

Description of the Transaction

In the transaction contemplated by the Asset Exchange Agreement, dated August 7, 2001 (a copy of which is attached as Assignor's Exhibit No. 4), Fox Television Stations, Inc. ("FTS") and UTV of San Francisco, Inc. ("UTV San Francisco" and together with FTS, "Fox"), will transfer all of the assets and licenses of station KBHK-TV, San Francisco, California, to a subsidiary of Viacom Inc. ("Viacom") in exchange for all of the assets and licenses of stations WDCA(TV), Washington, D.C. and KTXH(TV), Houston, Texas. (Separate applications on FCC Forms 314 are being filed simultaneously herewith that seek Commission consent to assignment of the licenses for station KBHK-TV, San Francisco, California, from FTS to a subsidiary of Viacom, and for the assignment of the licenses for station KTXH(TV), Houston, Texas, from a subsidiary of Viacom to FTS.)

FTS acquired the licenses for station KBHK-TV, San Francisco, California, as part of the merger of Chris-Craft Industries into a subsidiary of The News Corporation Limited. Pursuant to Commission approval, FTS is licensee and controls the operations of station KBHK-TV, in accordance with an Operating Agreement, dated July 31, 2001 and filed with the Commission the same day, by and between Fox/UTV Holdings, Inc. and FTS. UTV San

Francisco, a subsidiary of Fox/UTV Holdings, Inc., which in turn is a subsidiary of Fox Entertainment Group, Inc., holds all of the operating assets of KBHK-TV.¹

Because Fox and Viacom desire that the proposed station swap be treated as a like-kind exchange under Section 1031 of the Internal Revenue Code of 1986, as amended, Fox's proposed ownership of the assets and licenses for stations WDCA(TV) and KTXH(TV) must be identical in form to Fox's current ownership of the assets and licenses for station KBHK-TV. Accordingly, all of the assets and licenses for stations WDCA(TV) and KTXH(TV) will be transferred from subsidiaries of Viacom to UTV San Francisco, which will immediately assign the licenses for WDCA(TV) and KTXH(TV) to FTS. In the same manner as previously approved by the Commission,² FTS will become licensee of stations WDCA(TV) and KTXH(TV) and will control the operations of these stations, pursuant to the Viacom Stations Operating Agreement to be entered into at closing between UTV San Francisco and FTS. The terms of the proposed Viacom Stations Operating Agreement are identical to the terms of the Operating Agreement pursuant to which FTS currently controls the operations of station KBHK-TV.

¹ See *Applications of UTV of San Francisco, Inc., et al. (Assignors) and Fox Television Stations, Inc. (Assignee)*, Memorandum Opinion and Order, FCC 01-209, paras. 3-7, 15-19 (rel. July 25, 2001).

² See *id.*