

**COMPREHENSIVE EXHIBIT**

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## I. DESCRIPTION OF TRANSACTION

This application is one of several FCC Form 314 applications filed by Gray Television Group, Inc., (“Gray”) and Schurz Communications, Inc. (“Schurz”), in each case on behalf of their broadcast subsidiaries, requesting the Commission’s consent to the assignment to Gray Television Licensee, LLC (“Gray Licensee”) of broadcast licenses held by Schurz subsidiaries.

The applicants note that Gray owns and operates full power television stations in certain Designated Market Areas (each a “DMA” or market) in which Schurz subsidiaries own full power television stations. In each of those markets, absent further action Gray would own two of the four highest ranked stations in all day audience share (each a “Top Four station”). Because the Commission’s Local Television Multiple Ownership Rule, 47 C.F.R. Section 73.3555(b) (the “Duopoly Rule”) does not permit common ownership of two Top Four stations in a market, Gray will divest or otherwise dispose of one Top Four station in each of these markets. As a result of these divestitures, at the closing of the transaction Gray’s holdings in each market will be fully compliant with the Commission’s rules.

## II. FCC LICENSES TO BE TRANSFERRED

Schurz holds the following full-power broadcast licenses<sup>1</sup> through its licensee subsidiaries:

<b>Call Sign</b>	<b>Community of License</b>	<b>Facility ID Number</b>
<b>WSBT-TV</b>	South Bend, IN	73983
<b>KYTV(DT)</b>	Springfield, MO	36003
<b>KOTA-TV</b>	Rapid City, SD	17688
<b>KDUH-TV</b> <i>(satellite of KOTA-TV)</i>	Scottsbluff, NE	17683
<b>KHSD-TV</b> <i>(satellite of KOTA-TV)</i>	Lead, SD	17686
<b>KSGW-TV</b> <i>(satellite of KOTA-TV)</i>	Sheridan, WY	17680
<b>KTUU-TV</b>	Anchorage, AK	10173
<b>WAGT(TV)</b>	Augusta, GA	70699
<b>WDBJ(TV)</b>	Roanoke, VA	71329
<b>KWCH-DT</b>	Hutchinson, KS	66413
<b>KSCW-DT</b>	Wichita, KS	72348
<b>KBSD-DT</b> <i>(satellite of KWCH-DT)</i>	Ensign, KS	66414
<b>KBSH-DT</b> <i>(satellite of KWCH-DT)</i>	Hays, KS	66415
<b>KBSL-DT</b> <i>(satellite of KWCH-DT)</i>	Goodland, KS	66416
<b>WNSN(FM)</b>	South Bend, IN	73984
<b>WSBT(AM)</b>	South Bend, IN	73985

<sup>1</sup> As reflected in the relevant applications, the parties also request consent to the assignment to Gray Licensee certain low power television, TV translator, and FM translator broadcast licenses.

<b>Call Sign</b>	<b>Community of License</b>	<b>Facility ID Number</b>
<b>WZOC(FM)</b> <sup>†</sup>	Plymouth, IN	12999
<b>WHFB-FM</b> <sup>†</sup>	Benton Harbor, MI	72175
<b>WASK(AM)</b>	Lafayette, IN	71065
<b>WASK-FM</b>	Battle Ground, IN	59361
<b>WKHY(FM)</b>	Lafayette, IN	63185
<b>WKOA(FM)</b>	Lafayette, IN	71064
<b>WXXB(FM)</b>	Delphi, IN	72676
<b>KFXS(FM)</b>	Rapid City, SD	66821
<b>KKMK(FM)</b>	Rapid City, SD	61325
<b>KOUT(FM)</b>	Rapid City, SD	14642
<b>KRCS(FM)</b>	Sturgis, SD	9668

### III. OTHER MEDIA INTERESTS

Gray holds the following full-power broadcast licenses through Gray Licensee:

<b>Call Sign</b>	<b>Community of License</b>	<b>Facility ID Number</b>
<b>KABY-TV</b> <i>(Satellite of KSFY-TV)</i>	Aberdeen, SD	48659
<b>KAKE(TV)</b>	Wichita, KS	65522
<b>KALB-TV</b>	Alexandria, LA	51598
<b>KBTX-TV</b> <i>(Satellite of KWTX)</i>	Bryan, TX	6669
<b>KCWY-DT</b>	Casper, WY	68713
<b>KEVN-TV</b>	Rapid City, SD	34347
<b>KFYR-TV</b>	Bismarck, ND	41427
<b>KGIN(TV)</b> <i>(Satellite of KOLN)</i>	Grand Island, NE	7894
<b>KGNS-TV</b>	Laredo, TX	10061
<b>KGWN-TV</b>	Cheyenne, WY	63166
<b>KIVV-TV</b> <i>(Satellite of KEVN-TV)</i>	Lead, SD	34348
<b>KKCO(TV)</b>	Grand Junction, CO	24766
<b>KKTV(TV)</b>	Colorado Springs, CO	35037
<b>KLBY(TV)</b> <i>(Satellite of KAKE)</i>	Colby, KS	65523
<b>KMOT(TV)</b> <i>(Satellite of KFYZ-TV)</i>	Minot, ND	41425

<sup>†</sup> Station licensed to Douglas Road Radio, Inc. (“DRR”). WSBT, Inc., a wholly-owned subsidiary of Schurz, owns a non-attributable minority interest in DRR. WSBT, Inc. will acquire the remaining stock in DRR simultaneously with the Closing of this transaction, and DRR will in the same transaction assign the licenses for these two stations to Gray Licensee. Since WSBT, Inc. and Schurz will not actually exercise control over the DRR stations, “grant of a single long-form application contemplating this type of pass-through does not violate the mandate of Section 310(d).” *John H. Phipps, Inc.*, 11 FCC Rcd 13053, 13056 (1996); see *Consent to Assignment of Licenses for WPTA, et al.*, DA 15-1026 (Med. Bur. Rel. Sept. 15, 2015) at 2 n.4.

<b>Call Sign</b>	<b>Community of License</b>	<b>Facility ID Number</b>
<b>KMVT(TV)</b>	Twin Falls, Idaho	35200
<b>KNOE-TV</b>	Monroe, LA	48975
<b>KNOP-TV</b>	North Platte, NE	49273
<b>KOLN(TV)</b>	Lincoln, NE	7890
<b>KOLO-TV</b>	Reno, NV	63331
<b>KOSA-TV</b>	Odessa, TX	6865
<b>KPRY-TV</b> <i>(Satellite of KSFY-TV)</i>	Pierre, SD	48660
<b>KQCD-TV</b> <i>(Satellite of KFYZ-TV)</i>	Dickinson, ND	41430
<b>KSFY-TV</b>	Sioux Falls, SD	48658
<b>KSNB(TV)</b>	Superior, NE	21161
<b>KSTF(TV)</b> <i>(Satellite of KGWN-TV)</i>	Scottsbluff, NE	63182
<b>KTVH-DT</b>	Helena, Montana	5290
<b>KUMV-TV</b> <i>(Satellite of KFYZ-TV)</i>	Williston, ND	41429
<b>KUPK(TV)</b> <i>(Satellite of KAKE)</i>	Garden City, KS	65535
<b>KVLY-TV</b>	Fargo, ND	61961
<b>KWTX-TV</b>	Waco, TX	35903
<b>KXII(TV)</b>	Sherman, TX	35954
<b>WAGM-TV</b>	Presque Isle, Maine	48305
<b>WBKO(TV)</b>	Bowling Green, KY	4692
<b>WCAV(TV)</b>	Charlottesville, VA	363
<b>WCTV(TV)</b>	Thomasville, GA	31590
<b>WEAU(TV)</b>	Eau Claire, WI	7893
<b>WHSV-TV</b>	Harrisonburg, VA	4688
<b>WIBW-TV</b>	Topeka, KS	63160
<b>WIFR(TV)</b>	Freeport, IL	4689
<b>WILX-TV</b>	Onondaga, MI	6863
<b>WITN-TV</b>	Washington, NC	594
<b>WJHG-TV</b>	Panama City, FL	73136
<b>WJRT-TV</b>	Flint, MI	21735
<b>WKYT-TV</b>	Lexington, KY	24914
<b>WMTV(TV)</b>	Madison, WI	6870
<b>WNDU-TV</b>	South Bend	41674
<b>WOWT(TV)</b>	Omaha, NE	65528
<b>WRDW-TV</b>	Augusta, GA	73937
<b>WQCW(TV)</b>	Portsmouth, OH	65130
<b>WSAW-TV</b>	Wausau, WI	6867
<b>WSAZ-TV</b>	Huntington, WV	36912
<b>WSWG(TV)</b>	Valdosta, GA	28155
<b>WTAP-TV</b>	Parkersburg, WV	4685

Call Sign	Community of License	Facility ID Number
<b>WTOK-TV</b>	Meridian, MS	4686
<b>WTVG(TV)</b>	Toledo, OH	74150
<b>WTVY(TV)</b>	Dothan, AL	4152
<b>WVLT-TV</b>	Knoxville, TN	35908
<b>WYMT-TV</b>	Hazard, KY	24915

On September 2, 2015, an application was filed requesting FCC consent to the assignment of the license of KCRG-TV, Cedar Rapids, Iowa (FID 9719), from Cedar Rapids Television Company to Gray Television Licensee, LLC. See FCC File No. BALCDT-20150902ACB.

Elizabeth R. Neuhoff, a Director of Gray Television, Inc., also has an attributable interest in the following:

Call Sign	Community of License	Facility ID Number
<b>WDAN(AM)</b>	Danville, IL	48330
<b>WDNL(FM)</b>	Danville, IL	48332
<b>WRHK(FM)</b>	Danville, IL	57465
<b>WCVS(FM)</b>	Springfield, IL	70275
<b>WFMB(AM)</b>	Springfield, IL	48333
<b>WFMB-FM</b>	Springfield, IL	48331
<b>WXAJ(FM)</b>	Hillsboro, IL	4738
<b>WCZQ(FM)</b>	Monticello, IL	46942
<b>WDZ-AM</b>	Decatur, IL	53348
<b>WDZQ(FM)</b>	Decatur, IL	47004
<b>WSOY(AM)</b>	Decatur, IL	36945
<b>WSOY-FM</b>	Decatur, IL	36951

#### IV. PARTIES TO APPLICATION

The following chart provides ownership information for the proposed assignee of the licenses – Gray Television Licensee, LLC.

##### **Gray Television Licensee, LLC**

1	Gray Television Licensee, LLC 4370 Peachtree Road, NE Atlanta, GA 30319	Gray Television Group, Inc. 4370 Peachtree Road, NE Atlanta, GA 30319
2	Nevada Limited Liability Company	Delaware Corporation
3	N/A	Sole Member
4	N/A	100%
5	N/A	N/A

Name	Citizenship	Positional Interest	% Votes	% Total Assets
Hilton H. Howell, Jr.	US	Director/ Officer	0%	0%
Kevin P. Latek	US	Director/Officer	0%	0%
Kristine W. Eppes	US	Director/Officer	0%	0%
Robert J. Folliard, III	US	Officer	0%	0%
James C. Ryan	US	Officer	0%	0%
Wendy Mavrinac	US	Officer	0%	0%

**Gray Television Group, Inc.**

1	Gray Television Group, Inc. 4370 Peachtree Road, NE Atlanta, GA 30319	WVLT-TV, Inc. 4370 Peachtree Road, NE Atlanta, GA 30319
2	Delaware Corporation	Georgia Corporation
3	N/A	Sole Shareholder
4	N/A	100%
5	N/A	N/A

The following individuals are officers or directors of **Gray Television Group, Inc.**

Name	Citizenship	Positional Interest	% Votes	% Total Assets
Hilton H. Howell, Jr.	US	Director/ Officer	0%	0%
Kevin P. Latek	US	Director/Officer	0%	0%
Jason A. Effinger	US	Officer	0%	0%
James C. Ryan	US	Officer	0%	0%
Bob Smith	US	Officer	0%	0%
Nick Waller	US	Officer	0%	0%
Greg Conklin	US	Officer	0%	0%
Jackson S. Cowart, IV	US	Officer	0%	0%
Robert J. Folliard, III	US	Officer	0%	0%
Jan Goldstein	US	Officer	0%	0%
Lisa Guill	US	Officer	0%	0%
Vance F. Luke	US	Officer	0%	0%
Chris Baker	US	Officer	0%	0%
Jay Barton	US	Officer	0%	0%
Jim Beck	US	Officer	0%	0%
James Berman	US	Officer	0%	0%
Spencer Bienvenu	US	Officer	0%	0%
Mike Braun	US	Officer	0%	0%
Robert Brokke	US	Officer	0%	0%
Ulysses Carlini	US	Officer	0%	0%
Julia Campbell	US	Officer	0%	0%
Rick Dean	US	Officer	0%	0%

Name	Citizenship	Positional Interest	% Votes	% Total Assets
Matt Eldredge	US	Officer	0%	0%
Jose Gaona	US	Officer	0%	0%
Mark Gentner	US	Officer	0%	0%
Michele D. Godard	US	Officer	0%	0%
Chris Gross	US	Officer	0%	0%
Annette Heath	US	Officer	0%	0%
Richard Heidt	US	Officer	0%	0%
Nick Hessler	US	Officer	0%	0%
Matt Jaquint	US	Officer	0%	0%
Tracey Jones	US	Officer	0%	0%
Mike King	US	Officer	0%	0%
Allan Lancaster	US	Officer	0%	0%
Kelly Landeen	US	Officer	0%	0%
Laura Long	US	Officer	0%	0%
Nick Matesi	US	Officer	0%	0%
Rick McCue	US	Officer	0%	0%
Neil Middleton	US	Officer	0%	0%
Brad Moses	US	Officer	0%	0%
Chris Mossman	US	Officer	0%	0%
Terry McHugh	US	Officer	0%	0%
Tim Myers	US	Officer	0%	0%
John O'Brien	US	Officer	0%	0%
Jim Ogle	US	Officer	0%	0%
Heather Peeples	US	Officer	0%	0%
Sue Ramsett	US	Officer	0%	0%
John Ray	US	Officer	0%	0%
Vic Richards	US	Officer	0%	0%
Barry Schumaier	US	Officer	0%	0%
Roger Sheppard	US	Officer	0%	0%
Stacey Stewart	US	Officer	0%	0%
Don Vesely	US	Officer	0%	0%
Pete Veto	US	Officer	0%	0%
Tim Walker	US	Officer	0%	0%
James Wareham	US	Officer	0%	0%
Tregg White	US	Officer	0%	0%
Mike Wright	US	Officer	0%	0%
Luis Villarreal	US	Officer	0%	0%
Becky Meyer	US	Officer	0%	0%

**WVLT-TV, Inc.**

1	WVLT-TV, Inc. 4370 Peachtree Road, NE Atlanta, GA 30319	Gray Television, Inc. 4370 Peachtree Road, NE Atlanta, GA 30319
2	Georgia Corporation	Georgia Corporation
3	N/A	Sole Shareholder
4	N/A	100%
5	N/A	N/A

The following individuals are officers or directors of **WVLT-TV, Inc.**

Name	Citizenship	Positional Interest	% Votes	% Total Assets
Hilton H. Howell, Jr.	US	Director/ Officer	0%	0%
Kevin P. Latek	US	Director/Officer	0%	0%
James C. Ryan	US	Officer	0%	0%
Jackson S. Cowart, IV	US	Officer	0%	0%
Jan Goldstein	US	Officer	0%	0%
Vance F. Luke	US	Officer	0%	0%
Christopher D. Baker	US	Officer	0%	0%
Robert J. Folliard, III	US	Officer	0%	0%

## Gray Television, Inc.

The following individuals or entities are an officer, director or hold an attributable interest in Gray Television, Inc.

Name	Citizenship	Positional Interest	% Votes	% Total Assets
Harriet Robinson <sup>2</sup>	US	Owner/Director	32.4%	0%
Hilton H. Howell, Jr. <sup>3</sup>	US	Director/ Officer	12.65%	0%
Atlantic American <sup>4</sup> Corporation	US	Stockholder	5.16%	0%
Richard L. Boger	US	Director	0%	0%
T.L.(Gene) Elder	US	Director	0%	0%
Robin R. Howell	US	Director	0%	0%
William E. Mayher, III	US	Director	0%	0%
Howell W. Newton	US	Director	0%	0%
Hugh E. Norton	US	Director	0%	0%
Elizabeth R. Neuhoff	US	Director	0%	0%
Kevin P. Latek	US	Officer	0%	0%
Jason A. Effinger	US	Officer	0%	0%
James C. Ryan	US	Officer	0%	0%
Bob Smith	US	Officer	0%	0%
Nick Waller	US	Officer	0%	0%
Jackson S. Cowart, IV	US	Officer	0%	0%
Robert J. Folliard, III	US	Officer	0%	0%
Vance F. Luke	US	Officer	0%	0%
Jan Goldstein	US	Officer	0%	0%

### V. TRANSACTION DOCUMENTS

The parties are submitting with this application a copy of the Asset Purchase Agreement, dated as of September 14, 2015, by and among Schurz, subsidiaries of Schurz, and Gray (the

<sup>2</sup> The attributable ownership interest reported herein for Harriet Robinson includes:  
 (i) her ownership of Class A Common Stock (ten votes each share) and Class B Common Stock (one vote each share);  
 (ii) the stock held in trust for children or grandchildren; and  
 (iii) shares held by companies controlled by Mr. Robinson's Estate that own both Class A Common and Class B Common Stock of Gray except Atlantic American Corporation, which is reported separately above. *See* Note 3.

<sup>3</sup> The attributable ownership interest reported herein for Hilton H. Howell, Jr. includes:  
 (i) his individual ownership of Class A Common Stock (ten votes each share) and Class B Common Stock (one vote each share);  
 (ii) the stock owned by his wife, Robin R. Howell, and  
 (iii) the stock held in trust by his wife for their children.

It is not represented that Mrs. Howell's media interests are independently held and not subject to common influence or control. *See In re Clarification of Commission Policies Regarding Spousal Attribution, Policy Statement, 7 FCC Rcd 1920, para. 1* (finding that "spouses' media interests will not be attributed where the spouses' disclosures confirm that such media interests are independently held and are not subject to common influence or control").

<sup>4</sup> Atlantic American Corporation is controlled by Mrs. Robinson who owns more than 50% of the stock of this corporation.

“Purchase Agreement”). The following are the annexes, exhibits, and schedules to the Purchase Agreement:

Annexes

Annex A Schurz Subsidiaries Party to this Agreement

Exhibits

Exhibit A-1 TV Stations  
 Exhibit A-2 Radio Stations  
 Exhibit A-3 TV and Radio Stations to which a Station Provides Services  
 Exhibit B Assignments of FCC Authorizations Assigning FCC Licenses  
 Exhibit C Assignments and Assumptions of Contracts Assigning Purchased Contracts  
 Exhibit D Assignments and Assumptions of Leases Assigning Real Property Leases  
 Exhibit E Intellectual Property Assignments Assigning Intangible Rights  
 Exhibit F General Bills of Sale Conveying Purchased Assets  
 Exhibit G Affidavits of Non-Foreign Status of Seller  
 Exhibit H Indemnity Escrow Agreement  
 Exhibit I Material Lease Agreement Terms (WSBT Building)

Schedules

Schedule 1.1(a) FCC Licenses  
 Schedule 1.1(b) Tangible Personal Property  
 Schedule 1.1(c)(i) Owned Real Property  
 Schedule 1.1(c)(ii) Leased Real Property  
 Schedule 1.1(d) Purchased Contracts  
 Schedule 1.1(e) Intangible Property  
 Schedule 1.2(c) Excluded Contracts  
 Schedule 1.2(d) Seller Marks  
 Schedule 1.2(p) Certain Excluded Assets  
 Schedule 1.4(a) Certain Proration Adjustments  
 Schedule 1.4(b) Allocation of Purchase Price among Sellers  
 Schedule 1.8(a) FCC Licenses  
 Schedule 1.8(c) Primary FCC Licenses  
 Schedule 1.8(g) Overlap Licenses  
 Schedule 1.8(h) Certain Regulatory Actions  
 Schedule 1.9 Material Multi-Station Contracts  
 Schedule 1.9(b) Material Multi-Station Contracts Allocation  
 Schedule 2.3 Conflicts  
 Schedule 2.4(a) Knowledge  
 Schedule 2.4(b) Certain Notices  
 Schedule 2.4(c) Certain FCC Changes  
 Schedule 2.5 Taxes  
 Schedule 2.6 Permitted Liens  
 Schedule 2.7(a) Options to Purchase Real Property  
 Schedule 2.7(b) Leased Real Property

Schedule 2.7(d)	Improvements
Schedule 2.9	Environmental Exceptions
Schedule 2.10	Intangible Property
Schedule 2.11	Employees; Labor Matters
Schedule 2.11(c)	Benefit Plans
Schedule 2.11(d)	Benefit Exceptions
Schedule 2.12	Insurance
Schedule 2.13	Compliance with Law; Permits
Schedule 2.14	Litigation
Schedule 2.15	Financial Statements
Schedule 2.16	Absence of Changes
Schedule 2.17	Purchased Assets; Sufficiency
Schedule 2.19	Transactions with Affiliates
Schedule 3.5	Buyer FCC Matters
Schedule 4.1	Permitted Activity
Schedule 5.5(a)	Required Consents
Schedule 5.18	Continuing Affiliate Relationships
Schedule 11.3	Designated Stations

The parties have excluded from the application the schedules and attachments to the Purchase Agreement. The excluded documents contain proprietary information, are not germane to the Commission's consideration of this application, or duplicate information already included in the application or in the possession of the Commission. *See LUJ, Inc. and Long Nine, Inc.*, 17 FCC Rcd 16980 (2002). Copies of excluded portions of those documents and other material will be provided to the Commission upon request, subject to the right of the parties to ask that the material submitted be held in confidence and not be made available for public inspection pursuant to applicable rules and policies of the Commission that restrict public access to confidential and proprietary information.

## **VI. PENDING LICENSE RENEWAL APPLICATIONS**

Certain of the Schurz stations currently have license renewal applications pending before the Commission. The parties therefore request that the Commission apply its policy permitting processing of multi-station long-form applications that involve stations with pending license renewal applications where (1) no basic qualifications issues have been raised or, if raised, were resolved favorably, and (2) the purchaser explicitly assents to standing in the stead of the seller in any renewal proceeding that is pending at the time of consummation of the transaction. Gray and Gray Licensee hereby agree to succeed to the position of the assignor in any pending license renewal applications and to assume the consequences thereof, consistent with the procedures set forth in *Shareholders of CBS Corporation*, 16 FCC Rcd 16072, ¶ 3 (2001) (“The Commission repeatedly has held that, in multi-station transactions, it will grant the transfer of control application while the renewal application is pending as long as there are no basic qualification issues pending against the transferor or transferee that could not be resolved in the context of the

transfer proceeding, and the transferee explicitly assents to standing in the stead of the transferor in the pending renewal proceeding.”).<sup>5</sup>

## **VII. MEDIA OWNERSHIP**

No party to the applications owns any conflicting media interest that would require a waiver of the Commission’s multiple ownership rules in order to complete the transaction except as described below. In fact, the transaction will result in the break-up of an existing newspaper-broadcast cross-ownership combination in South Bend, Indiana. Additionally, in Augusta, Gray expects that the existing Joint Sales Agreement will be terminated at closing when it acquires WAGT(TV). A detailed analysis of the multiple ownership situation in relevant local markets, as well as showings supporting satellite exemptions and a failing station waiver, follows.

Subsidiaries of Schurz are party to three joint sales agreements (in Springfield, Missouri, Wichita, Kansas, and Augusta, Georgia) that are permissible pursuant to the grandfathering period provided in the Commission’s April 15, 2014 order attributing joint sales agreements involving the sale of more than 15% of another local station’s ad time and subsequent Congressional legislation extending that grandfathering period.<sup>6</sup> In addition, the same Schurz subsidiaries are parties to non-attributable shared services agreements and, in Springfield, an option agreement.<sup>7</sup>

Subject to the accommodations set forth herein, Gray would step into the shoes of Schurz and assume certain of these agreements at closing. In Wichita and Springfield, Gray requests that joint sales be permitted to continue until the statutory deadline for attribution of joint sales agreements to provide the parties sufficient time to unwind the existing sales relationship. The joint sales agreements and other related agreements Gray would assume are being submitted to the Commission in connection with the relevant applications. Gray submits that the agreements to be assigned in connection with the transaction are only an incidental aspect of a much larger transaction. Thus, consistent with precedent, Gray respectfully requests that the Commission provide brief temporary waivers of its rules to permit the assignment of these agreements.<sup>8</sup>

**A. Overlap Markets:** As discussed in more detail below, the applicants each own television stations in certain markets. Under the Duopoly Rule, a single person or entity may hold an attributable interest in more than one full power television station in a market where either there is no signal contour overlap between the stations, or at least one of the stations is not a Top Four station and at least eight independent commercial and noncommercial full power television station

<sup>5</sup> See also *Cumulus Media, Inc.*, 26 FCC Rcd 12956, 12960 (MB 2011) (applying the CBS policy to assignment applications).

<sup>6</sup> 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, Further Notice of Proposed Rulemaking and Report and Order, 29 FCC Rcd 4371, 4527 (2014) (“2014 Quadrennial NPRM”); The STELA Reauthorization Act of 2014 (STELAR), § 102, Pub. L. No. 113-200, 128 Stat. 2059, 2063 (2014). Schurz subsidiaries provide joint sales and other services to KSPR(TV), Springfield, Missouri, and KDCU(TV), Derby, Kansas. Schurz’s WAGT(TV), Augusta, Georgia receives joint sales and other services from Media General, Inc.

<sup>7</sup> Schurz also provides a loan guarantee for Perkin Media, LLC, licensee of KSPR(TV) in Springfield. Gray will not assume this guarantee.

<sup>8</sup> *Consent to Transfer Control of Licenses by Shareholders of Media General, Inc. and Shareholders of LIN Media, LLC to Post-Merger Shareholders of Media General, Inc.*, Memorandum Opinion and Order, 29 FCC Rcd 14798, 14805-06 (2014).

“voices” will remain in the market post-merger. Because the transaction otherwise would result in common ownership of two Top Four stations in those markets, Gray has committed to divest or dispose of one Top Four station in each of these “overlap” markets to ensure the post-merger company complies with the Duopoly Rule. Because, subject to grant of the waivers requested herein, these remedial measures address directly any issues raised by the Commission’s ownership rules, grant of the applications is manifestly in the public interest.

1. **Rapid City, South Dakota:** In this market, a Schurz subsidiary is the licensee of station KOTA-TV, Rapid City, South Dakota, and its satellites. Gray Licensee is the licensee of KEVN-TV, Rapid City, South Dakota, and its satellites. KOTA-TV is an affiliate of the ABC television network and KEVN-TV is an affiliate of the FOX television network. Both stations are currently Top Four stations in the market. The applicants must divest or otherwise dispose of either KOTA-TV or KEVN-TV to come into compliance with the Duopoly Rule. Prior to or simultaneously with consummating the transaction proposed herein, Gray will either surrender the license for KOTA-TV or divest the station to a third party that will operate the station completely independently from Gray.
2. **South Bend, Indiana:** In this market, a Schurz subsidiary is the licensee of station WSBT-TV, South Bend, Indiana, and its satellites. Gray Licensee is the licensee of WNDU-TV, South Bend, Indiana, and its satellites. WSBT-TV is an affiliate of the CBS television network and WNDU-TV is an affiliate of the NBC television network. Both stations are currently Top Four stations in the market. The applicants must divest or otherwise dispose of either WSBT-TV or WNDU-TV to come into compliance with the Duopoly Rule. An application to divest WSBT-TV will be filed as soon as a buyer is located and a purchase agreement signed or another agreement regarding disposition is reached.
3. **Wichita, Kansas:** In this market, a Schurz subsidiary is the licensee of station KWCH-DT, Hutchinson, Kansas, and its satellites, and KSCW-DT, Wichita, Kansas. Gray Licensee is the licensee of KAKE-TV, Wichita, Kansas, and its satellites. KWCH-DT is an affiliate of the CBS television network and KAKE-TV is an affiliate of the ABC television network. Both stations are currently Top Four stations in the market. The applicants must divest or otherwise dispose of either KWCH-DT or KAKE-TV to come into compliance with the Duopoly Rule. An application to divest KAKE-TV will be filed as soon as a buyer is located and a purchase agreement signed or another agreement regarding disposition is reached. In addition, as set forth herein, Gray requests a continuing failing station waiver regarding KSCW-DT.
4. **Augusta, Georgia:** In this market, a Schurz subsidiary is the licensee of station WAGT(TV), Augusta, Georgia. Gray Licensee is the licensee of WRDW-TV, Augusta, Georgia. WAGT(TV) is an affiliate of the NBC television network and WRDW-TV is an affiliate of the CBS television network. Both stations are currently Top Four stations in the market. The applicants must divest or otherwise dispose of either WAGT(TV) or WRDW-TV to come into compliance with the Duopoly Rule. The parties intend to participate in the incentive auction with respect to WAGT(TV).

To the extent necessary, Gray requests a temporary waiver of the Duopoly Rule to permit joint ownership of WAGT(TV) and WRDW-TV until the conclusion of the auction. As a condition of this temporary waiver, Gray commits that at closing it will immediately take WAGT(TV) silent and that it will not operate WAGT(TV) at any time during the waiver period. Thus, at no point during the temporary waiver period will Gray actually operate two Top Four stations in the market. In the event that the license of WAGT(TV) is not surrendered in the auction, Gray will sell the license to a new entrant, as it has done in other markets.<sup>9</sup>

## **B. Radio-Television Cross-Ownership**

Gray's acquisition of the Schurz full-power television and radio stations fully complies with the cross-media limits, 47 C.F.R. § 73.3555(c). The radio-television cross-ownership rule is triggered when either (a) the Grade A contour of a television station encompasses the community of license of a commonly owned radio station, or (b) when the 1 mV/m of an FM station or the 2 mV/m contour of an AM encompasses the community of license of a commonly owned television station. As discussed in the attached Exhibit A1 from Joseph M. Davis, Gray's acquisition of the Schurz stations in the Rapid City, South Dakota and South Bend, Indiana markets triggers the rule.

Although the radio-television cross-ownership rule is triggered by contour encompassment, the Commission determines compliance with the rule on Nielsen Audio (formerly Arbitron) radio market basis. The Commission has explained that it does not count toward an entity's radio-television cross-ownership limit any radio station assigned to a different Nielsen metro market, unless the contour of that distant radio station encompasses the community of license of the television station in question.<sup>10</sup>

Under the radio-television cross-ownership rule, an entity may control two commercial television stations (to the extent permitted by the local television multiple ownership rule) and six commercial radio stations in a Nielsen Audio radio market, if at least 20 independently owned and operated media voices would remain in the market after the transaction.<sup>11</sup> If less than 20, but at least 10 independently owned media voices remain in the market post-merger, an entity can own up to two commercial television stations (again, to the extent permitted by the local television multiple ownership rule) and four commercial radio stations in the market.<sup>12</sup>

### **1. Compliance in the South Bend, Indiana Radio Market**

Gray seeks Commission consent to acquire the four full-power radio stations owned by Schurz and DRR in the South Bend radio market.

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<sup>9</sup> Press Release, Federal Communications Commission, Statement from FCC Chairman Thom Wheeler on Gray/MMTC Selection of Buyers For Former Stations (Aug. 27, 2014).

<sup>10</sup> *Review of the Commission's Regulations Governing Television Broadcasting*, 16 FCC Rcd 1067, 1081 (2001). See also *Shareholders of Hispanic Broadcasting Corp.*, 18 FCC Rcd 18834, 18837 n.13 (2003).

<sup>11</sup> 47 C.F.R. § 73.3555(c).

<sup>12</sup> *Id.*

Call Sign	Facility ID	Community of License
WNSN(FM)	73984	South Bend, IN
WSBT(AM)	73985	South Bend, IN
WZOC(FM) <sup>13</sup>	12999	Plymouth, IN
WHFB-FM <sup>14</sup>	72175	Benton Harbor, IN

Gray owns WNDU-TV, South Bend, Indiana, and does not propose to acquire Schurz's television station WSBT-TV, South Bend, Indiana.<sup>15</sup> Thus, Gray would own one full-power television station and four full-power radio stations after the transaction. In order to comply with the radio-television cross-ownership rule, at least 10 independently owned media voices must remain in the market.

As demonstrated in the attached Exhibit A2, the South Bend market will have at least 22 independent media voices after the merger. Today, Schurz operates full-power television and radio stations and publishes a weekly newspaper in the market. Thus, Gray's acquisition of the Schurz stations will break-up a newspaper – broadcast combination in the market. Also, Schurz will continue to serve as an independent voice in the market through its continued ownership, operation, and publication of a daily newspaper in South Bend after Gray acquires the radio stations in the market. Because Gray and Schurz will continue to operate media properties in the market and because Gray will divest WSBT-TV simultaneously with or prior to the consummation of this transaction, the diversity of voices will not change even though DRR will no longer own any radio stations in the market. There will be at least 20 independent media voices in the market; therefore, Gray's proposed acquisition of the Schurz and DRR radio stations complies with the radio-television cross-ownership rule.

## 2. Compliance in the Rapid City, South Dakota Radio Market

Gray seeks Commission consent to acquire the four full-power radio stations owned by Schurz in the Rapid City metro market.

Call Sign	Facility ID	Community of License
KRCS(FM)	9668	Sturgis, SD
KKMK(FM)	61325	Rapid City, SD
KOUT(FM)	14642	Rapid City, SD
KFXS(FM)	66821	Rapid City, SD

Gray owns KEVN-TV, Rapid City, South Dakota, and does not propose to acquire Schurz's television station KOTA-TV, Rapid City, South Dakota.<sup>16</sup> Thus, Gray would own one

<sup>13</sup> Station licensed to DRR.

<sup>14</sup> Station licensed to DRR.

<sup>15</sup> Gray shall accept, as a condition of the Commission's grant of the instant application, a requirement to divest WSBT-TV simultaneous with or prior to the consummation of the transaction.

<sup>16</sup> Gray shall accept, as a condition of the Commission's grant of the instant application, a requirement to divest or surrender the license of KOTA-TV prior to the consummation of the transaction. Gray proposes to acquire Schurz's satellite station KHSD-TV, which is also in the Rapid City market. The FCC's radio-television cross-ownership rule is not applied to cases involving satellite television stations. *See* 47 C.F.R. § 73.3555 nt. 5.

full-power television station and four full-power radio stations after the transaction. In order to comply with the radio-television cross-ownership rule, at least 10 independently owned media voices must remain in the market.

The Rapid City market will have at least 21 independent media voices after the merger.<sup>17</sup> Gray plans to divest or surrender the license for KOTA-TV prior to the consummation of the transaction. Therefore, it is possible that the number of independent media voices in the market will not decrease, as a result of this transaction, because a new market entrant may acquire KOTA-TV. Nevertheless, since there will be at least 21 independent media voices in the market, Gray's proposed acquisition of the Schurz radio stations complies with the radio-television cross-ownership rule.

### C. Radio Multiple Ownership

Gray seeks to acquire the licenses of 13 full-power radio stations from Schurz. Gray does not currently hold an attributable interest in any other radio stations in any of the markets in which the Schurz radio stations are located. Thus, the instant transaction will not result in new combinations of radio stations in any market. As demonstrated herein, Gray's acquisition of the Schurz radio stations complies with Section 73.3555 of the Commission's Rules.

#### 1. Compliance in the South Bend Market

Gray proposes to acquire the four full-power radio stations owned by Schurz and DRR in the South Bend metro market.

Call Sign	Facility ID	Community of License
WNSN(FM)	73984	South Bend, IN
WSBT(AM)	73985	South Bend, IN
WZOC(FM) <sup>18</sup>	12999	Plymouth, IN
WHFB-FM <sup>19</sup>	72175	Benton Harbor, IN

As demonstrated by the attached market study,<sup>20</sup> the South Bend market includes 21 full-power radio stations. Thus, a party may own up to six commercial radio stations, up to four of which may be in the same service in the South Bend market.

Gray's proposal to own three FM stations and one AM station is consistent with the multiple ownership limits in the South Bend, Indiana market.

#### 2. Compliance in the Rapid City Market

Gray proposes to acquire the four full-power radio stations owned by Schurz in the Rapid City metro market.

<sup>17</sup> See Exhibit A3.

<sup>18</sup> Station licensed to DRR.

<sup>19</sup> Station licensed to DRR.

<sup>20</sup> See Exhibit B1.

Call Sign	Facility ID	Community of License
KRCS(FM)	9668	Sturgis, SD
KKMK(FM)	61325	Rapid City, SD
KOUT(FM)	14642	Rapid City, SD
KFXS(FM)	66821	Rapid City, SD

As demonstrated by the attached market study,<sup>21</sup> the Rapid City market includes 28 full-power radio stations. Thus, a party may own up to six commercial radio stations, up to four of which may be in the same service in the Rapid City market.

Gray's proposal to own four FM stations is consistent with the multiple ownership limits in the Rapid City market.

### 3. Compliance in the Lafayette Market

Gray proposes to acquire the five full-power radio stations owned by Schurz in the Lafayette metro market.

Call Sign	Facility ID	Community of License
WASK(AM)	71065	Lafayette, IN
WASK-FM	59361	Battle Ground, IN
WKHY(FM)	63185	Lafayette, IN
WKOA(FM)	71064	Lafayette, IN
WXXB(FM)	72676	Delphi, IN

As demonstrated by the attached market study,<sup>22</sup> the Lafayette market includes 21 full-power radio stations. Thus, a party may own up to six commercial radio stations, up to four of which may be in the same service in the Lafayette market.

Gray's proposal to own four FM stations and one AM station is consistent with the multiple ownership limits in the Lafayette market.

#### D. Satellite and Main Studio Waivers:

##### *Wichita, Kansas*

Gray seeks Commission consent to the assignment of the licenses for KWCH-DT, Hutchinson, KS (FID 66413); KBSH-DT, Hays, KS (FID 66415); KBSD-DT, Ensign, KS (FID 66414); and KBSL-DT, Goodland, KS (FID 66416). All of the stations are located in the Nielsen-defined Wichita-Hutchinson, Kansas DMA. KBSH-DT, KBSD-DT, and KBSL-DT currently operate as full-power satellite stations of KWCH-DT. Gray respectfully requests

<sup>21</sup> See Exhibit B2.

<sup>22</sup> See Exhibit B3.

continuation of the satellite waivers so the stations may maintain their historic operating status and continue to serve the public.

The Commission's satellite policy<sup>23</sup> 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:

1. there is no City Grade overlap between the parent and the 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.<sup>24</sup>

Alternatively, if the applicant cannot demonstrate 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.<sup>25</sup>

As a result of changes to the local television ownership rule, in certain circumstances, stations that historically operated as satellites no longer qualify for satellite treatment because the contours for the stations do not overlap.<sup>26</sup> Continuing satellite treatment for KBSH-DT and KBSD-DT, is appropriate. The KBSL-DT contour, however, does not overlap the contour of KWCH-DT or its other satellite stations, therefore, Commission rules no longer require approval for KBSL-DT to operate as a satellite. Nevertheless, because KBSL-DT will not maintain its own studio, Gray respectfully requests a waiver of the Commission's main studio rule.<sup>27</sup> Gray can demonstrate compliance under the presumptive satellite waiver test with respect to all three stations, and Gray submits that continued satellite authority for KBSH-DT and KBSD-DT and a main studio waiver with respect to KBSL-DT 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.<sup>28</sup> Nevertheless, the Commission will consider whether the station's analog City Grade contours overlapped prior to the transition.<sup>29</sup> Historically, each of the satellite stations has operated as a satellite of KWCH-DT, and the Commission previously approved their common ownership and operation as satellites multiple times.<sup>30</sup>

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<sup>23</sup> *Television Satellite Stations Review of Policy and Rules*, 6 FCC Rcd 4212 (1991).

<sup>24</sup> *Id.* at 4213.

<sup>25</sup> *Id.* at 4214.

<sup>26</sup> See 73.35555(b)(1) (permitting common ownership of two stations in the same DMA if the relevant contours do not overlap).

<sup>27</sup> See 47 C.F.R. § 73.1125. See also *Shareholders of CBS Corp.*, 15 FCC Rcd 8230, 8244, ¶ 40 (2000) (granting a main studio waiver based on factors that otherwise would justify continued satellite authority under the *ad hoc* test).

<sup>28</sup> *New Young Broadcasting Holding Company, Inc.*, 25 FCC Rcd 7518, 7519 (MB 2010).

<sup>29</sup> *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).

<sup>30</sup> See *In RE: KWCH-TV, Hutchison, Kansas, Application for Assignment of License, File No. BALCT-20060728AGC, ID No. 66413, et al.*, 21 FCC Rcd 10730 (MB 2006).

Furthermore, Exhibit C1 demonstrates that the former City Grade contours KBSH-DT, KBSD-DT, and KBSL-DT do not overlap the City Grade contours of KWCH-DT, and today, the noise-limited contours have minimal (if any) overlap.

With respect to the second criterion, each of the communities of license of the satellite stations 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 television stations (the "reception test"). Application of the "transmission test" demonstrates each of the satellite stations in the Wichita-Hutchinson DMA serves an "underserved" area. None of the three satellite stations are licensed to a community with more than two full-service stations. Having satisfied the "transmission test," there is no need to examine the alternative "reception test."

As the FCC has determined previously, operation of the three satellite stations meets the third prong of the FCC's presumptive standard. As expressed in the attached Exhibit C2, Frank Higney concludes that none of the legacy satellite stations could operate as a stand-alone, full-power station. KWCH-DT and the three satellites are located in the Wichita-Hutchinson, television market which is comprised of 65 counties across central and western Kansas. By far, the largest city in the market is Wichita, which has a population of over 640,000. Each of the satellite stations serves communities with far less people and fails to provide an over-the-air signal to an economic base to support a stand-alone, full-service station.

Each of the Big 4 affiliates in the market use satellite stations to provide over-the-air service to a larger portion of the market than the primary station can reach. KWCH-DT must continue to operate KBSD-DT, KBSL-DT, and KBSH-DT as satellites to compete effectively in the Wichita-Hutchinson DMA. Accordingly, 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 and a main studio waiver, because Gray meets its burden under the *ad hoc* test.

#### *Rapid City, South Dakota*

Gray respectfully requests the Commission grant a continued satellite waiver for television station KHSD-TV, Lead, South Dakota (FID 17686). As explained below, KHSD-TV has been owned and operated as a satellite station since 1966 to serve the Rapid City, DMA, one of the largest in the United States in terms of geographic area.<sup>31</sup> In addition to KHSD-TV, KSGW-TV, Sheridan, Wyoming (FID 17680) also operates as a semi-satellite of KOTA-TV, but because the noise limited contour for KSGW-TV does not overlap with any other full power television station in the Rapid City DMA that Gray owns or proposed to own and because KSGW-TV maintains a separate main studio, no satellite or main studio waiver is necessary for KSGW-TV.<sup>32</sup>

<sup>31</sup> Previous decisions have referenced the need for satellite stations in large geographic markets in order to provide service to stations' viewing publics. See *KVAL-TV*, 28 FCC Rcd 11746, 11747 (Med. Bur. 2013).

<sup>32</sup> Schurz also utilizes KDUH-TV, Scottsbluff, Nebraska as a satellite of KOTA-TV. As discussed separately, Gray proposes to continue utilizing KDUH-TV as a satellite station, but to designate KNOP-TV as the parent station.

The FCC's duopoly rules prevent Gray from acquiring KOTA-TV; thus, Gray shall accept, as a condition of the Commission's grant of this waiver and the application as a whole, a requirement to divest or surrender the license of KOTA-TV prior to or concurrent with the consummation of the transaction proposed herein. In the near future, Gray plans to turn on its currently silent low power station, KIVN-LD, Rapid City, South Dakota, and utilize the satellites KHSD-TV and KSGW-TV to rebroadcast the programming of KIVN-LD. Utilizing the satellite stations will allow viewers across the large geographic and terrain challenged area to receive an over-the-air signal of the programming to air on KIVN-LD.

The Commission should grant this waiver request to allow KHSD-TV to continue to operate as a satellite station. KHSD-TV was constructed by a prior licensee in 1966 to operate as a satellite station of KOTA-TV, and it has been operated as a satellite at all times since then. Gray, therefore, requests the continuation of the satellite waiver of Section 73.3555(b) with respect to KHSD-TV, Lead, South Dakota, pursuant to the Commission's *ad hoc* review of the instant request.

The instant request meets two of the three factors for the presumption that a waiver is in the public interest. Because the proposed low power parent facility did not have a City Grade contour, Gray cannot demonstrate that there was no overlap with the analog City Grade contour of KHSD-TV.

With respect to the second criterion, application of the "transmission test" demonstrates KHSD-TV serves an "underserved" area of the Rapid City DMA. Only one other station, KIVV-TV, is licensed to Lead, South Dakota.<sup>33</sup> Having satisfied the "transmission test," there is no need to examine the alternative "reception test."

As the FCC has determined previously, operation of KHSD-TV as a satellite meets the third prong of the FCC's presumptive standard. As expressed in the attached Exhibit D1, Frank Higney concludes that KHSD-TV could not operate as a stand-alone, full-power station. The station does not serve the largest city in the DMA (Rapid City) and, instead, serves a community with far less people and without the economic base to support a stand-alone, full-service station.

Each of the Big 4 affiliates in the market uses satellite stations or translators or low power stations to provide over-the-air service to a larger portion of the market than the primary station can reach. Thus, KIVN-LD must operate KHSD-TV as a satellite to compete effectively in the Rapid City DMA. Accordingly, Gray asserts that the Commission should find that Gray has met its burden under the *ad hoc* test.

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<sup>33</sup> Gray is the licensee of KIVV-TV, which operates as a satellite station of co-owned KEVN-TV, Rapid City, South Dakota.

*North Platte, Nebraska*

To the extent necessary, Gray hereby requests a waiver of the Commission's television ownership rule to permit KDUH-TV, Scottsbluff, Nebraska (FID 17683) to continue to operate as a satellite, only of Gray's station KNOP-TV, North Platte, NE (FID 49273), which is located in the North Platte, Nebraska DMA. Technically, KDUH-TV is licensed to a community in the Cheyenne-Scottsbluff DMA. Thus, common ownership of KDUH-TV and KNOP-TV would comply with the television ownership rule without the need for a satellite waiver, but Gray is also the licensee of KSTF(TV), Scottsbluff, Nebraska, which operates as a satellite for KGWN-TV, Cheyenne, Wyoming. As a satellite, Gray's ownership of KSTF(TV) is not cognizable under the local television ownership rule and common ownership of KSTF(TV) and KDUH-TV should be permissible.<sup>34</sup> Nevertheless, out of an abundance of caution, Gray seeks a satellite waiver with respect to KDUH-TV because it will allow Gray to combine the operations of KDUH-TV with KNOP-TV to bring substantial public interest benefits to viewers of KDUH-TV and residents of western Nebraska.<sup>35</sup>

Continued satellite status for KDUH-TV satisfies each of the three criteria for a presumptive satellite waiver. First, as demonstrated in the attached Exhibit E1, neither the former analog contour nor the digital noise-limited contour of KDUH-TV and KNOP-TV overlap. Second, Scottsbluff, Nebraska satisfies the "transmission test" and is underserved. KSTF(TV) is the only other full power television station licensed to Scottsbluff.

Finally, KDUH-TV satisfies the third prong of the presumptive standard because no alternative operator would be ready, willing, and able to operate KDUH-TV as a stand-alone station. For decades, KDUH-TV has operated as a satellite station of KOTA-TV. Frank Higney, a broker in the media business, has analyzed the possibility of KDUH-TV operating as a stand-alone station in the Cheyenne-Scottsbluff DMA and determined that KDUH-TV could be successfully operated only as a satellite of an existing station.<sup>36</sup> As Mr. Higney notes, Scottsbluff is a small community in western Nebraska with a population and economic base that is insufficient to support a stand-alone, full-power television station, even as an affiliate of a Big 4 network.<sup>37</sup> Thus, it is unlikely that KDUH-TV can operate as a stand-alone station and can only operate as a satellite of an existing station.

In addition to satisfying the presumptive standard, Gray also can attest to unique compelling circumstances that justify authorizing KDUH-TV to operate as a satellite for KNOP-TV. Historically, much of western Nebraska has been assigned to the Denver DMA. Thus, much of the "local" news provided by other broadcasters for residents of western Nebraska originates from several hundred miles away in Denver. Although KDUH-TV has provided some local news and information programming for its viewers, KDUH-TV has operated as a semi-satellite for KOTA-TV in Rapid City, South Dakota. Thus, much of the news on the station

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<sup>34</sup> 47 C.F.R. § 73.3555 n.5 ("Paragraphs (b) through (e) of this section [the local television ownership rules] will not be applied to cases involving television stations that are 'satellite' operations.")

<sup>35</sup> KDUH-TV maintains a main studio in Scottsbluff. Therefore, Gray does not seek a main studio waiver for this station.

<sup>36</sup> See Exhibit E2.

<sup>37</sup> *Id.*

is produced in Rapid City with a South Dakota focus. Combining KDUH-TV with KNOP-TV and using resources from Gray's stations in Lincoln (the capital of Nebraska and home of the University of Nebraska) and Omaha (Nebraska's largest city) will reorient the station squarely to serving its Nebraska viewers, and it will bring a tremendous in-state presence to these "orphan counties" in western Nebraska. KDUH-TV will be the premier (and only) source of in-state local news for many residents in western Nebraska. Indeed, Congress recently acknowledged the value of providing television broadcast station signals that originate in from an in-state station.<sup>38</sup> Congress established five factors that the FCC should use to consider market modifications. One of those factors was whether modifying the local market of the television station would promote consumers' access to television broadcast station signals that originate in their State of residence.<sup>39</sup> Only KDUH-TV, together with KNOP-TV and Gray's other Nebraska-based stations, can provide a full slate of highly valued, in-state local news and public affairs programming to underserved residents of western Nebraska.

Grant of this satellite waiver for KDUH-TV serves the public interest. It is highly unlikely that KDUH-TV could survive if the Commission required it to operate as a full-service, stand-alone television station. But, by combining the station with Gray's other Nebraska stations and making it a satellite for KNOP-TV, Gray can provide local news, sports, and weather to residents of western Nebraska on a scale that no other broadcaster can match. Based on the foregoing, Gray asserts that the Commission should find that Gray has met its burden for a satellite.

#### **E. Failing Station Waiver**

Gray seeks consent from the Commission to the assignment of the license of KSCW-DT, Wichita, Kansas, (FID 72348). Gray requests that the Commission waive its local television ownership rule to permit this assignment, because KSCW-DT, which is located in the Wichita-Hutchinson, Kansas DMA, is a "failing" station. This transaction meets the test for a "failing" station set forth in Note 7(2) to Section 73.3555 of the Commission's Rules.<sup>40</sup>

Section 73.3555(b) generally bars common ownership of television stations in the same television market with overlapping Grade B contours unless at least one of the stations in the proposed combination is not ranked among the top four stations in the market, and there would be at least eight independently owned and operated full-power stations in the market after an acquisition is consummated. In addition to KSCW-DT, Gray seeks consent from the Commission to acquire KWCH-DT, Hutchinson, Kansas, (FID 66413). While KSCW-DT is not among the top four rated stations in the market, there will not be eight independently-owned stations in the market after the transaction – even assuming Gray divests KAKE-TV to a new independent owner.

Gray, therefore, requests a waiver of the local television ownership rule, because KSCW-DT is a "failing" station. The Commission will presume a "failing" station waiver request to be in the public interest if (1) the "failing" station has a low all-day audience share (*i.e.*, no more than four percent), (2) the station has had negative cash flow for three consecutive years prior to

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<sup>38</sup> STELA Reauthorization Act of 2014, Pub. L. No. 113-200, 128 Stat. 2059 (2014).

<sup>39</sup> *Id.*

<sup>40</sup> 47 C.F.R. § 73.3555.

the application, (3) the parties demonstrate public interest benefits that will flow from the proposed transaction, and (4) there is no out-of-market buyer willing and able to acquire the station at other than an artificially depressed price.<sup>41</sup> As discussed below, the proposed transaction meets all four of these standards.

#### KSCW Has a Low All-Day Audience Share

Gray attaches a recent report that demonstrates KSCW-DT consistently has failed to achieve an all-day audience shares in excess of four percent. As the Media Bureau acknowledged in a prior decision declaring KSCW-DT a failing station, the station historically has received audience shares below 2.75.<sup>42</sup> With more competition today from a variety of outlets including online video distributors, KSCW-DT continues to earn low ratings. Indeed, over the past four Nielsen “sweeps” periods, KSCW-DT has consistently received a 2 percent share. In none of those ratings periods did KSCW-DT’s all-day audience share approach the four percent maximum threshold. With a consistent failure to achieve an audience share at the four percent share benchmark, KSCW-DT satisfies the first criterion of the failing station exception.

#### Poor Financial Condition

This prong of the standard focuses on the three years immediately preceding the filing of the application. As the separately filed financial data demonstrates, the station meets the second prong,<sup>43</sup> and without the support from co-owned KWCH-DT, it is doubtful that KSCW-DT would survive.

#### Public Interest Benefits

The Commission recognized, when it adopted its “failing station” waiver policy in 1999, that, “[a]llowing a ‘failing’ station to join with a stronger station in the market can greatly improve its ability to improve its facilities and programming operations, thus benefiting the public interest.”<sup>44</sup> It is understood that these waivers might be “of particular assistance to struggling stations in smaller markets that are not covered by the eight voice/top four ranked station test.”<sup>45</sup>

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<sup>41</sup> 47 C.F.R. § 73.35555, Note 7.

<sup>42</sup> *In re Assignment of License for KSCW(TV), Wichita, KS (FID 72348) File No. BALCT-20070330ATL*, 22 FCC Rcd 11845 (MB 2007).

<sup>43</sup> Financial data from the previous three years is confidential financial data that will be filed separately with the Commission, together with a request for confidential treatment.

<sup>44</sup> *Review of the Commission’s Regulations Governing Television Broadcasting*, 14 FCC Rcd 12903, 12939 (1999).

<sup>45</sup> *Id.*

The programming and operational improvements resulting from Gray's common ownership will continue with reauthorization of the existing waiver. Gray describes some of the public interest benefits that resulted from and will continue with the combination of KSCW-DT and KWCH-DT.

- Gray will continue to offer viewers access to critical emergency programming information by utilizing KWCH-DT's state of the art radar system. Weather and emergency information from KWCH-DT is particularly helpful for the station's viewers because of the station's service area which is part of "Tornado Alley."
- Prior to combining with KWCH-DT, KSCW-DT provided no local news. KSCW-DT currently provides the market's only local morning news from 7 a.m. to 9 a.m. (Monday through Friday and Sunday). In addition, KSCW-DT has a 30 minute newscast at 4 p.m. (Monday through Friday) and a 30 minute newscast at 9 p.m. (seven days/week). Without KSCW-DT's utilization of KWCH-DT's resources, it would be impossible for KSCW-DT to provide any newscasts. Gray will continue to provide local news on KSCW-DT.
- Outside the top 25 DMAs, CW affiliates, like KSCW-DT, rarely provide local news, because it is not economical. According to Nielsen's latest rankings, Wichita is the 65<sup>th</sup> ranked DMA. Nevertheless, KSCW-DT provides 18 hours of original news content and replays the KWCH-DT news at 1:00 a.m. Again, without the combination of station resources, KSCW-DT could not provide local viewers with local news.
- Gray has a proven track record of running strong news operations. Indeed, Gray has the top ranked news station in 32 of its 46 markets and one of the top 2 ranked news operations in 43 of 46 markets. Gray will utilize this expertise in the Wichita market to provide news and information programming that best serves the Wichita-Hutchinson market.
- Gray 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's seasoned reporters in its Washington news bureau will complement the local Wichita-based reporting by bringing a Washington perspective to stories of local importance in a way that is not possible under the station's current ownership.

#### No Rational Out-of-Market Buyer

Buyers are not willing and able to acquire and operate a failing station such as KSCW-DT without the ability to operate it in conjunction with a stronger, in-market station (such as KWCH-DT) and thereby taking advantage of the synergies that generate public interest benefits like those described above. Exhibit F1 hereto is the declaration of Mr. Frank Higney describing the prospects of a sale of KSCW-DT to an out-of-market buyer. Mr. Higney states that no reasonable out-of-market buyer is likely to purchase KSCW-DT on a standalone basis. He further explains that, on the basis of his evaluation of factors including KSCW-DT's standalone financial

performance, the significant challenges faced by stations in the market to reach over-the-air viewers and cable headends, and the current economic and competitive environment, “an in-market buyer would be the only reasonably available candidate willing and able to acquire and operate the station.” Thus, the fourth prong of the failing station test is satisfied, because no reasonable out-of-market buyer would express interest in acquiring KSCW-DT.

Gray respectfully submits that the public interest would be served by reauthorizing the waiver granted in 2007 in order to allow continued common ownership of KSCW-DT and KWCH-DT. In adopting the failing station exception to the Duopoly Rule, the Commission stated that allowing failing stations to combine with a stronger station would “pose minimal harm to our diversity and competition goals, since their financial situation typically hampers their ability to be a viable ‘voice’ in the market.”<sup>46</sup> That clearly has been demonstrated here as KSCW-DT is continuing to strengthen its “voice” in the market. Its combination with KWCH-DT has made available new financial, operational, and programming resources that have allowed service improvements – even though, because of ever-increasing competition, those improvements have not produced significant viewing gains or reversed the station’s historical negative financial performance.

In light of the demonstrable benefits of common ownership, and given that KSCW-DT remains a “failing” station under the Commission’s rules, the public interest would be served by reauthorization of the station’s existing waiver of the duopoly rule.

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<sup>46</sup>*Id.* at 12938-39.

**Exhibits**

<b>Number</b>	<b>Market(s)</b>	<b>Description</b>
A1	Rapid City and South Bend	Engineering Exhibit: Television – Radio Cross-ownership
A2	South Bend	South Bend Market Voices
A3	Rapid City	Rapid City Market Voices
B1	South Bend	South Bend Market Radio Station List
B2	Rapid City	Rapid City Market Radio Station List
B3	Lafayette	Lafayette Market Radio Station List
C1	Wichita	Engineering Exhibit: Satellite Station Contours
C2	Wichita	Broker Letter for Wichita Satellite Stations
D1	Rapid City	Broker Letter for Rapid City Satellite Stations
E1	North Platte	Engineering Exhibit: Satellite Station Contour
E2	North Platte	Broker Letter for North Platte Satellite Station
F1	Wichita	Broker Letter for Failing Station

**Exhibit A1**

## Engineering Exhibit

### Television – Radio Crossownership South Bend, IN prepared for Gray Television Licensee, LLC

This engineering statement has been prepared on behalf of *Gray Television Licensee, LLC* (“Gray”) regarding the proposed common attributable ownership of one television station and four radio stations in the South Bend, IN region as listed below.

#### Gray Television and Radio Stations

Call Sign	Ch/Freq.	Fac ID	Location
WNDU-TV	42	41674	South Bend, IN
WSBT(AM)	960	73985	South Bend, IN
WNSN(FM)	268B	73984	South Bend, IN
WZOC(FM) <sup>1</sup>	232B1	12999	Plymouth, IN
WHFB-FM <sup>1</sup>	260B	72175	Benton Harbor, MI

The television-radio cross-ownership rule is triggered when the Grade A contour of a television station entirely encompasses the community of license of a commonly owned AM or FM radio station. Additionally, the rule is triggered when the 60 dB $\mu$  (1 mV/m) FM station contour or the daytime 2 mV/m AM station contour entirely encompasses the community of license of a commonly owned television station. Television Grade A contour levels are defined in §73.683, however those specifications correspond to analog stations. With the transition to digital television (“DTV”) in 2009, full power television stations have ceased operating in analog.

The FCC has not defined a Grade A coverage contour level for digital television stations. For DTV stations, the coverage contours that have been recognized are described in §73.622(e) for DTV service and in §73.625(a) for principal community (city grade) service. Those contour levels are

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<sup>1</sup>WZOC and WHFB-FM, licensed to *Douglas Road Radio, Inc.*, are attributable to *Gray* pursuant to a Local Marketing Agreement (LMA).

**Engineering Statement**  
**Television – Radio Crossownership**  
**South Bend, IN**  
**Gray Television Licensee, LLC**  
(page 2 of 3)



41 dB $\mu$  (DTV service) and 48 dB $\mu$  (principal community) for UHF DTV stations such as WNDU-TV.

The lack of a Grade A contour for digital television was discussed in FCC staff action of DA10-312.<sup>2</sup> In that action, cross-ownership evaluation was based on the use of the §73.622(e) DTV service contour (described therein as the digital noise limited service contour, “NLSC”). The NLSC was considered to be equivalent to the Grade B contour for analog stations and therefore would encompass a larger area than the analog Grade A contour. Thus, the DA 10-312 decision applied a worst-case analysis regarding digital television-radio common ownership. Since the proposal addressed in DA 10-312 was found to be in compliance using the NLSC, there was no need to derive or consider a contour that might be equivalent to analog Grade A.

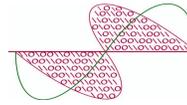
Applying the NLSC approach to the proposal at hand, the cross-ownership map attached as Figure 1 shows that the NLSC (41 dB $\mu$ ) for WNDU-TV encompasses the entire principal community associated with each of the radio stations (South Bend, Plymouth, and Benton Harbor), and each of the radio station’s relevant contours (60 dB $\mu$  for FM, 2 mV/m for AM) encompasses the principal community associated with WNDU-TV (South Bend).

Therefore, the television-radio cross-ownership rule is triggered and there is proposed common ownership of one television station and four radio stations. This is permitted under §73.3555(c)(2)(ii), which permits ownership of two commercial TV stations with four commercial radio stations provided that at least 10 independently owned media voices remain. A separate exhibit is provided by counsel for *Gray* indicating that the minimum number of voices is satisfied.

---

<sup>2</sup> See Order regarding BTC-20090518AHQ, BTCH-20090518AIO, BALH-20090518AIG, BALH-20090518AIK, released February 25, 2010.

**Engineering Statement**  
**Television – Radio Crossownership**  
**South Bend, IN**  
**Gray Television Licensee, LLC**  
(page 3 of 3)



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

**Certification**

The undersigned hereby certifies that the foregoing statement was prepared by him or under his direction, and that it is true and correct to the best of his knowledge and belief.

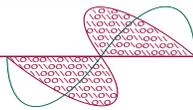
A handwritten signature in blue ink, appearing to read "Joseph M. Davis". The signature is fluid and cursive.

Joseph M. Davis, P.E.  
September 14, 2015

**Chesapeake RF Consultants, LLC**  
207 Old Dominion Road  
Yorktown, VA 23692  
703-650-9600

List of Attachments

Figure 1      Television – Radio Crossownership

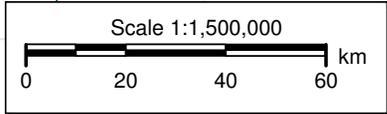
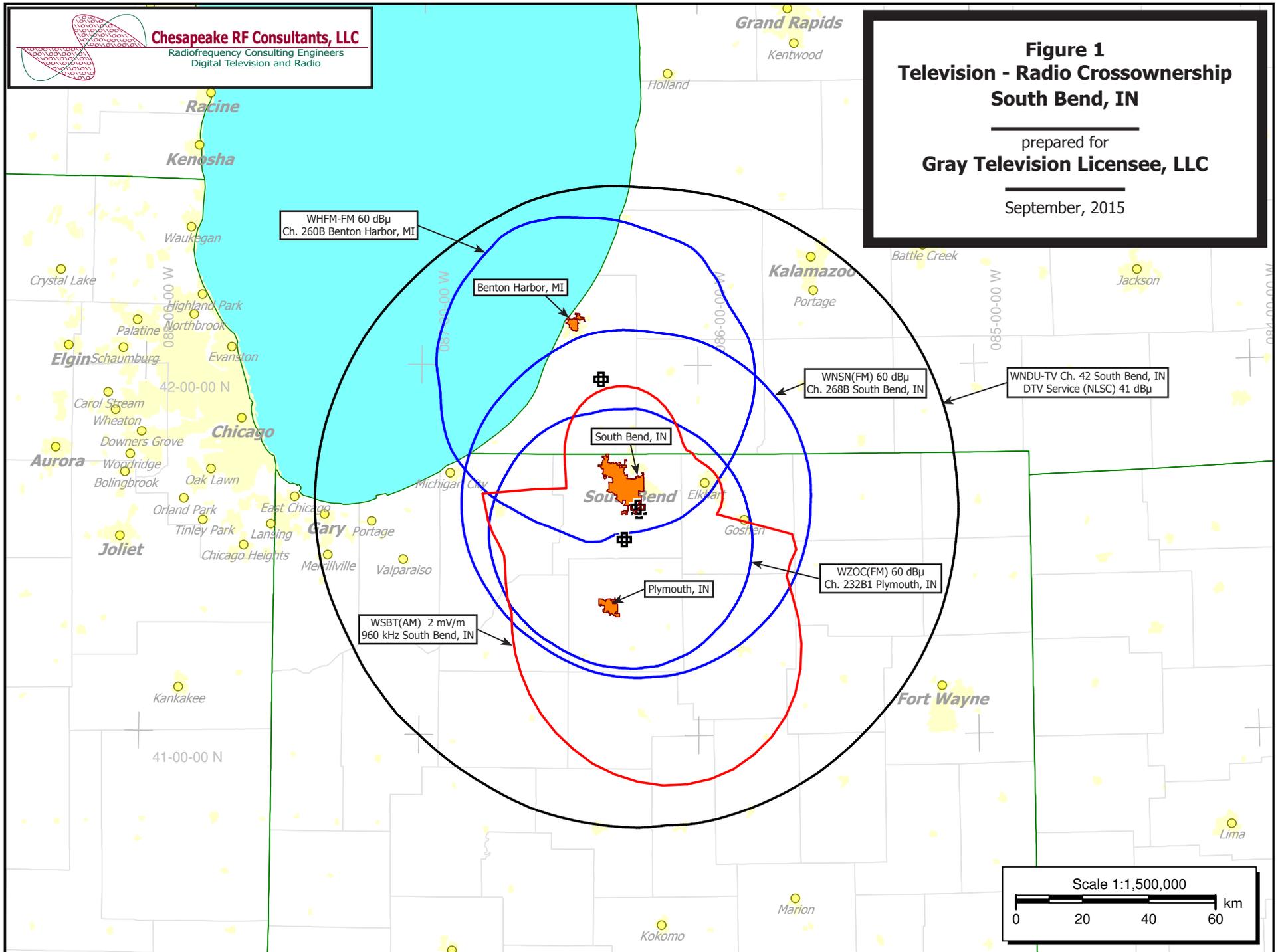


**Chesapeake RF Consultants, LLC**  
Radiofrequency Consulting Engineers  
Digital Television and Radio

# Figure 1 Television - Radio Crossownership South Bend, IN

prepared for  
**Gray Television Licensee, LLC**

September, 2015



**Engineering Exhibit**

**Television – Radio Crossownership  
 Rapid City, SD  
 prepared for  
 Gray Television Licensee, LLC**

This engineering statement has been prepared on behalf of *Gray Television Licensee, LLC* (“*Gray*”) regarding the proposed common ownership of one television station and four radio stations in the Rapid City, SD region as listed below.

**Gray Television and Radio Stations**

Call Sign	Ch/Freq.	Fac ID	Location
KEVN-TV	7	34347	Rapid City, SD
KOUT(FM)	254C1	14642	Rapid City, SD
KKMK(FM)	230C1	61325	Rapid City, SD
KFXS(FM)	262C1	66821	Rapid City, SD
KRCS(FM)	226C0	9668	Sturgis, SD

The television-radio cross-ownership rule is triggered when the Grade A contour of a television station entirely encompasses the community of license of a commonly owned AM or FM radio station. Additionally, the rule is triggered when the 60 dB $\mu$  (1 mV/m) FM station contour or the daytime 2 mV/m AM station contour entirely encompasses the community of license of a commonly owned television station. Television Grade A contour levels are defined in §73.683, however those specifications correspond to analog stations. With the transition to digital television (“DTV”) in 2009, full power television stations have ceased operating in analog.

The FCC has not defined a Grade A coverage contour level for digital television stations. For DTV stations, the coverage contours that have been recognized are described in §73.622(e) for DTV service and in §73.625(a) for principal community (city grade) service. Those contour levels are 36 dB $\mu$  (DTV service) and 43 dB $\mu$  (principal community) for high-band VHF DTV stations such as KEVN-TV.

**Engineering Statement**  
**Television – Radio Crossownership**  
**Rapid City, SD**  
**Gray Television Licensee, LLC**  
(page 2 of 3)



The lack of a Grade A contour for digital television was discussed in FCC staff action of DA10-312.<sup>1</sup> In that action, cross-ownership evaluation was based on the use of the §73.622(e) DTV service contour (described therein as the digital noise limited service contour, “NLSC”). The NLSC was considered to be equivalent to the Grade B contour for analog stations and therefore would encompass a larger area than the analog Grade A contour. Thus, the DA 10-312 decision applied a worst-case analysis regarding digital television-radio common ownership. Since the proposal addressed in DA 10-312 was found to be in compliance using the NLSC, there was no need to derive or consider a contour that might be equivalent to analog Grade A.

Applying the NLSC approach to the proposal at hand, the cross-ownership map attached as Figure 1 shows that the NLSC (36 dB $\mu$ ) for KEVN-TV encompasses the entire principal community associated with each of the radio stations (Rapid City and Sturgis), and each of the radio station’s relevant contours (60 dB $\mu$  for FM) encompasses the principal community associated with KEVN-TV (Rapid City).

Therefore, the television-radio cross-ownership rule is triggered and there is proposed common ownership of one television station and four radio stations. This is permitted under §73.3555(c)(2)(ii), which permits ownership of two commercial TV station with four commercial radio stations provided that at least 10 independently owned media voices remain. A separate exhibit is provided by counsel for *Gray* indicating that the minimum number of voices is satisfied.

---

<sup>1</sup> See Order regarding BTC-20090518AHQ, BTCH-20090518AIO, BALH-20090518AIG, BALH-20090518AIK, released February 25, 2010.

**Engineering Statement**  
**Television – Radio Crossownership**  
**Rapid City, SD**  
**Gray Television Licensee, LLC**  
(page 3 of 3)



**Certification**

The undersigned hereby certifies that the foregoing statement was prepared by him or under his direction, and that it is true and correct to the best of his knowledge and belief.

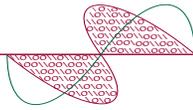
A handwritten signature in blue ink, which appears to read "Joseph M. Davis", is positioned above the printed name and date.

Joseph M. Davis, P.E.  
September 14, 2015

**Chesapeake RF Consultants, LLC**  
207 Old Dominion Road  
Yorktown, VA 23692  
703-650-9600

List of Attachments

Figure 1      Television – Radio Crossownership

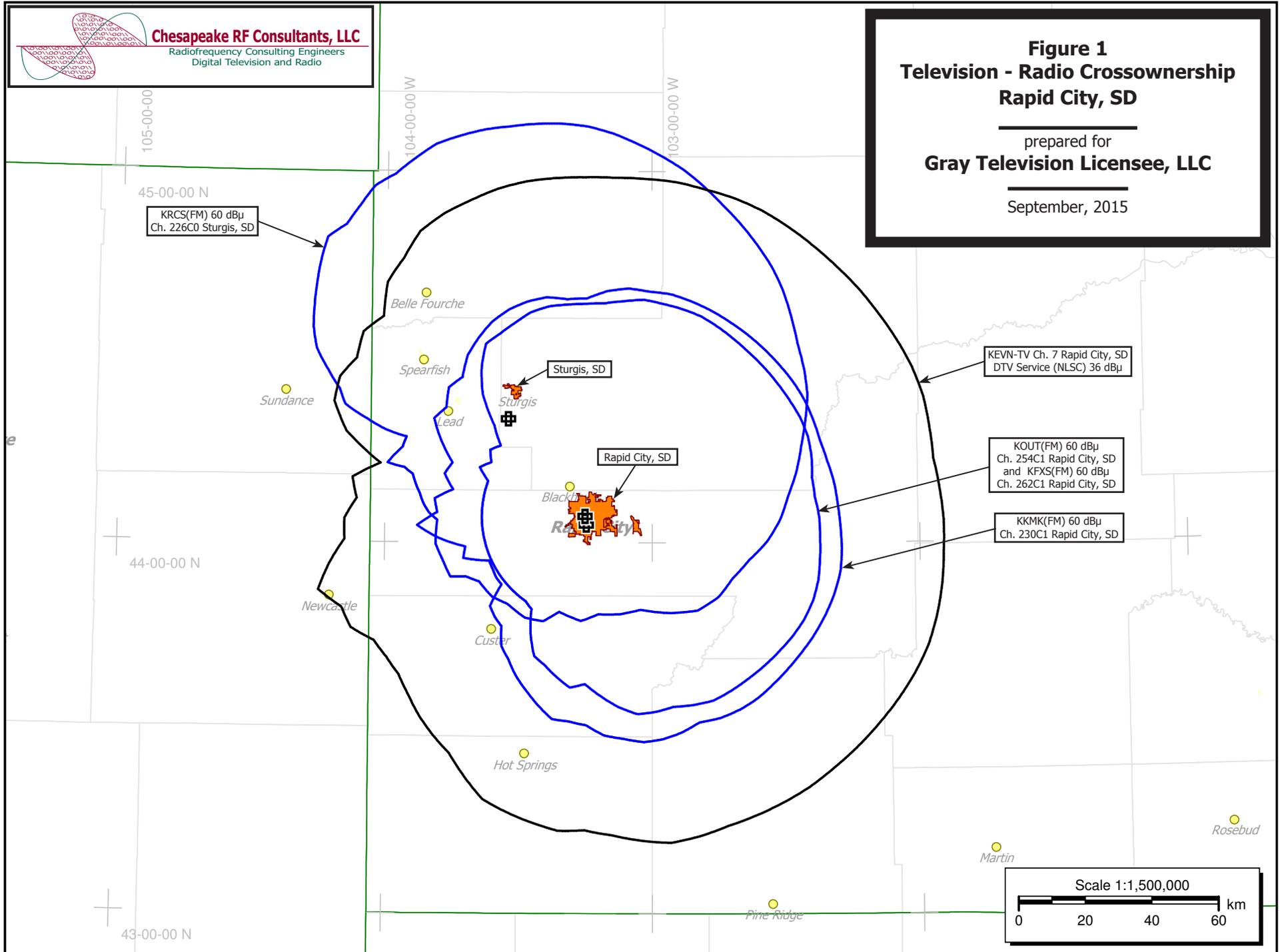


**Chesapeake RF Consultants, LLC**  
Radiofrequency Consulting Engineers  
Digital Television and Radio

# Figure 1 Television - Radio Crossownership Rapid City, SD

prepared for  
**Gray Television Licensee, LLC**

September, 2015



**Exhibit A2**

**South Bend-Elkhart, IN DMA**

#	Parent/Owner	Cable Provider	Counties
1	Comcast Cable	Comcast	Berrien(MI), Cass(MI), Elkhart, Fulton, Kosciusko, Lagrange, Marshall, St. Joseph
2		Crystal Broadband Networks	Marshall
3		Galaxy American Communications	Fulton
4	Mediacom Communications	Mediacom Indiana	Cass (MI), Elkhart, Kosciusko, Lagrange, Marshall, Pulaski
5		New Paris Telephone's Quality Cablevision	Elkhart
6		Pulaski White Communications	Fulton, Pulaski
7		RTC Communications Corporation	Fulton
8		Schmidt, Jr. Arthur Jerold	Cass (MI)
9		SMR Communications	Berrien(MI)
	Owner	Newspaper	Areas Served
10	Federated Media Truth Publishing	The Elkhart Truth	Elkhart
11	Community Newspaper Holdings	The Goshen News	Goshen
12	Heritage Publications	Pilot News	Marshall County
13	Sentinel	The Rochester Sentinel	Rochester
14	Schurz Communications	South Bend Tribune	South Bend
15	Reub Williams and Sons	Times-Union	Warsaw
	Owner	Television Station(s)	
16	Quincy Newspapers	WSJV	
17	Gray Television	WNDU-TV	
18	LeSEA Broadcasting	WHME	
19	Michiana Public Broadcasting	WNIT	
20	Schurz Communications (to be divested)	WSBT-TV	
	Owner	Radio Station(s)	
21	Sound Management	WNDV(FM), WSSM(FM), WSMM(FM),	
22	Douglas Road Radio (to be Gray)	WZOC(FM), WHFB(FM)	
23	Federated Media	WTRC(FM), WBYT(FM)	
24	St. Joseph Catholic	WRDI(FM)	
25	LeSEA Broadcasting	WHPZ(FM), WHME(FM)	
26	Marion Williams	WSMK(FM)	
27	Schurz Communications (to be Gray)	WNSN(FM), WSBT(FM)	
28	Talking Stick Communications	WRBR(FM)	
29	Progressive Broadcasting	WFRN(FM)	
30	Partnership Radio	WUBU(AM)	
31	Artistic Media Partners	WDND(AM)	
32	South Bend Community School	WETL(FM)	
33	I.B. Communications	WHLY(AM)	
34	Voice of the Fighting Irish	WSND(FM)	
35	Interfaith Christian Union	WUBS(FM)	

**Exhibit A3**

**Rapid City, SD DMA**

#	Parent/Owner	Cable Provider	Counties
1	Charter Communications	Bresnan Communications	Sheridan(WY), Weston(WY)
2	Cheyenne River Sioux Tribe Telephone Authority	Cheyenne River Sioux Tribe Telephone Authority	Ziebach
3	Clarity Telecom	Clarity Telecom	Butte, Lawrence, Meade, Pennington
4	Golden West Cablevision	Golden West Cablevision	Bennet, Custer, Fall River, Haakon, Jackson, Pennington, Shannon
5	Midcontinent Communications	Midcontinent Communications	Butte, Lawrence, Meade, Pennington
6	Tongue River Communications	Tongue River Communications	Crook(WY), Weston(WY), Sheridan(WY)
7	West River Cable Television	West River Cable Television	Butte, Harding, Meade, Perkins
	<b>Owner</b>	<b>Newspaper</b>	<b>Areas Served</b>
8	Lee Enterprises	Rapid City Journal	Rapid City, SD
9	Seaton Group	Black Hills Pioneer	Spearfish, SD
	<b>Owner</b>	<b>Television Station(s)</b>	
10	Gray Television	KEVN-TV	
11	Media General	KCLO	
12	Rapid Broadcasting	KNBN	
13	South Dakota Board of Directors - ETV	KZSD-TV and KBHE-TV	
14	Schurz Communications (to be divested)	KOTA-TV	
	<b>Owner</b>	<b>Radio Station(s)</b>	
15	New Generation Broadcasting	KQRQ(FM)	
16	Schurz Communications(to be Gray)	KRCS(FM), KMKM(FM), KOUT(FM), KFXS(FM)	
17	Haugo Broadcasting	KSQY(FM), KIQK(FM), KTOQ(AM)	
18	Western South Dakota Broadcasting	KZZI(FM)	
19	Bethesda Christian Broadcasting	KTPT(FM), KSLT(FM), KLMP	
20	Oregon Trail Broadcasting	KRKI(FM), KFMH(FM)	
21	Duhamel Broadcasting	KDDX(FM), KOTA(AM)	
22	Pandora Media	KXMZ(FM)	
23	Steven Duffy	KZLK(FM)	
24	JER Licenses	KXZS(FM)	
25	Homeslice Media	KBHB(AM), KKLS(AM)	
26	Aasen Publishing	KIMM(AM)	
27	American Family Association	KASD(FM)	
28	South Dakota Board of Directors - ETV	KBHE(FM), KYSD(FM)	
29	Real Presence Radio	KJRC(FM)	
30	University of Sioux Falls	KPSD(FM)	
31	South Dakota School of Mines and Technology	KTEQ(FM)	

**Exhibit B1**



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## FCC Geographic Market Definition for South Bend, IN

Call Letters	AM/FM	Freq	Type Station	Format	Home Market	Market Designtn Date	Home Mkt Rank	Owner	City & State of License	County of License
WBYT	FM	100.7	C	Country	South Bend, IN	07/02/2003	183	Federated Media	Elkhart, IN	Elkhart
WDND	AM	1620	C	Hot AC	South Bend, IN	07/02/2003	183	Artistic Media Partners Inc	South Bend, IN	St Joseph
WETL	FM	91.7	NC	Educational	South Bend, IN	07/02/2003	183	South Bend Community School Corp	South Bend, IN	St Joseph
WFRN	FM	104.7	C	ChrsContem	South Bend, IN	07/02/2003	183	Progressive Broadcast System Inc	Elkhart, IN	Elkhart
WHFB	FM	99.9	C	Country	South Bend, IN	07/02/2003	183	Douglas Road Radio Inc	Benton Harbor, MI	Berrien
WHLY	AM	1580	NC	Mexican	South Bend, IN	07/02/2003	183	p I.B. Communications Ltd	South Bend, IN	St Joseph
WHME	FM	103.1	C	CCtmp/Talk	South Bend, IN	07/02/2003	183	LeSEA Broadcasting Corp	South Bend, IN	St Joseph
WHPZ	FM	96.9	C	ChrsContem	South Bend, IN	07/02/2003	183	LeSEA Broadcasting Corp	Bremen, IN	Marshall
WNDV	FM	92.9	C	Hot AC	South Bend, IN	07/02/2003	183	Sound Management LLC	South Bend, IN	St Joseph
WNSN	FM	101.5	C	AC	South Bend, IN	07/02/2003	183	Schurz Communications Inc	South Bend, IN	St Joseph
WRBR	FM	103.9	C	Rock	South Bend, IN	07/02/2003	183	Talking Stick Communications LLC	South Bend, IN	St Joseph
WRDI	FM	95.7	C	Religion	South Bend, IN	07/29/2003	183	Saint Joseph Catholic Radio Group LLC	Nappanee, IN	Elkhart
WSBT	AM	960	C	Nws/Tlk/Spt	South Bend, IN	07/02/2003	183	Schurz Communications Inc	South Bend, IN	St Joseph
WSMK	FM	99.1	C	Rhymc/CHR	South Bend, IN	07/02/2003	183	Williams, Marion R	Buchanan, MI	Berrien
WSMM	FM	102.3	C	70s & 80s	South Bend, IN	07/02/2003	183	Sound Management LLC	New Carlisle, IN	St Joseph
WSND	FM	88.9	NC	Clsc/Varty	South Bend, IN	07/02/2003	183	Voice of the Fighting Irish Inc	Notre Dame/South Bend,	St Joseph
WSSM	FM	97.7	C	70s & 80s	South Bend, IN	07/02/2003	183	Sound Management LLC	Goshen, IN	Elkhart
WTRC	FM	95.3	C	News/Talk	South Bend, IN	07/02/2003	183	Federated Media	Niles, MI	Berrien
WUBS	FM	89.7	NC	Religion	South Bend, IN	07/02/2003	183	Interfaith Christian Union	South Bend, IN	St Joseph
WUBU	FM	106.3	C	UrCtp/Oldes	South Bend, IN	07/02/2003	183	Partnership Radio LLC	South Bend, IN	St Joseph
WZOC	FM	94.3	C	Clsc Hits	South Bend, IN	07/02/2003	183	Douglas Road Radio Inc	Plymouth, IN	Marshall

**Number of Stations in Geographic Market    21**

**Previous Stations in Geographic Market**

WHPD	FM	92.1	C	ChrsContem		07/22/2009	0	LeSEA Broadcasting Corp	Dowagiac, MI	Cass
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**Exhibit B2**



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## FCC Geographic Market Definition for Rapid City, SD

Call Letters	AM/FM	Freq	Type Station	Format	Home Market	Market Designtn Date	Home Mkt Rank	Owner	City & State of License	County of License
KASD	FM	90.3	NC	Chrst/Talk	Rapid City, SD	02/22/2006	256	American Family Association Incorporated	Rapid City, SD	Pennington
KBHB	AM	810	C	Country	Rapid City, SD	07/02/2003	256	Homeslice Media Group LLC	Sturgis, SD	Meade
KBHE	FM	89.3	NC	Nws/Tlk/Cls	Rapid City, SD	07/02/2003	256	South Dakota Board of Directors for Educ	Rapid City, SD	Pennington
KDDX	FM	101.1	C	Rock	Rapid City, SD	07/02/2003	256	Duhamel Broadcasting Enterprises	Spearfish, SD	Lawrence
KFMH	FM	101.9	C	Oldies	Rapid City, SD	02/14/2014	256	Oregon Trail Broadcasting LLC	Belle Fourche, SD	Butte
KFXS	FM	100.3	C	Clsc Rock	Rapid City, SD	07/02/2003	256	Schurz Communications Inc	Rapid City, SD	Pennington
KIMM	AM	1150	C	News/Talk	Rapid City, SD	07/02/2003	256	Aasen Publishing	Rapid City, SD	Pennington
KIQK	FM	104.1	C	Country	Rapid City, SD	07/02/2003	256	Haugo Broadcasting Incorporated	Rapid City, SD	Pennington
KJRC	FM	89.9	NC	Religion	Rapid City, SD	08/01/2005	256	Real Presence Radio	Rapid City, SD	Pennington
KKLS	AM	920	C	80s & 90s	Rapid City, SD	07/02/2003	256	Homeslice Media Group LLC	Rapid City, SD	Pennington
KKMK	FM	93.9	C	Hot AC	Rapid City, SD	07/02/2003	256	Schurz Communications Inc	Rapid City, SD	Pennington
KLMP	FM	88.3	NC	Christian	Rapid City, SD	07/02/2003	256	Bethesda Christian Broadcasting Inc	Rapid City, SD	Pennington
KOTA	AM	1380	C	News/Talk	Rapid City, SD	07/02/2003	256	Duhamel Broadcasting Enterprises	Rapid City, SD	Pennington
KOUT	FM	98.7	C	Country	Rapid City, SD	07/02/2003	256	Schurz Communications Inc	Rapid City, SD	Pennington
KPSD	FM	97.1	NC	Nws/Tlk/Cls	Rapid City, SD	07/02/2003	256	University of Sioux Falls	Faith, SD	Meade
KQRQ	FM	92.3	C	Clsc Hits	Rapid City, SD	07/02/2003	256	New Generation Bcstg LLC	Rapid City, SD	Pennington
KRCS	FM	93.1	C	Top 40	Rapid City, SD	07/02/2003	256	Schurz Communications Inc	Sturgis, SD	Meade
KRKI	FM	99.5	C	Country	Rapid City, SD	10/09/2009	256	Oregon Trail Broadcasting LLC	Keystone, SD	Pennington
KSLT	FM	107.1	C	ChrsContem	Rapid City, SD	07/02/2003	256	Bethesda Christian Broadcasting Inc	Spearfish, SD	Lawrence
KSQY	FM	95.1	C	Rock	Rapid City, SD	07/02/2003	256	Haugo Broadcasting Incorporated	Deadwood, SD	Lawrence
KTEQ	FM	91.3	NC	Eclectic	Rapid City, SD	02/28/2014	256	South Dakota School of Mines & Technology	Rapid City, SD	Pennington
KTOQ	AM	1340	C	Sports	Rapid City, SD	07/02/2003	256	Haugo Broadcasting Incorporated	Rapid City, SD	Pennington
KTPT	FM	97.9	C	Chrst/CHR	Rapid City, SD	03/04/2005	256	Bethesda Christian Broadcasting Inc	Rapid City, SD	Pennington
KXMZ	FM	102.7	C	CHR/HotAC	Rapid City, SD	04/07/2008	256	Pandora Media	Box Elder, SD	Pennington
KXZS	FM	107.5	C	DARK	Rapid City, SD	11/04/2011	256	JER Licenses LLC	Wall, SD	Pennington
KYSD	FM	91.9	NC	Nws/Tlk/Cls	Rapid City, SD	12/28/2010	256	South Dakota Board of Directors for Educ	Spearfish, SD	Lawrence
KZLK	FM	106.3	C	Hot AC	Rapid City, SD	07/02/2003	256	Duffy, Steven E.	Rapid City, SD	Pennington
KZZI	FM	95.9	C	Country	Rapid City, SD	06/13/2008	256	Western South Dakota Broadcasting	Belle Fourche, SD	Butte

**Number of Stations in Geographic Market 28**

**Previous Stations in Geographic Market**

"C" - Commercial Station; "NC" - Non Commercial Station

"p" indicates pending sale to owner listed

**Exhibit B3**



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15120 Enterprise Court, Chantilly, VA 20151

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## FCC Geographic Market Definition for Lafayette, IN

Call Letters	AM/FM	Freq	Type Station	Format	Home Market	Market Designtn Date	Home Mkt Rank	Owner	City & State of License	County of License
WASK	AM	1450	C	Sports	Lafayette, IN	07/02/2003	226	Schurz Communications Inc	Lafayette, IN	Tippecanoe
WASK	FM	98.7	C	Adult Hits	Lafayette, IN	07/02/2003	226	Schurz Communications Inc	Battle Ground, IN	Tippecanoe
WAZY	FM	96.5	C	CHR	Lafayette, IN	07/02/2003	226	Artistic Media Partners Inc	Lafayette, IN	Tippecanoe
WBAA	AM	920	NC	News/Jazz	Lafayette, IN	07/02/2003	226	Purdue University	West Lafayette, IN	Tippecanoe
WBAA	FM	101.3	NC	Clsc/News	Lafayette, IN	07/02/2003	226	Purdue University	West Lafayette, IN	Tippecanoe
WBPE	FM	95.3	C	Adult Hits	Lafayette, IN	07/02/2003	226	Artistic Media Partners Inc	Brookston, IN	White
WCNB	FM	91.5	NC	Variety	Lafayette, IN	06/02/2011	226	Indiana Community Radio Corporation	Dayton, IN	Tippecanoe
WFRW	FM	88.9	NC	Variety	Lafayette, IN		226	Christian Radio Friends	Battle Ground, IN	Tippecanoe
WFWR	FM	91.5	NC	Variety	Lafayette, IN	07/02/2003	226	Fountain Warren Community Radio Corp	Attica, IN	Fountain
WHPL	FM	89.9	NC	Christian	Lafayette, IN	07/02/2003	226	Moody Bible Institute of Chicago Incorporated	West Lafayette, IN	Tippecanoe
WIBN	FM	98.1	C	Oldies	Lafayette, IN	08/07/2003	226	Brothers Broadcasting Corp	Earl Park, IN	Benton
WJEF	FM	91.9	NC	Oldies	Lafayette, IN	07/02/2003	226	Lafayette School Corp	Lafayette, IN	Tippecanoe
WKHL	FM	106.7	NC	ChrsContem	Lafayette, IN	07/02/2003	226	Educational Media Foundation	West Lafayette, IN	Tippecanoe
WKHY	FM	93.5	C	Rock	Lafayette, IN	07/02/2003	226	Schurz Communications Inc	Lafayette, IN	Tippecanoe
WKOA	FM	105.3	C	Country	Lafayette, IN	07/02/2003	226	Schurz Communications Inc	Lafayette, IN	Tippecanoe
WMRS	FM	107.7	C	AC	Lafayette, IN	07/02/2003	226	p Monticello Community Radio Inc	Monticello, IN	White
WQSG	FM	90.7	NC	Chrst/Talk	Lafayette, IN	11/22/2005	226	American Family Association Incorporated	Lafayette, IN	Tippecanoe
WSHW	FM	99.7	C	AC	Lafayette, IN	07/02/2003	226	Kaspar Broadcasting Co Inc	Frankfort, IN	Clinton
WSHY	AM	1410	C	Adult Hits	Lafayette, IN	07/02/2003	226	Artistic Media Partners Inc	Lafayette, IN	Tippecanoe
WXXB	FM	102.9	C	CHR	Lafayette, IN	07/02/2003	226	Schurz Communications Inc	Delphi, IN	Carroll
WYCM	FM	95.7	C	Clsc Rock	Lafayette, IN	07/02/2003	226	Artistic Media Partners Inc	Attica, IN	Fountain

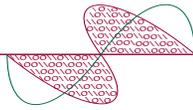
**Number of Stations in Geographic Market    21**

**Previous Stations in Geographic Market**

"C" - Commercial Station; "NC" - Non Commercial Station

"p" indicates pending sale to owner listed

**Exhibit C1**

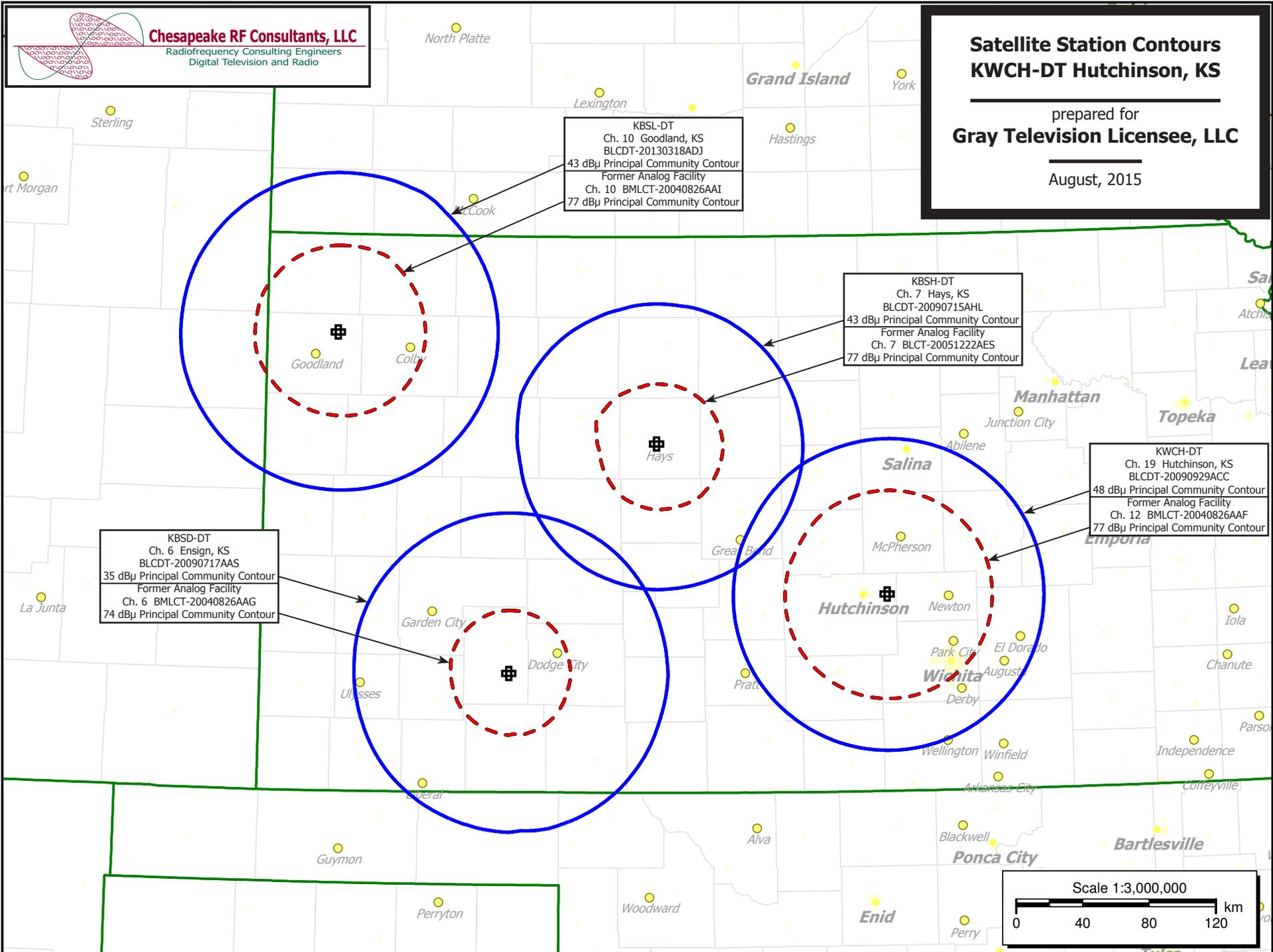


**Chesapeake RF Consultants, LLC**  
 Radiofrequency Consulting Engineers  
 Digital Television and Radio

**Satellite Station Contours  
 KWCH-DT Hutchinson, KS**

prepared for  
**Gray Television Licensee, LLC**

August, 2015

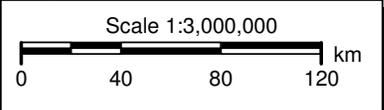


KBSL-DT  
 Ch. 10 Goodland, KS  
 BLCDT-20130318ADJ  
 43 dBu Principal Community Contour  
 Former Analog Facility  
 Ch. 10 BMLCT-20040826AAI  
 77 dBu Principal Community Contour

KBSH-DT  
 Ch. 7 Hays, KS  
 BLCDT-20090715AHL  
 43 dBu Principal Community Contour  
 Former Analog Facility  
 Ch. 7 BLCT-20051222AES  
 77 dBu Principal Community Contour

KWCH-DT  
 Ch. 19 Hutchinson, KS  
 BLCDT-20090929ACC  
 48 dBu Principal Community Contour  
 Former Analog Facility  
 Ch. 12 BMLCT-20040826AAF  
 77 dBu Principal Community Contour

KBSD-DT  
 Ch. 6 Ensign, KS  
 BLCDT-20090717AAS  
 35 dBu Principal Community Contour  
 Former Analog Facility  
 Ch. 6 BMLCT-20040826AAG  
 74 dBu Principal Community Contour



**Exhibit C2**



## Kalil & Co., Inc.

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

September 14, 2015

Mr. Kevin Latek  
Gray Television, Inc.  
4370 Peachtree Road, NE  
Atlanta, GA 30319

Re: Analysis of: KBSD-DT, Ensign, Kansas  
KBSL-DT, Goodland, Kansas  
KBSH-DT, Hays, Kansas

Dear Mr. Latek:

Gray Television ("Gray") has engaged Kalil & Co., Inc. ("Kalil") to evaluate the prospects for a sale of television broadcast stations: KBSD-DT, Ensign, Kansas; KBSL-DT, Goodland, Kansas; and KBSH-DT, Hays, Kansas.

This analysis regards the feasibility of operating any or all of these aforementioned stations as a full service, standalone television operation with no technical, sales or programming support from its parent station. Currently, KBSD-DT, KBSL-DT and KBSH-DT broadcast as satellites of KWCH-DT, Hutchinson, Kansas the CBS affiliate serving the Wichita-Hutchinson DMA. You have also asked that we 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 any of the satellite stations as a financially viable, full-service, standalone facility.

**Qualifications of Kalil:** Kalil & Co., Inc. has been in the media brokerage business for over forty years. Located in Tucson, Arizona, Kalil is comprised of eight 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 23 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.

**Analysis:** In evaluating the marketability of KBSD-DT, KBSL-DT, and KBSH-DT, the following points highlight the challenging nature of attempting to sell each or any of these television stations as a standalone, full-service facility:

KWCH-DT and its satellites KBSD-DT, KBSL-DT and KBSH-DT operate as the CBS affiliate serving the Wichita-Hutchinson television market. This market is the nation's 65th largest television market, as defined by Nielsen, with a population of approximately 1,216,500 people according to BIA/Kelsey. A total of 65 counties spread over central and western Kansas comprise the market. The other three primary affiliates in the market, programming ABC, NBC, and FOX are licensed to Wichita. Wichita is the largest city in the state of Kansas with a population in the metro area of over 640,000. Hutchinson is approximately 40 miles northwest of Wichita and has a population of approximately 42,000. Seven full power commercial stations licensed to either the Wichita metro or Hutchinson serve the market. This would put any of the satellite operations at an extreme disadvantage if they were to attempt to compete with the other commercial full powers in the market as a standalone. Indeed, each of the Big 4 affiliates in the market operates one or more satellite stations to provide an over-the-air signal to its viewers.

According to BIA, the predicted coverage areas for the 7 commercial full powers show over-the-air coverage of over 700,000 in population. The predicted coverage areas for the satellite stations are as follows: KBSD-DT 156,000; KBSL-DT, 50,000; KBSH-DT, 102,000. This is because these stations are serving remote rural populations in the market. It is evident the immediate disadvantage faced by these satellite operations if they were to operate as standalone, full-service television stations.

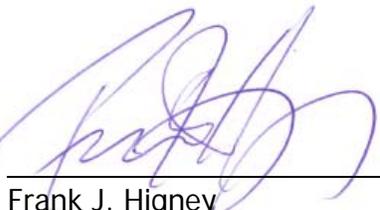
KBSD-DT, KBSH-DT and KBSL-DT would have no real chance of getting an affiliation agreement with any of the established broadcast networks due to the minimal population covered by its signal.

Setting aside the lack of a proper affiliation being available, or obtainable, by KBSD-DT, KBSH-DT or KBSL-DT as a standalone, full-service station, the cost of outfitting, staffing and programming each or all of these stations could not be covered by the advertising revenues to be generated in Ensign, Hays or Goodland. The respective populations in their home counties are 6,000 in Gray County, 21,000 in Ellis County and 6,000 in Sherman County. We are aware of no instances in which satellite stations serving only small, outlying communities such as these have been successfully converted to viable standalone operations.

In view of the above facts, we would attribute little value to stations KBSD-DT, KBSH-DT and KBSL-DT except in conjunction with KWCH-DT. It is our opinion that these stations could be sold only as satellite stations, and not on a standalone basis. Consequently, we reached the conclusion that KBSD-DT, KBSH-DT and KBSL-DT would not be viable as standalone television stations.

Sincerely,

**Kalil & Co., Inc.**

By: 

Frank J. Higney  
Vice President

**Exhibit D1**



## Kalil & Co., Inc.

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

September 14, 2015

Mr. Kevin Latek  
Gray Television, Inc.  
4370 Peachtree Road, NE  
Atlanta, GA 30319

Re: KSGW-TV, Sheridan, Wyoming and KHSD-TV, Lead, South Dakota

Ladies and Gentlemen:

Kalil & Co., Inc. ("Kalil") has been requested to provide an opinion regarding the feasibility of operating television stations KSGW-TV, Sheridan, Wyoming and KHSD-TV, Lead, South Dakota, both currently broadcasting as satellite stations of KOTA-TV, Rapid City, South Dakota as full-service standalone television operations. There would exist no technical, sales, programming, or management absent support from the parent station's operation.

You have asked Kalil to provide an opinion of whether or not it was likely the current licensee might be able to find an alternative operator willing and able to operate each or either of the aforementioned satellite stations as a full-service standalone facility serving

KSGW-TV and KHSD-TV compete in the Rapid City television Designated Market Area ("DMA"), which is currently ranked 172nd largest of the 210 markets ranked by Nielsen Media Research. There are 19 counties in the television market, including Sheridan County, Wyoming and Lawrence County, South Dakota. Total population in the Rapid City DMA is estimated at 108,300 by BIA/Kelsey in 2014.

The Rapid City DMA is served by four full-power television stations each of which is affiliated with one of the four major networks, CBS, ABC, NBC, and FOX. KOTA-TV, licensed to Rapid City, broadcasts on Channel 2 with 16 kW of power and is an ABC affiliate. KHSD-TV operates with 35 kW of power from 1,870 feet (HAAT) on Channel 10, and KSGW-TV, Channel 13, broadcasts with 50 kW at 1,221 feet (HAAT). Both stations operate as satellites of KOTA-TV.

The geography and terrain of the market makes it such that a single station cannot cover all of the DMA without satellites/translators. Accordingly, each of the Big 4 affiliates in the market operates one or more satellite stations to provide an over-the-air signal to its viewers.

The primary issue facing both KHSD-TV and KSGW-TV attempting to operate as standalone full-power television stations relates to financial viability. Each of the four major networks is already affiliated with a full power station in the DMA. Consequently, such an affiliation is not an option for either station. Furthermore, KSGW-TV, Sheridan is far removed from Rapid City, the economic center of the DMA. Sheridan County, with a population of under 30,000, represents less than a third of the DMA population. KHSD-TV serves Lawrence and Lead County, which represents less than 25% of the market.

According to BIA/Kelsey, the total television revenue base for the Rapid City DMA is approximately \$12.7 million. Two of the four major network affiliates licensed to Rapid City are estimated to generate less than \$2 million in annual revenue. A standalone station affiliated with a secondary network such as the CW Network or My Network would generate significantly lower revenue.

The costs of operating, staffing, and programming a standalone full power station are significant no matter the size of the market served. KHSD-TV and KSGW-TV each serve a portion of one of the smallest television markets in the nation. We consider it highly unlikely that an investor would take on the risk of attempting to operate a full power station in either Sheridan, Wyoming, or Lead, South Dakota without the benefit of a major network affiliation. The costs of such an operation without the sales, programming, operational, and managerial support of a parent facility in Rapid City are prohibitive, and positive cash flow returns for equity investors would not result.

Consequently, it is our opinion that KSGW-TV, Sheridan and KHSD-TV, Lead are financially viable only as currently operated. That is, with the operational, management, sales, and programming coverage of a parent station in the Rapid City DMA.

Mr. Kevin Latek  
Gray Television, Inc.  
Page 3

I am Vice President of Kalil & Co., Inc. ("Kalil"), a media and brokerage consulting firm based in Tucson, Arizona. Kalil has provided full service to clients in the media brokerage business for more than forty years, and its seven brokers have more than one hundred combined years of experience. For the last ten years, Kagan has rated Kalil the top media brokerage firm in the country in terms of total deal volume, and over the same period Kalil brokered media transactions totaling well over \$2.5 billion dollars.

As Vice President of Kalil, I have extensive knowledge of the television industry in general, having worked as a media broker for the past 22 years. I have both consulted for and appraised television stations for a variety of purposes, including acquisitions, divestitures, mergers, financing, and restructuring of debt. I have been personally involved in the acquisition or sale of hundreds of broadcast properties, including stations in small, medium, and large markets. Prior to joining Kalil, I was Chief Operating Officer at Broadcast Investment Analysts (now BIA/Kelsey), the largest broadcast appraisal firm.

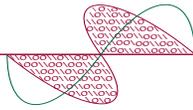
Sincerely,

Kalil & Co., Inc.



Frank J. Higney  
Vice President

**Exhibit E1**



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

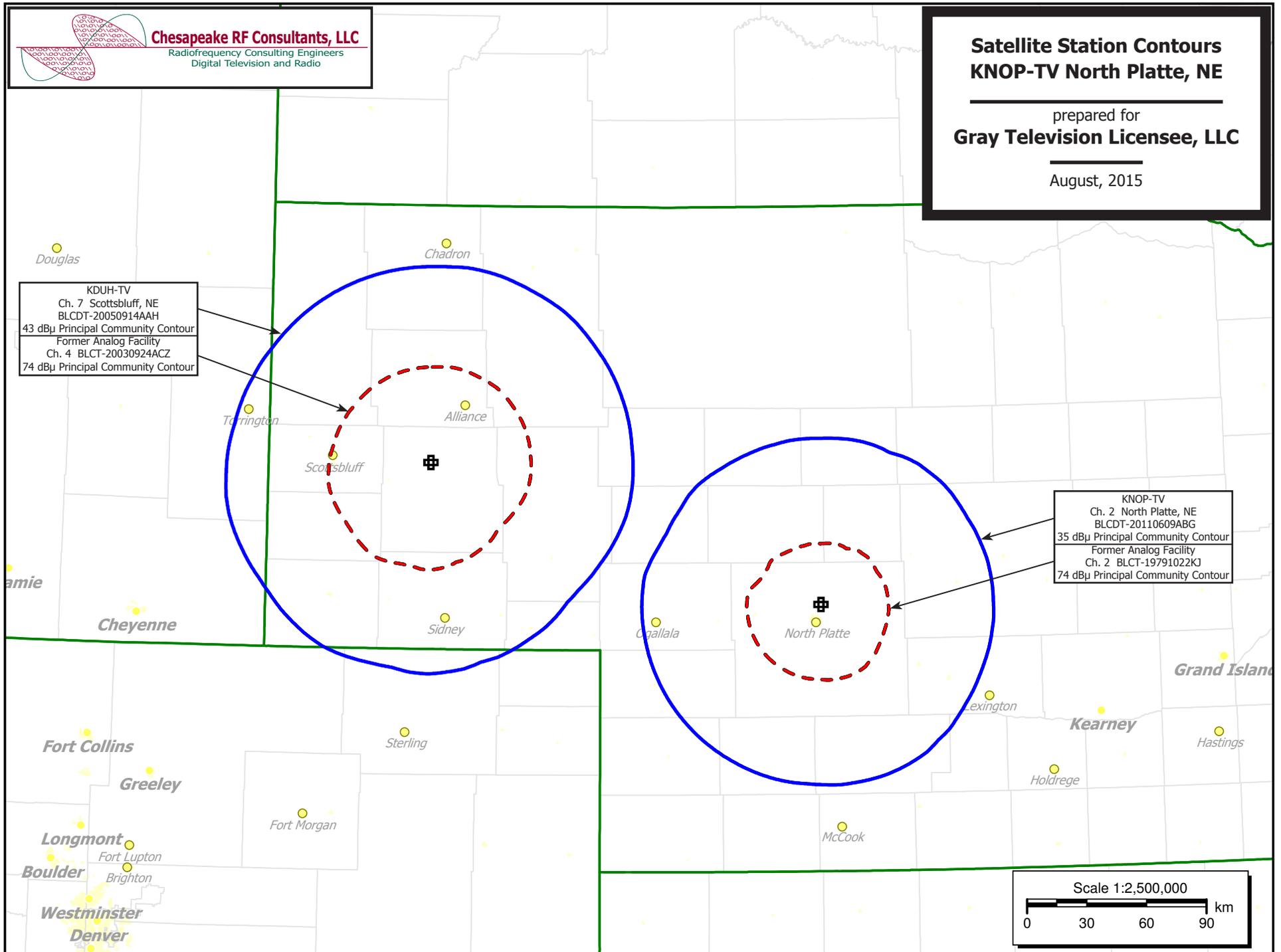
**Satellite Station Contours  
 KNOP-TV North Platte, NE**

prepared for  
**Gray Television Licensee, LLC**

August, 2015

KDUH-TV  
 Ch. 7 Scottsbluff, NE  
 BLCDT-20050914AAH  
 43 dBμ Principal Community Contour  
 Former Analog Facility  
 Ch. 4 BLCT-20030924ACZ  
 74 dBμ Principal Community Contour

KNOP-TV  
 Ch. 2 North Platte, NE  
 BLCDT-20110609ABG  
 35 dBμ Principal Community Contour  
 Former Analog Facility  
 Ch. 2 BLCT-19791022KJ  
 74 dBμ Principal Community Contour



**Exhibit E2**



## Kalil & Co., Inc.

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

September 14, 2015

Mr. Kevin Latek  
Gray Television, Inc.  
4370 Peachtree Road, NE  
Atlanta, GA 30319

Re: KDUH-TV, Scottsbluff, Nebraska

Dear Mr. Latek:

Gray Television ("Gray") has engaged Kalil & Co., Inc. ("Kalil") to evaluate the prospects for a sale of television broadcast station KDUH-TV, Scottsbluff, Nebraska ("KDUH-TV").

This analysis regards the feasibility of operating KDUH-TV as a full service, standalone television operation with no technical, sales or programming support from a parent station. Currently, KDUH-TV broadcasts as a satellite of KOTA-TV, Rapid City, South Dakota. You have advised us that it is your intention to operate KDUH-TV as a satellite of KNOP-TV, North Platte, North Dakota in order to bring coverage of Nebraska news and sports to the Scottsbluff region. 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.

**Qualifications of Kalil:** Kalil & Co., Inc. has been in the media brokerage business for over forty years. Located in Tucson, Arizona, Kalil is comprised of eight 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 23 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.

**Analysis:** KDUH-TV currently serves Scottsbluff as an ABC satellite affiliate of KOTA-TV, Rapid City (172), nearly 200 miles to the north. Nonetheless, it is considered part of the Cheyenne, Wyoming DMA (197) approximately 110 miles to the southwest. North Platte is approximately 175 miles to the southeast.

Scottsbluff is a small isolated community in Western Nebraska with a population just north of 15,000 in 6,200 households. North Platte, at market rank 209, comprises nearly 15,000 television households.

KDUH-TV reaches none of the financial, retail, and populated centers of any of the three surrounding DMAs, with an over-the-air signal. Consequently, KDUH-TV with its limited coverage and economics would have no real chance to get a major network affiliation other than as a satellite of a parent station.

If KDUH-TV were to be converted to a full power standalone television station, in our opinion, it would not be financially viable. There would exist no technical, sales, programming, or management absent support from a parent station's operation. The cost of outfitting, staffing, and programming KDUH-TV would not be covered by the advertising revenues to be generated in the Scottsbluff region. We are aware of no instance in which a satellite station serving such a small outlying community has been converted to a viable standalone station.

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

Sincerely,

**Kalil & Co., Inc.**

By:   
\_\_\_\_\_  
Frank J. Higney  
Vice President

**Exhibit F1**



## Kalil & Co., Inc.

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

September 14, 2015

Mr. Kevin Latek  
Gray Television  
4370 Peachtree Road, NE  
Atlanta, GA 30319

Re: KSCW-TV, Wichita, Kansas

Dear Kevin:

Gray Television, Inc. ("Gray") has engaged Kalil & Co., Inc. ("Kalil") to evaluate the prospects for a sale of television broadcast station KSCW-DT, Wichita, Kansas ("KSCW").

Kalil is providing this letter at Gray's request with the understanding that Gray is requesting a continuation of said KSCW failing station waiver. We further understand that Gray has proposed an acquisition of the Schurz Communications, Inc. ("Schurz") stations and in conjunction with this acquisition seeks the expert opinion of Kalil regarding the possibility of the sale of KSCW to an out-of-market buyer at anything other than a depressed price.

**Background:** At present, Schurz operates both KSCW-TV and KWCH-TV in the Wichita-Hutchinson television DMA pursuant to a "failing station" waiver granted by the Federal Communications Commission (the "Commission") in 2007 in connection with the Schurz purchase of the station.

You have explained to us that Gray intends to request the continuation of the waiver following consummation pursuant to Commission consent of the proposed merger with Schurz. In connection with that request for continuation of the waiver, Gray seeks to include our expert evaluation of the prospect that KSCW could be sold to an out-of-market buyer at other than a depressed price. This letter is being provided to you with the understanding that Gray intends to submit it to the Commission as part of the request for continuation of the KSCW "failing station" waiver.

**Qualifications of Kalil:** Kalil has been in the media brokerage business for over forty years. Located in Tucson, Arizona, Kalil is comprised of eight 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. For 2014, SNL Kagan named Kalil the top broadcast broker in the United States in terms of deal volume for over the last 10 years with well over \$2 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 23 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 thousands of broadcast properties, including stations in small, medium, and large markets.

**Analysis:** In evaluating the marketability of KSCW, the following points highlight the challenging nature of attempting to sell a standalone CW network affiliate:

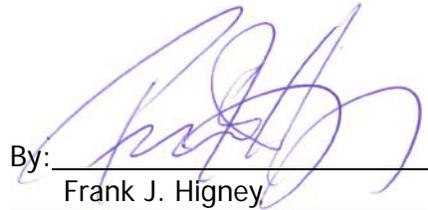
- Based on our extensive professional experience, the pool of buyers for a standalone CW affiliate is not deep. The number of prospective buyers is limited at best with the only real interested parties being in-market owners. The CW's programming is not successful enough to support a profitable station under most circumstances. Even though KSCW is operated in conjunction with a co-owned CBS affiliated station, its estimated market revenue share (according to BIA estimates) is significantly lower than any of the market's "Big 4" stations.
- KSCW is co-located with KWCH-TV, the CBS affiliate for Wichita, which is owned by Schurz. Consequently, KSCW is able to benefit from the synergies of the operational, management, sales, and programming umbrella provided by KWCH-TV. Without access to these resources and efficiencies, the cost structure for KSCW would increase by hundreds of thousands of dollars. This would include buying/leasing studio space and building out the studios.
- Over the past four years, we note only two sales of standalone full power CW affiliated television stations to out-of-market buyers in television markets smaller than DMA rank 50. One sale was to an entity generally identified as a "spectrum speculator" for the upcoming FCC reverse auction, and the other was a distress sale in bankruptcy court from a debtor-in-possession. KSCW appears to have little to no potential value in the upcoming spectrum auction.
- As an affiliate of the CW network, KSCW would not be considered a top tier station. Most potential buyers are looking for "Big 4" affiliates (ABC, CBS, FOX, NBC), when they consider a standalone opportunity. The "Big 4" networks have strong programming lineups including major sporting events and top rated shows. ABC, NBC, and CBS all have strong national news products. The CW does not have any of these strengths. Furthermore, while "Big 4" networks enjoy the benefits of even-year political dollars and significant increases in retransmission payments from MVPDs, CW affiliates do not share in those revenue benefits.
- The Wichita-Hutchinson television market is a large, geographic market nearly 300 miles east-west and 200 miles north-south. This can mean added expense, such as owning and maintaining translators to fill holes in your over-the-air coverage and/or boost your signal so it can provide a quality signal at cable head-ends. If your over-the air signal cannot reach cable systems' head-ends, delivering your signal via fiber optic cable becomes an added expense. Each of the major network affiliates maintain a network of satellites and translators to cover the DMA, which is a significant competitive advantage to KSCW as a stand-alone operation.

- Programming costs for a standalone CW network affiliate could also be prohibitive. If the station cannot acquire popular syndicated programming, its already challenged situation becomes even more difficult. As a standalone CW network affiliate, the rates paid for syndicated programming would likely be higher than rates negotiated by an entity which has more than one station in the market, especially when one of those stations is a market leader. Without the leverage, a CW station owner would likely have to pay more for syndicated programming, which would further undermine the station's financial condition.

**Conclusion:** Based on our above described analysis, it is our opinion that if Gray were to market KSCW, an in-market buyer would be the only reasonably available candidate willing and able to acquire and operate the station. Selling the station to an out-of-market buyer, if one could be found, would result in a severely depressed price. An analysis of station sales over the last four years within the television markets ranked 50 or above shows most CW-affiliated stations sold during that time period were either purchased as part of a group, by an in-market buyer, or by an entity with a Shared Services Agreement, or Joint Services Agreement in place with another station in the market. Obviously, today with the fluctuating concerns when it comes to Shared Services Agreements and Joint Services Agreements the odds of finding a buyer are even lower and more difficult than ever before. Those types of agreements provide many of the same business efficiencies experienced by owners of multiple stations in markets and, in our opinion, are not comparable sales to the purchase of a standalone. Nor is the sale to a potential "spectrum buyer" a viable alternative in Wichita, Kansas.

Sincerely,

**Kalil & Co., Inc.**

By: 

Frank J. Higney  
Vice President