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June 8, 2017

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BY HAND & E-MAIL

Ms. Jean Kiddoo, Chair
Ms. Hillary DeNigro, Deputy Chair
Incentive Auction Task Force
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, DC 20554

Re: Request for Waiver
FCC Form 316 *Pro Forma* Consent to Transfer of Control of
KRCA License LLC (File No. BTCCDT-20170427ABJ)

Dear Ms. Kiddoo and Ms. DeNigro:

At your request, this letter will provide additional information pertaining to the above-referenced pending FCC Form 316 seeking consent to the *pro forma* transfer of control of KRCA License LLC (the "Application").

As stated in the Application, Liberman Broadcasting, Inc. ("LBI"), through various subsidiaries and six licensee entities ("Licensees"), holds 26 FCC licenses for television and radio stations. Currently, LBI is the sole shareholder of LBI Media Holdings, Inc. ("Holdings"). LBI Media Holdings, Inc., in turn, is the sole shareholder of LBI Media, Inc. ("LBI Media"). Lenard D. Liberman is the single majority shareholder of LBI, with approximately 94% of the voting rights in the company.

The Application is one of several related applications that seek Commission consent to a simple corporate restructuring that will leave Lenard Liberman in control of the Licensees. Those pertaining to LBI's radio licensees have been granted by the FCC's Audio Division. The Application involves the television station licenses held by KRCA License, including the license for KRCA(TV), Riverside, CA (FCC Facility ID 22161), which tendered a winning bid in the incentive auction.

Under the proposed restructuring, Holdings will transfer its shares of LBI Media to a newly created intermediary company, LBI Media Intermediate Holdings, Inc. ("Intermediate Holdings"). After consummation of the proposed *pro forma* transaction, LBI will remain the sole shareholder of Holdings, which will wholly



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own Intermediate Holdings, and Intermediate Holdings will become the sole shareholder of LBI Media, which is the indirect parent of the Licensees, including KRCA License. LBI certified in its applications that the proposed transfer is *pro forma* under the Commission's rules and does not result in a change in the actual controlling party.

In Footnote 19 of its Public Notice detailing *Procedures for Submitting Financial Information Required for the Disbursement of Incentive Payments and Reimbursement Payments After the Incentive Auction* (DA 17-282, Released March 29, 2017), the Commission states that the Media Bureau intends to process and grant applications to assign stations with winning bids. Footnote 19 goes on to say that, in order "to safeguard the integrity of the incentive auction process and reduce the risk of error or fraud, a transaction involving a station with a winning bid may not be consummated until after the U.S. Treasury has disbursed the station's incentive auction payment." LBI respectfully requests a waiver of the Commission's policy, as set forth in Footnote 19, to permit the grant of the Application and to permit LBI to consummate the proposed *pro forma* transfer of control upon such grant, prior to the disbursement of the incentive auction payment attendant to KRCA(TV).

As described above, Lenard Liberman will retain control over LBI, and thus over KRCA License, licensee of KRCA(TV). Upon consummation of the proposed *pro forma* transfer, KRCA License—the very same licensee identified in the Closing and Channel Reassignment Public Notice—will remain under LBI's (and ultimately Lenard Liberman's) control and still legally hold the license for KRCA(TV). It will remain the entity that relinquished its spectrum usage rights, and the entity entitled to payment. No FRN, bank account, or other payment instructions provided by LBI to the FCC in connection with KRCA(TV)'s winning bid will change in any way whatsoever. The only change proposed by this simple corporate restructuring is the insertion of a new commonly-owned holding company in LBI's ownership chain. Therefore, the risk of error or fraud that the policy set forth in Footnote 19 is intended to prevent simply does not exist in the instant transaction.

Further, this *pro forma* transaction will have no effect whatsoever on the rights or interests of any of LBI's equity or debt holders as they pertain to the auction proceeds. [REDACTED]



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[REDACTED]

The Holdings creditors will not and cannot benefit from any of the auction proceeds payable to KRCA License as the result of KRCA(TV)'s winning bid. To the extent any of the auction proceeds are used to pay down debt, they would be expended to pay down secured debt at LBI Media, not to pay down the debt of Holdings or Intermediate Holdings. In fact, as evidenced in Exhibit A, attached, there are covenants in the debt instruments of LBI Media that require the auction proceeds to be reinvested at LBI Media or its "restricted subsidiaries" or to repay indebtedness of LBI Media and prohibit the payment of "restricted payments," which would include distributions by LBI Media to Holdings or Intermediate Holdings or investments by LBI Media in Holdings or Intermediate Holdings (the attachments are provided as examples – all three of LBI Media's debt instruments include similar prohibitions).

LBI believes, for a variety of reasons [REDACTED] that time is of the essence in closing the exchange, stabilizing its company, and preserving the *status quo*. Therefore, LBI respectfully requests a waiver of the Commission's policy, as set forth in Footnote 19, to permit the grant of the instant FCC Form 316 application and to permit LBI to immediately consummate the proposed *pro forma* transfer of control upon such grant.

Sincerely,

A handwritten signature in cursive script, appearing to read "Kathleen A. Kirby".

Kathleen A. Kirby
Counsel to LBI

cc: Mr. Lenard Liberman, LBI CEO
Ms. Blima Tuller, LBI CFO
Mr. David Brown, FCC Video Division

EXHIBIT A

LBI MEDIA, INC.

INDENTURE

Dated as of March 18, 2011

as supplemented by the Supplemental Indenture dated as of December 31, 2012 and
as supplemented by the Second Supplemental Indenture dated as of December 23, 2014

U.S. Bank National Association

Trustee

occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto).

(b) So long as the Notes are outstanding, deliver to the Trustee, within five Business Days of any Officer becoming aware of any Default or Event of Default, an Officer's Certificate specifying such Default or Event of Default.

Section 4.05. Taxes.

The Company will pay, and will cause each of its Restricted Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate negotiations or proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

Section 4.06. Stay, Extension and Usury Laws.

The Company and each of the Guarantors covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company and each of the Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07. Restricted Payments.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company and other than dividends or distributions payable to the Company or a Restricted Subsidiary of the Company and pro rata dividends or distributions payable to minority stockholders of any Restricted Subsidiary);

(ii) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent of the Company (other than any such Equity Interests owned by the Company or any of its Restricted Subsidiaries);

(iii) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that (x) is secured by a Lien junior to the Liens securing the Notes or (y) is contractually subordinated to the Notes or the Subsidiary Guarantees or (z) is unsecured (other than Indebtedness permitted to be incurred pursuant to clauses (i), (iv), (vi) (to the extent such Indebtedness is owed to the Company or a Guarantor),

(ix), (x), (xiii) or (xvi) under the second paragraph of Section 4.09) (collectively, "Subordinated Debt"), except:

- (A) a payment of interest or principal at the Stated Maturity thereof;
- (B) a payment into a trust within one year of the Stated Maturity of any such Subordinated Debt which payment effects a defeasance or discharge of such Indebtedness;
- (C) intercompany Indebtedness permitted under clause (vi) of Section 4.09 and
- (D) the payment of interest or principal in anticipation of satisfying a sinking fund obligation, mandatory redemption or final maturity, in each case, within one year of the due date thereof; or;

(iv) make any Restricted Investment (all such payments and other actions set forth in these clauses (i) through (iv) above being collectively referred to as "*Restricted Payments*"),

unless, at the time of and after giving effect to such Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment; and

(b) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Leverage Ratio test set forth in the first paragraph of Section 4.09; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the date of this Indenture (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (7), (8), (9), (10), (12), (13), (14), (15), (16), (17), (18) and (19) and, to the extent that any payment made by Parent pursuant to the terms of the Management Incentive Contracts reduces Consolidated Net Income of the Company, (11) of Section 4.07(b)), is less than the sum, without duplication, of:

(i) (A) 100% of the aggregate of the Company's Consolidated Cash Flow (or, in the event such Consolidated Cash Flow shall be a deficit, minus 100% of such deficit) accrued for the period beginning April 1, 2011 and ending on the last day of the most recently completed month for which internal consolidated financial information is available to the Company at the time of such Restricted Payment, taken as one accounting period, less (B) 1.4 times Consolidated Interest Expense for the same period, *plus*

(ii) 100% of the aggregate net cash proceeds and the fair market value, as determined in good faith by the Company's Board of Directors, of other assets used or useful in the business of the Company and its Restricted Subsidiaries received by the Company since the date of this Indenture from the issue or sale of Equity Interests of the Company (other than Disqualified Stock) or Disqualified

Stock or debt securities of the Company that have been converted into such Equity Interests (other than (x) Equity Interests (or Disqualified Stock or convertible debt securities) sold to a Restricted Subsidiary and (y) Disqualified Stock or convertible debt securities that have been converted into Disqualified Stock), *plus*

(iii) 100% of the net cash proceeds and the fair market value, as determined in good faith by the Company's Board of Directors, of other assets used or useful in the business of the Company and its Restricted Subsidiaries received by the Company as bona fide equity capital contributions since the date of this Indenture, *plus*

(iv) the aggregate amount returned in cash with respect to Restricted Investments made after the date of this Indenture to the extent such dividends were not otherwise included in Consolidated Cash Flow, whether through interest payments, principal payments, dividends or other distributions, *plus*

(v) the net cash proceeds and the fair market value, as determined in good faith by the Company's Board of Directors, of other assets used or useful in the business of the Company and its Restricted Subsidiaries received by the Company or any of its Restricted Subsidiaries from the disposition (other than to a Restricted Subsidiary), retirement or redemption of all or any portion of Restricted Investments made after the date of this Indenture, less the cost of the disposition and net of taxes, *plus*

(vi) upon a redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary after the date of this Indenture, the fair market value, as determined in good faith by the Company's Board of Directors, of the Company's or a Restricted Subsidiary's Investment in such Unrestricted Subsidiary immediately following such redesignation,

provided, however, that the sum of clauses (iv) and (v) above shall not exceed the aggregate amount of all such Investments made subsequent to the date of this Indenture.

(b) The provisions of Section 4.07(a) will not prohibit:

(1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving the redemption notice, as the case may be, if at the date of declaration or notice the dividend or redemption payment would have complied with the provisions of this Indenture;

(2) the redemption, repurchase, retirement, defeasance or other acquisition of any Subordinated Debt of the Company or any Guarantor or of any Equity Interests of the Company in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) or from any contribution to the Company's common equity stock; *provided* that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from clauses (c)(ii) and (c)(iii) of Section 4.07(a), as applicable;

- (3) the defeasance, redemption, repurchase or other acquisition of Subordinated Debt of the Company or any Guarantor in exchange for, or with the net cash proceeds from, an incurrence of Subordinated Debt of the Company or any Guarantor constituting Permitted Refinancing Indebtedness;;
- (4) the declaration and payment of any dividend by a Restricted Subsidiary of the Company to the holders of such Restricted Subsidiary's Equity Interests on a pro rata basis;
- (5) the declaration and payment of dividends or distributions or the making of loans by the Company to Parent (including through Holdings) and/or Holdings in order to pay, and in an amount not to exceed, the Permitted Tax Distributions;
- (6) the declaration and payment of any dividends or distributions or the making of any loans by the Company or any of its Restricted Subsidiaries to Parent (including through Holdings) to be used for, and in an amount equal to, the amount of any dividends or distributions paid or loans made by Parent to, or the repurchase of any Equity Interests of Parent from, the Principals or their Related Parties, *provided* that the aggregate amount of all such dividends, distributions and loans to Parent do not exceed \$1.0 million in any calendar year;
- (7) the repurchase of Equity Interests of the Company or any of its Restricted Subsidiaries deemed to occur upon the exercise of stock options, warrants (to the extent equity interests represent a portion of the exercise price of such options or warrants) or other convertible securities and cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for the Company's or such Restricted Subsidiaries' Equity Interests (including upon surrender of Equity Interests to pay the exercise price of such options, warrants or other convertible securities);
- (8) the declaration and payment of any dividends or distributions or the making of any loans to Parent (including through Holdings) and/or Holdings to permit Parent and/or Holdings to pay franchise or similar taxes and corporate costs and expenses incurred in the ordinary course of business, including legal, accounting and other general corporate overhead costs and expenses of Parent and Holdings actually incurred by Parent and/or Holdings, and customary salary, bonus and other benefits (other than payments permitted under clause (11) below) payable to, and indemnity provided on behalf of, directors, officers, employees and consultants of Parent and/or Holdings;
- (9) the retirement of any shares of Disqualified Stock of the Company by conversion into, or by exchange for, shares of Disqualified Stock of the Company, or out of the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of the Company) of other shares of Disqualified Stock of the Company; *provided* that the Disqualified Stock of the Company that replaces the retired shares of Disqualified Stock of the Company shall not require the direct or indirect payment of the liquidation preference earlier in time than the final stated maturity of the retired shares of Disqualified Stock of the Company;

(10) the cancellation or forgiveness of any loan between the Company and/or its Affiliates existing on the date of this Indenture or any loan permitted by subparagraphs (5), (6) and (8) above and (11), (12), (13), (16), (17) and (18) below (it being understood that any forgiveness or cancellation of such loans made in connection with any Permitted Tax Distribution shall not reduce the amount of subsequent Permitted Tax Distributions);

(11) the declaration and payment of any dividends or distributions or the making of any loans to Parent (including through Holdings) for payments required to be made pursuant to the terms of future Management Incentive Contracts in an aggregate amount not to exceed \$20.0 million;

(12) the declaration and payment of any dividends or distributions or the making of any loans to Parent (including through Holdings) for payments required pursuant to indemnity claims arising under, or amounts required to be paid to third parties pursuant to, the Investment Agreement and/or the Investor Rights Agreement in an aggregate amount not to exceed the amount of proceeds from any private equity issuance under the Investment Agreement and Investor Rights Agreement that were actually contributed to the Company;

(13) any payment to be made with the proceeds of the Notes as described in the Offering Circular under the caption "Use of Proceeds";

(14) (a) the redemption, repurchase, retirement, defeasance or other acquisition of the Senior Subordinated Notes for cash or in exchange for Series II, Second Priority Secured Subordinated Notes, in each case in accordance with the Old Senior Subordinated Notes Exchange Offer and Solicitation; and (b) the redemption, repurchase, retirement, defeasance or other acquisition of the Existing Second Priority Secured Subordinated Notes in exchange for Series II, Second Priority Secured Subordinated Notes in accordance with the Second Priority Secured Subordinated Notes Exchange Offer and Solicitation;

(15) the redemption, repurchase, retirement, defeasance or other acquisition of up to \$8.45 million in aggregate principal amount of Senior Subordinated Notes, and the amount of all expenses, accrued and unpaid interest and premiums incurred in connection therewith, provided that the Senior Subordinated Notes may not be redeemed, repurchased, retired, defeased or otherwise acquired at a price in excess of the redemption prices permitted in Section 3.07 the indenture governing the Senior Subordinated Notes as in effect of the date of the Series II, Second Priority Secured Subordinated Notes Indenture, plus accrued and unpaid interest and expenses;

(16) other Restricted Payments since the date of this Indenture not to exceed \$10.0 million; *provided* that this clause (16) shall only be available to the Company and its Restricted Subsidiaries through and including the consummation of the Exchange Offers and thereafter this clause (16) will no longer be available;

(17) the declaration and payment of any dividends or distributions or the making of any loans by the Company or any of its Restricted Subsidiaries to Holdings in order for Holdings to, in each case only to the extent such dividends,

distributions or loans are actually used to, (a) make scheduled cash interest payments on the Discount Notes provided that, in the case of any Discount Notes held by Holdings, the amount of such payments, if any, that exceed an amount equal to the amount of amortization payments due on the Holdings Notes and Parent Entity Allowable Indebtedness (x) within five Business Days after the Exchange Offers have been consummated (or in the case of Parent Entity Allowable Indebtedness, within five Business Days after such Parent Entity Allowable Indebtedness has been issued) and (y) in April 2013 shall be contributed to the Company by Holdings within five (5) Business Days after each such amortization payment is made (provided that, Holdings shall be permitted to retain cash of up to 3.49% of \$5.0 million, or \$174,500, until Parent Entity Allowable Indebtedness of \$5.0 million principal amount has been issued), and (b) redeem, repurchase, satisfy and discharge, defease, retire for value or otherwise acquire (i) any Discount Notes held by Holdings, but only in an amount equal to the amount of interest payments due on the Holdings Notes or Parent Entity Allowable Indebtedness in April 2016, October 2016 and April 2017 and (ii) no more than 10% of the outstanding principal amount of the Discount Notes outstanding immediately prior to the closing of the Exchange Offers (excluding Discount Notes held by Holdings or its Affiliates or any directors, officers, stockholders and other Affiliates of the Company or Holdings) and pay any related interest, premium, fees, costs, expenses and other amounts owing thereunder with respect thereto, and in the case of each of (a) and (b)(i) above (other than the payment made within five Business Days after the Exchange Offers or the \$174,500 permitted to be retained by Holdings) such payment to be made to Holdings not more than twelve (12) Business Days prior to the date each such payment is due;

(18) the redemption, repurchase, retirement, defeasance or other acquisition of (x) the Senior Subordinated Notes in exchange for, or out of the net cash proceeds of the substantially concurrent sale of, Second Priority Secured Subordinated Notes and Warrants in the Exchange Offers and (y) the Discount Notes in exchange for, or out of the net cash proceeds of the substantially concurrent sale of, Second Priority Secured Subordinated Notes in the Exchange Offers; provided that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, defeasance or other acquisition shall be excluded from clauses (c)(ii) and (c)(iii) of Section 4.07(a), as applicable; and

(19) the redemption, repurchase, retirement, defeasance or other acquisition of Senior Subordinated Notes or Discount Notes in exchange for, or out of the net cash proceeds of the substantially concurrent sale of, Permitted New Second Priority Debt plus the payment of any related interest, premium, fees, costs, expenses and other amounts owing thereunder with respect thereto.

The amount of all Restricted Payments (other than cash) will be the fair market value on the date of the Restricted Payment of the assets or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this Section 4.07 will be determined by the Company's Board of Directors whose resolution with respect thereto shall be delivered to the Trustee.

4.09, provided that the Company or a Restricted Subsidiary would be permitted to incur the item of Indebtedness, Disqualified Stock or preferred stock, or portion thereof, under such other clause or the first paragraph of this Section 4.09, as the case may be, at the time of reclassification. The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock or preferred stock in the form of additional shares of the same class of Disqualified Stock or preferred stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock or preferred stock for purposes of this Section 4.09; provided, in each such case, that the amount of any such accrual, accretion or payment shall be included in Consolidated Interest Expense of the Company to the extent (and only to the extent) required by the definition of the term "Consolidated Interest Expense."

The Company will not incur, and will not permit any Guarantor to incur, any Subordinated Debt (including Permitted Debt) unless such Subordinated Debt also constitutes Subordinated Debt with respect to the Notes and the applicable Subsidiary Guarantee at least to the same extent.

Section 4.10. Asset Sales

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(i) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of;

(ii) the fair market value is determined in good faith by the Company's Board of Directors and evidenced by a resolution of the Board of Directors or by a Responsible Officer of the Company set forth in an Officer's Certificate, in each case, delivered to the Trustee;

(iii) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents except to the extent the Company is undertaking a Permitted Asset Swap. For purposes of this provision and subparagraph (z) below, each of the following shall be deemed to be cash:

(A) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Company or such Restricted Subsidiary from further liability; and

(B) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee converted by the Company or such Restricted Subsidiary within 180 days into cash or Cash Equivalents, to the extent of the cash or Cash Equivalents received in that conversion; and

(iv) if such Asset Sale involves the transfer of Collateral:

(A) such Asset Sale complies with the applicable provisions of the Security Documents;

(B) to the extent required by the Security Documents, all consideration (including Cash Equivalents) received in such Asset Sale shall be expressly made subject to Liens under the Security Documents; and

(C) subject to application of Net Proceeds pursuant to the fourth paragraph of this covenant, all of the Net Proceeds from such Asset Sale are deposited into the Collateral Account.

The 75% limitation referred to in clause (iii) above will not apply to any Asset Sale in which the cash or Cash Equivalents portion of the consideration received therefrom, determined in accordance with the preceding provision, is equal to or greater than what the after tax proceeds would have been had such Asset Sale complied with the aforementioned 75% limitation.

Notwithstanding the foregoing, the Company or any Restricted Subsidiary will be permitted to consummate an Asset Sale without complying with the foregoing if:

(x) the Company or such Restricted Subsidiary receives consideration at the time of such Asset Sale at least equal to the fair market value of the assets or other property sold, issued or otherwise disposed of;

(y) the fair market value is determined in good faith by the Company's Board of Directors and evidenced by a resolution of the Board of Directors or by a Responsible Officer of the Company set forth in an Officer's Certificate, in each case, delivered to the Trustee; and

(z) at least 75% of the consideration for such Asset Sale constitutes a controlling interest in a Permitted Business, assets used or useful in a Permitted Business and/or cash and Cash Equivalents;

provided, however, that any cash or Cash Equivalents (other than any amount deemed cash under clause (iii)(A) of the first paragraph of this Section 4.10) received by the Company or such Restricted Subsidiary in connection with any Asset Sale permitted to be consummated under this paragraph shall constitute Net Proceeds subject to the provisions of the next paragraph.

(b) For Asset Sales by the Company or any of its Restricted Subsidiaries that are consummated after the date of the First Supplemental Indenture, the Company or such Restricted Subsidiary shall apply the Net Proceeds from such Asset Sales as follows:

(i) Within 365 days after the receipt of any Restricted Asset Sale Proceeds from such Asset Sales, the Company or such Restricted Subsidiary shall apply those Restricted Asset Sale Proceeds at its option:

(A) to repay Priority Lien Debt and if such Priority Lien Debt is revolving credit indebtedness, to correspondingly reduce commitments with respect thereto;

(B) to acquire all or substantially all of the assets of, or a majority of the Voting Stock of, a Permitted Business if, after giving effect to any such acquisition of Voting Stock, the Permitted Business is or becomes a Restricted Subsidiary of or is merged with or into the Company or a Restricted Subsidiary;

(C) to make capital expenditures that are used or useful in a Permitted Business; or

(D) to acquire other assets that are used or useful in a Permitted Business;

provided, that in the case of clauses (B), (C) and (D) above, a binding commitment shall be treated as a permitted application of the Restricted Asset Sale Proceeds as of the date of such commitment so long as the Company or such Restricted Subsidiary enters into such commitment with the good faith expectation that such Restricted Asset Sale Proceeds will be applied to satisfy such commitment prior to the later of (a) 180 days after the date of such commitment or (b) 365 days after the date of such Asset Sale and if such Restricted Asset Sale Proceeds are not so applied within that time frame, such Restricted Asset Sale Proceeds shall constitute "Excess Proceeds" (as defined below) and be applied as provided in clause (ii) below. Pending the final application of any Restricted Asset Sale Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest the Restricted Asset Sale Proceeds in any manner that is not prohibited by this Indenture. For the avoidance of doubt, the Company shall not make any Restricted Payment to Holdings, directly or indirectly (including through the temporary repayment of any revolving credit facility), with Restricted Asset Sale Proceeds.

(ii) With respect to Net Proceeds from such Asset Sales (other than Net Proceeds from the sale of the Sawyer Property and the sale of KTCY-FM, which shall not be subject to this clause (ii) but shall be subject to clause (i) above) that are in excess of the Restricted Asset Sale Proceeds (the "Excess Proceeds"), within 60 days after the receipt of any such Excess Proceeds, the Company or such Restricted Subsidiary shall apply those Excess Proceeds at its option:

(A) to repay Priority Lien Debt and if such Priority Lien Debt is revolving credit indebtedness, to correspondingly reduce commitments with respect thereto; or

(B) to commence an Asset Sale Offer as provided in the following paragraph.

The Company will make an Asset Sale Offer to all Holders and all holders of Other Priority Lien Debt containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such Other Priority Lien Debt that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount of Notes and such Other Priority Lien Debt plus accrued and unpaid interest, if any, to the date of purchase, and will be payable in cash. If the date of purchase is on or after an interest record date and on or before the related interest payment date, accrued and unpaid interest, if any, will be paid to the Holder in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender pursuant to the Asset Sale Offer. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and Other Priority Lien Debt tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee shall select such tendered Notes and such Other Priority Lien Debt to be purchased on a pro rata basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

(c) The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of this Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of this Indenture by virtue of such conflict.