

Agreements and Description of Transaction

Following communications with Commission staff concerning the applications filed in connection with this transaction,¹ the parties to the applications have restructured the proposed transactions.

The instant application is one of five applications for consent to assignment whereby Quincy Newspapers, Inc. (“QNI”) seeks consent to become licensee of the respective station (the “Applications”).

The parties to the Applications propose a transaction that continues the status quo ante, wherein QNI will “step into the shoes” of Granite Broadcasting Corporation (“Granite”) and its subsidiaries in the impacted markets and, as set forth herein, existing operational arrangements will remain substantially unchanged. Specifically, the transaction as amended and restructured contemplates the following:

- QNI will acquire certain FCC licenses and authorizations held by subsidiaries of Granite, as set forth in the table below.

| Call Sign | Fac. ID Number | Current Licensee | Community of License |
|-------------------|-----------------------|--------------------------|-----------------------------|
| WBNG-TV | 23337 | WBNG License, Inc. | Binghamton, NY |
| WEEK-TV | 24801 | WEEK-TV License, Inc. | Peoria, IL |
| KBJR-TV | 33658 | KBJR License, Inc. | Superior, WI |
| KRII ² | 82698 | Channel 11 License, Inc. | Chisholm, MN |
| WISE-TV | 13960 | WISE-TV License, LLC | Fort Wayne, IN |

- Malara Broadcast Group of Fort Wayne Licensee LLC (“Malara Fort Wayne”) will continue as the licensee of WPTA, Fort Wayne, IN (Fac. ID 73905).
- Malara Broadcast Group of Duluth Licensee LLC (“Malara Duluth”) will continue as the licensee of KDLH, Duluth, MN (Fac. ID 4691).
- The Option Exercise Agreements by and among Granite, Malara Fort Wayne, and Malara Duluth dated February 10, 2014 (as amended February 21, 2014) have been terminated.
- Granite subsidiaries currently provide sales and other services to television stations in Peoria, Illinois (WHOI and WAOE), Duluth, Minnesota (KDLH), and Fort Wayne, Indiana (WPTA). In connection with the transaction, Granite will assign to QNI agreements relating to these services, and the agreements will not be affected by the transaction. QNI also will assume Granite’s rights and obligations under an existing Put and Call Option Agreement

¹ See FCC File Nos. BALCDT-20140221ABR (WBNG-TV, Fac. ID No. 23337); BALCDT-20140221ABQ (WEEK-TV, Fac. ID No. 24801); BALCDT-20140221ABO (KRII, Fac. ID No. 82698); BALCDT-20140221ABN (KBJR-TV, Fac. ID No. 33658); BALCDT-20140221ABL (WPTA, Fac. ID No. 73905); BALCDT-20140221ABM (KDLH, Fac. ID No. 4691); and BALCDT-20140221ABS (WISE-TV, Fac. ID 13960).

² The application for QNI to obtain consent to the assignment of the license of KRII includes a request for continued satellite authority, whereby QNI would continue to operate KRII as a satellite of KBJR-TV. See Exhibit 18 of the KRII assignment application.

relating to KDLH and WPTA.

- SagamoreHill of Indiana, LLC and SagamoreHill of Fort Wayne, LLC are no longer parties to the Asset Purchase Agreement, as amended, and are no longer parties to the Applications. Accordingly, the applications filed in FCC File Nos. BALCDT-20140221ABM (KDLH) and BALCDT-20140221ABS (WISE-TV) are being dismissed contemporaneously with the filing of this amendment.
- The Shared Services Agreements, Management Services Agreements, Option Agreements, and Side Letter Agreements between QNI, SagamoreHill of Indiana Licenses, LLC, SagamoreHill of Duluth Licenses, LLC, and Mr. Louis Wall have been terminated.
- The seller and buyer in this transaction have executed an Amendment to the Asset Purchase Agreement to effectuate the changes described above. This document is submitted with the instant application, as amended.
- Neither Malara Duluth nor Malara Fort Wayne, nor any of their affiliates or subsidiaries, has any currently existing loan of which Granite and/or its affiliates or subsidiaries are the guarantor. QNI is not and will not become the guarantor of any loan that any Malara entity might take out in the future.

QNI is a privately-held fifth and sixth generation family-owned media company, which has owned and operated broadcast stations since 1947 and television stations, specifically, since 1953. QNI is committed to the communities and regions it serves by providing the best in local news, community affairs and entertainment. QNI also has a demonstrably strong history of supporting social service and non-profit organizations in its markets and will similarly support such enterprises in the communities served by the stations that are the subject of the proposed transactions. Over QNI's sixty-plus years of public service, various QNI stations have received numerous awards and recognition from local, state and national organizations for consistent leadership in the areas of news, weather, and sports as well as their support of events that promote and enhance the communities they serve.

The proposed transaction will have a significant public interest benefit in all impacted markets, including:

* *All Markets.* QNI will invest in station operations and infrastructure to improve and increase viewers' choices in each market. Quincy plans to invest \$18 million in capital improvements in Peoria, Duluth, Fort Wayne, and Binghamton. These expenditures include upgrades to weather tracking software, news and emergency alert systems, HD master control, IT and phone systems, CALM compliant audio, and DTV encoders. Additionally, QNI will invest \$2 million in interactive and online technologies in each market to deliver news and emergency content online and to mobile devices. Furthermore, QNI will invest in each local communities through its paid internship programs, charitable events and giving, local programming commitment, and local community involvement.

* *Peoria.* QNI plans to invest roughly \$4.5 million in capital improvements in Peoria. These expenditures include upgrades to weather tracking software, news and emergency alert systems, a state-of-the art production control room with HD master control, IT and phone systems, CALM compliant audio, and DTV encoders. These upgrades will provide citizens in the Peoria improved local program service and improved emergency weather coverage.

* *Duluth.* QNI plans to invest roughly \$4.6 million in capital improvements in the Duluth Market. QNI will make all the same upgrades as those specified for Peoria (new weather system, news alert system, HD master control, IT network and phone, CALM compliant audio, and DTV encoders). In addition, QNI will offer more extensive, live, non-simulcast news programming. KBJR-TV and

KDLH will broadcast simultaneous local newscasts competitive with each other, and QNI will expand independent live coverage of local news and weather in each market, increasing public safety in the case of emergency weather coverage. QNI also plans to add original local public affairs programming to be aired on KBJR-TV and KDLH.

* *Fort Wayne.* QNI plans to invest roughly \$5.7 million in capital improvements in Fort Wayne, including \$2 million to construct a new studio at the current WPTA location that will allow both WPTA and WISE-TV to broadcast simultaneous newscasts competitive with each other. QNI will also make all the same upgrades as those specified for Peoria (new weather system, news alert system, HD master control, IT network and phone, CALM compliant audio, and DTV encoders).

* *Binghamton.* QNI plans to invest roughly \$3.2 million in capital improvements in Binghamton. QNI will replicate in Binghamton all the upgrades being made in Peoria to core broadcast equipment. All WBNG content will be broadcast in HD (currently, master control is in SD).

In both the Duluth Market and in Fort Wayne, QNI's provision of news programming to KDLH and WPTA will not exceed 15 percent of either station's weekly programming content. As discussed above, QNI proposes to expand both the quantity and quality of local news programming in both markets. The increase and upgrade in news programming that will ensue are in furtherance of the Commission's stated goals. *See, e.g., Annual Assessment of the Status of Competition in the Market for the Delivery of Video Programming*, Notice of Inquiry, FCC 14-8 (rel. Jan. 31, 2014), ¶ 39 n.76 ("Local news also continues to be a major policy goal of the Commission's media ownership rules.").

Moreover, QNI has a proven track record for collaboration and public interest performance in the fulfillment of sharing arrangements, such as the ones proposed to be continued here. QNI and SagamoreHill of Minnesota Licenses, LLC ("SagamoreHill") have collaborated for nearly a decade in the Rochester-Mason City-Austin market (the "Rochester Market"), with QNI station KTTC providing services to SagamoreHill station KXLT-TV. In the Rochester Market, QNI's provision of services has increased the amount and quality of news offered to SagamoreHill's station's viewers, and, just as importantly, the two stations there often provide their own distinct coverage of events, public service campaigns, and news stories, as determined by their respective licensees. Just as the viewers in the Rochester Market have benefited from the collaborative arrangement between these two broadcasters, it is anticipated that viewers in the Duluth Market and in Fort Wayne will benefit in similar ways from the collaborative arrangements contemplated by the transactions proposed here.

For all these reasons, QNI submits that grant of the instant application would serve the public interest.

Pending License Renewal Applications

A license renewal application is currently pending for WISE-TV. A license renewal application is due to be filed for WBNG-TV by February 2, 2015.

In *Stockholders of CBS Inc.*, 11 FCC Rcd 3733 (1995), the Commission held, and established the precedent, that it may consider and act on an application for the acquisition of multiple broadcast stations, notwithstanding the pendency of any application for renewal of license of one or more of the stations subject to the transaction. It is respectfully requested that the Commission process all of the applications that are the subject of the proposed transactions pursuant to the procedures established in the *CBS* decision. As set forth in Section 1.10(c) of the Asset Purchase Agreement, the respective

assignee has agreed, should it be necessary, to assume the consequences associated with succeeding to the place of the existing renewal applicant if the renewal applications for any of the stations are pending at the time that the parties consummate the proposed transactions.

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