

Kalil & Co., Inc.

2960 N. Swan Road • Suite 134 • Tucson, Arizona 85712
(520) 795-1050 • FAX: (520) 322-0584

PERSONAL & CONFIDENTIAL

FRANK KALIL
President

SEPTEMBER 5, 2014

MR. WILLIAM LAKE
CHIEF, MEDIA BUREAU
FEDERAL COMMUNICATIONS COMMISSION
445 12TH STREET SW
ROOM 3-C740
WASHINGTON, DC 20554

RE: MARSHALL BROADCASTING GROUP
KPEJ-TV, KMSS-TV, KLJB-TV

DEAR MR. LAKE:

KALIL & Co., INC. WOULD LIKE TO COMMENT ON THE MARSHALL BROADCASTING GROUP TRANSACTION WITH MISSION BROADCASTING CURRENTLY BEFORE THE COMMISSION.

SPECIFICALLY, WE ADDRESS THE ISSUE OF THE EQUITY COMPONENT TYPICALLY PRESENT IN SIMILAR TRANSACTIONS.

KALIL & Co. IS A MEDIA BROKERAGE FIRM WHICH HAS BEEN IN BUSINESS FOR OVER 45 YEARS. OVER THAT TIMEFRAME, KALIL HAS BROKERED THOUSANDS OF BROADCAST PROPERTIES TOTALING BILLIONS OF DOLLARS. WE HAVE SEEN VARIOUS CAPITAL STRUCTURES OVER THE COURSE OF THESE DEALS.

THE EQUITY PIECE IN BROADCAST DEALS MAY BE LOOKED AT IN TERMS OF PERCENTAGE, OR AS A MULTIPLE OF BROADCAST CASH FLOW. IN DEALS THE SIZE OF THE MARSHALL BROADCASTING GROUP, WE WOULD EXPECT THE EQUITY COMPONENT TO REPRESENT 30-50% OF THE CAPITAL STRUCTURE, OR 3.5-4.5 TIMES CASH FLOW.

MR. WILLIAM LAKE
CHIEF, MEDIA BUREAU
FEDERAL COMMUNICATIONS COMMISSION
PAGE 2

OUR EXPECTATION WOULD BE THAT SENIOR DEBT COULD BE FOUND AT FOUR TIMES CASH FLOW AND POSSIBLY ANOTHER TURN IN SUBORDINATE DEBT FOR A POSSIBLE TOTAL OF FIVE TIMES CASH FLOW. CONSEQUENTLY, THE REMAINDER MUST COME FROM AN EQUITY SOURCE.

CERTAINLY, OTHER CAPITAL STRUCTURES MAY NOT CONFORM TO THE NORM, BUT THIS IS WHAT WE SEE IN THE VAST MAJORITY OF TRANSACTIONS.

WE HOPE TO SEE THE MARSHALL BROADCASTING GROUP TRANSACTION APPROVED TO FURTHER MINORITY OWNERSHIP IN THE MEDIA IN A MANNER WHERE EVERYONE WINS.

BEST REGARDS

A handwritten signature in black ink, appearing to be "Frank Kalil", written over the typed name. The signature is somewhat scribbled and overlaps the text.

FRANK KALIL
PRESIDENT

FK:AS