



August 14, 2014

William Lake
Chief, Media Bureau
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Re: Proposed Assignment of KPEJ-TV, Odessa, TX (Fac. ID No. 12524); KMSS-TV, Shreveport, LA (Fac. ID No. 12525); and KLJB(TV), Quad Cities, IL (Fac. ID No. 54011) to Marshall Broadcasting Group, Inc.

Dear Mr. Lake,

Nexstar Broadcasting Group, Inc. ("Nexstar") hereby provides additional information in response to inquiries of your staff regarding the proposed assignment of television stations KPEJ-TV, KMSS-TV, and KLJB (the "Stations") to Marshall Broadcasting Group, Inc. ("MBG"). *See* FCC File Nos. BALCDT-20140605ADO, BALCDT-20140605ADP, and BALCDT-20140605ADW.

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3. Nexstar affirms that it does not and will not have an option to acquire the Stations, nor does or will it have a right of first refusal or other "veto power" over sale of any of the Stations to a third party. Upon consummation of the anticipated transaction, MBG will have the right to sell the Stations at any time to a buyer of its choosing.

4. Subject to a definitive analysis and determination by its accountants, Nexstar anticipates that under current accounting guidance and the currently proposed structure of the MBG transaction, MBG will be considered a variable interest entity (“VIE”) of Nexstar. This is a consequence of accounting standards applicable to Nexstar as a publicly-traded company, however, and should not be used by the Commission as a proxy for attribution under the FCC’s media attribution rules.

The accounting standard that created VIEs was promulgated by the Financial Accounting Standards Board (“FASB”) in 2003. Previously, an enterprise was required to include on its consolidated balance sheet only those subsidiaries in which it had a majority voting interest. This allowed companies like Enron to keep debt off its books through the use of “special purpose entities” – companies in which Enron maintained no voting interest, but in which it parked assets in return for capital infusions. Spurred in part by Enron’s collapse, the FASB issued Interpretation 46, which introduced the term “VIE” and broadened the types of interests companies must disclose in their financial statements. As the name suggests, the types of interests that must be reported are variable, both because they can change over time, and because they extend well beyond financial arrangements. Nexstar believes it will need to deem MBG as a VIE for financial reporting purposes simply on the basis of the sharing agreements proposed between the two companies, regardless of whether Nexstar is ultimately required to provide credit support for MBG’s financing. Indeed, Nexstar reports a station owned by Sinclair Broadcast Group, Inc. as a VIE because of certain outsourcing agreements between the two companies. Nexstar, of course, has no attributable ownership interest in the Sinclair station, it does not guarantee Sinclair’s financing, and it has not (and could not) be claimed to have the ability to influence Sinclair. In short, the VIE accounting concept is a fluid and broad mechanism designed as a “sunshine” vehicle for financial reporting. It was never intended to be utilized as a proxy for the Commission’s attribution rules.

MBG’s probable status as a VIE for FASB accounting purposes is an unavoidable consequence of the very arrangements with Nexstar – a joint sales agreement, shared services agreement, and possible credit support – that will enable MBG’s entry into television broadcasting and allow MBG to immediately serve the public interest. These arrangements will allow Pluria Marshall, Jr., the President of MBG and an African American, to acquire 100% ownership of three full-power broadcast television stations. The levels of minority ownership of broadcast properties are abysmally low, and the acquisition of three stations by MBG would substantially advance the Commission’s diversity goal and the public interest. It is this, not an accounting formality, upon which the Bureau should focus.

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We trust that this information is helpful to the Media Bureau in its consideration of the above-referenced assignment applications and urge the Bureau to grant the applications promptly.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Carter', with a long horizontal flourish extending to the right.

Thomas E. Carter, Chief Financial Officer
Perry A. Sook, President and Chief Executive Officer
Nexstar Broadcasting Group, Inc.