

Nexstar Broadcasting Group, Inc. – Foreign Ownership Compliance Ascertainment

Section 310(b) of the Communications Act states that no broadcast station license shall be granted to, or held by, “(4) any corporation directly or indirectly controlled by any other corporation of which more than one-fourth of the capital stock is owned of record or voted by aliens, their representatives, or by a foreign government or representative thereof, or by any corporation organized under the laws of a foreign country, if the Commission finds that the public interest will be served by the refusal or revocation of such license.” (47 U.S.C. 310(b)(4))

Nexstar Broadcasting, Inc., the applicant in the instant application, is a Delaware corporation whose shares are owned indirectly by Nexstar Broadcasting Group, Inc. (“Nexstar”). Nexstar is a public company listed on the NASDAQ Stock Market under NXST. At March 31, 2014, Nexstar had 30,622,035 shares of its Class A common stock outstanding and zero shares of its Class B common stock outstanding. Accordingly, no more than 7,655,509 shares of Nexstar’s Class A common stock may be held by aliens as defined by the Commission (“Aliens”).

Nexstar’s stock is widely traded, and at any given time there are between 3,500 and 4,000 entities and individuals holding shares of Nexstar’s stock, with such holders holding as little as 1 share of stock to more than 2,000,000 shares each. Control of the company is vested in its Board of Directors.¹ Nexstar’s Board is responsible for appointing the company’s executive officers. Nexstar’s Board of Directors and executive officers are all U.S. citizens.

Nexstar’s Amended and Restated Articles of Incorporation grants Nexstar the right to request and obtain information regarding its shareholders’ citizenship, other ownership interests and affiliations and, should Nexstar determine that a violation of the foreign ownership restrictions may occur or has occurred take such actions to cure such violations and the company deems necessary. However, as a widely traded public corporation with more than 3500 shareholders, determining who those shareholders are at any given time is a difficult task.² Because there is no simple way to monitor and/or survey the more than 3500 shareholders, and assuming that any unknown shareholder is an Alien would result in inaccurate reporting, Nexstar uses third party information to monitor its shareholders and their citizenship status, including the following:

1. Nexstar participates in the Depository Trust Corporation (“DTC”) Seg-100 program which allows for shareholders to deposit foreign-owned shares into segregated account for monitoring of shares held in deposit by Cede & Co. Nexstar is provided with periodic reports from its transfer agent reflecting the total number of its shares placed by shareholders in a Seg-100 account. Since Nexstar became widely traded in May 2013, the number of foreign-owned shares placed by shareholders in Seg-100 accounts has ranged from a low of 1,061,428 shares (reported November 22, 2013) to a high of 2,682,671 shares (reported as of October 4, 2013) or

¹ Nexstar’s Amended and Restated Articles of Incorporation state that “the business and affairs of the Corporation shall be managed by or under the direction of the Board.”

² This task is made significantly more difficult by the Securities and Exchange Commission (“SEC”) regulations which limit a company’s ability to communicate with its shareholders in certain circumstances.

approximately 3.5 percent to 8.8 percent.³ Although this number remains fluid, based on the reported range for the past 12 months, Nexstar assumes that at any given time, approximately 6 percent of its outstanding shares are held in Seg-100 accounts.

2. Nexstar monitors the number of shares held by its current and former officers and directors (i.e., shares known to be owned by U.S. citizens). The percentage of shares held by these individuals plus the number of shares held by individuals personally known to Nexstar's general counsel is approximately 4.2 percent (or approximately 1,300,000) of Nexstar's total shares.

3. Nexstar receives quarterly reports from its investor relations firm (JCIR) reporting the institutional investors which hold Nexstar stock for their own account or on behalf of their investors (the "13-F Report"). These reports are prepared from the reporting institutions Securities and Exchange Commission 13-F filings reported at each quarter's end. Because these reports include information about short interest shares, the total number of shares reported in these reports exceeds the actual number of shares issued by Nexstar and may result in the reporting of more shares held by an entity than such entity actually holds as of the applicable quarter end date. Nonetheless, these reports permit Nexstar's general counsel to monitor its reported institutional shareholders and the number of shares held by such entities on a quarterly basis.

Nexstar's general counsel uses the quarterly institutional investor reports in conjunction with the SEC Edgar search engine to determine each investor entity's jurisdiction of formation. Nexstar considers all shares held by any institution which has a non-U.S. jurisdiction of formation to be Alien shares. Nexstar also researches the 13-F Report entities in the SEC's Investment Advisor Public Disclosure Database, as well as seeks information from these entities own websites investor relations sections.

Nexstar's general counsel also reviews the SEC Form 13-G submitted by those investors required to submit such forms in connection with their ownership of Nexstar stock in order to determine if there is a control entity and the citizenship of the control entity. Finally, Nexstar requests its 13-G filers periodically complete a "citizenship questionnaire."

4. Once per year, in connection with the issuance of its annual meeting proxy notices, Nexstar requests that Broadridge provide it with a NOBO list – i.e., a list of those non-objecting beneficial owners who own shares through a broker or bank who do not object to their ownership information being reported to the issuer (the "NOBO List"). The NOBO List dated as of the April 7, 2014 record date lists 3760 shareholders who collectively hold 4,991,952 shares of Nexstar's Class A stock. Nexstar assumes that a NOBO with a non-U.S. address is an Alien for the purposes of all shares held by such individuals.

³ When an issuer such as Nexstar requests to be included in the Seg-100 program, DTC notifies all participants (holders of shares) that they must apply Seg-100 procedures to trades of that company's stock. Each DTC participant is obligated to make inquiries of their own account holders and place the shares of every holder who is a non-U.S. citizen in the DTC participant's Seg-100 account. This process allows for the issuer to monitor threshold ownership, and if the threshold is exceeded, the issuer can notify DTC of the number of shares that must be transferred out of Seg-100 accounts.

To the extent Nexstar's general counsel determines that the foregoing does not permit for sufficient identification of the citizenship of the company's shareholders in order to assess compliance with the Communications Act and FCC's rules, Nexstar's general counsel uses other generally available online tools (e.g. secretary of state websites, company websites, Hoovers, etc.) to assist in ascertaining shareholder citizenship.

Annual Analysis - 2014

Although Nexstar monitors its Seg-100 account information and reviews its Form 13-F reports routinely, Nexstar conducted a comprehensive analysis of the number of shares held by alien owners in connection with this amendment. Nexstar selected the period covering March 20 to April 10, 2014 as the record period for examination of its foreign ownership. Nexstar selected this range because it includes a SEC quarterly reporting date (March 31) for institutional holders, which is in close proximity to the April 7 record date for Nexstar's 2014 annual meeting as well as a proximate Seg-100 report. The analysis was conducted by Nexstar's general counsel.

Shares Outstanding as of March 31, 2014: 30,622,035
Maximum Permitted Foreign Owned Shares: 7,655,509
Required Number of U.S. Owned Shares: 22,966,526

Pursuant to internal records, Nexstar's executive officers and board of directors collectively held 1,134,903 shares as of the review period. From a review of the NOBO List, Nexstar's former executive officers and other company employees held another 157,166 shares. Another four individuals on the NOBO list personally known to Nexstar's general counsel to be U.S. citizens collectively held 467 shares of Nexstar's Class A common stock. These shares total 1,292,636 of Nexstar's Class A shares (or approximately 4.2%).⁴

The NOBO List includes 101 shareholders with foreign mailing addresses holding collectively 103,875 shares of stock. The DTC Seg-100 report for March 28, 2014 states that there are 2,420,158 shares held in Seg-100 accounts as of that date. Nexstar assumes there is no overlap between these groups and those 2,524,033 shares (or approximately 8%) are reported Alien shares.

Nexstar's general counsel then reviewed the quarterly 13-F Report for the quarter ending March 31, 2014. Eighteen entities collectively reported ownership of 27,145,078 shares.⁵

⁴ Pursuant to the Form 13-F Report, an additional 344,461 shares are held by New York, California, Ohio, Florida and Texas "Retirement" systems. Nexstar considers these entities as U.S. citizens for control purposes and assumes that the shares are beneficially owned by U.S. citizens for equity purposes. Therefore, Nexstar considers the "known" U.S. shareholders to hold approximately 5.3% of Nexstar's total shares.

⁵ The 13-F Report for the period examined included approximately 4.7 million short shares. Although not precise, Nexstar believes the examination of the entities holding the collective 27,145,078 shares is a proximate representation of the shares held by institutional investors in general.

Nexstar examined these eighteen entities for jurisdiction of citizenship.⁶ Information obtained from SEC research of these entities follows.

Entity	Number of Shares Reported in Form 13-F as of /31/2014	Jurisdiction of Formation from SEC Filings	Files Form ADV/ Form Reviewed
1 IC	3,428,002	DE	Yes/Yes
2 IA	3,056,763	DE	Yes/Yes
3 IA	2,922,806	DE/Cayman Islands	Yes/Yes
4 IC	2,236,600	DE	Yes/Yes
5 IC	1,885,430	DE	Yes/Yes
6 IC	1,753,900	NY/Cayman Islands	Yes/Yes
7 Bank	1,650,341	CA	No
8 IA	1,640,525	DE/Cayman Islands	Yes/Yes
9 IA	1,550,605	DE	Yes/Yes
10	1,315,294	PA	Yes/Yes
11	921,432	DE	Yes/Yes
12	817,950	DE	Yes/Yes
13	716,212	DE	Yes/Yes
14	666,698	DE	Yes/Yes
15	656,635	DE	Yes/Yes
16	656,376	DE	Yes/Yes
17	636,696	DE	Yes (filed with affiliated entity)/Yes
18	633,093	DE	Yes/Yes

Total: 27,145,078

IA=Investment Advisor IC=Investment Company⁷

⁶ Nexstar utilized various state government business registration websites to confirm “up-the-chain” jurisdiction of formation as needed.

⁷ Five percent of Nexstar’s outstanding shares equals 1,531,102 shares. Five of the nine entities holding 5% or more of Nexstar’s shares as of March 31, 2014 are Defined Investment Companies under 15 USC 80a-3, insurance companies or bank trust departments, and one is an investment advisor to an investment company. Accordingly, these companies’ interests are not reportable to the FCC until their level of investment reaches 20% or more. Because ownership of Nexstar’s shares is extremely variable and the operation of the company is directed by its board of directors and carried out by its officers, Nexstar does not consider an entity to be reportable unless it holds 5% or more (or 20% or more as applicable) either at the quarter end immediately prior to the biennial ownership reporting date or immediately prior to the submission of an acquisition application (to do otherwise would have Nexstar amending applications to change reported ownership quarterly). Of the remaining four entities, two held a 5% or more interest only as of this reporting date and did not hold such interest as of December 31, 2013 or June 30, 2014 and one no longer held 5% or more at June 30, 2014 . If the remaining entity holds a reportable ownership interest at the time of the next applicable filing, Nexstar will report this entity in such reports/applications.

1. The owners of this entity are domestic (Delaware) entities. This entity reported directly to Nexstar that approximately 2,450,000 of the shares are beneficially owned by an entity that is 0.003% owned by Aliens and that the remaining 978,002 shares are held by 30 different entity employees or clients. Its most recent Form ADV reports that approximately 1% of its clients are foreign. Accordingly, Nexstar deems 9,854 shares to be held by Aliens for equity purposes.
2. This entity is controlled by a Delaware limited liability company, which is managed by two individual members and one additional individual. Upon request, this entity confirmed the managers are U.S. citizens. The entity identified as the direct owner of the shares is approximately 2% owned by Aliens. Accordingly, Nexstar deems 61,135 shares to be held by Aliens for equity purposes.
3. This entity reported to Nexstar that approximately slightly more than half of the shares (approximately 1,500,000) are beneficially owned by its affiliated funds established under Cayman Island jurisdiction, with the remaining shares (1,422,806) beneficially owned by affiliated funds established under Delaware jurisdiction. The affiliated funds under Cayman Island jurisdiction are limited companies whose general partners are a Delaware limited partnership whose general partner is a Delaware limited liability company. The managing member of the Delaware LLC is a U.S. citizen. Approximately 2 percent of the U.S. affiliated funds are beneficially owned by Aliens. Accordingly, Nexstar deems 1,528,456 shares to be held by Aliens for equity purposes.
4. The entity which controls this shareholder is a Delaware limited liability company whose members are US citizens. This entity reports that approximately none of its clients are Aliens. Accordingly, Nexstar deems no shares to be owned by Aliens for equity purposes.
5. The entities which have ownership interests in the reporting entity are established under Delaware jurisdiction whose ultimate control is held by a “control” group. The control group is made up of U.S. citizens. Although the control group has the power to dispose of the shares, the power to vote the shares resides in the Funds Board of Trustees. A review of this entity’s various SEC filings shows that one affiliated entity has beneficial ownership of 1,863,452 of the shares held by this entity. This owner reports that approximately 1% of its clients are Aliens. The remaining 21,978 shares are held by employees of the entity. Accordingly, Nexstar deems 18,635 shares to be held by Aliens for equity purposes.
6. These shares are beneficially owned by an affiliated Cayman Island. Nexstar deems all 1,753,000 shares to be foreign voted and held by Aliens for equity purposes.
7. There is no Form ADV filed for this entity, but its form 13-F states that it is the subsidiary of another Delaware entity. That entity is publicly traded on the NYSE. The board of directors of the public entity is comprised of 18 directors, 12 of whom are U.S. citizens. Each of the Chief Executive Officer and President of both entities are US citizens. The reportable shareholders listed in the publicly traded entity proxy (i.e., those with a 5 percent or greater interest) reflect that 27 percent of this entities common stock is held by U.S. entities and citizens. Accordingly, Nexstar considers these shares to be U.S. controlled for voting purposes. A review of three affiliated ADV forms, which state relationship to the shareholder, report approximately,

zero, 1 and 60% of their clients to be foreign. Accordingly, Nexstar deems 495,102 shares to be held by Aliens for equity purposes.

8. These shares are reported as jointly owned by a Delaware limited liability company and a Cayman Islands limited company. The Cayman Islands entity is managed by the Delaware entity and the managing member of the Delaware entity is U.S. citizen. The Form ADV for the Delaware entity reports that approximately 66% of its clients are Aliens, and for the Cayman entity, the Form ADV reports that is 42% beneficially owned by Aliens. Accordingly, Nexstar deems 1,082,746 shares to be held by Aliens for equity purposes.

9. These shares are reported as jointly owned by a Cayman Islands entity and four Delaware entities that are all ultimately owned or controlled by a U.S. citizen. For the Cayman entity, 35% is foreign owned. Accordingly, Nexstar deems 542,712 shares to be held by Aliens for equity purposes.

10. This entity is owned by 35 separate funds, all of which are domestic entities. The entity's president, CEO and chairman is a U.S. citizen, as are other officers and directors whose citizenship was checked. The entity reports that approximately 37% of its clients are foreign. Accordingly, Nexstar deems 486,658 shares to be held by Aliens for equity purposes.

11. This entity's shareholders are individuals and two domestic entity trusts. Its control officers are U.S. citizens. The entity reports that approximately 1% of its clients are foreign. Accordingly, Nexstar deems 9,214 shares to be held by Aliens for equity purposes.

12. This entity's sole shareholder is a Delaware entity whose sole shareholder is a Delaware entity, whose sole shareholder is a Delaware entity which is publicly traded on the NYSE. Its control officers are US citizens. The entity reports that approximately 60% of its clients are foreign. Accordingly, Nexstar deems 539,847 shares to be held by Aliens for equity purposes.

13. This entity is a Delaware limited partnership whose general and limited partners are domestic (Delaware) entities. Its control officers are U.S. citizens. The entity reports that approximately 24% of its clients are foreign. Accordingly, Nexstar deems 171,890 shares to be held by Aliens for equity purposes.

14. This entity is a Delaware corporation whose sole shareholder is a domestic (Delaware) entity, whose sole shareholder is a domestic (Delaware) entity. The entity's control officers whose citizenship were checked are U.S. citizens. The entity reports that approximately 0% of its clients are foreign. Accordingly, Nexstar deems no shares to be held by Aliens for equity purposes.

15. This entity is owned by four individual members. The entity reports that approximately 2% of its clients are foreign. Accordingly, Nexstar deems 13,133 shares to be held by Aliens for equity purposes.

16. This entity is owned by a domestic general partner, which is wholly owned by a U.S. citizen. The entity reports that approximately 40% of its clients are foreign. Accordingly, Nexstar deems 262,550 shares to be held by Aliens for equity purposes.

17. The beneficial owner of this entity is a domestic (Delaware) company traded on the NYSE. The entity's control officers whose citizenship were checked are U.S. citizens. The entity reports that approximately 43% of its clients are foreign. Accordingly, Nexstar deems 273,779 shares to be held by Aliens for equity purposes.

18. The general and limited partners of this entity are domestic (Delaware) limited liability companies (and the limited partner is the sole member of the general partner). The majority owner of the controlling limited liability company is a U.S. citizen and the entity is managed by a committee comprised of 7 individuals. The entity reports that approximately % of its clients are foreign. Accordingly, Nexstar deems 6,331 shares to be held by Aliens for equity purposes.

Voting Control: Based on the foregoing, Nexstar deems that voting control over its shares is greater than 90% held by U.S. citizens and entities.

Beneficial Equity Ownership: Based on the foregoing, approximately 7,255,042 shares (or 23.7%) of Nexstar's shares would be considered held by Aliens. Although this is significantly higher than the number of shares reported by these entities in their Seg-100 accounts, it is less than 25 percent, as required by the Communications Act. Nexstar believes the actual number of foreign owned shares is likely between the two numbers.