

Explanation of Transaction

Background

Harry J. Pappas and his wife Stella were the subject of Chapter 11 Bankruptcy cases in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), which are now being jointly administered under the caption *In re Pappas Liquidating Trust*, No. 08-10949 (PJW). On November 10, 2011, the Bankruptcy Court entered an order (the "Confirmation Order") confirming the Pappases' *First Amended Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code* (the "Plan"). Under the Plan, a liquidating trust (the "Liquidating Trust") was formed effective January 3, 2012, for the benefit of the Pappases' creditors and other beneficiaries, pursuant to a form of liquidating trust agreement (the "Trust Agreement") that was approved by the Confirmation Order. All non-exempt property of the Pappases (the "Trust Property") vested in either the Liquidating Trust or Pappas GP, LLC, an entity wholly owned and controlled by the Liquidating Trust. Harry J. Pappas and his wife Stella received their bankruptcy discharge on January 3, 2012, upon the effectuation of the Plan and creation of the Liquidating Trust. Involuntary transfers of control of the licensee entities in which the Pappases or either of them had an interest were granted by the FCC on December 27, 2011 (the "2011 316s").

As authorized by the 2011 316s, Harry J. Pappas became the Initial Trustee of the Liquidating Trust, and managed the Trust Property until 316s were granted on April 4, 2012 (the "2012 316s"), authorizing the transfer of control of the Liquidating Trust to Lee W. Shubert as successor Trustee.

As authorized by the 2012 316s, Mr. Shubert managed the Trust Property until December 9, 2013, when he was succeeded by David P. Stapleton as Trustee pursuant to prior approval of both the Bankruptcy Court on October 1, 2013, and the FCC by grant of 316s on December 7, 2013 (the "2013 316s").

Current transaction(s)

On December 23, 2013, the Pappases entered into an option agreement (the "Creditor Option Agreement") pursuant to which they have the right to buy out the interests of Comerica Bank (the "Secured Creditor"), the largest secured creditor as well as the largest non-insider unsecured creditor in the Pappas bankruptcy. The Secured Creditor has a blanket lien on all of the Trust Property, to the extent permitted by law (i.e., the Secured Creditor does NOT have a security interest in any of the FCC Authorizations). By virtue of closing on the transaction in the Creditor Option Agreement, the Pappases would step into the shoes of the Secured Creditor. By the terms of the Creditor Option Agreement, the Pappases must close by March 31, 2014.

On February 20, 2014, Mr. Stapleton entered into an agreement (the "Purchase Agreement") to sell the Trust Property, subject to the completion of certain conditions precedent, to Harry and Stella Pappas or their nominee(s) (including that the Pappases or their nominees

having successfully stepped in to the shoes of the Secured Party). The Purchase Agreement provides for a two step transaction (i) transfer of control of the Liquidating Trust from David P. Stapleton to Harry J. Pappas following FCC approval of a further set of 316s, and (ii) transfer of control of the licensee entities which the Liquidating Trust currently controls from the Liquidating trust to the Pappases or their nominees.

Because the Bankruptcy Court retains oversight of the Liquidating Trust, approval of the Purchase Agreement must be approved by the Bankruptcy Court. The instant pro forma transfer applications are intended to obtain FCC approval for the first step of the proposed transaction, i.e., to transfer control of the Liquidating Trust from David P. Stapleton as Trustee to Harry J. Pappas as successor Trustee. Consummation of the FCC approved 316s will be conditioned upon Bankruptcy Court approval of the Sale of the Trust Property and consummation of the Pappases' purchase of the Secured Creditor's interest.

Shortly, The Liquidating Trust and the Pappases or their nominee(s) will file long form transfer of control applications (FCC 315s) to transfer control of the licensee entities which are currently controlled by the Liquidating Trust to the Pappases or their nominees. However, because the Liquidating Trust will need to be wrapped up following the sale of the Trust Property, the 316 is necessary.

As further explanation, the Purchase Agreement contemplates that, on or about March 31, 2014, Mr. Stapleton will convey all of the Trust Property *other than the Liquidating Trust's interest in any FCC licensee entities* to Buyer, pay the accrued administrative expenses of the Liquidating Trust and the claims of the creditor-beneficiaries from a portion of the sale proceeds (80%), then resign as Trustee, at which point Harry J. Pappas will become the successor Trustee. Thereafter, upon consummation of FCC approved long form transfers of control of the licensee entities which the Trust currently controls, the balance of the sale proceeds (20%) would be distributed by Mr. Pappas in accordance with the Plan and Trust Agreement. The Purchase Agreement is conditioned, among other things, on the Bankruptcy Court's entry of an order approving the Purchase Agreement and Mr. Pappas's appointment as successor Trustee of the Liquidating Trust.

Because the Bankruptcy Court continues to retain jurisdiction over the case and the Trust Property, the transfer of control of the Liquidating Trust from David P. Stapleton to Harry J. Pappas is an involuntary transfer of control and the use of a Form 316 is proper.

Entities for which 316s are being filed to transfer control of the Liquidating Trust, directly or through Pappas GP, LLC, from David P. Stapleton to Harry J. Pappas are:

-Pappas Telecasting of Central Nebraska, L.P., licensee of KHGI-TV, KWNB-TV, KHGI- CD, KWNB-LD and KHGI-LD

-KCWI License, LLC, licensee of KCWI-TV

- KDMI License, LLC, licensee of KDMI-TV
- Pappas Telecasting of Opelika, L.P., licensee of WLGA(TV)
- WWAZ License, LLC, licensee of WWAZ-TV
- Pappas Radio of Modesto, LLC, licensee of KMPH(AM)
- Pappas Telecasting of the Treasure Coast, LLC, licensee of WMMF-LP
- CASA of Corpus Christi, L.P., licensee of KXCC-CA
- CASA of Austin, L.P., licensee of KXLK-CA

For the actual ownership/structure changes for this application, see exhibit 12.