

PROCESSING GUIDELINE AMENDMENT

In November 2013, Gray Television Group, Inc. (“Gray”) and Excalibur Broadcasting, LLC (“Excalibur”) separately entered into a number of related and unrelated transactions involving various sellers: Hoak Media, LLC (“Hoak”); Parker Broadcasting, Inc. (“Parker”); and Prime Cities Broadcasting, Inc. (“Prime Cities”). In December 2013, Gray and Excalibur entered into definitive agreements to sell all of the Hoak and Parker stations in two markets to Nexstar Broadcasting, Inc. (“Nexstar”) and Mission Broadcasting, Inc. (“Mission Broadcasting”).

On March 12, 2014, the Media Bureau issued a Public Notice announcing new “Processing Guidelines” for certain television transfer and assignment applications (DA 14-330). This submission amends all pending applications proposing these transactions to respond to that announcement.¹

I. Markets Without A Sharing Agreement or Contingent Financial Interest.

- Sioux Falls (Mitchell), South Dakota DMA: Gray proposes to acquire KSFY-TV and satellite stations KPRY-TV and KABY-TV from Hoak.
- Alexandria, Louisiana DMA: Gray proposes to acquire KALB-TV from Hoak.
- North Platte, Nebraska DMA: Gray proposes to acquire KNOP-TV and three low power television stations from Hoak.
- Panama City, Florida DMA: Nexstar proposes to acquire WMBB(TV) directly from Hoak.

In each of the above cases, the proposed transferee does not propose to enter into any sharing agreement or contingent financial agreement with respect to any other television station licensee in the same DMA as the acquired station. Consequently, the Processing Guidelines do not require additional review of the applications for the above-listed DMAs.

II. Grand Junction, Colorado DMA.

Nexstar proposes to acquire KREX-TV (and its satellite and translator stations) directly from Hoak. Mission Broadcasting proposes to acquire KFQX(TV) directly from Parker. Originally, Nexstar and Mission Broadcasting proposed that Nexstar would guarantee Mission Broadcasting’s borrowings to finance the acquisition of KFQX(TV) and Nexstar would obtain an option to purchase KFQX(TV) from Mission.

¹ The parties presume that routine arm’s-length leases of tower space by one broadcaster to another broadcaster does not qualify as a “sharing of facilities” for purposes of the Processing Guidelines because the lease of space on a tower does not raise any “practical operational or financial effect” akin to those potentially raised in an JSA, LMA, or similar arrangement.

Nexstar and Mission Broadcasting hereby modify their proposed transactions as follows:

- (1) Mission Broadcasting will acquire KFQX(TV) from cash on hand and will not utilize debt that is guaranteed by Nexstar, and
- (2) Mission Broadcasting will not grant, and Nexstar will not obtain, an option to acquire KFQX(TV).

As a result, the Grand Junction applications no longer propose that Nexstar obtain a contingent financial interest in another station in the same DMA as KREX-TV. Consequently, the Processing Guidelines do not require an additional review of the applications for the Grand Junction DMA.

III. Minot-Bismarck Market DMA.

In the Minot-Bismarck-Dickenson (Williston) DMA, Gray proposes to acquire KFYZ-TV along with full power satellite stations KQCD-TV, KMOT(TV), and KUMV-TV from Hoak. In a separate transaction negotiated independently from the Hoak and Parker transactions, Excalibur has proposed to acquire KNDX(TV), satellite station KXND(TV), and two TV translators, from Prime Cities Broadcasting, Inc. Neither Gray nor Excalibur has any interest in any other media in this market.

In light of the Processing Guidelines, Excalibur and Prime Cities Broadcasting, Inc. have agreed to terminate the purchase agreement for KNDX(TV) and related stations. They anticipate withdrawing the pending assignment application concurrently with the filing of this amendment.

As a result, the Gray/Hoak applications for the Minot-Bismarck DMA no longer propose that Gray obtain a contingent financial interest in another station in the same DMA as the stations that it proposes to acquire. Consequently, the Processing Guidelines do not require an additional review of the applications for the Minot-Bismarck DMA.

IV. Remaining Hoak Markets.

- *Fargo-Valley City, North Dakota DMA:* Gray proposes to acquire KVLV-TV from Hoak, and Excalibur proposes to acquire KXJB-TV from Parker.
- *Monroe-El Dorado, Louisiana DMA:* Gray proposes to acquire KNOE-TV from Hoak, and Excalibur proposes to acquire KAQY(TV) from Parker.
- *Lincoln & Hastings-Kearney, Nebraska DMA:* In the Lincoln & Hastings-Kearney DMA, Gray is the licensee of KOLN-TV, KGIN-TV, and KSNB-TV. Excalibur proposes to acquire KHAS-TV from Hoak.

Originally, Gray and Excalibur proposed that Gray would guarantee Excalibur's loan to finance the acquisition of television stations in the above-listed DMAs. Gray and Excalibur also

proposed to enter into a put/call option agreement with respect to the television stations in those markets that would be acquired by Excalibur.

Gray and Excalibur hereby modify their proposed transactions as follows:

- (1) Gray will not guarantee any loan by Excalibur to acquire television stations in the above-listed DMAs, and
- (2) Gray and Excalibur will not enter into the proposed put/call option agreements, nor will Gray otherwise obtain an option to acquire, the television stations in the above-listed DMAs.

The Fargo, Monroe, and Hastings applications therefore do not trigger both prongs of the Processing Guidelines. As a result, the Processing Guidelines do not require an additional review of the applications for the Fargo, Monroe, and Hastings DMAs.

IV. Conclusion

All remaining applications that comprise these proposed transactions comply with all applicable rules, case law, and policies, and none require the additional scrutiny required by the Processing Guidelines policy. In addition, the Antitrust Division of the Department of Justice already cleared these proposed transactions. We therefore respectfully urge the Bureau to grant all the remaining applications without delay.