

Amended Description of Transaction July 2015

The instant application, as amended, seeks the Federal Communications Commission's ("FCC's") consent to the assignment of the license for television broadcast station KDLH(TV), Duluth, Minnesota (Facility ID No. 4691) ("Station") from Malara Broadcast Group of Duluth Licensee LLC ("Malara Duluth") to SagamoreHill of Duluth Licenses, LLC ("SHD"). The sole member of SHD is SagamoreHill of Duluth, LLC, and the two entities are hereinafter collectively referred to as "SagamoreHill Duluth."

Malara Broadcast Group, Inc. ("Malara"), Malara Broadcast Group of Duluth LLC ("Malara Intermediary"), Malara Duluth (together, the "Malara Entities") and Granite Broadcasting Corporation ("Granite") are parties to a Put and Call Option Agreement, dated December 8, 2009 (the "Option Agreement") and attached hereto, pursuant to which Granite has the right to acquire the licenses and other assets of the Station, held or owned by the Malara Entities.

Subsequently, pursuant to an Option Exercise Agreement dated July 27, 2015 by and among Granite and the Malara Entities, attached hereto, Granite exercised its option to purchase from the Malara Entities the licenses and other assets of the Station. Also on July 27, 2015, Granite; SagamoreHill Duluth; SagamoreHill of Indiana Licenses, LLC ("SHI"); and SagamoreHill of Indiana, LLC, the sole member of SHI, entered into to an Asset Purchase Agreement dated as of July 27, 2015, pursuant to which, following FCC approval, the license for the Station will be assigned from Granite to SHD.¹ SagamoreHill Indiana, Louis Wall, and Quincy Newspapers, Inc. ("QNI") are also parties to a Side Letter Agreement dated July 27, 2015, attached hereto, which contemplates, among other things, that QNI's proposed acquisition of television station KBJR-TV, Superior, Wisconsin (Facility ID No. 33658), FCC approval for which is being sought in FCC File No. BALCDT-20140221ABN (the "KBJR-TV Application"), will be consummated contemporaneously with the assignment of the Station to SHD.

The parties noted above have restructured the transaction contemplated herein after consultation with Media Bureau staff and in response to concerns raised by the staff. The restructured transaction is compliant with the Commission's March 12, 2014 *Public Notice* and provides multiple public interest benefits.

Upon consummation of the assignment of the license of KDLH to SHD as proposed in the instant application, and the related assignment of the license of KBJR-TV to QNI, the following will occur:

- QNI and SagamoreHill Duluth will enter into a Shared Services Agreement, the form of which is attached hereto, pursuant to which QNI will provide certain technical, administrative and back-office support and business services for the

¹ A separate amendment to the related pending application requesting consent to the assignment of the license of WISE-TV, Fort Wayne, Indiana (Fac. ID No. 13960) to SHI (FCC File No. BALCDT-20140221ABS) is being filed concurrently with this amendment.

Station, all under the supervision and control of SagamoreHill Duluth. The Shared Services Agreement also provides for certain office and facilities leases. The parties also contemplate that QNI will provide some news programming—not to exceed 15 percent of the Station’s weekly programming. A Management Services Agreement by and between SHD and Louis Wall is also attached hereto, which provides that Louis Wall, the President and CEO of SagamoreHill Midwest, LLC, the ultimate parent of SagamoreHill Duluth, will personally provide management services to SHD, including with respect to the finances, programming, and personnel of the Station. Mr. Wall is a television broadcaster with over 30 years of experience working at, managing, and owning local television stations.

- The existing Advertising Representation Agreement by and between Malara Broadcast Group of Duluth, LLC, Granite, and Granite subsidiary KBJR, Inc. dated March 8, 2005, will be assigned to and assumed by SagamoreHill Duluth and QNI, respectively. Pursuant to the agreement, QNI will provide sales services to SagamoreHill Duluth station KDLH. This Advertising Representation Agreement will be eliminated nine months after closing, subject to the waiver request described below.
- There will be no option, financing or loan guarantees between SagamoreHill Duluth and QNI related to KDLH or KBJR-TV.
- QNI will be the assignee of the NBC Network and MyNetworkTV affiliations currently associated with KBJR-TV (and satellite station KRII, Chisholm, Minnesota (Facility ID No. 82698)) and the CBS Network affiliation agreement currently associated with KDLH. NBC Network and MyNetworkTV programming will remain on KBJR-TV (and satellite station KRII). QNI will lease signal capacity from SagamoreHill Duluth so that the CBS Network programming continues to air on KDLH for nine months following the closing.
- SagamoreHill Duluth will be the assignee of the CW Plus Network affiliation agreement currently associated with KDLH and will retain such affiliation. SagamoreHill Duluth will lease signal capacity from QNI so that the CW Plus Network programming is aired on KRII for nine months following the closing.

Nine months after the closing, pursuant to the waiver request described below, the following changes will occur:

- The CBS program stream currently associated with KDLH will be moved from KDLH to KBJR-TV (and satellite station KRII). KBJR-TV and KRII will also retain their NBC Network and MyNetworkTV affiliations.
- The CW Plus Network program stream will remain on KDLH.

As noted above, the parties propose to eliminate the Advertising Representation

Agreement (“JSA”) between KBJR-TV and KDLH nine months after closing the transaction proposed herein. The nine month wind-down period will permit KDLH sufficient time to separate core operating functions, including sales, and to put in place its own management, operations and sales team. A formal request for temporary waiver of the local television ownership rule (47 C.F.R. Section 73.3555(b)) for nine months to allow QNI additional time to come into compliance with the rule by eliminating the JSA in the Duluth market is included in the KBJR-TV Application.

Pending License Renewal Application

A license renewal application is pending for KDLH (FCC File No. BRCDT - 20131202ATD). 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.