Exhibit 18

1. Introduction

By this application, Red River Broadcast Co., LLC ("Red River") and Gray Television Licensee, LLC ("Gray") hereby request the Commission's consent to the assignment of KDLT-TV, Sioux Falls, South Dakota (Facility ID 55379) and satellite station KDLV-TV, Mitchell, South Dakota (Facility ID 55375) in the Sioux Falls, South Dakota Designated Market Area ("DMA") from Red River to Gray. Gray currently owns and operates KSFY-TV, Sioux Falls, South Dakota (Facility ID 58658) in the Sioux Falls DMA. Because KSFY-TV and KDLT-TV are both ranked by Nielsen as top four stations in the market, the Commission must review the instant application using its newly adopted case-by-case approach. Under that approach, the Commission reviews an application to determine if the public interest benefits of the proposed combination outweigh any alleged harms. The proposed transaction, if consummated, clearly would allow Gray to operate KSFY-TV and KDLT-TV together to increase efficiencies, reinvest capital resources to improve the stations' service to their viewers, and improve the stations' abilities to compete with the dominant in-market station – KELO-TV. The instant application makes clear that the public interest benefits of the proposed transaction undoubtedly outweigh any possible harms; therefore, the applicants urge the Commission to promptly grant Gray's request to the assignment of the licenses for KDLT-TV and KDLV-TV.

In addition, Gray seeks FCC consent to the reauthorization of KDLV-TV as a television satellite station. KDLV-TV currently is authorized to serve as a television satellite station of KDLT-TV. Gray seeks the reauthorization of KDLV-TV as a television satellite station to allow Gray to continue delivering over-the air broadcast service to viewers in Mitchell, South Dakota. As described in further detail below, Gray has met the presumptive satellite waiver test or it has met its burden under the *ad hoc* test; accordingly, grant of Gray's request to reauthorize KDLV-TV as a television satellite station of KDLT-TV is in the public interest.

2. Top-Four Compliance Statement

Gray seeks the Commission's consent to the assignment of KDLT-TV, historically the third ranked station in the Sioux Falls (Mitchell) Nielsen DMA. Because Gray is the licensee of KSFY-TV, historically the second ranked station in the market, Gray respectfully requests a Commission determination that Gray's ownership of KDLT-TV and KSFY-TV will serve the public interest, warranting grant of this application.

In its *Order on Reconsideration* in the media ownership proceeding, the Commission modified its local television ownership rule.[1] Prior to the *Order on Reconsideration*, the Commission's rules prohibited any entity from owning two stations unless there were eight independent voices remaining in the market (the "Eight-Voices Test") after the proposed

[1] 2014 Quadrennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996, *Order on Reconsideration and Notice of Proposed Rulemaking*, 32 FCC Rcd 9802 (2017) (*Order on Reconsideration*).

combination. Moreover, the Commission's rules prohibited any entity from acquiring a second top-four television station in a market. In the *Order on Reconsideration*, the Commission eliminated the Eight-Voices Test. In addition, the Commission adopted a case-by-case approach for evaluating proposals seeking common ownership of two top-four stations .[2] To determine whether the public interest benefits of such proposals outweigh the potential for reduced competition, the Commission will consider information such as: "(1) ratings share data of the stations proposed to be combined compared with other stations in the market; (2) revenue share data of the stations proposed to be combined compared with other stations in the market, including advertising (on-air and digital) and retransmission consent fees; (3) market characteristics, such as population and the number and types of broadcast television stations serving the market (including any strong competitors outside the top-four rated broadcast television stations); (4) the likely effects on programming meeting the needs and interests of the community; and (5) any other circumstances impacting the market, particularly any disparities primarily impacting small and mid-sized markets."[3]

Gray requests that the Commission permit it to acquire the license for KDLT-TV so that the combined stations can enhance competition in the Sioux Falls market in ways that neither station can accomplish alone. The proposed combination would permit Gray to invest more into the programming and facilities of both KDLT-TV and KSFY-TV – a result that will make KDLT-TV a stronger competitor in the market and allow KDLT-TV to better serve its viewers in the market. Moreover, permitting this combination will permit legitimate competition in the Sioux Falls TV broadcasting market to occur for the first time. Until the proposed transaction, the Sioux Falls market has been characterized by massive concentration of market share in a single station – Nexstar's KELO-TV – and a fragmented market of undersized competitors. Allowing the proposed acquisition will create economies of scale that will permit Gray to compete with KELO-TV with a strength no station in the market can muster today.

a. *Ratings Share Data*

Ratings in the Sioux Falls DMA illustrate the dominance of KELO-TV and the dire need for an effective competitor in the form of a commonly owned KDLT-TV/KSFY-TV combination. When it comes to ratings, KELO-TV is the undisputed rating and market share leader in Sioux Falls by a very wide margin. As of the date of this application, KDLT-TV and KSFY-TV are the {{**BEGIN HCI** **END HCI**}} ranked station, respectively. KELO-TV is {{**BEGIN HCI** **END HCI**}} ranked station in the market and one of the top ranked CBS affiliates in the country. KTTW(DT) is the {{**BEGIN HCI** **END HCI**}} ranked station in the market.

Over the last three years, KELO-TV has been the top ranked station by a very wide margin in every single sweeps period.[4] In fact, KELO-TV's audience share exceeded the

[2] *Order on Reconsideration* at 9836 ¶ 78.

[3] *Order on Reconsideration* at 9838-39 ¶ 82.

[4] *See* Exhibit A – Nielsen audience share data for 9 a.m. – midnight daypart **[FILED CONFIDENTIALLY].** Section 73.3555(b) of the Commission's rules refers to all-day

combined share of KDLT-TV and KSFY-TV in each of the sweeps periods from 2015 – 2017.[5] The only period over the past several years when KDLT-TV and KSFY-TV's combined audience share exceeded that of KELO-TV was during the February 2018 sweeps, when KDLT-TV, an NBC affiliate, aired the Super Bowl and then the Winter Olympics, which {{**BEGIN HCI** **END HCI**}} KDLT-TV's audience share as compared to KDLT-TV's share for the three previous February sweeps periods.

While KELO-TV asserts its audience share dominance over the market, the remaining stations in the market are left to compete with each other for the remaining viewers. For example, in the November 2017 sweeps period, KELO-TV had an audience share of {{**BEGIN HCI** **END HCI**}}. During that same period, KSFY-TV, KDLT-TV, and KTTW(DT) had audience shares of {{**BEGIN HCI** **END HCI**}}, respectively. KUSD-TV, the local PBS affiliate, was not far behind with an audience share of {{**BEGIN HCI** **END HCI**}}.

Ratings for locally produced newscasts show an even starker difference. KELO-TV has been the top ranked news station since it began broadcasting as the first broadcast television station in South Dakota in 1953.[6] Gray estimates that KELO-TV's newsroom employs approximately 44% more employees than KDLT-TV and 22% more than KSFY-TV. Moreover, a focused review of the audience shares for locally produced newscast highlights the strong performance of KELO-TV.[7] Exhibit C provides the audience shares for each locally produced newscast that airs on KELO-TV, KSFY-TV, and KDLT-TV.[8] For each of the sweeps period

audience share (9 a.m. – midnight) with respect to determining whether a station is considered a top-four station at the time an assignment application is filed. Exhibit A includes the 9 a.m. – midnight audience share data. In addition, Gray submits as Exhibit B **[FILED CONFIDENTIALLY]**, the Nielsen audience share data for the 3 a.m. – 3 a.m. daypart, which more accurately reflects viewership in the local market, because it includes ratings for locally produced newscasts that the stations air outside of the 9 a.m. – midnight time frame.

[5] KELO-TV's audience share exceeded the combined audience share of KDLT-TV and KSFY-TV regardless of whether one compares that data using the 9 a.m. – midnight or the 3 a.m. – 3 a.m. data.

[6] *See* KELOLAND TV, *KELOLAND TV Dominates February 2016 Ratings* (Apr. 11, 2016), http://www.keloland.com/news/article/your-money-matters/keloland-tv-dominates-february-2016-ratings

[7] *See* KELOLAND TV, *KELOLAND TV Dominates February 2016 Ratings* (Apr. 11, 2016), http://www.keloland.com/news/article/your-money-matters/keloland-tv-dominates-february-2016-ratings; Corey Allen Heidelberger, *KELO Thumps KSFY, KDLT in News Ratings*, DAKOTA FREE PRESS (Apr. 2, 2015), https://dakotafreepress.com/2015/04/02/kelo-thumps-ksfy-kdlt-in-news-ratings/; KELOLAND TV, *KELOLAND TV Dominates February Ratings* (Apr. 1, 2015), http://www.keloland.com/news/article/your-money-matters/keloland-tv-dominates-february-ratings.

[8] KTTW(DT) does not air a locally produced newscast. The data also include ratings for local newscasts that KELO-TV produces and airs on one of the station's digital subchannels. KELO-

since the beginning of 2015, KELO-TV has had at least the top {{**BEGIN HCI** **END HCI**}} newscasts measured by audience share for each given period.[9] Indeed, in each of the sweeps periods, KELO-TV has had several newscasts that have {{**BEGIN HCI** **END HCI**}} the audience share of the top rated newscast produced by KDLT-TV or KSFY-TV. KELO-TV has had {{**BEGIN HCI** **END HCI**}}of the top 10 locally produced newscasts and more than {{**BEGIN HCI** **END HCI**}}of the top 15 locally produced newscasts since the start of 2015. Thus, KELO-TV's near-monopoly on news viewership in Sioux Falls is beyond question.

Finally, stations in the Sioux Falls market also compete with cable networks that often out-perform stations in the market. As the audience share data included in Exhibits A and B demonstrates, the combined audience shares for cable networks closely rival the combined audience shares for the broadcast television stations.[10] For example, in the last year, cable networks' total audience share exceeded the total of the broadcast audience shares in two of the four sweeps periods:

{{**BEGIN HCI**

END HCI}}

TV is the only station in the market that currently airs a locally produced newscast on one of its digital subchannels.

[9] *See* Exhibit C. **[FILED CONFIDENTIALLY]** Because a number of the stations' locally produced newscasts air outside the 9 a.m. – midnight time frame, Gray has used the ratings for locally produced newscasts in the 3 a.m. – 3 a.m. time period.

[10] *See* Exhibits A and B.

b. *Revenue Share Data*[11]

Gray attaches hereto an economic analysis conducted by Dr. Mark R. Fratrik, Sr. Vice President, Chief Economist at BIA Advisory Services, LLC that concludes "the result of the proposed acquisition is quite positive" from a market competition standpoint.[12] As demonstrated in his report, KELO-TV's dominance in audience share is reflected in the amount of local advertising revenue KELO-TV is able to collect. Over the past five years, KELO-TV's share of the local advertising revenue has far exceeded the combined share of KDLT-TV and KSFY-TV. Over that five year period, the combined local advertising market share of KDLT-TV and KSFY-TV never exceeded 35.7% while KELO-TV's market revenue share never fell below 56.6%. Indeed, over that same period of time, KELO-TV averaged more than 40% additional local advertising revenue than KDLT-TV and KSFY-TV combined.

SNL estimates on local advertising revenue shares are similar to those from BIA Advisory Services.[13] Specifically, the following chart provides SNL's estimates for local broadcast television revenue shares for the four commercial stations in the Sioux Falls market:

[11] Gray has not included herein an analysis of retransmission consent revenue for the Sioux Falls market. While SNL Kagan and BIA Advisory Services prepare estimates of retransmission consent revenues for every station in the country, those estimates are based on data extrapolated from public company reports, and for non-public companies, the estimates are not based on data that is made available publicly. These estimated retransmission consent revenues cannot be used to accurately compare in-market television stations, because rates included in retransmission consent agreements are not based upon local market factors. Instead, they depend on a number of unrelated factors, including when the agreements with MVPDs were signed, the number of subscribers for each MVPD, competition from cable networks, inclusion of rights to retransmit station programming through an over-the-top provider, and many other factors that are not based upon the competitive balance within a station's local market. Moreover, large station groups often negotiate retransmission consent agreements with large nationwide or regional MVPDs on a nationwide basis without taking into account any specific provisions based upon an included station's performance in its respective market. Retransmission consent revenue numbers also are gross estimated revenues, not net. Therefore, they do not account for the high cost of programming, which varies from station to station and market to market.

[12] *See* Exhibit D at p. 16.

[13] *See* Exhibit E. **[FILED CONFIDENTIALLY]**

{{**BEGIN HCI**

END HCI}}

The above chart demonstrates the stark reality for KSFY-TV, KDLT-TV, and KTTW(DT). KELO-TV has held a consistently high share of the market's advertising revenue. And even as KSFY-TV and KDLT-TV make small improvements in their share of advertising revenue, it is not at the expense of KELO-TV's share. In other words, while KSFY-TV, KDLT-TV, and KTTW(DT) vigorously compete with one another, they simply are not able to compete with KELO-TV on their own.

The above analysis does not consider the economic competition that local broadcast television stations face from MVPDs, newspapers, radio broadcast stations, and various online competitors. As demonstrated in Dr. Fratrik's report, a combined KDLT-TV and KSFY-TV operation would have only a small portion of the total local advertising revenue generated by the Sioux Falls market, and that portion would be dwarfed by the revenue shares of several other entities, including KELO-TV.[14]

c. *Market Characteristics and Other Circumstances Impacting the Market*

The Sioux Falls DMA, Nielsen's 110th ranked market, is geographically expansive and sparsely populated. It includes 59 counties across central and eastern South Dakota, southwest Minnesota, northwest Iowa, and northern Nebraska. The region covers almost 57,000 square miles – larger than the combined area of the Washington, DC (Hagerstown), Baltimore, Philadelphia, Harrisburg-Lancaster-Lebanon-York, Johnston-Altoona, Wilkes Barre-Scranton-Hazelton, and Salisbury DMAs. By comparison, according to Nielsen, the 252,660 television households in the Sioux Falls DMA are only 3% of the combined 8,092,930 TV Households in the comparable land area composed Washington, DC (Hagerstown), Baltimore, Philadelphia, Harrisburg-Lancaster-Lebanon-York, Johnston-Altoona, Wilkes Barre-Scranton-Hazelton, and Salisbury DMAs.[15] Indeed, with a population of approximately 709,500 the Sioux Falls DMA has 20% fewer residents than Montgomery County, Maryland. And the 252,660 TV households in Sioux the Falls DMA are fewer than those in Prince George's County, Maryland.

[14] *See* Exhibit D at pp 8-11.

[15] *See* Nielsen, *Local Television Market Universe Estimates*, TVB (last visited May 14, 2018), http://www.tvb.org/Portals/0/media/file/DMA/2017_2018_DMA_Ranks.pdf.

Serving an expansive, thinly populated DMA like Sioux Falls creates special challenges and additional costs that can be ameliorated by joint ownership and coordinated operations. Five full power television stations are licensed to Sioux Falls. Each licensee operates a combination of full power television satellite stations and/or low power television and translator stations to help it place an over-the-air signal over areas of the market outside their service contours.[16] Operating these networks of stations is the only way for Sioux Falls stations to reach the viewers in less densely populated areas. But operation of these wide-area transmission systems carries a high cost in terms of construction, maintenance, and operating costs. In a market like Sioux Falls where the available revenue is highly concentrated in a single, dominant station, these high input costs have a disproportionately negative impact on the non-dominant stations in the market. This solution, however, increases the operating costs for each licensee in the market. In terms of content production costs, Gray faces higher than average costs, because it seeks to produce stories that cover the issues of most significance to viewers across the 59 counties that comprise the DMA.

Mid-sized markets like Sioux Falls can support fewer independent broadcast stations, because there are limited revenue opportunities from which to cover the high fixed capital and operating costs associated with running a station. As a result of high fixed costs, producing and distributing the first unit of content is expensive, but the cost of distributing content to additional consumers is very low. Broadcasters have high break-even points, which puts pressure on them to generate sufficient revenue to pay for their high fixed costs. By combining broadcast stations with complementary geographic footprints, this transaction provides Gray with the opportunity and incentive to pool news resources and eliminate other duplicative resources, thus realizing the substantial cost-saving efficiencies and accompanying economies of scale and scope that a combined operation can provide.

It is well-established that broadcasters generate economies of scope by spreading substantial upfront capital investments across a broad base that is sufficient in audience size to generate a return on the investments, which comes from the opportunity to monetize the content by selling advertising space to meet customers' demand for those services. It is a standard economic implication that fixed cost investments require scale to be profitable. Upfront investments that must be made by any broadcaster in any market, *regardless of the size of the DMA, the breadth of the viewers, and amount of demand for local advertising services*, include the costs to acquire a license, building/maintaining studio facilities, hiring talented staff to produce and distribute content, operating digital facilities, acquiring and/or producing high quality network, syndicated and local programming efficiently, promoting this programming in a very crowded media marketplace, and selling advertising inventory in sufficient quantities and at sufficient rates to generate the income needed to support the station's broadcasting activities. Accordingly, realization of economies of scope is important because they "are associated with falling unit costs of production – that is, with the production of more output at lower average cost – and hence are *prima facie* welfare enhancing."[17] As described above, the large size of the

[16] *See* Exhibit F.

[17] Jeffrey A. Eisenach & Kevin W. Caves, *The Effects of Regulation on Economies of Scale and Scope in TV Broadcasting*, at 1 (attached to the Reply Comments of the National Association of

Sioux Falls market and the additional fixed-cost expense of constructing and maintaining satellite and/or translator networks throughout the DMA make the ability to realize efficiencies of scale and scope even more important for KSFY-TV and KDLT-TV.

In creating economies of scale, and a lower-cost structure for the combined broadcast operations of KSFY-TV and KDLT-TV in Sioux Falls, the transaction will make it economically feasible for Gray to implement the types of upgrades and quality improvements to KDLT-TV that it has made for its own stations and stations it has previously acquired, including state-of-the-art technology, newsgathering and improved talent. It is a standard economic result, that by spreading these investments over a larger audience and base of advertising customers, the investments will be more profitable. In turn, incremental investments incentivized by the lower cost and higher return are expected to lead to increased content and advertising slots. That result is predicted by economic theory and borne out by Gray's experience. Permitting Gray to purchase KDLT-TV will enable Gray to repeat that experience here to the great benefit of competition in the Sioux Falls market.

d. *Effects on Programming Meeting the Needs and Interests of the Community*

Gray's acquisition of KDLT-TV will produce significant efficiencies that will incentivize Gray, in line with its operating philosophy and track record, to invest further in the combined stations to the benefit of viewers and its advertising customers, in particular through improved local news coverage. Gray is incentivized to do this with the hope and expectation of *improving its ratings*, which will make the inventory on both stations more valuable to advertisers by expanding their reach to a broader audience.

Gray expects to be able to pool its news assets in Sioux Falls with those of Gray's stations in Rapid City to cover regional developments in more depth and at lower costs than either it or Red River could today. Gray also operates a Washington, DC news bureau providing an important outlet for lawmakers in Washington to reach their constituents back home in Gray's markets. Gray will look for ways to allow its seasoned reporters in its Washington news bureau to bring content from Washington to KDLT-TV in a way that is not possible under the station's current ownership. Gray will realize economies of scope by gaining additional complementary platforms (e.g., KDLT-TV's over-the-air signal, websites, applications, and social media platforms) for distribution of high-quality regional content. These increased distribution opportunities will fuel increased quantities of such programming. Realizing such economies of scope is an important part of Gray's transaction rationale, as it seeks to offer deliver best-in-class local news to its Sioux Falls viewers.

In addition to improving the quality of news and other regional/local content, Gray also contemplates other complimentary measures that will strengthen Gray's service to its viewers. Some of the improvements may include:

Broadcasters, *In re Amendment of the Commission's Rules Related to Retransmission Consent,* MB Docket No. 10-71 (Jun. 27, 2011)).

- Creation of a news bureau in Pierre, the capital of South Dakota, from which Gray's local personnel could create content that is focused on the major issues that impact the state. Gray could then distribute this content among its stations in the Sioux Falls and the Rapid City DMAs.
- Adding ABC network affiliated programming to a multicast channel of the KDLT-TV satellite station and NBC network-affiliated programming to a multicast channel of KSFY-TV's satellite station, thereby delivering a first over-the-air network service to 80,000 households (approximately one-third of the households in the Sioux Falls market) that don't currently receive it.
- Utilizing the low power television stations to resume broadcasting KSFY-TV's over-the-air signal in the Aberdeen, South Dakota area.
- Purchase and install a state of the art weather radar that will provide more accurate information about severe weather impacting the Sioux Falls market. This is particularly important for viewers in the market, because the area is prone to severe weather.[18] New radar equipment also will allow Gray to compete more effectively with KELO-TV's weather coverage, which uses three low power radars in the market.
- Upgrade the stations' physical plant with the latest workstations, equipment and software.
- Expand the stations' coverage of local sports and events.

In sum, because Gray's common ownership of KSFY-TV and KDLT-TV would serve the public interest, convenience, and necessity without a countervailing harm to the public, the Commission should permit common ownership of the stations under Section 73.3555(b)(2) of its rules.

3. <u>Request for Continuation of Satellite Waiver</u>

Red River commonly owns and operates the Stations in the Sioux Falls (Mitchell) DMA. Red River has operated KDLV-TV (formerly KDLT-TV) as a satellite of KDLT-TV since receiving approval to do so in 1997.[19] Gray, the proposed assignee of the stations, respectfully requests continuation of the satellite waiver so the KDLV-TV may maintain its historic operating status and continue to serve the public.[20]

[18] For example, in the five year period from 2012 through 2016, there were 93 tornadoes in the Sioux Falls DMA. *See* Joshua Lietz, Tornado History Project (last visited May 14, 2018), http://www.tornadohistoryproject.com/.

[19] *See* Red River Broadcast Corp., *Memorandum Opinion and Order*, 12 FCC Rcd 2548 (1997).

[20] The Commission has adopted a *Notice of Proposed Rulemaking* that proposes to "streamline" certain requests to reauthorize a television satellite station in connection with the assignment or transfer of currently authorized satellite stations. *See* Streamlined Reauthorization Procedures for Assigned or Transferred Television Satellite Stations, *Notice of Proposed Rulemaking*, FCC 18-34 (rel. Mar. 23, 2018).

In *Television Satellite Stations Review of Policy and Rules*,[21] the Commission set out three criteria under which the Commission will presume that the common ownership of a main and satellite station is in the public interest. Those criteria are that: (1) there is no City Grade overlap between the parent and satellite stations; (2) the proposed satellite will provide service to an underserved area; and (3) no alternative operator is ready and able to construct or purchase and operate the satellite as a full-service station.[22] Alternatively, if the applicant cannot meet the requirements to qualify for the presumption, the Commission reviews proposals on an *ad hoc* basis to determine whether compelling circumstances warrant grant of the application.[23]

Continued satellite treatment for KDLV-TV in the Sioux Falls (Mitchell) DMA is appropriate. The DMA covers a vast area. It is made of some 59 counties located in four different states and covers more than half of South Dakota. Each of the top four network affiliates in the market is licensed to the population center of Sioux Falls and operates one or more satellite stations to extend its coverage throughout the DMA. The sheer size of the DMA dictates that the stations licensed to Sioux Falls must rely on television satellite stations or low power stations to reach the widely-dispersed viewers throughout the market.

Given the sheer size of the DMA, the consistent historic treatment of the stations as satellites, and the fact that the other major network affiliates in the DMA also rely on satellites, Gray satisfies the *ad hoc* satellite test. Nevertheless, because Gray can also demonstrate compliance under the presumptive satellite waiver test, Gray submits that continued satellite authority serves the public interest based on the satisfaction of that test.

With respect to the first criterion of the presumptive satellite waiver test, due to the digital transition, the City Grade contour no longer exists.[24] Nevertheless, the Commission will consider whether the station's analog City Grade contours overlapped prior to the transition.[25] As shown in Exhibit G, the former analog City Grade contours for the stations did not overlap.[26] Therefore, both stations satisfy the first prong of the presumptive satellite waiver test.

With respect to the second criterion, Mitchell, South Dakota is underserved. An applicant may demonstrate that a proposed satellite station serves an underserved area by demonstrating either (a) that there are two or fewer television stations (including commercial, noncommercial, and satellite stations) licensed to the station's community of license (the "transmission test") or (b) that 25 percent or more of the area within the satellite station's Grade B contour, but outside the parent station's Grade B contour, is served by four or fewer full-power

[21] *Television Satellite Stations Review of Policy and Rules*, 6 FCC Rcd 4212 (1991).

[22] *Id.* at 4213.

[23] *Id.* at 4214.

[24] *New Young Broadcasting Holding Company, Inc.*, 25 FCC Rcd 7518, 7519 (MB 2010).

[25] *ION Media Networks Liquidating Trust*, 24 FCC Rcd 14579 (MB 2009) (noting that the stations previous analog City Grade contours of the respective stations did not overlap prior to the transition to digital broadcasting).

[26] *See* Exhibit G. As demonstrated in Exhibit G, the station's digital contours overlap slightly.

television station (the "reception test"). The transmission test is satisfied here because KDLV-TV is the only full power television station licensed to Mitchell, South Dakota.

KDLV-TV also meets the third prong of the FCC's presumptive standard because there is no alternative operator that is willing to operate KDLV-TV as a stand-alone station. As described in the attached letter from Mr. Frank Higney, no rationale buyer would purchase KDLV-TV as a stand-alone station.[27] Of note, major broadcast television networks, including, ABC, CBS, NBC, FOX, and CW already have full-power affiliates in the market, thus any entity that wished to operate KDLV-TV on a stand-alone basis would need to do so without a major network affiliation. Moreover, while the Sioux Falls (Mitchell) DMA has approximately 252,660 TV households,[28] KDLV-TV covers the Mitchell, South Dakota – a small outlying community in the market with a total population of just 15,729.[29] Finally, each of the full power stations in the market operates at least one satellite station in order to provide an over-the-air signal to parts of the DMA that are not covered by the parent station. Any potential buyer for KDLV-TV, therefore, would need to identify alternative methods (which are often more expensive than operating a satellite station) for distributing its content to over-the-air viewers and cable systems that are outside the station's coverage area. Unsurprisingly, no buyers have expressed interest in KDLV-TV as a standalone station.

Based on the foregoing, Gray asserts that the Commission should find that Gray has met the presumptive satellite waiver test. In the alternative, Gray asks that the Commission grant the request for continuation of the satellite waiver because Gray meets its burden under the *ad hoc* test.

[27] *See* Exhibit H.

[28] TVB, Sioux Falls (Mitchell), SD (2016), https://www.tvb.org/Public/MarketsStations/Markets/MarketProfile.aspx?@IP_IDENTITY_MCID=0000022864

[29] United States Census Bureau, Quick Facts Mitchell city, South Dakota, https://www.census.gov/quickfacts/fact/table/mitchellcitysouthdakota/PST045216.

Exhibit A

Nielsen Audience Share Data for 9 a.m. – Midnight Daypart

REDACTED

Exhibit B

Nielsen Audience Share Data for the 3 a.m. – 3 a.m. Daypart

REDACTED

Exhibit C

Local Newscast Audience Shares

REDACTED

Exhibit D

Economic Analysis in Support of Compliance Statement for Gray Television Acquisition of KDLT-TV, Sioux Falls, South Dakota prepared by Dr. Mark Fratrik, Ph.D., Sr. Vice President, Chief Economist, BIA Advisory Services, LLC

ECONOMIC ANALYSIS IN SUPPORT OF COMPLIANCE STATEMENT

FOR GRAY TELEVISION

ACQUISITION OF KDLT-TV, SIOUX FALLS, SD

Mark R. Fratrik, Ph.D.

Sr. Vice President, Chief Economist

BIA Advisory Services, LLC

May 10, 2018

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Introduction

In the most recent revision of the ownership rules[1] the Federal Communications Commission (FCC) recognized the "evolving video marketplace"[2] when it relaxed some local television ownership rules. One rule it relaxed was the prohibition on allowing two top-four television stations (in terms of audience share) to be combined in a local market. The FCC has now opted to use a new hybrid, case-by-case approach to determine whether it will permit a combination of two top-four television stations. The FCC recognized that "[t]his revised rule will continue to promote robust competition in local markets while also facilitating transactions, in appropriate circumstances, that will allow broadcast stations to achieve economies of scale and better serve their local viewers."[3]

Gray Television ("Gray") is seeking the FCC's approval under this revised rule for its acquisition of KDLT-TV, Sioux Falls, South Dakota, which is ranked third in the Sioux Falls Designated Market Area ("DMA"). The Sioux Falls DMA is dominated by a single station – KELO-TV – which alone consumes more than half of the available advertising revenue in the market. Gray Television already owns KSFY-TV, the second ranked station in that market, which takes in less than half the annual local advertising revenue in the market. KDLT-TV realizes only one-third of the annual local advertising revenue of KELO-TV, and the total advertising share of the KSFY-TV/KDLT-TV combination still would be significantly less than KELO-TV's dominant market share. Thus, the proposed acquisition will allow Gray to compete

[1] In the Matter of 2014 Quadrennial Regulatory Review -- Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996, MB Docket No. 14-50; MB Docket No. 09-182; MB Docket No. 07-294; MB Docket No. 04-256; MB Docket No. 17-289, adopted by the FCC November 20, 2017.

[2] Ibid. par. 72.

[3] Ibid. Par. 81.

effectively with the dominant station in the market, enhancing the fundamental competitiveness of the Sioux Falls DMA.

The FCC's new openness to considering top-four combinations is a clear recognition of the changing economics surrounding local television stations. Local television stations are facing increasing competition for attracting audiences, and at the same time are facing an increasing number of very strong competitors in selling advertising time to national and local businesses. This squeeze on both sides is especially pronounced in medium and smaller markets where stations' profit margins have always been thinner due to the significant fixed costs television stations face no matter their market size.

This report will review these growing trends in the increased competition and discuss the impact on those trends in markets such as Sioux Falls. The report will show the significant competition that the local television stations face in that market. Additionally, the report will provide information showing that Gray Television's acquisition of KDLT-TV will lead to a stronger local television station that will be able to compete more effectively against the market's dominant television station, as well as all of the other advertising platforms present in this market. One can only conclude after reviewing that information that the Sioux Falls television market will be more competitive and that its local population will be better served if this acquisition is allowed to proceed.

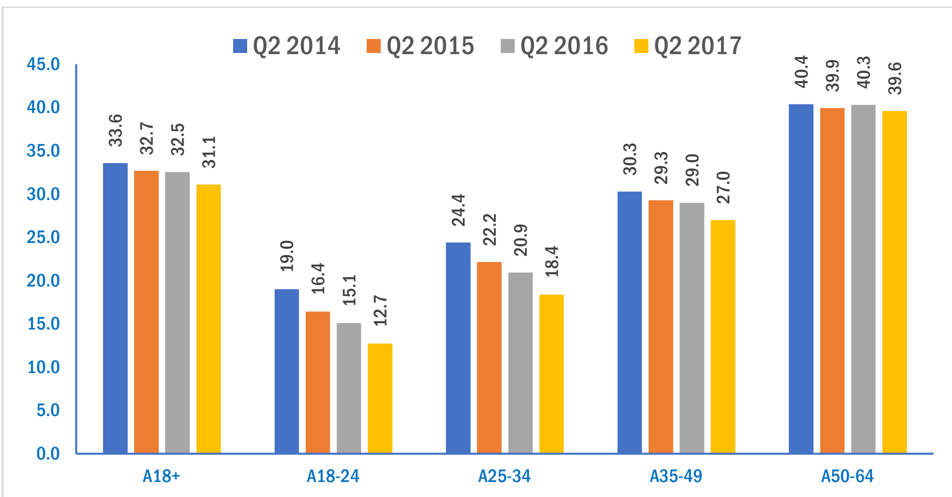
Local Television Stations Facing More Video Competition

Several continuing studies add evidence of the growing importance of new competitors to local television stations, particularly online competitors. Specifically, Nielsen Media provides information on quarterly usage of various media, and Pew Research provides consumer survey information on the usage of various media for news and information.

Nielsen Media Total Audience Report

The quarterly Nielsen Total Audience Reports utilizes information from the various Nielsen panels on media consumption patterns, such as the hours consuming television (either watching live television or DVR),[4] consuming video on a computer or smartphone, as well as other consumption of other media. Not surprisingly, given the many choices now available to consumers, the total hours that consumers spend watching traditional television platforms has noticeably decreased in the last four years. Figure 1 shows the overall sample results for adults as well as for several age demographic groups for the results of the second quarter in the past four years.[5]

Figure 1- Weekly Time Spent Live +DVR Time Shifting



Source: Nielsen Media 2nd Quarter Total Audience Reports

The total sample of all adults aged 18 and older saw a 7.4% decrease in weekly time spent watching TV (either live or DVR time shifting) during this time period. Decreases for some of the other age demographic groups were much more dramatic: Ages 18-24: -33.2%; Ages

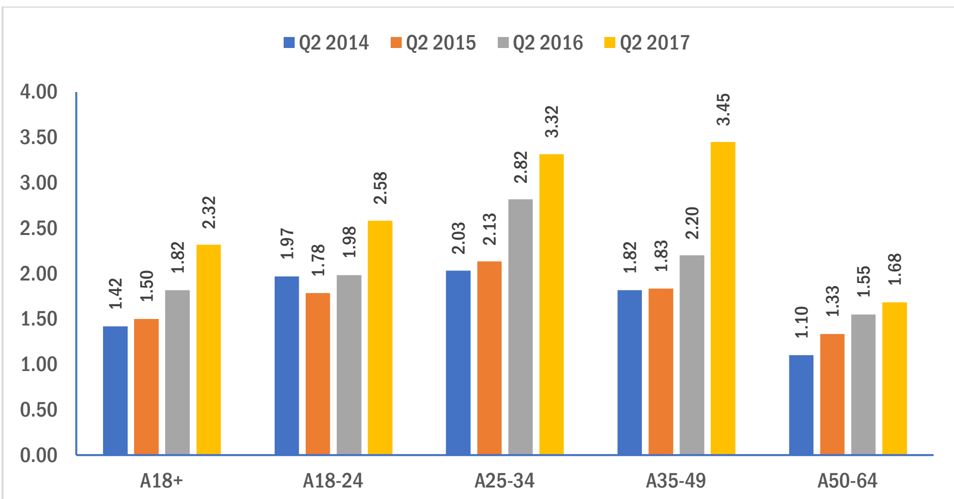
[4] Note that this includes not only viewing to local television stations but also viewing of cable channels as well.

[5] It is important to use the report from the same quarter for each year as there are seasonal differences in the usage of various media.

25-34: -24.6%; and Ages 35-49: -10.9%. Even the Adults 50-64 saw a 2.0% decrease during this time period. The one age group not shown, Adults 65+ saw a slight 1.3% increase during this time period. As will be shown below the different age demographic groups showing the largest decreases are moving to other video alternatives in a major way.

To see that movement to alternative video sources, Figure 2 shows the weekly hours spent watching video on a computer between 2014 and 2017. Note that this viewing not only includes the Over the Top (OTT) services such as Netflix or Hulu, but also any video watching on the computer such as YouTube videos.

Figure 2 - Weekly Time Spent Watching Video on a Computer

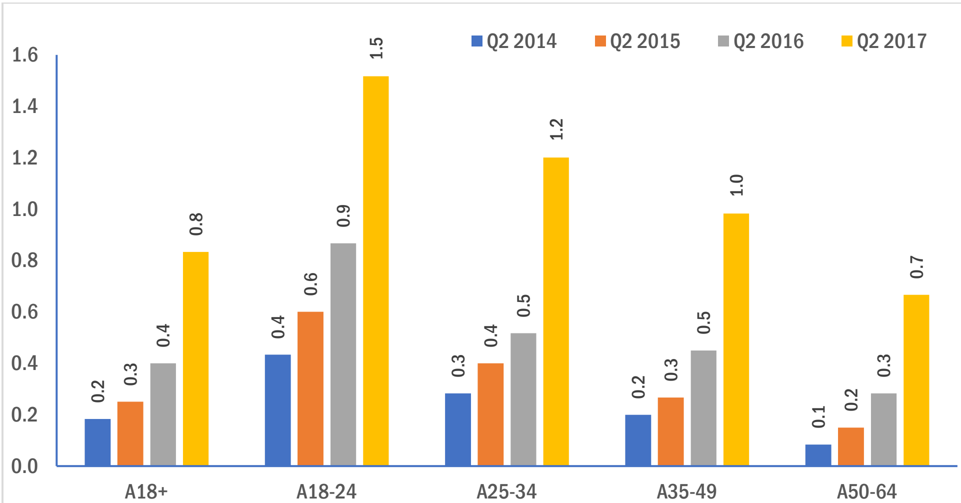


Source: Nielsen Media 2nd Quarter Total Audience Reports

While the percentage increases are inflated due to the low levels of computer video viewing at the beginning of the time periods, they are still remarkable. Adults ages 18 and older saw a 63.4% increase; ages 18-24: 31.0%; ages 25-34: 63.5%; ages 35-49: 89.6%; and ages 50-64: 52.7%. Even the oldest group, ages 65 and older saw a 109.5% increase though, the initial year started off at less than a half hour. Moreover, the amount of time viewers spend watching video on computers appears to be accelerating, with online viewing more than doubling for nearly every age group between 2016 and 2017.

Finally, some of the reduced time watching Live TV plus DVR is due to increased viewing on smartphones. Figure 3 shows those values for the past four years for these same age groups.

Figure 3 - Weekly Time Spent Watching Video on a Smartphone



Source: Nielsen Media 2nd Quarter Total Audience Reports

Clearly, there has been tremendous increases in viewing video on smartphones over all age groups. The combination of incredible growth of watching videos on computers and smartphones, local television stations are already feeling the impact of these alternatives in the levels of their audiences.

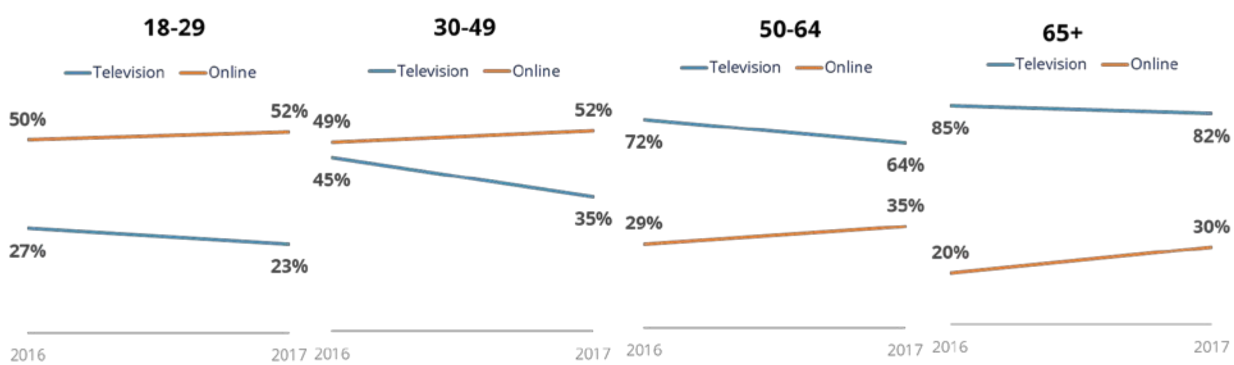
Today, the combined viewing on computers and smartphones constitutes nearly a quarter of all viewing by the age group aged 18-24. Reaching adults in this age group is especially important as advertisers often seek audiences of this age group. Additionally, these age groups become more important to the overall total population in the future. As a result, we would expect to see total hours viewing TV + DVR playback to continue to decrease for the total population.

Pew Research Center

Pew Research Center has an entire research division devoted to journalism and media. They conduct yearly surveys of consumers on their media habits with large sample bases allowing for demographic breakdowns. Pew also conducts analyses of other data (e.g., Nielsen audience estimates), combined with other third-party data to create comprehensive reports on the status of local media journalism's efforts.

One question they ask in their annual survey is where consumers often get their news. Respondents are allowed to answer multiple sources of where they often get their news. Figure 4 shows the percentage of respondents for the past two years broken down by age who indicate they access their news on the television and/or online.[6]

Figure 4 - Percent of U.S. Adults Who Often Get News on TV & Online[7]



Source: Pew Research Center

It is clear that in just the last year, many people of all age groups are turning away from television and to online sources to access their news and information. Indeed, the two youngest age groups Adults 18-29 and Adults 30-49, indicate that they access online news sources more than television – and the gap between the two sources in favor of online viewing is quickly

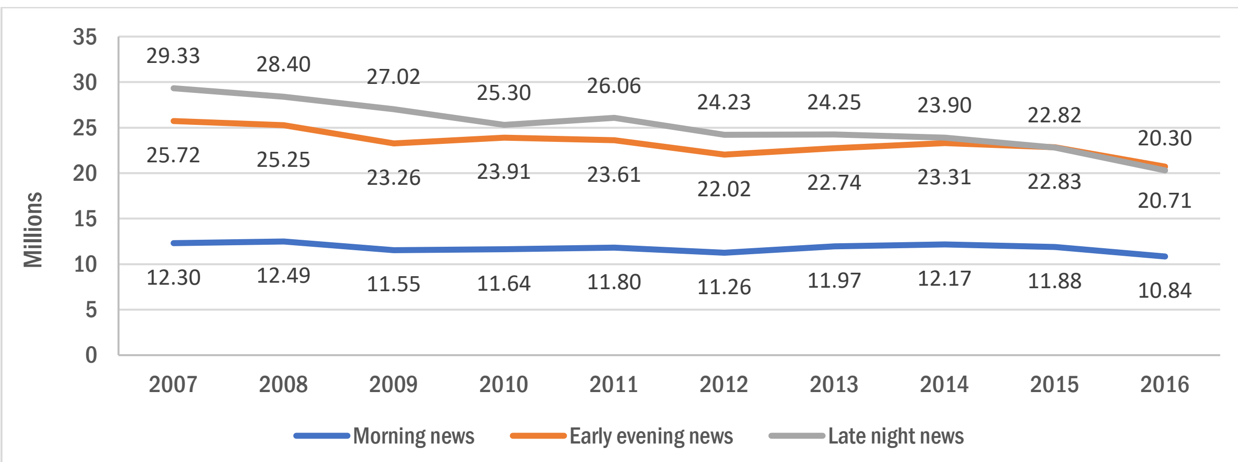
[6] We omitted the percentages indicating use of newspapers and radio to more clearly show the contrast with television. The percentages accessing those two other sources did not change much in the past year.

[7] Americans' online news use is closing in on TV news use, Jeffrey Gottfried and Elisa Shearer, Pew Research Center, Sept. 7, 2017.

growing. This increased competition for news viewers is significant as this programming is vital to the financial viability of local television stations. Running news programs is a very expensive operation for local television stations, and if the audiences become smaller, then the potential for adequate advertising revenue to support that programming is threatened.

Pew Research also examines the actual audiences attracted by local television stations for their local news programming. Utilizing Nielsen Media audience estimates, they generate nationwide totals of viewership for news programming carried on affiliates of the major networks (ABC, CBS, Fox, and NBC). Figure 5 shows those nationwide totals for the years 2007-2016.

Figure 5 - Combined Average Viewership: ABC, CBS, Fox, and NBC Affiliates



Source: Pew Research Center

Consumers are turning less to television stations' local news programming and are satisfying their news needs elsewhere. Loss of audiences for medium and small market stations are especially perilous as so much of the costs of running news programming is fixed and irrespective of market size. All the capital equipment prices are the same for these medium and smaller market stations, while their revenue potential is noticeably less.

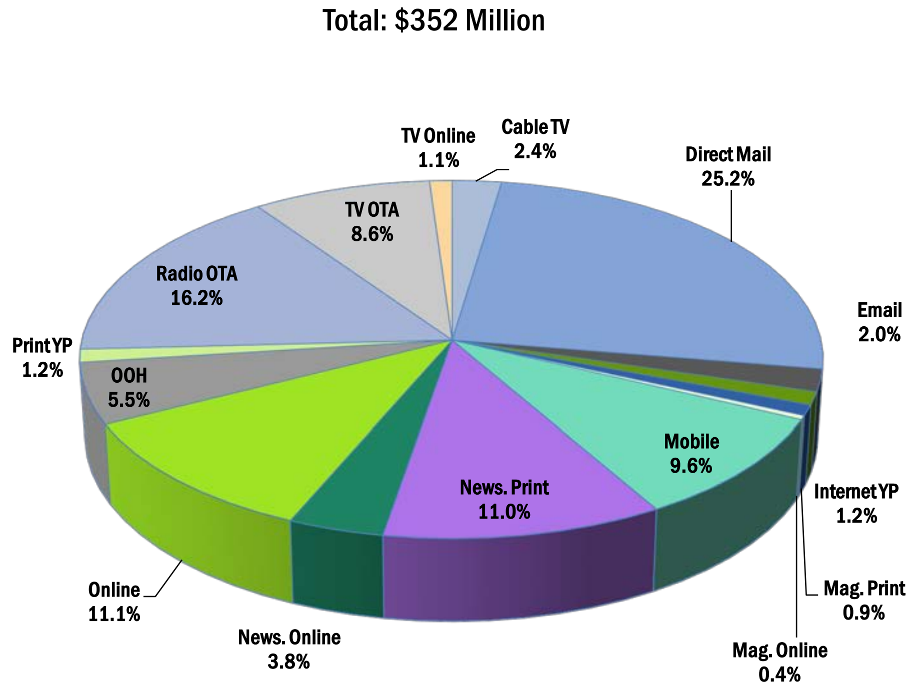
Local Advertising Marketplace

At the same time these local television stations are confronting more competition for viewers and losing audiences, they are also confronting more and varied competition in the local advertising marketplace. In order to best provide information on that local advertising marketplace, BIA expanded the advertising platforms for which local advertising estimates are generated. Through its new online dashboard, BIA ADVantage, specific local information on these sixteen different advertising platforms are provided to all types of media and online companies – local radio stations, local television stations, pure-play online companies, and MVPDs, among others.

Sioux Falls, SD Advertising Market

Across the various advertising platforms, BIA estimates that national and local advertisers spent $352 million targeting consumers in the Sioux Falls television market in 2017. Of that total, local television stations collectively garnered 8.6% through selling advertising on their over-the-air signals, or $30.2 million.

Figure 6 - 2017 Ad Spending by Media for Sioux Falls, SD TV Market



Source: BIA ADVantage, 2018

The local television stations' position in Sioux Falls market compares negatively when compared nationally. Nationally, local television stations garnered 12.7% of $143.77 billion being spent in all television markets combined in 2017, nearly four percentage points higher than what the local Sioux Falls television stations achieve.

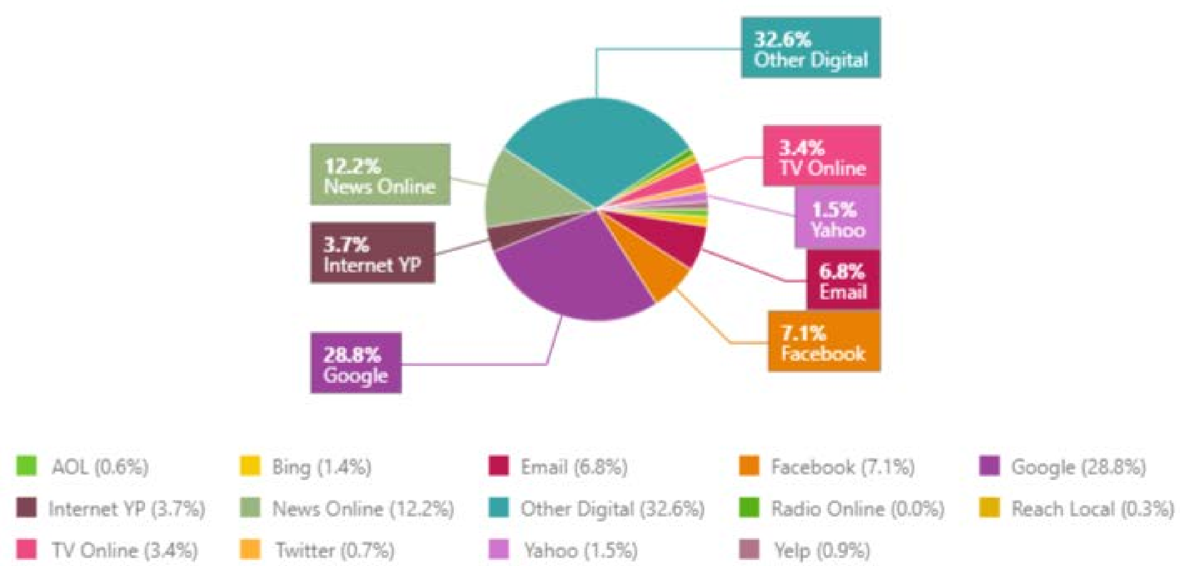
The position of the local television stations in the Sioux Falls market is not expected to change much. By 2021, another non-election year, the share of total market advertising going to local television stations is expected to be 8.5% of a total advertising market of $402.28 million.[8]

Two areas that will see substantial gains are the pure-play online and mobile advertising platforms. Where in 2017 online sites acquired 11.1% of the total market advertising revenue

8 BIA ADVantage, May 2018.

and mobile sites 9.6%, by 2021 those shares will increase to 12.0% and 17.6%, respectively. What is driving those share increases for online and mobile advertising platforms is the increased focus on many of the national online firms increasingly selling advertising targeted to local markets. BIA estimates those digital advertising revenues generated in individual television markets for these national online firms as part of its ADVantage data service. Figure 7 shows the estimated total online advertising revenue generated in the Sioux Falls, SD television market for 2018.

Figure 7 - 2018 Digital Ad Spending Sioux Falls, SD Television Market: $117 Million



Source: BIA ADVanatage, 2018

While Sioux Falls TV stations' online efforts are expected to achieve a 3.4% share of this marketplace, Google and Facebook alone collectively get more than a third of this marketplace. Note that Google's total estimated advertising in Sioux Falls is expected to be around $33.7 million, which will be 8.4% larger than the <u>total over-the-air</u> television revenue for all stations in

2018.[9] Online companies like Google and Facebook, as well as other national and local advertising platforms, can provide very targeted audiences for national and local advertisers wishing to reach specific consumers in the Sioux Falls television market.

As part of the process of generating revenue estimates for the different advertising platforms shown above, BIA annually surveys local television stations for their over-the-air advertising revenue. For those that do not respond, we estimate using local information. In the recently published *Investing in Television: 2018* 1st edition, we reported the advertising revenue estimates for the commercial television stations in the Sioux Falls television market in 2017. Gray's stations in the market collectively get 23.1% of the total local television over-the-air advertising revenue. This compares to the 48.8% achieved by Nexstar's KELO-TV, 16.6% by KDLT-TV, and 11.6% by KTTW-TV.

When viewed in the larger context of the overall local advertising marketplace, Gray's station in market receives 1.99% of the total advertising market, KELO-TV: 4.2%, KDLT-TV: 1.43%, and KTTW-TV: 1.0%. If the FCC approves Gray's acquisition of KDLT-TV, then Gray's share only increases to 3.42%, a minor increase in a market with many different competitors, and still considerably lower than KELO-TV's share of the overall Sioux Falls advertising market.

Local Video Advertising Submarket

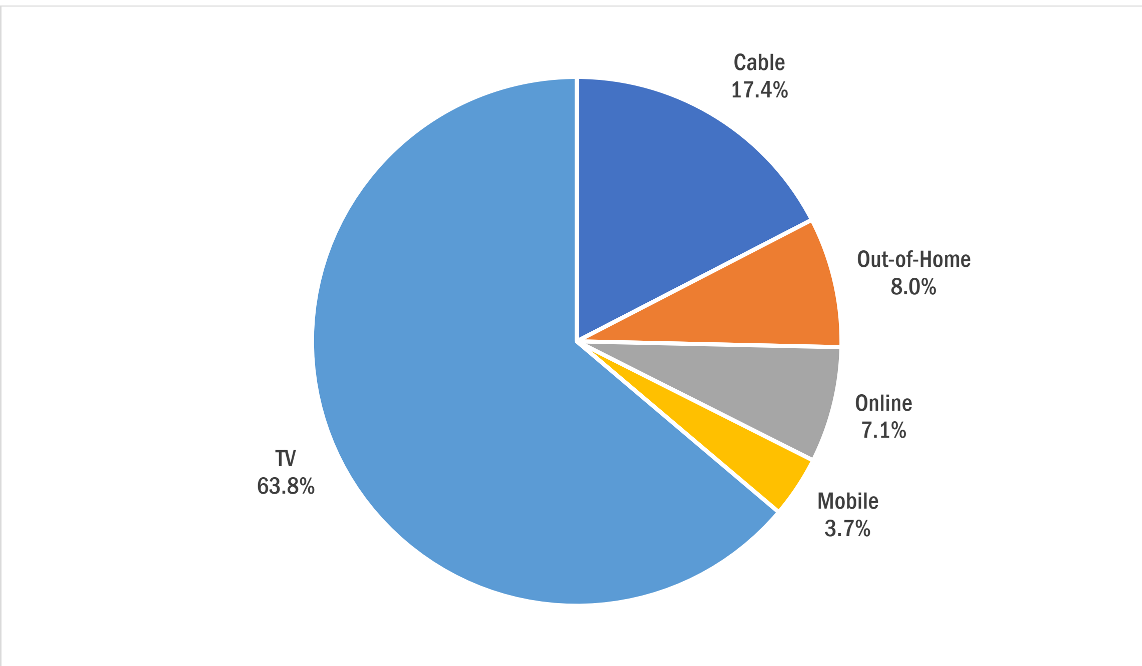
While the various advertising platforms shown earlier constitute the entire local advertising marketplace, some advertisers might only be interested in the advertising platforms that provide video opportunities. At one time, local television stations were the only advertising platform that provided those opportunities. But now, local cable systems, out-of-home venues,

9 Media Access Pro™, BIA Advisory Services, May 2018.

online and mobile platforms all allow national and local companies to send video advertising targeted to Sioux Falls consumers.

Utilizing some of the estimates shown above for some of advertising platforms in the Sioux Falls television market as well as national allocations for video advertising on some of these platforms, we can construct an estimate of the entire local video advertising submarket in the Sioux Falls television market geographic area. These other advertising platforms providing local video advertising opportunities include online and mobile platforms, digital cinema, and other out-of-home venues such as kiosks and elevators. Figure 8 shows the distribution of these video advertising revenue generated in the Sioux Falls, SD television market.

Figure 8 – 2017 Estimated Video Advertising Revenue in the Sioux Falls Television Market: $47.8 Million



Source: BIA, 2018

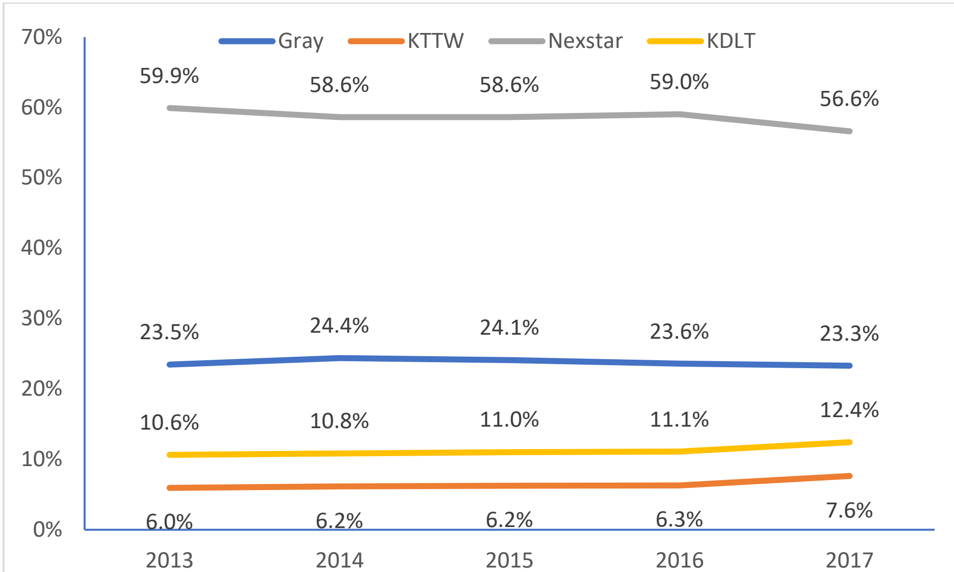
Local television stations collectively have the largest share of this submarket, with about 63.8%. By 2021, another non-political year that share will decrease to 60.4% with the other video advertising platforms showing stronger growth.

Nexstar's local operation garners the largest share of this submarket with 30.9%, followed by Gray: 14.5%, KDLT-TV: 10.5%, and KTTW-TV: 7.3%. If the KDLT-TV acquisition by Gray is allowed, then Gray's share will only be 25% of this submarket, with many of the other local video advertising alternatives to television poised for further growth in the coming years.

Local Television Station Submarket

These advertising shares also highlight the simple fact that KELO-TV is the dominant local television station in the Sioux Falls market. By looking at just the shares of the local television over-the-air advertising revenue over time, this point is clearly shown. Figure 9 shows the four-year moving average of the four local television station groups in the Sioux Falls television market. The four-year moving average is a convenient method of not letting the political years' (both Presidential and non-Presidential) distort the results. Each four-year moving average includes one Presidential and one non-Presidential election year along with two non-election years in the calculation.

Figure 9 - Four-Year Moving Average for Sioux Falls Television Stations Over-the-Air Television Advertising Shares

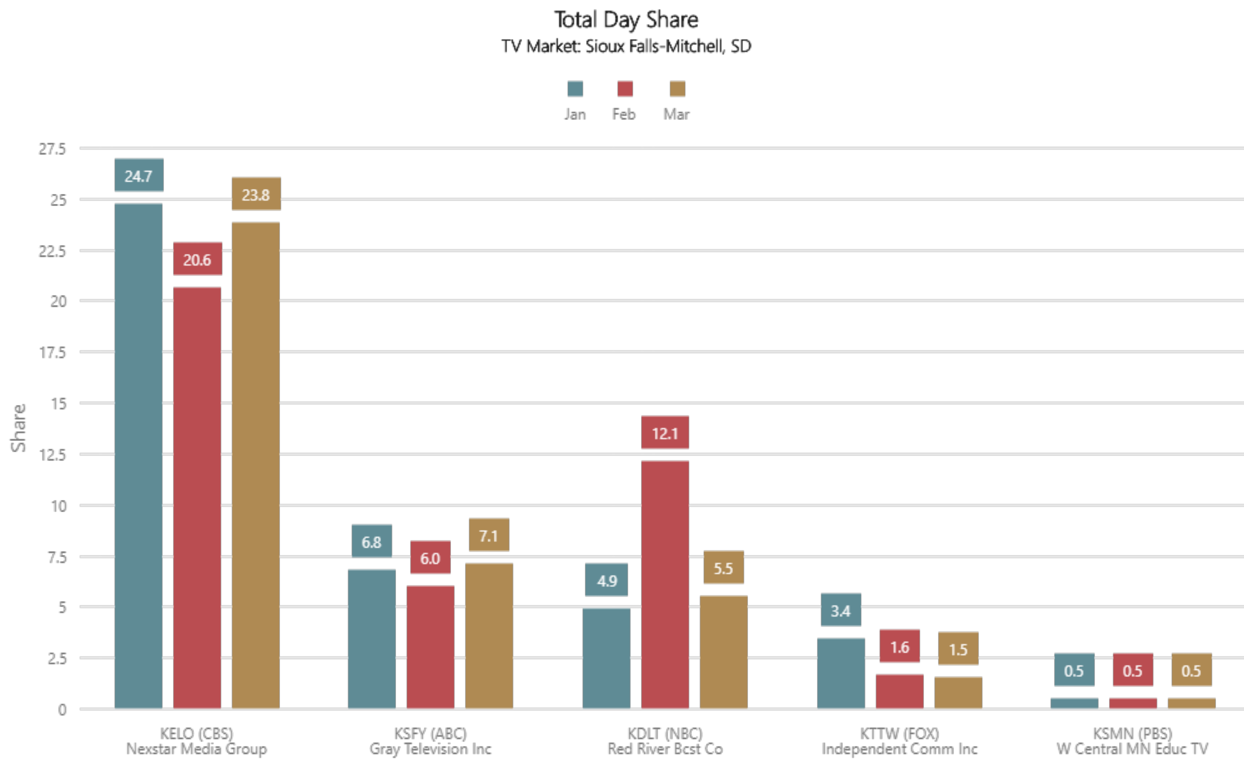


Source: BIA, 2018

Nexstar Broadcasting with its flagship CBS affiliate, KELO-TV, has long dominated this market in terms of advertising revenue. Gray Television's station in this market receives far less advertising revenue, and the other two television operations claim even less revenue. KDLT-TV generates approximately one-fifth the revenue of the Nexstar station. Given its weaker position, KDLT-TV is challenged to compete with the market leader in securing popular programming and investing in the station's operations. If the Gray acquisition of KDLT-TV is allowed to proceed, Gray will still be trailing the market leader but with more assets to compete more effectively.

Recent ratings information indicates the weaker position that KDLT-TV finds itself. Figure 10 shows the most recent monthly households ratings for the stations in the Sioux Falls, television market over the past three months according to comScore.

Figure 10 - Monthly Household Shares for Sioux Falls, SD Television Stations



Source: comScore data in BIA ADVantage, 2018

Note that KDLT-TV saw a noticeable bump up in February of 2018, due to the airing of the Super Bowl and the Olympics on its parent network. By the next month that station's share had dropped down to a level similar to its January level. The combined total day audiences for both Gray Television and KDLT-TV will still be significantly less than that of KELO-TV.

Conclusions

The FCC in its most recent revision to the local television ownership rules made some notable changes. One important change was applying a new hybrid approach to evaluating potential top-four combinations of local television stations. Recognizing the ever-changing marketplace in which local television stations compete for both viewers and advertisers, the FCC saw the need for flexibility in this particular rule, especially in medium and small markets where there are more challenging financial conditions.

Applying this hybrid rule for the Gray Television proposed acquisition of KDLT-TV, Sioux Falls is appropriate. Sioux Falls television stations collectively receive a relatively smaller share of the total advertising marketplace than in many other cases. When the entire marketplace is examined, and even if only the local video advertising sub-marketplace is examined, the increase in Gray's revenue share as a result of the acquisition of KDLT-TV is not significant.

Moreover, when only the local television stations in Sioux Falls are examined, the result of the proposed acquisition is quite positive. At present, KDLT-TV is a weak number three television station, with around one-fifth the revenues of the market leader, Nexstar's KELO-TV. Given that position, KDLT-TV is restricted in its ability to make the necessary programming and other capital investments to improve its position and challenge the other stations in the market. With the combined resources of Gray Television in this market, that will not be an issue. As a result, the competitiveness of the advertising marketplace and the provision of services to the population of Sioux Falls will be improved if the FCC allows this acquisition to move forward.

Exhibit E

SNL Estimates on Local Market Shares

REDACTED

Exhibit F

Map of Contour Maps for Sioux Falls DMA Full Power Licensees

REDACTED FOR PUBLIC INSPECTION

Chesapeake RF Consultants, LLC
Radiofrequency Consulting Engineers
Digital Television and Radio

Sioux Falls, SD Commercial Full Power Stations With Their LPTV Stations Noise Limited Service Contours

prepared for
Gray Television Inc.

April, 2018

Key	Call Sign	Ch.	Location
Gray TV Stations			
1	KSFY-TV	13	Sioux Falls, SD
2	KPRY-TV	19	Pierre, SD
3	KABY-LD	20	Sioux Falls, SD
Red River Stations			
4	KDLT-TV	47	Sioux Falls, SD
5	KDLV-TV	26	Mitchell, SD
6	K27HJ-D	27	Pierre, SD
7	K33MI-D	33	Aberdeen, SD
8	K42FI-D	42	Watertown, SD
9	K35GR-D	35	Badger, SD
10	K40FZ-D	40	Brookings, SD
11	K33GX-D	33	Springfield, SD
Nexstar Stations			
12	KELO-TV	11	Sioux Falls, SD
13	KDLO-TV	3	Florence, SD
14	KPLO-TV	13	Reliance, SD
15	KPLO-TV	29	Reliance, SD (DRT)
16	K24DT-D	24	Aberdeen, SD
Independent Communications Stations			
17	KTTW	7	Sioux Falls, SD
18	KTTM	12	Huron, SD
19	K14IO-D	14	Pierre, SD
20	K39CZ-D	39	Aberdeen, SD
21	K32DK-D	32	Watertown, SD
22	K50DG-D	50	Brookings, SD
23	K22HJ-D	22	Worthington, MN
J.F. Broadcasting Stations			
24	KWSD	36	Sioux Falls, SD
25	KCWS-LP	44	Sioux Falls, SD
26	KAUN-LP	42	Sioux Falls, SD

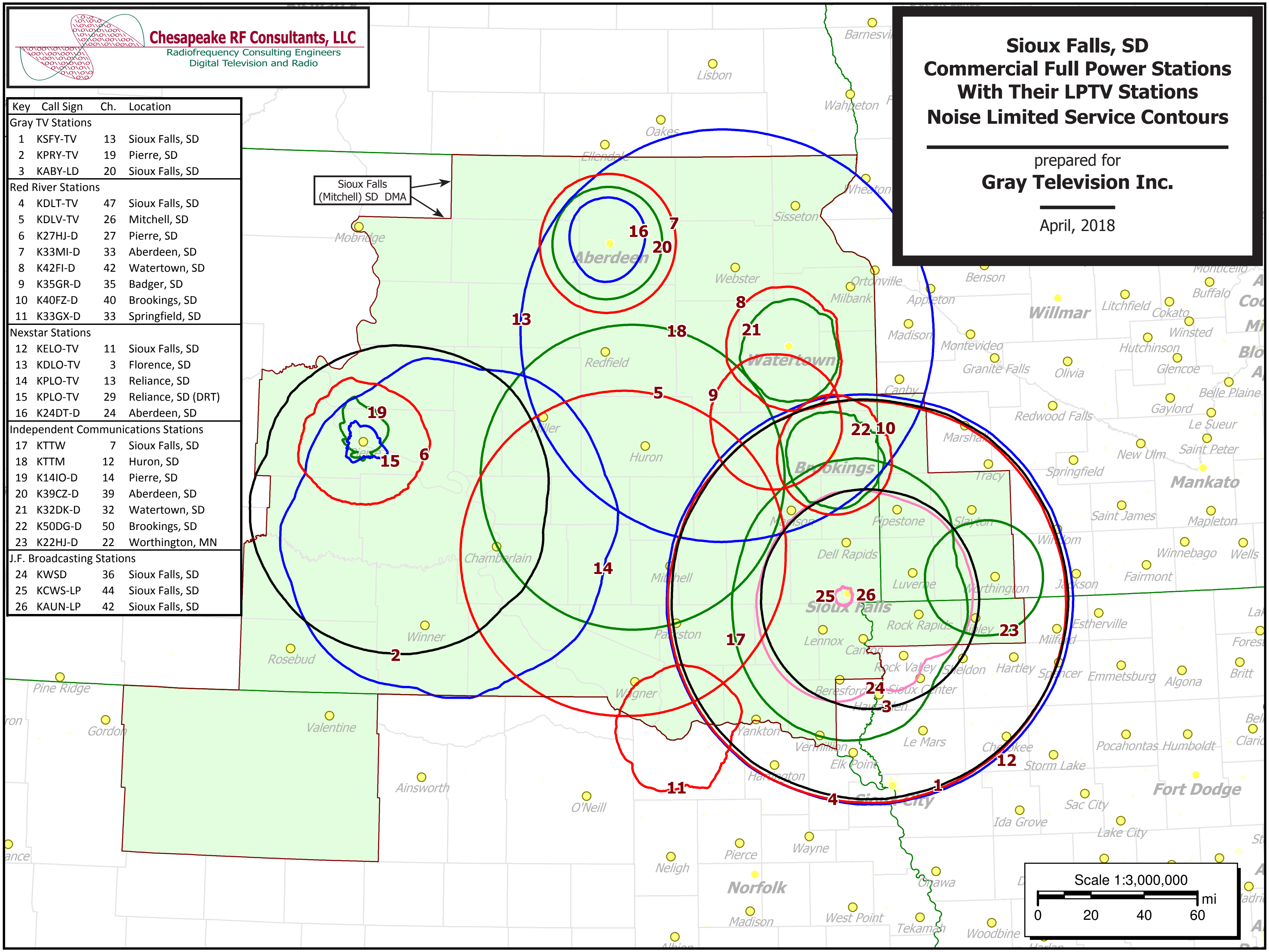


Exhibit G

Contour Maps of KDLT-TV and KDLV-TV from Joseph M. Davis, P.E., Chesapeake RF Consultants, LLC in Support of Request for Reauthorization of Television Satellite Status for KDLV-TV

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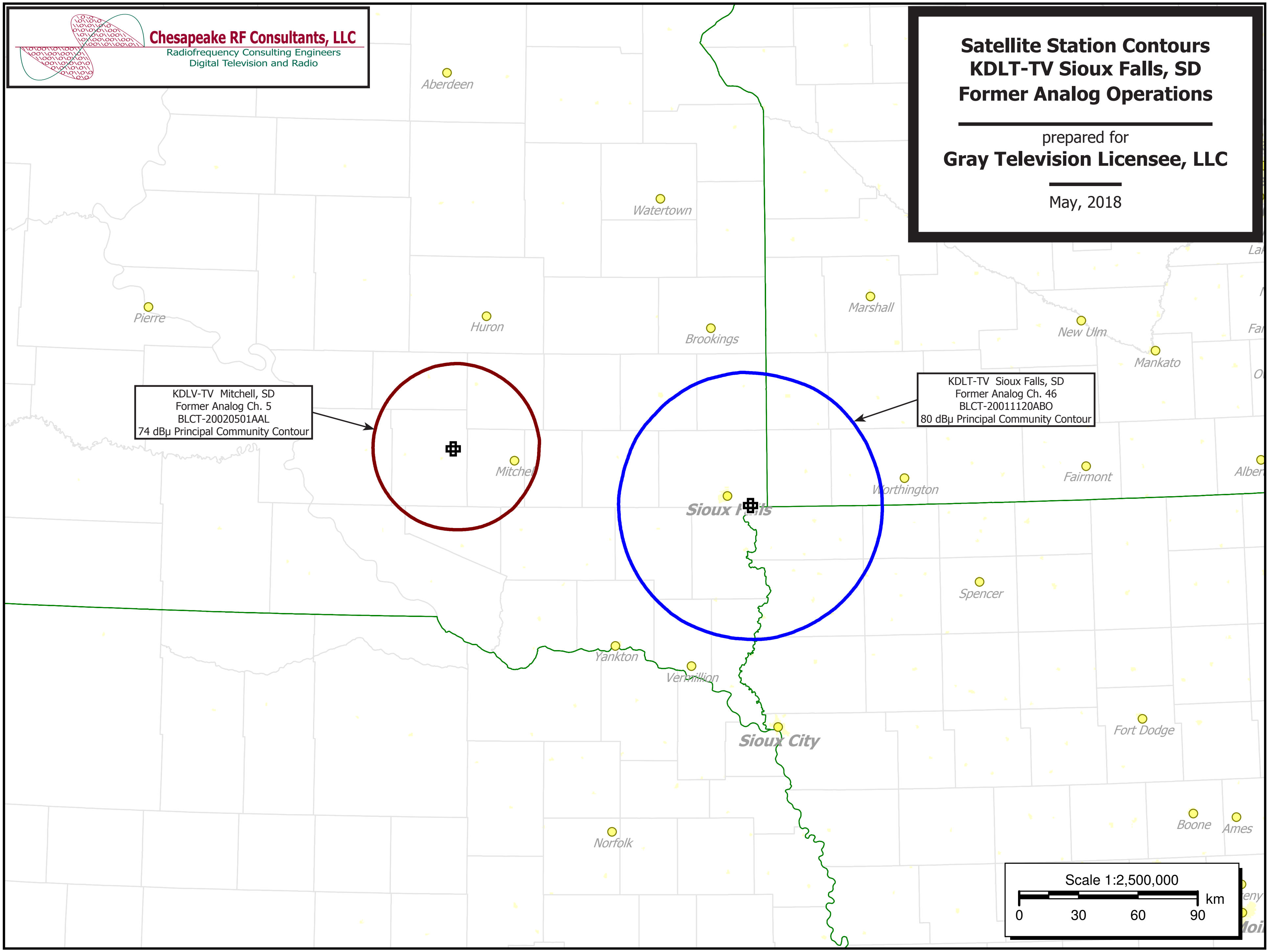

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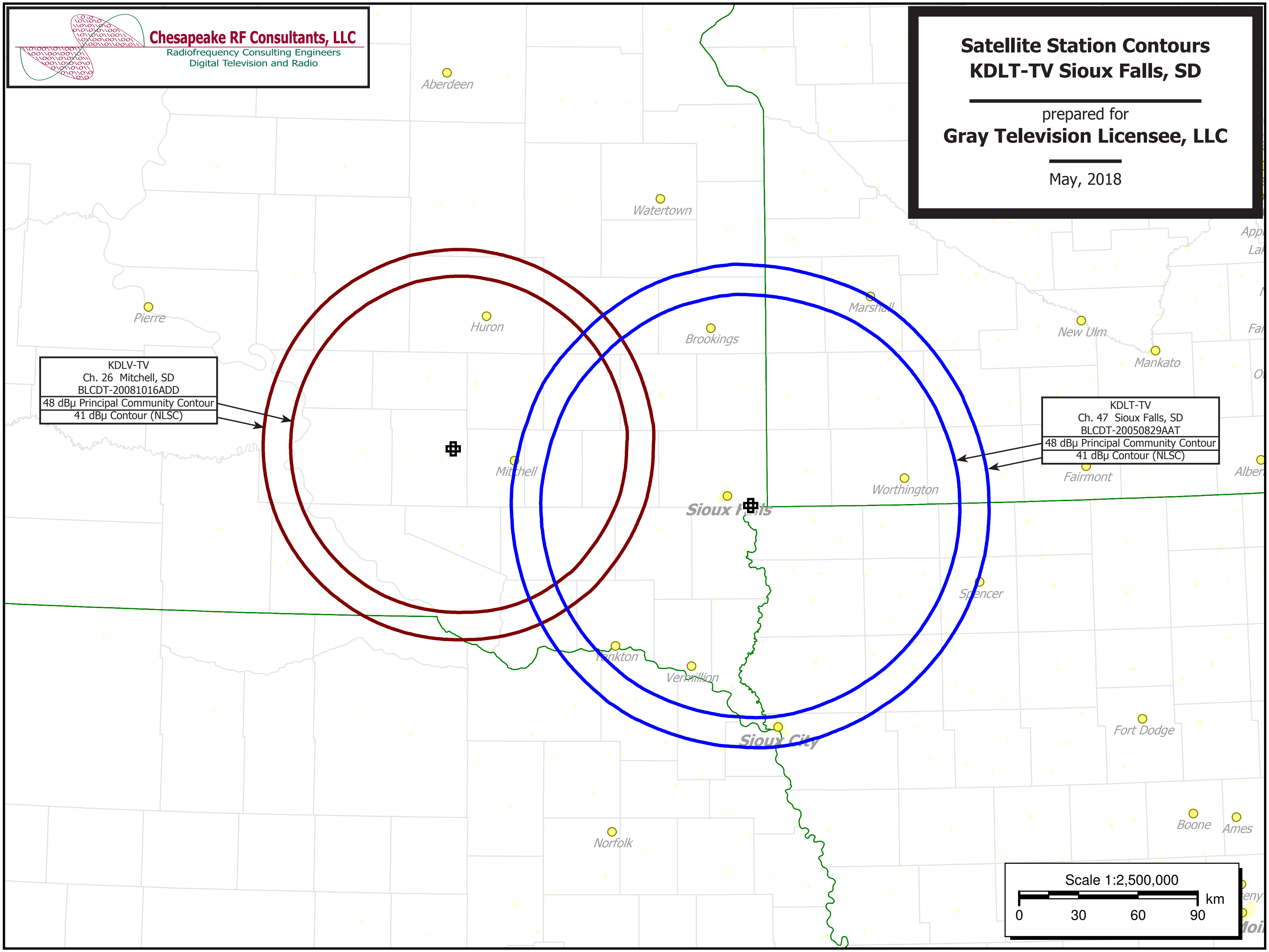

Exhibit H

Letter from Frank Higney, Vice President, Kalil & Co., Inc. in Support of Request for Reauthorization of Television Satellite Status for KDLV-TV

REDACTED FOR PUBLIC INSPECTION

Kalil & Co., Inc.
2960 North Swan Road • Suite 134 • Tucson, Arizona 85712 • (520) 795-1050 • FAX (520) 322-0584

May 11, 2018

Mr. Robert J. Folliard, III
Gray Television, Inc.
4370 Peachtree Road, NE
Atlanta, GA 30319

Re: KDLV-TV, Mitchell, South Dakota

Dear Mr. Folliard:

Gray Television has asked Kalil & Co., Inc. ("Kalil") to evaluate the prospects for a sale of television broadcast station KDLV-TV, Mitchell, South Dakota ("KDLV-TV").

This analysis regards the feasibility of operating KDLV-TV as a full service, standalone television operation with no technical, sales or programming support from a parent station. Currently, KDLV-TV broadcasts as a satellite of KDLT-TV, Sioux Falls, South Dakota. You have advised us that it is your intention to acquire both stations and to continue to operate KDLV-TV as a satellite of KDLT-TV. We will provide an opinion whether it is likely or unlikely that the current licensee of the station would be able to find an alternative operator willing and able to operate the satellite station as a financially viable, full-service, standalone facility.

KDLV-TV currently provides service to Mitchell as an NBC satellite affiliate of KDLT-TV, located in the Sioux Falls, South Dakota designated market area. Nielsen ranks the Sioux Falls market as the 110th largest market in the country.

Mitchell is located approximately 70 miles west of Sioux Falls. It is a small isolated community in southeast South Dakota with an estimated population of approximately 15,729 in 6,858 households. Sioux Falls, on the other hand, has a population of approximately 491,034 and 66,874 households. KDLV-TV's over-the-air signal reaches a very limited number of financial, retail, or populated centers of the market and covers less than 13% of the total population of the market.

Unsurprisingly, each of the licensees of the four major network affiliates have parent stations that serve Sioux Falls and both full power satellite and low power stations that serve more remote areas within the market. Consequently, KDLV-TV with its limited coverage and economics is in no position to receive a major network affiliation other than as a satellite of a parent station.

In order to convert KDLV-TV to a standalone entity in the Sioux Falls market, it would require significant capital expenditures to make it a viable player. This would include building studio/office facilities and adding satellite and/or low power television stations across the market to become competitive.

There also would exist no technical, sales, programming, or management support from a parent station's operation. The cost of outfitting, staffing, and programming KDLV-TV would not be covered by the revenues that could be generated in the Mitchell area. We are aware of no instance in which a satellite station serving such a small outlying community has been converted into a viable standalone station.

Therefore, we attribute little value to KDLV-TV except as a satellite of a station serving Sioux Falls and are of the opinion that KDLV-TV could be sold only as such and not on a standalone basis.

Kalil & Co., Inc. has been in the media brokerage business for over forty nine years. Located in Tucson, Arizona, Kalil is comprised of nine brokers whose combined experience totals well over 100 years. Kalil conducts business throughout the United States and is widely recognized as one of the top brokerage organizations in the country. Over the last 10 years, Kalil has brokered well over $2.5 billion worth of transactions.

As a Vice President at Kalil, I have extensive knowledge of the television industry in general, having worked as a media broker for the past 25 years. I have been engaged by the owners of television stations for both acquisitions and divestitures. I have been involved personally in the acquisition or sale of hundreds of broadcast properties, including stations in small, medium, and large markets.

Sincerely,

KALIL & CO., INC.

Frank J. Higney
Vice President