

RESPONSE REGARDING QUESTION III.6.a.2

The proposed assignee provides this exhibit in connection with the negative certification, which relates to Section III, Question 6.a.2. In connection with questions 6.a.1, 6.a.3, and 6.a.4, the proposed assignee complies with those aspects of the Commission's multiple ownership rules.

Question 6.a.2 poses the question as to whether the proposed assignment presents an issue with respect to the media interests of immediate family members. The proposed assignee, Minden Television Corporation ("Minden TV"), is wholly owned by Lauren B. Wray. Ms. Wray's father, Edwin N. Wray, Jr., is president and 5% direct owner and, through a usufructuary interest holds an additional 11%, of KTBS, Inc., licensee of KTBS(TV), Shreveport, Louisiana. He serves as the station's General Manager.¹ Minden TV proposes to acquire full service television station KPXJ, Minden, Louisiana. The coverage contours of KTBS and KPXJ overlap.

The instructions to FCC Form 314, worksheet 3, section B (page 6), ask five questions. Explanations regarding those questions are set forth below.

1. *Has the family member who is not included as a party to the application been involved in negotiations with the licensee for acquisition of KPXJ?*

In the circumstances of this case, the answer is yes.

KTBS, Inc., could have acquired KPXJ under the new media ownership rules adopted June 2, 2003.² In fact, the KTBS and KPXJ licensees signed an Asset Purchase Agreement and filed an assignment application.³ Following the stay of the effectiveness of the new ownership rules on September 3, 2003, issued by the United States Court of Appeals for the Third Circuit, KTBS, Inc., cannot own a second local television station under the prior ownership rules, which the Third Circuit ordered the FCC to follow.⁴

KTBS, Inc.'s Asset Purchase Agreement with the licensee allowed KTBS, Inc., to assign the purchase agreement. KTBS, Inc., assigned the agreement to Minden TV. A copy of that assignment is attached to this application. On September 24, 2003, Minden TV signed an Asset

¹ Other family members also have ownership interests in KTBS, Inc., and some of them are officers and directors. One serves as Chairman of the Board of Directors. Mr. Edwin N. Wray, Jr., however, is the only immediate family member who is active in the actual management of the day-to-day operations of KTBS.

² 2002 Biennial Regulatory Review, FCC 03-127, released July 2, 2003.

³ FCC File No. BALCT-20030820ACM. The application has been dismissed. The proposed assignee was River Cities Broadcasting, L.L.C., a limited liability company owned 95% by KTBS, Inc. For purposes of this exhibit, River Cities Broadcasting, L.L.C., will be referred to as KTBS, Inc.

⁴ See *Prometheus Radio Project v. FCC*, No. 03-3388 (3d Cir. Sept. 3, 2003)(per curium); FCC *Public Notice*, DA 03-2867, released September 10, 2003.

Purchase Agreement with Paxson Communications, Inc. of Shreveport-21, Inc., and Paxson Communications License Company, LLC (collectively "Paxson"), and agreed to acquire KPXJ on essentially the same terms and conditions as those set forth in the initial purchase agreement Paxson entered with KTBS, Inc. Since Edwin N. Wray, Jr., was the person who initially negotiated the agreement with Paxson on behalf of KTBS, Inc., and since Minden TV's agreement with Paxson is on substantially the same terms as the KTBS, Inc. agreement, Minden TV responds that the family member was involved in the negotiations with the licensee.

2. *Has the family member who is not included as a party to the application provided financing or otherwise been involved in the process of making financial arrangements for the acquisition of KPXJ?*

In the circumstances of this case, the answer is yes.

As originally proposed, KTBS, Inc., planned to acquire KPXJ, and had deposited in escrow a deposit of \$1,000,000 when the KTBS/Paxson Asset Purchase Agreement was entered. KTBS, Inc., is treating that deposit, plus an additional \$250,000, as a loan to Minden TV. The escrow deposit, therefore, has been assigned and is being held by the escrow agent for the benefit of Minden TV. The total loan amount of \$1,250,000 is being treated as consideration for an option which is discussed in further detail below. The Option Agreement, the Agreement with Respect to Escrow Deposit, and the notice to the Escrow Agent of the assignment of the escrow deposit have been uploaded as separate attachments to the Form 314.

Edwin N. Wray, Jr., initially was seeking bank financing for the balance of the purchase price when KTBS, Inc., was the proposed buyer. Ms. Wray has arranged bank financing for Minden TV's purchase of KPXJ. She availed herself of the bank contacts initially made by her father. The lender will require that KTBS, Inc., serve as a guarantor of the loan.

3. *Is this the first broadcast ownership interest of the family member who is a party to the application?*

Yes.

Other than one share of stock in KTBS, Inc., which Lauren Wray will transfer back to the KTBS, Inc., at or prior to closing on KPXJ, the purchase of KPXJ will be her first attributable ownership interest in a broadcast station. Ms Wray is qualified to own and manage a commercial station by virtue of her experience and educational background. Regarding her formal education, she is a candidate for an MBA from Louisiana State University at Shreveport, and holds a BA in Political Science from Rhodes College in Memphis, which she received in 1999. She served as an intern in the Washington, DC, office of U.S. Representative Jim McCrery (R-La.) in 1997.

She worked in the Washington, D.C., area for two years from 1999 to 2001, with positions at Whitman Associates, Inc. (temporary executive assistant), Potomac Strategies International LLC, Washington, DC (Executive Office Manager, Assistant to President), and National Media, Inc., Alexandria, VA (Research Associate).

Ms. Wray returned to Shreveport, Louisiana, in 2001, where, until last month, she worked at KTBS as a Creative Services Producer and as Traffic Assistant.⁵ While she attended college, she held summer positions at KTBS, as a Community Projects Assistant, a News Department Assistant, and an Accounting Assistant.

In preparation for a career in broadcast ownership, Ms. Wray graduated from the Broadcast Leadership Training Program sponsored by NABEF, the NAB Educational Foundation. The NABEF program targets those individuals who aspire to own stations or become broadcast group executives.⁶ The classes are held in Washington, D.C., at NAB's headquarters, and provide training on specific topics and skills relevant to owning and operating broadcast stations. She attended classes one weekend a month for a 10-month period from September 2002 to June 2003. In addition, Ms. Wray attended a day and a half seminar held at this year's NAB Convention in Las Vegas on April 4 and 5, 2003. Its subject was broadcast journalism for "non-news executives." Ms. Wray also attended the NAB convention.

4. *Are any family members involved together in the management or operation of any media interests located in other areas?*

No

5. *Are there any agreements, arrangements or understandings, either written or oral, between the family members with same-area media interests for participation of one family member in the financial affairs, commercial practices, programming or employment practices of the other family member's media entity? Consider, for example, joint sales agreements, local marketing agreements, and arrangements to share facilities or personnel.*

Such items as a time brokerage agreement and a joint sales agreement are not yet negotiated.

KPXJ and KTBS have been operating under a joint sales arrangement for some time, and recently entered a less-than-15% time brokerage agreement. Those agreements will not be assumed by Minden TV.

Minden TV has entered an Option Agreement, dated September 24, 2003, with KTBS, Inc., a copy of which is attached to this application. Section 2.3 of the Option Agreement provides that Minden TV agrees to negotiate with KTBS, Inc., prior to closing on the purchase of KPXJ, a Time Brokerage Agreement and Joint Sales Agreement that would conform to current FCC rules and policies.

The Option Agreement also grants to KTBS, Inc., a ten-year renewable Option to acquire KPXJ. As consideration for the Option, KTBS, Inc., has agreed to lend Minden TV \$1,250,000.00, the bulk of which is the escrow deposit that KTBS, Inc., deposited in June 2003 in connection with

⁵ Since college, Ms. Wray has maintained a separate residence from her family, except between August 2001 and February 2002, when she was waiting for her new home to be built, which she financed herself.

⁶ See <http://www.nabef.org/BLT/default.asp>.

its purchase agreement with Paxson. The unsecured, non-interest bearing loan will be repaid if KPXJ is sold. The Option is assignable, but any third-party assignment is subject to Minden TV's prior written consent. Moreover, Minden TV can veto the assignment if the proposed assignee is not legally and financially qualified and does not agree to abide by the Option's terms. The Option parties have agreed that the price for the station will be its fair market value based upon the average of two independent appraisals, with one appraiser to be selected by KTBS, Inc., and the other by Minden TV. Minden TV has agreed not to market or sell the station without first consulting the Optionee and obtaining its approval, provided that Minden TV may freely market the station if, after operating it for two years, it experiences negative cash flow for two consecutive years. The Option also grants KTBS, Inc., a right of first refusal should Minden TV receive an unsolicited bona fide offer to purchase the station. Upon receipt of such an offer, Minden TV has the right, but not the obligation, to sell the station for the offering price and terms.

No other arrangements responsive to this question, other than those agreements referenced in this application, are contemplated at this time.