

ATTACHMENT C, EXHIBIT 18

**2005 SUPPLEMENTAL STUDY OF PATRICK COMMUNICATIONS, LLC
(WITH COPY OF 2000 STUDY)**

**Supplemental Study
on the Satellite Status
of KTRE(TV), Lufkin, Texas
for Raycom Media, Inc.
Pursuant to the Acquisition of KLTV(TV) and KTRE(TV)
from The Liberty Corporation and its Subsidiary CivCo, Inc.**

Introduction

This study was prepared by W. Lawrence Patrick, President of Patrick Communications, LLC, on behalf of Raycom Media, Inc. ("Raycom"). Raycom is seeking FCC consent to acquire, through transfer of control of The Liberty Corporation (including its licensee subsidiary CivCo, Inc.) station KLTV, Ch. 7 (ABC), Tyler, Texas, and its long-time satellite KTRE, Ch. 9, Lufkin, Texas. Raycom proposes to continue to operate KTRE as a satellite of KLTV.

Patrick Communications, LLC ("Patrick") prepared a study, dated August 1, 2000, in support of an earlier request to continue the satellite status of KTRE, which request the FCC granted on September 25, 2000. This Supplemental Study reconfirms Patrick's previous finding that satellite station KTRE (Lufkin) could not realistically function as a full-service, stand-alone station and that no knowledgeable, qualified buyer of TV stations would be interested in acquiring KTRE to own and operate it as a full-service, stand-alone station.

Patrick is a media investment banking and brokerage company established in 1984. In recent years, the firm has handled the sale of over 60 television stations and rendered appraisal and expert opinion reports on another 100 television stations. The total dollar volume of these transactions and appraisals exceeds \$1.75 billion.

Mr. Patrick has directly managed television stations while serving as Chief Operating Officer of Gilmore Broadcasting, licensee of three television stations during his tenure. He has also served as Senior Vice President of the National Association of Broadcasters for four years and taught at both the University of Tulsa and the University of Maryland for a combined total of

17 years. Mr. Patrick holds a Ph.D. in communications and management from Ohio University as well as a J.D. from Georgetown University Law Center. He was admitted to the Maryland bar in 1980. He is also controlling shareholder of three companies that are the licensees of sixteen radio stations in Wyoming, Missouri and Ohio.

The opinions expressed in this study are solely those of Mr. Patrick. Neither he nor his firm has any interest, direct or indirect, in Raycom, CivCo or Liberty. The opinions expressed in this study also are not contingent on any fee paid to Patrick by its sponsor for this analysis.

Summary of Findings

KTRE, licensed to Lufkin, Texas, is a satellite television station of KLTV. KLTV is the ABC affiliate serving the Tyler-Longview, Texas Designated Market Area (DMA). Since our 2000 Patrick Study, the Tyler-Longview DMA has decreased in rank from the 108th in the US to the 111th television DMA in the United States. As was the case in the 2000 Patrick Study, the Tyler-Longview market remains a sparsely populated small television market that is geographically dispersed, extending approximately 160 miles north to south. KTRE is the only television station, commercial or non-commercial licensed to Lufkin, Texas. Located on the southern edge of the market, the service area of KTRE does not include the key northern population and economic centers of Tyler and Longview but extends the ABC network service of parent station KLTV at Tyler to underserved southern portion of the DMA

Since the 2000 Patrick Study, the small Tyler-Longview market has seen an increase in the number of primary stations serving the market from three to five. These stations are listed in Table 1 as "MAIN" facilities. The stations serving the DMA include: KLTV (ABC) (including its satellite KTRE), KETK (NBC), KYTX (CBS), KCEB (UPN) and KFXK (FOX). Since our 2000 Study, KYTX, which as noted below, has the second largest population coverage of the DMA, has affiliated with the CBS network. Also, KCEB at Longview went on the air as a start-up station in 2003 and has become an affiliate of the UPN network. Consistent with the

WB network's general policy and practice of restricting its affiliations with television stations to stations in DMA's ranked 1-100, the WB in the Tyler-Longview DMA is carried on a local cable channel. As the table indicates, all of these television stations provide very significantly greater coverage of the Tyler-Longview DMA population than does KTRE.

Table 1
DMA Tyler-Longview, Texas

Station	City of License	Channel	Affiliation	Type	DMA Population Reached ¹
KLTV(TV)	Tyler	7	ABC	MAIN	822,728
KTRE(TV)	Lufkin	9	ABC	SAT	261,688
KETK-TV	Jacksonville	56	NBC	MAIN	655,537
KYTX	Nacogdoches	19	CBS	MAIN	675,765
KFXK-TV	Longview	51	FOX	MAIN	621,156
KCEB	Longview	38	UPN	MAIN	541,461

¹ DMA Population coverage figures are number of people covered according to BIA Financial Network, 2005.

This Supplemental Study reconfirms the following basic findings in the 2000 Patrick study:

- The Tyler-Longview market continues to be a sparsely-populated, small television market with a population that is geographically dispersed over 14 counties. Although two small counties (Camp and Sabine Counties) have been added to the DMA since the 2000 Patrick Study, the small Tyler-Longview market has declined from 108th to 111th ranked in the US.
- KTRE is the only station licensed to Lufkin in the southern portion of the DMA.
- The KTRE coverage area includes a fraction of the population of the DMA (261,688 people compared to a range of 541,000 to 822,728 for the other stations in the market). The KTRE coverage area does not include the key population and economic centers of Tyler and Longview in the northern portion of the DMA. KTRE's level of population coverage, as indicated in the 2000 Patrick Study, is insufficient to support a stand-alone operation in Lufkin.
- The opportunity for KTRE to affiliate with a network other than as an ABC affiliate is more remote today than at the time of the 2000 Study. The small market now has a full complement of network stations. CBS has affiliated with KYTX, which, as noted in Table 1, has the second largest population coverage of stations in the Tyler-Longview market. UPN has affiliated with new station KCEB at Longview, which station also enjoys a much broader population coverage area than KTRE. The WB remains on a local cable channel, as the WB has not changed its long standing policy of affiliating with cable systems in markets 100 plus.
- The inability of KTRE to operate as a viable full-service, stand-alone station has led the FCC to repeatedly grant authority to operate KTRE (Lufkin) as a satellite

of KLTV (Tyler), including most recently in September 2000. The satellite status has enabled KTRE to provide the underserved Lufkin area with services that would not otherwise be available.

- The satellite status has allowed for ABC service to be provided over-the-air to areas in the southern portion of the Tyler-Longview market that lack off-air ABC service.
- Satellite status has enabled KTRE, drawing on the greater resources of the parent station, to have the funding necessary to produce and air locally-produced news programming for the sole station licensed to Lufkin.

KTRE, as well as parent station KLTV, now face the very significant challenge of converting to digital operations. Particularly given the disadvantaged signal of KTRE and the limited economic base of its more limited service area, continued satellite status is needed to allow the licensee to meet the major capital funding requirements to construct and convert both stations to digital operations — and thereafter to fund continued digital operations. We are advised that Raycom is committed to carrying forth the digital conversion of satellite station KTRE to maintain its service to the Lufkin area (while also completing the conversion of the parent station).

It is the considered judgment of Patrick Communications that satellite status is necessary for KTRE to continue to provide important program service, including eventual digital operations, to an underserved area. Moreover, it remains the opinion of Patrick Communications that KTRE could not realistically function as a viable full-service, stand alone station and that no knowledgeable, qualified buyer of TV stations would be interested in acquiring KTRE to own and operate it as a full-service, stand alone station.

This study is submitted on September 7, 2005 by W. Lawrence Patrick, President of Patrick Communications, LLC.

A handwritten signature in cursive script that reads "W. Lawrence Patrick". The signature is written in black ink and is positioned above the printed name.

W. Lawrence Patrick

August 2000 Patrick Study
(BTCCT-20000801ACV/ACW)

**Economic Viability Study on the Satellite Status
of KTRE(TV), Lufkin, Texas
for Cosmos Broadcasting Corporation
Pursuant to the Acquisition of KLTV(TV) and KTRE(TV)
from Civic Communications Corporation**

Introduction

This study was prepared by W. Lawrence Patrick, President of Patrick Communications, LLC, in support of the application for the assignment of the licenses of KLTV(TV) and KTRE(TV) from Civic Communications Corporation ("Civic") to Cosmos Broadcasting Corporation ("Cosmos"). KLTV(TV) is licensed to Tyler, Texas and KTRE(TV) is licensed to Lufkin, Texas. KTRE(TV) operates as a satellite facility of KLTV(TV).

Patrick Communications ("Patrick") was engaged by the Washington, D.C. law firm of Dow, Lohnes & Albertson, counsel to Cosmos, to prepare this study. Patrick is a media investment banking and brokerage company established in 1984. In recent years, the firm has handled the sale of over 50 television stations and rendered appraisal and expert opinion reports on another 75 television stations. The total dollar volume of these transactions and appraisals exceeds \$1.5 billion.

Mr. Patrick has directly managed television stations while serving as Chief Operating Officer of Gilmore Broadcasting, licensee of three television stations during his tenure. He has also served as Senior Vice President of the National Association of Broadcasters for four years and taught at both the University of Tulsa and the University of Maryland for a combined total of 17 years. He currently guest lectures regularly both at Georgetown University and for the Voice of America media training program.

Mr. Patrick holds a Ph.D. in communications and management from Ohio University as well as a J.D. from Georgetown University Law Center. He was admitted to the Maryland bar in 1980. He is also controlling shareholder of two companies that are the licensees of six radio stations in Wyoming and Ohio.

The opinions expressed in this study are solely those of Mr. Patrick. Neither he nor his firm have any interest, direct or indirect, in Civic Communications or Cosmos Broadcasting Corporation. The opinions expressed in this study also are not contingent on any fee paid to Patrick by its sponsor for this analysis.

KTRE(TV), Lufkin, Texas

KTRE(TV), licensed to Lufkin, Texas, is a satellite television station of KLTV(TV). KLTV(TV) is the ABC affiliate serving the Tyler-Longview, Texas Designated Market Area (DMA). Tyler-Longview is the 108th largest television DMA in the United States and is comprised of twelve counties. KTRE(TV) is the only television station, commercial or non-commercial licensed to Lufkin, Texas.

The Tyler-Longview market is currently served by three primary stations listed in Table 1 as "MAIN" facilities. These stations are: KLTV(TV), KETK-TV and KFXK-TV. These stations carry the following the ABC, NBC and FOX networks respectively. Two satellite stations also operate in the market--KTRE(TV) as a satellite of KLTV(TV) carrying ABC network programming, and KLSB-TV as a satellite of KETK-TV carrying NBC network programming. Programming provided by UPN is carried on a low power television facility, KLPN-LP. The WB network is found on a local cable channel and is not available over the air.

Table 1
 DMA Tyler-Longview, Texas¹

Station	City of License	Channel	Affiliation	Type	DMA Television Households Reached	% of DMA HH Reached
KLTV(TV)	Tyler	7	ABC	MAIN	170,730	72.0%
KTRE(TV)	Lufkin	9	ABC	SAT	70,120	29.5%
KETK-TV	Jacksonville	56	NBC	MAIN	184,650	77.9%
KLSB-TV	Nacogdoches	19	NBC	SAT	52,040	21.9%
KFXK-TV	Longview	51	FOX	MAIN	198,180	83.6%

As Table 1 indicates, three of the four most economically viable networks are already present in the DMA. For the purpose of this report, twenty DMA's of comparable size (DMA's ranked 98-118) were analyzed². None had a full complement of the existing networks (ABC, CBS, NBC, FOX, WB, and UPN). The DMA's are simply too small to support all of these stations. Therefore, if KTRE(TV) were to operate as a stand-alone station, its programming options would be very limited.

While one major network, CBS, is not currently carried on any local station in the DMA, it is highly unlikely that CBS would seek out an affiliation with KTRE(TV) given the station's very limited

¹Television & Cable Factbook, Volume #67, 1999.

²These DMA's include Evansville, IN; Youngstown, OH; Savannah, GA; Lincoln-Hastings-Kearney, NE; Harlingen-Weslaco-McAllen-Brownsville, TX; Ft. Wayne, IN; Charleston, SC; Springfield-Holyoke, MA; Greenville-New Bern-Washington; Lansing, MI; Tallahassee, FL; Peoria-Bloomington, IL; Reno, NV; Monterey-Salinas, CA; Santa Barbara-Santa Maria-San Luis Obispo, CA; Sioux Falls-Mitchell, SD; Augusta, GA; Florence-Myrtle Beach, SC; Montgomery, AL; and Ft. Smith-Fayetteville-Springdale-Rogers, AR.

coverage of the DMA (only 29.5% of DMA households as noted in Table 1 above). While KTRE(TV)'s total household coverage is higher than this, a network analyzing affiliate options will focus solely on DMA households covered by a station's signal. Only DMA households are meaningful in terms of audience share, and it is DMA household counts that advertisers use primarily. Even a potential buyer of a station will focus on the number of DMA households covered rather than total coverage. The Tyler-Longview DMA is also very geographically widespread, which further serves to accentuate KTRE(TV)'s inferior signal coverage in comparison to other stations in the DMA.

The UPN and WB networks are currently carried on a low power facility and cable channel in the market respectively. These networks operate under contractual obligations with these outlets and it is unlikely that they would be available to KTRE(TV) in the short term.

Even if these networks were available it is doubtful that they would wish to affiliate with KTRE-TV. WB and UPN are not often found on primary television facilities in comparable-sized DMA's to Tyler-Longview (DMA's ranked 98-118 as discussed above). In fact, it is generally the WB's policy not to affiliate with stations in DMA's of this size. In examining Broadcast Investment Analysts (BIA)'s database, there are no WB affiliates in markets 100 plus. WB programming is only found on cable channels in these smaller DMA's. UPN occasionally affiliates with stations in this size DMA, but in the twenty markets of similar size surveyed (98-118) only six DMA's had a UPN affiliation with a primary "MAIN" station. These DMA's are generally too small to support one of the smaller networks such as UPN or WB given the overall cost structure of operating a stand alone television station. These networks do not generally garner a sufficient share of the available audience to generate revenues at a level sufficient to support a primary stand alone television station.

Spanish language programming, provided by Univision or Telemundo, also is not a viable programming option. The Tyler-Longview DMA has a Spanish-speaking population of 6.4 percent according to BIA. Of the twenty comparable size DMA's surveyed for the purpose of this report, five

DMA's in addition to Tyler-Longview also had Spanish-speaking populations in excess of five percent. However, as shown below in Table 2, most of these DMA's had Spanish-speaking populations that were significantly higher than that of Tyler-Longview. The only DMA even slightly comparable was Springfield-Holyoke, with a Spanish-speaking population of 9.2 percent. Even at this level, this DMA had no Spanish language network programming. Spanish-language stations are just not viable in DMA's of this size unless the percent of Spanish-speaking population is very significant.

Table 2
Spanish-Language Stations in DMA's Ranked 98-118

DMA	DMA Rank	% Spanish-Speaking Population	# of Spanish Language Stations
Harlingen-Weslaco-McAllen-Brownsville	102	87.4%	2
Springfield-Holyoke	105	9.2%	0
Tyler-Longview	108	6.4%	0
Reno	111	12.6%	0
Monterey-Salinas	112	36.5%	1
Santa Barbara	113	27.3%	1

Thus, the only viable programming options that would be available to KTRE(TV) if it were to operate as a stand-alone station would be operating as a PAX TV affiliate, a religious station, or an independent station.

However, KTRE(TV)'s coverage area as a stand-alone station is insufficient to support any of these programming options. As noted in Table 1, the KTRE(TV) signal covers only 70,120 DMA television households (29.5 percent of the total DMA households). Due to KTRE(TV)'s location at

the southern edge of the DMA, the station's Grade B signal does not reach the primary population centers in the DMA (Tyler and Longview). Because the KTRE(TV) Grade B signal does not cover the head-ends of the DMA's major cable systems in these areas, the station would not qualify for cable carriage on any of the major cable systems for these population centers.

Therefore, as a stand-alone station, KTRE(TV)'s "market" can only be defined as the 70,120 TV DMA households reached by its over-the-air signal. This makes KTRE(TV)'s coverage area comparable, in terms of TV households, to the 183rd DMA in the U.S which is Meridian, Mississippi with 69,000 TV households.

Table 3 displays DMA's with a similar number of television households. Of the five markets presented in the table, none of these DMA's have stations carrying any of the three programming formats available to KTRE(TV) (PAX TV, independent, or religious).

Table 3
Markets With Similar Television Household Totals
as KTRE(TV)³

Market Name	Mkt. Rank	# TV HH	No. of Full-Pwr Stations On-Air⁴	No. of Relig. Station	No. of PAX Affil.	No. of Ind. Station
Parkersburg, WV	185	62,000	2	0	0	0
Jackson, TN	184	64,000	2	0	0	0
Meridian, MS	183	69,000	3	0	0	0
Bowling Green, KY	182	73,000	2	0	0	0
Greenwood-Greenville, MS	181	79,000	2	0	0	0

The total lack of this type of programming (independent, religious or PAX TV) in these smaller markets is because stations with these programming options cannot survive financially. Successful stations with independent, religious, or PAX TV affiliations tend to operate on the fringes of larger markets taking a small share of a large revenue and audience base. Smaller markets just do not have the overall audience or revenue base to support such operations.

Although KTRE(TV), as a stand-alone station, would be considered a part of the Tyler-Longview DMA, in reality, it would provide coverage to only a very small part of the market. The 70,120 TV households covered by KTRE(TV) as a stand-alone will not be a broad enough audience base to support the station as a stand-alone operation.

³ Station and market data from BIA's *MasterAccess* database as of July, 2000.

⁴Main commercial stations

The scarcity of religious, PAX TV affiliates or independents in smaller markets is further illustrated in Table 4. In smaller markets comparable to the coverage KTRE(TV) would have as a stand-alone station, few markets have programming outlets of this type. As market size shrinks, so does the potential for this type of programming. Quite simply, there is not enough audience or advertising revenue for such stations to be economically viable.

Table 4

Markets With Religious, Independent & Pax TV Affiliates⁵

Markets	% of Markets with Independent Stations	% of Markets with Religious Stations	% of Markets with PAX TV Affiliations
1-10	100.0%	70.0%	100.0%
11-25	80.0%	46.7%	80.0%
26-50	60.0%	48.0%	72.0%
51-100	18.0%	20.0%	34.0%
101-150	10.0%	8.0%	6.0%
150-210	6.7%	8.3%	3.3%

⁵ Data from BIA's *MasterAccess* database as of July, 2000.

Another factor that underscores the economic viability issue for KTRE(TV) is the economic health of the Tyler-Longview DMA. While the DMA has experienced growth, it has generally been at a rate slower than that of the U.S. According to BIA, the retail sales growth overall in the U.S. for the five year period ending in 1999 averaged 6.0 percent per year. In Tyler-Longview, retail sales grew at only 3.8 percent per year on average.

Therefore, for all of the above reasons, KTRE(TV) must remain a satellite of KLTN(TV). As was shown in the above analyses, the station will never be able to function as a stand-alone station. There are no viable programming options and the audience and revenue base, based on analysis of similar markets is not sufficient to support the station on a stand-alone basis.

If Patrick Communications, LLC, in its capacity as a media brokerage firm, was asked to list KTRE(TV) for sale as a stand-alone station, the firm would decline to do so. It is the opinion of the principals of Patrick that there would be no knowledgeable, qualified buyers of television stations who would be interested in KTRE(TV) as a stand-alone station. An attempt to market the sale of the station as such would be futile.

This study is submitted on August 1, 2000 by W. Lawrence Patrick, President of Patrick Communications, LLC.



W. Lawrence Patrick