Settlement Agreement, *i.e.*, as assigning to Mr. Reynolds ownership of the station.

The parties did not recognize that the Commission had in fact approved something quite different from that which the parties had sought. According to the Commission’s records, the permittee (and, later, the licensee) of Station K07XL remained TKO, Inc., but (also according to the Commission’s records), Mr. Reynolds was the controlling shareholder of TKO, Inc. This

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*(Footnote continued from preceding page)*

already been approved to hold a controlling 50% interest (thus giving each “negative control” over the corporate permittee), and no previously unapproved party would be acquiring a 50% or greater interest in the permittee.

was plainly at odds with the parties' intent that Mr. King would be sole shareholder of TKO, Inc., while Mr. Reynolds, who would retain no interest in TKO, Inc., would control the station.

Following the approval of the 2003 Form 316 application, Mr. Reynolds submitted multiple applications – for modification of the K07XL permit (File No. BMPTVL-20030529AGJ), for license to cover the permit (File No. BLTVL-20030815ABW), and for renewal of the license (File No. BRTVL-20050323ADJ) – in each of which he identified the applicant as “Dan Reynolds”. This reflects Mr. Reynolds's understanding that, with the grant of the 2003 Form 316, the station's permit was in his name, and the Commission granted each of those applications, which had the effect of reinforcing Mr. Reynolds's understanding in that regard.

Meanwhile, however, the Commission's ownership records continued to show that the TKO, Inc., was the licensee of the station.

This discrepancy came to Mr. Reynolds's attention in early 2006, at which time he attempted again to set the record straight by filing another Form 316 application (File No. BTCTVL-20060221AEI) in which the proposed assignee was identified as Reynolds Media, Inc., an entity owned by Mr. Reynolds. However, it appears that that application, too, sought a “transfer of control” rather than an “assignment of license”. As a result, the Form 732 reflecting the grant of that 2006 Form 316 indicates that the Commission approved a transfer from TKO, Inc. to Reynolds Media, Inc. Accordingly, the Commission's records continued to show that the licensee of the station was TKO, Inc., but control of that entity was now supposedly held by Reynolds Media, Inc.

Recognizing that the Commission's records continued to show TKO, Inc. as the station's licensee, in September, 2006, Mr. Reynolds filed a notice of consummation in the name of

Reynolds Media, Inc. in an attempt to again to set the record straight. That notice was ineffective, and counsel for Mr. Reynolds has since conferred with the Commission's staff and requested that that ineffective notice be dismissed and deleted from the Commission's records.

The instant application is intended to clear up the continued confusion which has plagued the records relative to ownership of Station K07XL, and to achieve the goal which was initially set out in the 2002 Settlement Agreement: assigning the K07XL authorization to Mr. Reynolds (or, in this case, to Reynolds Media, Inc., which is wholly-owned by Mr. Reynolds).

In this application, the "assignor" is identified as TKO, Inc. That is solely because, as discussed above, the Commission's records currently reflect that TKO, Inc., is the station's licensee. Both portions of this application are subscribed to by Mr. Reynolds. This is **NOT** to be interpreted as an indication that Mr. Reynolds is an officer or shareholder of TKO, Inc., *i.e.*, the entity wholly-owned by Mr. King. Rather, Mr. Reynolds's subscription here is intended to be consistent with the muddled state of the Commission's records, which (also as discussed above) appear to reflect, incorrectly, that Mr. Reynolds is the sole owner of TKO, Inc.

Since the purpose of this application is simply to reflect the correct Reynolds-controlled entity which is the licensee of Station K07XL, no long-form (Form 314) assignment application is required here. That is, from the perspective of the Commission's records, there is no substantial change in ownership since the record principal of the assignor (Reynolds Media, Inc.) is identical to the proposed assignee. Similarly, in actual fact, there is no change in substantial ownership: Mr. Reynolds has controlled the station since the Commission's approval of the original transfer of control in 2003, and the current application proposes his continued control.

Mr. Reynolds and Reynolds Media, Inc., sincerely regret the unfortunately complicated and confused history recounted above. However, as noted, Mr. Reynolds has repeatedly

demonstrated his own understanding of the station's ownership since 2003, by identifying himself as the licensee in multiple applications, all of which were granted. Moreover, the Forms 732 which have been granted could reasonably have been misread to indicate that the Commission had already approved what Messrs. King and Reynolds had intended from the beginning. In other words, it is clear that the confusion which has arisen is the result of honest misunderstanding, and not any attempt to deceive the Commission.

Under these circumstances, Mr. Reynolds submits that the instant application should be granted promptly, to set the Commission's records straight at the earliest possible time.