

Exhibit 18
Statement in Support of
Continued Satellite Status

The instant application is one of several simultaneously filed applications (“Long-Form Applications”) seeking consent of the Federal Communications Commission (“Commission”) to the indirect transfer of control of the broadcast license subsidiaries (“ION License Subsidiaries”) of ION Media Networks, Inc. (“ION”) from the ION Media Networks Liquidating Trust to Media Holdco, LP (“Media Holdco”). The ION License Subsidiaries include the licensees of satellite television stations WPXG-TV, Concord, New Hampshire (“WPXG”),¹ WDPX-TV, Vineyard Haven, Massachusetts (“WDPX”),² WWPX-TV, Martinsburg, West Virginia (“WWPX”),³ and WPXU-TV, Jacksonville, North Carolina⁴ (“WPXU” and, all of the foregoing satellite stations collectively, the “Stations”).

ION presently operates the Stations as satellites of other full-power stations in their respective television markets. Media Holdco respectfully requests that the Commission grant ION the authority to continue to operate the Stations as satellite television stations. There is an overlap between the digital signal of each Station and the digital signal its respective full-power parent station, thereby necessitating the instant request for a waiver of Section 73.3555(b) of the Commission’s rules.⁵ The Commission most recently approved common ownership of the Stations and their continued operation as satellites on December 31, 2007.⁶ As explained herein, since that time, none of the essential facts underlying the operations of the Stations have changed. As such, Media Holdco respectfully requests that the Commission allow the Stations to continue operating as satellites of their respective parent stations.

Pursuant to the Commission’s satellite waiver policy, a proposed satellite operation is presumed to be in the public interest if it meets three requirements: (1) there is no city-grade contour overlap between the parent station and the satellite, (2) the satellite station serves an “underserved area,” and (3) no alternative operator exists who would be able to operate the

¹ WPXG operates as a satellite of WBPX-TV (“WBPX”) and serves the Boston, Massachusetts designated market area (“DMA”).

² WDPX operates as a satellite of WBPX-TV (“WBPX”) and serves the Boston DMA.

³ WWPX operates as a satellite of WPXW-TV (“WPXW”) and serves the Washington D.C. DMA.

⁴ WPXU operates as a satellite of WEPX-TV (“WEPX”) and serves the Greenville-New Bern-Washington, North Carolina DMA.

⁵ See 47 C.F.R. § 73.3555(b) note 5.

⁶ See FCC File Nos. BTCCT-20070514ARA (WPXG-TV and WDPX-TV), BTCCT-20070514ASP (WPXU-TV), and BTCCT-20070514ATN (WWPX-TV).

satellite as a full-service station.⁷ For the reasons set forth below and as the attached Economic Viability Study prepared by Mark Fratrick, Ph.D. (the “BIA Report”) demonstrates, the Stations meet all three criteria and therefore continue to qualify for satellite status under the presumptive waiver test.

No City-Grade Contour Overlap. Historically, there was no overlap of the Stations’ analog city-grade contours with the analog city-grade contour of their respective parent stations. In the digital television era, however, there is no longer a concept of a city-grade contour. The contour maps in the Appendices to the BIA Report illustrate that there are only slight overlaps between the digital contours of the Stations and the digital contours of their respective parent stations. In the Boston market, where both WPXG and WDPX operate as satellites of WBPX-TV, there is no overlap between the digital contours of the satellite stations themselves.

Underserved Area. The instant request complies with the second criterion because the community of license for each Station constitutes an underserved community for purposes of the FCC’s satellite waiver policy. Under the “transmission test,” a “satellite’s community of license is considered underserved if there are two or fewer full-service stations already licensed to it.”⁸ None of the four Stations are licensed to a community with more than two full-service stations and only one – WPXU – is licensed to a community that even has another full-power station licensed to it.⁹

Inability to Sustain Full-Service Operation. The Commission determined as recently as December 2007 that no alternative operator would be available to operate the Stations as a full-service television stations in their respective markets.¹⁰ The economic prospects for all of the Stations remain extremely poor.

This application seeks a transfer of control of the licensees of the Stations in connection with the restructuring of ION under the U.S. Bankruptcy Code. As such, neither Media Holdco nor ION have attempted to seek a purchaser for the Stations. Instead, Media Holdco commissioned the expert opinion of BIA Financial Network on the viability of the Stations as stand-alone, full-service television stations. The BIA Report demonstrates conclusively that no alternative operator would be ready and able to purchase and operate any of the Stations as a full-service television station and that it is highly unlikely that a buyer could be found to operate the stations on such a basis.

⁷ See Television Satellite Stations Review of Policy and Rules, Report and Order, 6 FCC Rcd 4212, 4215, FCC 91-182 (Jul. 8, 1991).

⁸ *Id.*

⁹ BIA Report at 9-10 (WDPX and WPXG); 15 (WWPX); and 20 (WPXU);.

¹⁰ See note 6.

WPXG and WDPX (Boston, MA DMA).¹¹ With respect to WDPX and WPXG, the two Stations in the Boston DMA, the BIA Report demonstrates that thirteen of the 14 full-service stations in the market reach more than 60 percent of the local market households. By contrast, WPXG and WDPX reach only 37 percent and 11 percent of the local market households, respectively. In short, due to the limited coverage of WPXG and WDPX, the stations simply cannot compete with the full-service stations in the Boston DMA unless they are permitted to operate as satellites of a full-coverage station like WBPX.

The BIA Report further points out that all of the English-language television networks and the major Spanish language networks already have affiliates in the Boston DMA. Thus, if the Commission were to require WPXG and WDPX to operate as full-service stations, they would be forced to operate as independent stations. The BIA Report also reveals that television advertising revenue growth in the Boston DMA has generally been slower than growth in the average market, a trend that is expected to continue. Absent substantial new revenues, additional full-service stations could survive only by taking advertising revenue from existing stations. Without a strong network affiliation or other source of attractive programming not already available in the market, the prospects for a new full-service station (and, in this case, perhaps two new full-service stations) succeeding are remote, at best. Indeed, WPXG and WDPX were constructed as satellite television stations and have continuously been operated as such.

WWPX (Washington, D.C. DMA).¹² The BIA Report similarly shows that WWPX, which is licensed to the community of Martinsburg, West Virginia, would not be viable as a stand-alone full service station. Almost all of the full-service stations in the Washington, DC DMA have much greater coverage and coverage that is nearer to the population center of the DMA, than WWPX. All of the English-language and one of the Spanish-language national networks already have affiliates in the Washington, D.C. DMA. Thus, if WWPX could not operate as a satellite station, it would be required to either operate as an independent station or seek an affiliation with a Spanish-language television network. Like WPXG and WDPX, it would be a significant challenge to operate WWPX as an independent station given its inferior coverage of the Washington, D.C. DMA. Moreover, from its West Virginia location, WWPX-TV reaches only a very limited number of Hispanic individuals and, thus, would not be an attractive or viable affiliate for another Spanish-language network. As is the case with the Boston DMA, the BIA Report reveals that advertising revenue growth in the Washington, D.C. DMA is slow, and little improvement is forecasted. Additional full-service stations thus could survive only by taking advertising revenue from existing stations. In sum, the BIA Report concludes that, absent a strong network affiliation or other source of attractive programming not already available in the market, operation of WWPX as a full-service station in the Washington, D.C. DMA would not be viable.

¹¹ See BIA Report at 5-10.

¹² See BIA Report at 11-15.

WPXU (Greenville-New Bern-Washington, NC DMA).¹³ The Greenville-New Bern-Washington, NC DMA (“Greenville DMA”) is ranked as the 103rd television market in terms of television households. The Greenville DMA presently is served by five full-service stations and two full-power satellite stations. Both the CW and MyNetworkTV have chosen to affiliate with one of the full-service stations to be distributed as multicast channels. The full-service stations affiliated with the three traditional networks all have far greater over-the-air coverage than does WEPX, the parent station of WPXU. WEPX relies on WPXU to provide coverage of the Greenville DMA that is competitive with the coverage of other full-service stations in the market. Indeed, absent operation of WPXU as a satellite, WEPX would no longer reach the southern part of the DMA and would serve approximately half of the population served by the all full-service stations in the Greenville DMA (other than the Fox affiliate, which also relies on a satellite station to increase its coverage area).

Because WPXU only reaches a portion of Greenville DMA, it is very unlikely that, operating as a full-service station, it would be able to obtain an affiliation with a national network. Advertising revenue growth in this DMA is comparatively low, and it is expected to continue to grow at less than an average rate. Consequently, a full-service station would need a strong network affiliation or other source of attractive programming in order to succeed. As demonstrated in the BIA Report, access to such programming in the Greenville DMA is not readily available should WPXU lose its satellite status.

Other Considerations.¹⁴ The BIA Report clearly demonstrates that the Stations satisfy the Commission’s three requirements to qualify for continuing satellite status. In addition, the BIA Report also points out that the additional capital investment that full-service operation would require further justifies the continued operation of the Stations as satellite television stations. Specifically, the BIA Report notes that, if the Stations were required to operate as full-service stations, the Stations would need to construct master control rooms as well as purchase production and other equipment for functions that are now performed at their respective parent stations. The BIA Report estimates those costs to be 1.3 million dollars per Station. It would be extremely difficult to obtain financing to undertake these capital investments and to operate the stations on a full-service basis, particularly given the very weak economic prospects for independent operations. After reviewing the relevant facts, the BIA Report correctly concludes, “there appears to be no chance that any purchaser of these satellite stations would be able to convert them to full-service stations.”

Conclusion. Media Holdco has demonstrated herein that the instant request for continued satellite authority for the Stations satisfies all three prongs of the Commission’s presumptive waiver test. Moreover, grant of the instant waiver request is consistent with Commission precedent, including the Commission’s decision less than two years ago to authorize the Stations to maintain satellite status. Given the Stations’ limited coverage areas and poor prospects for

¹³ See BIA Report at 16-20.

¹⁴ See BIA Report at 21-22.

financial success if operated as full-service independent stations, the only feasible way to operate the Stations is as satellite stations. Accordingly, the public interest again would be served by the Commission's authorization of the continued operation of the Stations as satellites of their respective parent stations. Based upon the foregoing, Media Holdco respectfully requests a waiver of Section 73.355(b) of its rules to permit the transfer of control of ION's licensee subsidiaries and the continued operation of the Stations as satellite stations of their commonly-owned parent stations.

**ECONOMIC VIABILITY STUDY:
WPXG-TV, WDPX-TV, WWPX-TV
& WPXU-TV
OPERATED AS
FULL-SERVICE TELEVISION STATIONS**

PREPARED FOR

ION Media Networks

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**ECONOMIC VIABILITY STUDY:
WPXG-TV, WDPX-TV, WPXU-TV & WWPX-TV
OPERATED AS FULL-SERVICE TELEVISION STATIONS**

Executive Summary

The local television marketplace is undergoing tremendous change. Local television stations face an incredibly increasing number of competitors for both viewers and for advertisers. This competition has intensified in recent months due to the current economic downturn. Moreover, even when the economy recovers, it will take some time for advertisers to be comfortable enough to spend, and spending on media advertising in the future likely will be different in both the amount and the choices made. Consequently, the challenges facing all local television stations are enormous.

Given these changing industry conditions, the question of whether any of ION Media Networks, Inc.'s ("ION") four satellite television stations, WPXG-TV, WDPX-TV, WPXU-TV and WWPX-TV, can be operated as independently-owned, full-service television stations is one that is easily answerable: "NO." All local over-the-air television stations are facing an increasingly difficult time in attracting enough audiences and sufficient advertising revenues to remain viable. ION's four satellite stations cannot generate enough revenues in this difficult economic and competitive environment within their relatively smaller operating areas to cover the programming, engineering, and other associated operating costs of full-service stations.

It is highly unlikely that any of these four satellite stations could become economically viable. First, the over-the-air reach of these stations within their local television markets is much lower than the reach of their respective markets' full-service stations. Second, network affiliations are mostly unavailable or unviable in these stations' markets. Finally, substantial capital expenditures would have to be incurred if these stations were converted to full-service stations. Therefore, no purchaser of any of these satellite stations is likely to have the interest or ability to convert any such station to full-service. As a result, maintaining satellite status for these stations is the only viable way to ensure the continued provision of over-the-air service to these stations' service areas.

**THE ECONOMIC VIABILITY OF WPXG-TV, WDPX-TV, WPXU-TV & WWPX-TV
AS FULL-SERVICE TELEVISION STATIONS**

Introduction

All local over-the-air television stations are facing increasingly difficult obstacles to attracting enough audiences and sufficient advertising revenues to remain viable. Particularly difficult are the economic prospects of television stations that have been authorized by the Federal Communications Commission (“FCC”) as “satellite stations.” ION owns and operates four such stations, as follows:

<u>Station and Community</u>	<u>Television Market (DMA)</u>
WPXG-TV, Concord, NH	Boston
WDPX-TV, Vineyard Haven, MA	Boston
WPXU-TV, Jacksonville, NC	Greenville-New Bern-Washington
WWPX-TV, Martinsburg, WV	Washington, D.C.

These stations cannot generate enough revenues in the current difficult economic and competitive environment within their relatively smaller operating areas to cover the programming, engineering, and other associated operating costs of full-service stations. Consequently, based on our analysis of these television stations and their markets, we conclude that none of these satellite stations can operate as independently-owned, full-service television stations and that each such station qualifies for “satellite” status under the FCC’s satellite standards.

This report applies the satellite station criteria adopted by the FCC in *Television Satellite Stations*, 6 FCC Rcd 4212 (1991) to each of ION’s satellite stations and their markets. We first discuss industry trends as they affect local television stations, in particular the revenue history and prospects and the lack of significant station trading activity. We then specifically review the competitive situation facing satellite stations in each of the three markets. In that analysis, we

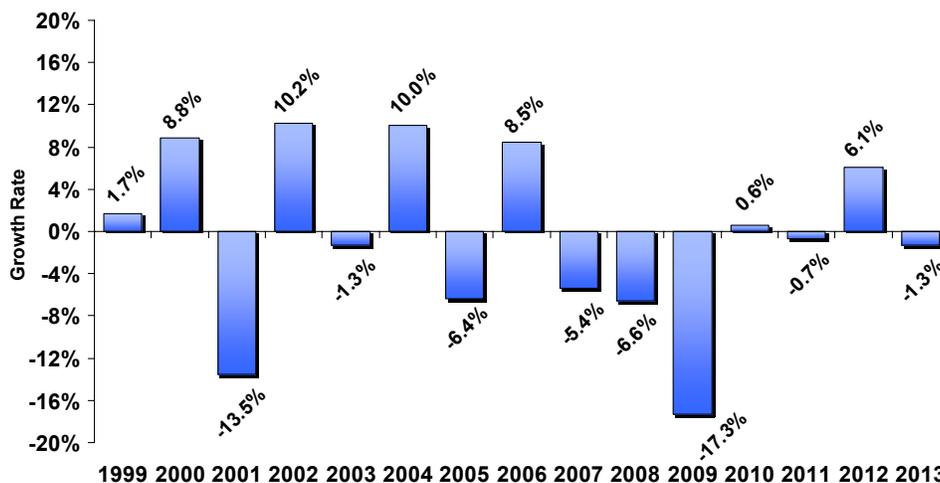
examine the signal contour patterns of these stations to describe the size of the audiences that they serve. We identify which other stations areas are licensed to the same communities as the satellite stations to determine which communities are “underserved” as defined by the FCC. Finally, we explain how ION’s satellite stations would face substantial costs to transform into full-service television stations.

One can only conclude that the competitive situation facing ION’s satellite stations, as well as their limited signal reach, preclude each station from operating as a viable full-service television station. Given these challenges, as well as the present state of the television station sales marketplace, there is unlikely to be any buyer willing and able to make the investments required to transform any of these satellite stations into full-service stations. Therefore, we believe that maintaining ION’s satellite stations as satellites is the only viable option for these stations’ communities.

The State of the Local Television Station Industry

The anemic state of the local television market is impossible to dispute. The clearest way of appreciating the poor state of the local television industry is to examine the recent history of total industry revenues, and what is expected for those revenues. From the most recent edition of BIA’s *Investing in Television, 2009*, is Figure 1, showing the past ten years of annual revenue change for the local television station industry, and what is expected over the next five years.

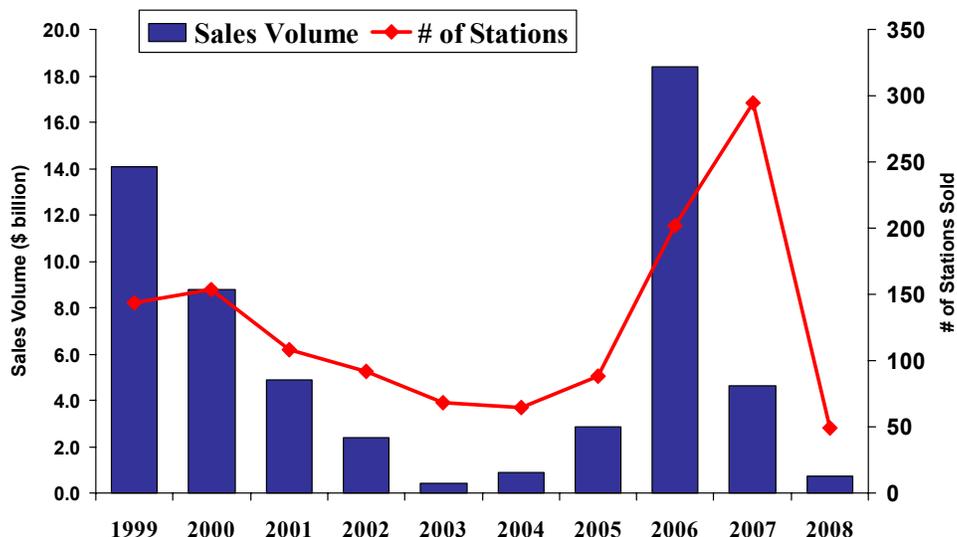
Figure 1
Television Station Revenue Growth Rates 1999-2013



The local television industry is expected to see three straight years of negative growth through 2009, with only a slight uptick in 2010. This poor showing is remarkable since local television stations generated a substantial amount of political advertising revenues in 2008 and are expected to generate another strong year of political advertising revenues in 2010. Even with that boost of political advertising revenues, local television stations are faring rather poorly, reflecting the increased competition they face for both viewers and advertisers.

Faced with that bleak picture of future revenue growth and the tight credit markets, the level of television station sales activity has slowed to a crawl. Figure 2 shows the recent ten-year history of total television station sales activity, depicting the annual total number of television stations sold and the total value of those sales.

Figure 2
Television Station Transaction Volume 1999 – 2008



Except for the big spike in 2006 (due primarily to the sale of Univision and its television networks and its radio and television stations), the level of station sales activity has been incredibly low in both terms of the number of stations sold and their total value. In 2008, only 49 television stations were sold for a total of \$750 million. The inability to secure equity and bank financing along with the dire outlook for local television stations continue to restrict the interest in acquiring new television stations. Credit conditions for broadcasters do not appear to be improving over the short term even as the U.S. economy appears to recover from the financial crises.

Boston, MA Television Market

Commercial Station Lineup and Population Served

The Boston, MA television market is ranked as the 7th largest television market in terms of the number of households. There are presently fourteen full-service, full-power commercial television stations and two full-power commercial satellite television stations in this market. Table 1 below shows these stations with their network affiliations as well as the total in-market populations served by each of these stations.

Table 1 – Boston, MA Television Market Lineup and Population Served					
CALLS	DTV Channel	Affiliation	Type of Station	Population Served*	Percentage of Market
WHDH-TV	7	NBC	Full-Service	5,599,963	90%
WMUR-TV	9	ABC	Full-Service	4,901,935	79%
WWDP	10	SHP	Full-Service	4,438,329	71%
WMFP	18	RTN	Full-Service	5,437,249	87%
WCVB-TV	20	ABC	Full-Service	5,588,198	90%
WUTF-TV	27	TLF	Full-Service	5,269,253	85%
WUNI	29	UNI	Full-Service	5,412,958	87%
WBZ-TV	30	CBS	Full-Service	5,638,712	91%
WFXT	31	FOX	Full-Service	5,110,469	82%
WPX	32	ION	Full-Service	5,091,242	82%
WNEU	34	TEL	Full-Service	3,231,147	52%
WZMY-TV	35	My	Full-Service	4,008,844	64%
WSBK-TV	39	IND	Full-Service	5,393,335	87%
WLVI-TV	41	CW	Full-Service	5,194,931	83%
WPXG	33	ION	Satellite	2,311,085	37%
WDPX	40	ION	Satellite	665,775	11%

* Population served obtained from Dataworld, a subsidiary of BIA Advisory Services, LLC.

As shown, all of the major television networks already have affiliates in the market. As a result, the loss of satellite status for ION's two satellite stations in this market (WPXG-TV, WDPX-TV) would force these stations to operate as independent stations. Moreover, all but one of the full-service commercial television stations in the market individually reaches over 60% of the local market television households, while the two ION satellite stations reach small fractions of the local market, less than half of the population in the entire market even if they were combined.

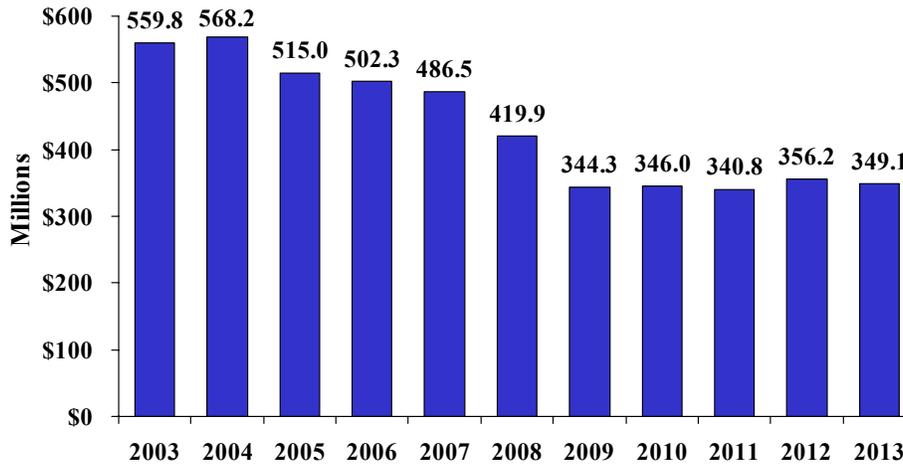
Television Advertising Revenues in Boston, MA Market

The Boston, MA television market is ranked 7th in terms of households and ranked 11th in terms of total television advertising revenues.¹ The local television market revenues for this market have shown remarkable weakness when compared to the overall television industry. According to BIA's estimates, between 2003 and 2008, the Boston, MA local television market revenues *decreased* at a 5.6% compounded annual growth rate, as compared to 0.7% *increase* for the average television market.

That weak market revenue growth is not expected to recover any time soon. In fact for 2009, the Boston, MA television revenues is expected to *decrease* another 18.0%, with the revenues remaining around that same much lower level for the following four years. The lower level of revenues will not be substantial enough to support additional full-service television stations. Figure 3 below shows the historical and predicted total market revenues for the Boston, MA television market.

¹ *Investing in Television, 2009, 2nd edition*, BIA Advisory Services, LLC.

Figure 3
Estimated Market Revenues 2003-2013
Boston, MA Television Market



The local Boston, MA television market will see substantial decreases in revenue in 2009. It will not recover much throughout the following four years. This poor revenue growth would provide a substantial challenge for any new television station that would enter the market because a new entrant would be forced to steal advertising revenues from existing television stations to become viable.

Reach of the Two Satellite Stations

Overlaps

Appendix 1 provides a map detailing both the digital contours for the two ION satellite stations in the Boston market, WPXG-TV and WDPX-TV, as well as their parent station, WPX-TV.² There are slight individual overlaps between the digital contours of WPXG-TV and WDPX-TV and parent station WPX-TV.³

Populations Served

WPXG-TV reaches approximately 2.5 million people within its digital contour or 37% of the entire local television market. WDPX-TV reaches approximately 962 thousand people within its digital contour or 11% of the entire local television market. These populations are significantly less than the populations reached by any of the other full-service commercial television stations in this market. In fact, the reach of the other full-service television stations is three to eight times greater than either of these two satellite stations!

² Within the digital television systems, there is no concept of a city-grade contour to evaluate the overlap between the satellite stations and its parent station. For the corresponding historical analog stations, there was no overlap of the satellite stations' city grade contours with the city-grade contour of WPX-TV.

³ The total population within the overlap between WPX-TV (parent station) and WDPX-TV (satellite station) is 720,494, corresponding to only 11.2% of the entire population reached by WPX-TV, and 74.9% of the entire population reached by WDPX-TV. The total population within the overlap between WPX-TV (parent station) and WPXG-TV (satellite station) is 1,725,497, corresponding to 26.4% of the entire population reached by WPX-TV, and 69.1% of the entire population reached by WPXG-TV.

The smaller over-the-air reach relative to the 13 other full-service stations in this market would significantly disadvantage WPXG-TV and WDPX-TV if either became a full-service television station. Moreover, their limited coverage and the lack of established programming service would make it very difficult to obtain market-wide carriage on cable television systems, further lessening their viability as full-service stations.

In addition, ION's two Boston market satellite stations would be forced to program as pure independents for the foreseeable future. Pure independent stations typically are relegated to inferior programming that do not attract very large audiences, and consequently do not generate substantial advertising revenues. Typically, they are unable to generate sufficient revenues to support local news or other local public affairs programming. Furthermore, given their small over-the-air market reach, these stations would have great difficulty in generating enough revenues to become viable at all as independent stations.

Served Communities

The areas served by these two satellite stations are located approximately 65 miles away from the core market city of Boston, MA. The Boston, MA television market is comprised of 16 counties covering 9,274 square miles with a population of 6.2 million or 669,000 people per square mile. Of the 6.2 million, 4.3 million or 69% of the total population are centrally located in 5 of the 16 (Essex, Middlesex, Norfolk, Suffolk and Worcester Counties) counties that make up the Boston, MA television market.

None of the full-service stations in the Boston, MA television market serve Dukes County or Nantucket County. WDPX-TV is the only station to cover these two counties, with its digital signal covering approximately all of Dukes and Nantucket Counties. Finally, WPXG-TV is the only full-

power station licensed to serve Concord, New Hampshire. WDPX-TV is the only full-power station licensed to serve Vineyard Haven, Massachusetts. Hence, under the FCC's "transmission" test, both WDPX-TV and WPXG-TV serve underserved areas.

Washington, D.C. Television Market

Commercial Station Lineup and Population Served

The Washington, D.C., television market is ranked as the 9th largest television market in terms of the number of households. There are presently ten full-service, full-power commercial television stations and one full-power commercial satellite television station in this market. Table 2 below shows these stations with their network affiliations as well as the total in-market populations served by each of these stations.

Table 2 – Washington, DC Television Market Lineup and Population Served					
CALLS	DTV Channel	Affiliation	Type of Station	Population Served*	Percentage of Market
WJLA-TV	7	ABC	Full-Service	4,905,903	82%
WUSA	9	CBS	Full-Service	4,881,007	81%
WFDC-TV	15	UNI	Full-Service	4,570,404	76%
WHAG-TV	25	NBC	Full-Service	1,364,531	23%
WPXW	34	ION	Full-Service	4,794,710	80%
WDCA	35	My	Full-Service	4,752,392	79%
WTTG	36	FOX	Full-Service	4,736,246	79%
WJAL	39	UNI	Full-Service	1,073,603	18%
WRC-TV	48	NBC	Full-Service	4,819,427	80%
WDCW	50	CW	Full-Service	4,542,799	76%
WWPX	12	ION	Satellite	2,685,722	45%

* Population served obtained from Dataworld, a subsidiary of BIA

As shown, all of the major English-language television networks already have affiliates in the market, as does Univision. If it lost its satellite status, ION’s satellite station in this market, WWPX-TV, would need to become an affiliate of one of the other Spanish-language networks or operate as an independent station.

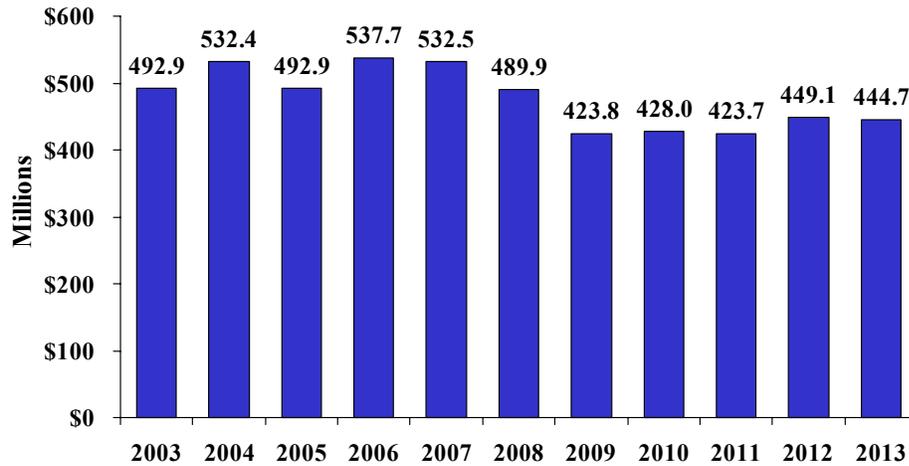
Television Advertising Revenues in Washington, D.C. Market

The Washington, D.C. television market is ranked 9th in terms of households and ranked 8th in terms of total television advertising revenues.⁴ Local market revenues have not kept up with the average growth across all television markets in the past few years. BIA estimates that between 2003 and 2008, the Washington, D.C. local television market revenues grew at a -0.1% compounded annual growth rate, as compared to 0.7% for the average television market.

This market will also see a substantial decrease in revenues in 2009, falling by 13.5%, followed by very meager growth over the following four years. That market revenue will certainly not be substantial enough to support additional full-service television stations. Over that entire time, from 2008 through 2013, the market television advertising revenues are expected to *decrease* at an 8.0% compounded annual growth rate, as compared to a *decrease of* 4.9% for the average television market. Figure 4 below shows the historical and predicted annual television market revenues for the Washington, D.C. market.

⁴ *Investing in Television, 2009, 2nd edition*, BIA Financial Network.

Figure 4
Estimated Market Revenues 2003-2013
Washington, DC Television Market



The local Washington, D.C. television market will see a substantial decrease in 2009 and only marginal growth through 2013 over the following four years. This poor revenue situation for the market would provide a substantial challenge for any new television station that would enter the market because a new entrant would be forced to steal advertising revenues from existing television stations to become viable.

Reach of the Satellite Station

Overlaps

Appendix 2 provides a map detailing the digital contours for the satellite station WWPX-TV as well as its parent station, WPXW-TV.⁵ There is a slight overlap between the digital contours of WWPX-TV and its parent station WPXW-TV.⁶

Populations Served

WWPX-TV reaches approximately 2.7 million people within its digital contour or 45% of the entire local television market. These figures indicate that WWPX-TV reaches only about one-half of population reached by any of the full-power television stations based in and around the center of the market.⁷ WWPX-TV's limited reach relative to the Washington-based stations would significantly disadvantage the station were it to become a full-service television station. Moreover, its limited coverage and the lack of established programming service would make it very difficult to obtain market-wide carriage on cable television systems, further lessening its viability as a full-service

⁵ Once again there are no city-grade contours for digital facilities. Historically, there was no overlap of the satellite station's analog facility's city grade contour with the city-grade contour of the analog facility of WPXW-TV.

⁶ The total population within the overlap between WWPX-TV (satellite station) and WPXW-TV (parent station) is 1,988,914, corresponding to 61.5% of the entire population reached by WWPX-TV, and 41.0% of the entire population reached by WPXW-TV.

⁷ Two television stations in the market serve the Hagerstown, Maryland, area and have less reach than WWPX-TV. WHAG-TV, an NBC affiliate, and WJAL-TV, a Univision affiliate, cover approximately 1,364,531 and 1,079,603 people, respectively, within their digital contours, representing 23% and 18% respectively of the entire local television market. Hagerstown, however, operates as a bit of a sub-market within Washington owing to its legacy as a separate television market when Arbitron, rather than Nielsen, classified television markets.

station. Finally, the area WWPX-TV reaches over the air is far from the central population focus of the market, and, thus, would be less attractive to market-wide advertisers.

This station would be forced to operate as a pure independent for the foreseeable future. Any of Spanish-language or emerging networks would find it difficult to justify using WWPX-TV as their affiliate which license of license is located in Martinsburg, WV, sixty-five miles away from Washington, DC. Moreover, the inferior coverage of the entire Washington, DC market would make it very unattractive for those networks. Pure independent stations typically are relegated to inferior programming that do not attract very large audiences, and consequently, do not generate substantial advertising revenues. Typically, they are unable to generate sufficient revenues to support local news or other local public affairs programming. Furthermore, given its small over-the-air market reach, WWPX-TV would have great difficulty in generating enough revenues to become viable at all as an independent station.⁸

Served Communities

The area served by WWPX-TV is located approximately 65 miles away from the core market city of Washington, D.C. WWPX-TV is the only full-power television station licensed to serve Martinsburg, West Virginia. Hence, under the FCC's "transmission" test, WWPX-TV serves an underserved area.

⁸ It would be even more difficult for WWPX-TV to operate as an independent television station, given the presence of WJAL-TV in Hagerstown. That station has a significant overlap with WWPX-TV, limiting the potential revenue that that station could generate as an independently-owned, independent programmed station.

Greenville-New Bern-Washington, NC Television Market

Commercial Station Lineup and Population Reached by Local Television Stations

The Greenville-New Bern-Washington, NC television market is ranked as the 103rd largest television market in terms of the number of households. There are presently five full-service, full-power commercial television stations and two full-power commercial satellite stations in this market.

Table 3 below shows these stations with their network affiliations as well as the total in-market populations served by each of these stations.

Table 3 – Greenville-New Bern, Washington, NC					
Television Market Lineup and Population Served					
CALLS	DTV Channel	Affiliation	Type of Station	Population Served*	Percentage of Market
WFXI	8	FOX	Full-Service	358,739	51%
WNCT-TV	10	CBS	Full-Service	696,908	99%
WCTI-TV	12	ABC	Full-Service	687,697	98%
WITN-TV	32	NBC	Full-Service	694,639	98%
WEPX	51	ION	Full-Service	392,295	55%
WPXU-TV	34	ION	Satellite	334,599	47%
WYDO	47	FOX	Satellite	658,295	93%

* Population served obtained from Dataworld, a subsidiary of BIA

All of the major English-speaking television networks already have affiliates in the market. If it lost its satellite status, ION’s satellite station in this market, WPXU-TV, would need to become an affiliate of one of the Spanish-language networks or operate as an independent station.

As shown in the Table 4, the top three networks' affiliated stations (WITN-TV, WNCT-TV and WCTI-TV) cover close to 90% of the market. The market’s Fox affiliate (WFXI-TV) and ION’s main station (WEXP-TV) both utilize satellites to close the gap in their coverage so that they too reach approximately 90% of the market’s television households. If WPXU-TV lost its satellite

service, its parent station (WEXP-TV) would be disadvantaged in competing with the market's Big Four affiliated television stations because it would no longer reach the southern part of the market.

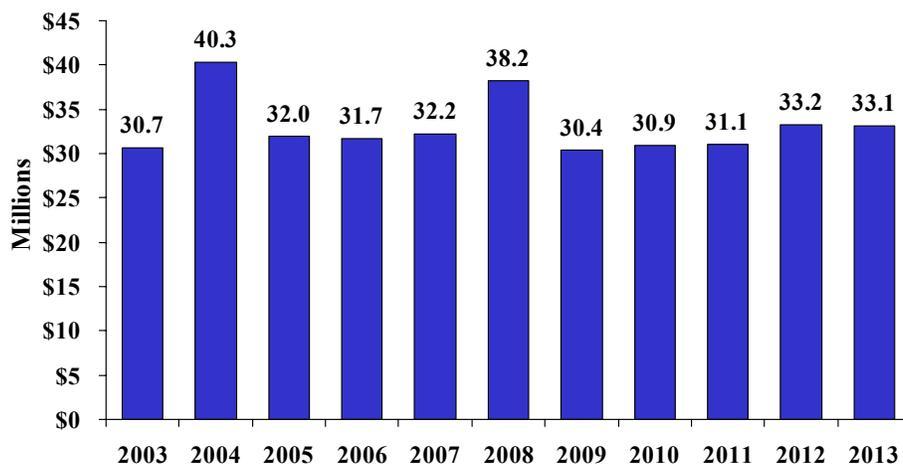
Television Advertising Revenues in Greenville-New Bern-Washington, NC Market

The Greenville-New Bern-Washington, NC television market is ranked 103rd in terms of both households and total television advertising revenues.⁹ Due to the recent elections, this market experienced a significant increase in advertising revenues in 2008. For 2009, BIA expects a strong reversal with revenues expected to *decrease* by 20.2%.¹⁰ Over the period of 2008-2013, BIA expects this market to *decrease* at a compounded annual growth rate of 2.8%, as compared to the average growth rate across all 210 television markets of a *decrease* of 2.4%. Figure 5 below shows the historical and predicted local television market revenues for the Greenville-New Bern-Washington, NC market

⁹ *Investing in Television, 2009, 2nd edition*, BIA Advisory Services, LLC.

¹⁰ *Investing in Television, 2009, 2nd edition*, BIA Advisory Services, LLC.

Estimated Market Revenues 2003-2013 Greenville-New Bern-Washington, NC Television Market



As seen in that chart, even though the local Greenville-New Bern-Washington, NC television market had a bump in 2008, its future revenues are expected to decrease from that level at a rate more negative than the average market over the next five years. This negative growth rate for the market would provide a substantial challenge for any new television station that would enter the market because a new entrant would be forced to steal advertising revenues from existing television stations to become viable. Moreover, a new entrant would be competing in a market in which the four largest stations collectively garnered 98.4% of the market revenues.

Reach of the Satellite Station

Overlaps

Appendix 3 provides a map detailing the digital contours for WPXU-TV as well as its parent station, WEPX-TV. There is a slight overlap between the digital contours of WPXU-TV and its parent station WEPX-TV.¹¹

Populations Served

WPXU-TV reaches approximately 334,599 people within its digital contour or 47% of the entire local television market. The reach of the market's full-service television stations is more than three times greater than WPXU-TV. WPXU-TV's smaller over-the-air reach would significantly disadvantage the station were it to become a full-service television station. Moreover, its limited coverage and the lack of established programming service would make it very difficult to obtain market-wide carriage on cable television systems, further lessening its viability other than as a satellite station. Finally, the area WPXU-TV reaches over the air is far from the central population focus of the market, and, thus, would be less attractive to market-wide advertisers.

At present, there are no local full-power television stations affiliated with any of the Spanish-language broadcast networks. Although precise figures for WPXU-TV's service area are not available, only 5.6% of the population in the entire market is Hispanic.¹² Given the small size of the

¹¹ The total population within the overlap between WPXU-TV (satellite station) and WEPX-TV (parent station) is 104,428, corresponding to 18.5% of the entire population reached by WPXU-TV, and 16.2% of the entire population reached by WEPX-TV. As with the other satellite-parent stations analyzed in this report, there was no overlap of the satellite analog facility's city grade contour with the city-grade contour of the analog facility of WEPX-TV.

¹² *Investing in Television, 2nd edition*, BIA Advisory Services, LLC.

Hispanic population in the market, and in light of WPXU-TV's limited coverage of the market, there is little likelihood that WPXU-TV could become a viable full-service affiliate of a Spanish-language network.

Consequently, WPXU-TV would be forced to program as an independent television station. Pure independent stations typically are relegated to inferior programming that do not attract very large audiences, and consequently, do not generate substantial advertising revenues. Typically, they are unable to generate sufficient revenues to support local news or other local public affairs programming. Furthermore, given its small over-the-air market reach, WPXU-TV would have great difficulty in generating enough revenues to become viable at all as an independent station.

Served Communities

The area served by WPXU-TV is located a good distance away from the core market centers of Greenville-New Bern-Washington, NC. Only one other full-power television station is licensed to serve Jacksonville, NC, WUNM-TV, which is a public television station. Since there are two or fewer stations licensed to Jacksonville, under the FCC's "transmission" test, WPXU-TV serves an underserved area.

Additional Capital Costs for Full-Service Conversion

ION's satellite stations faces overwhelming and likely insurmountable challenges in generating revenues as full-service stations. Should any of these stations nevertheless attempt to become a full-service station, it would face significant additional capital costs to convert from satellite status to full-service operation. Those costs include necessary improvements to the master control room, commercial and field production equipment, and other ancillary equipment that are necessary to operate as a full-service station, in addition to the costs of local news production, if they chose to offer that service. In an earlier study analyzing another satellite station, we estimated that the cost of conversion for a satellite station would exceed \$1.3 million.¹³

Any new owner of these stations attempting to convert a satellite station into full-service operation would face extreme difficulty in securing investment capital for such a risky venture. Since these stations reach a very limited population base and would have to enter the market as independent stations, potential lenders would be extremely hesitant to finance the undertaking. The difficulty in securing investment funds to purchase one of these stations and convert it into independent full-service station further reduces the likelihood of financial viability as a full-service station.

¹³ "The Economic Viability of Operating WTTK-TV as a Full-Service Television Station," Mark R. Fratrik, May 2, 2002, attachment to the application for the assignment of license, FCC File No. BALCT - 20020502AAQ.

Conclusion

In the new media landscape local television stations are facing tremendous competition while trying to serve their local communities. Increased video choices now available to consumers have resulted in local television stations attracting smaller audiences than in previous years. At the same time, increased competition in the advertising marketplace has emerged with local cable systems more aggressively selling local advertising spots airing on a large number of national cable networks. Also providing more competition in the local advertising marketplace is the presence of many Internet sites, with more of these sites focused on local content.

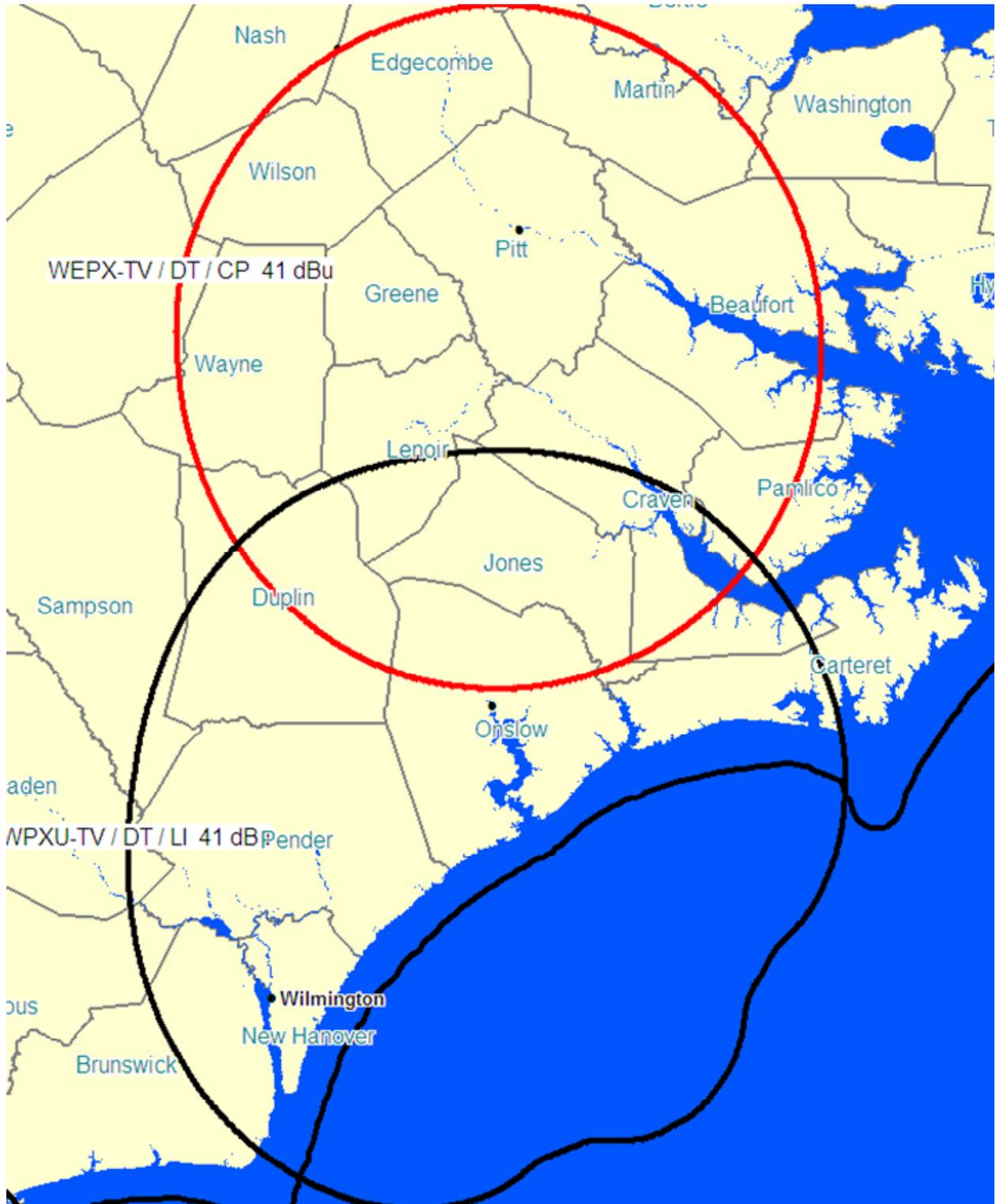
WPXG-TV, WDPX-TV, WPXU-TV and WWPX-TV face insurmountable obstacles that preclude any of them from becoming economically viable full-service stations. First, these stations each reach just a fraction of the households in their market. Second, all of the major English-language broadcast networks already have affiliates in these stations' markets, and Spanish-language affiliations are unlikely to be viable for these stations. Third, the costs to convert to new full-service television stations are quite substantial, and the financing for such upgrades is likely unattainable given the risks involved. There appears to be no prospect that any purchaser would be willing or able to acquire any of these satellite stations and convert it to full-service operation. For these reasons, it is our opinion that WPXG-TV, WDPX-TV, WPXU-TV and WWPX-TV would not be economically viable as independent stations.

Appendix 1 – Digital Contours of WVPX-TV, WPXG-TV, & WDPX-TV



Appendix 2 – Digital Contours of WPXW-TV and WWPX-TV

Appendix 3 – Digital Contours of WEPX and WPXU-TV



QUALIFICATIONS

OF

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Mark R. Fratrik, Ph.D. is vice president with BIA Financial Network (BIAfn), the premier financial consulting firm specializing in the appraisal and fair market valuation of broadcasting, cable, and telecommunications properties and preparation of bank presentations for communications clients.

As Vice President, Dr. Fratrik is involved in conducting industry studies on the broadcasting and related industries, as well as consulting clients in these industries about their strategic directions. He has also been involved in the estimation of values for assets owned by broadcast stations.

Prior to coming to BIAfn, Dr. Fratrik worked at the National Association of Broadcasters (NAB) for nearly 16 years as vice president/economist. While there, he conducted primary research about the broadcasting and related industries and was responsible for the annual financial and biennial salary and fringe benefits study conducted by the association. He is the author several publications concerning the radio and television industries both from financial and strategic perspectives. He has also spoken at numerous conferences on the status of the broadcasting industries, and their future business prospects.

Before joining NAB in 1985, Dr. Fratrik worked for the Federal Trade Commission in the Bureau of Economics where he spent five years conducting analyses of industry practices to evaluate overall economic impact. Also, Dr. Fratrik has worked closely with broadcasters in determining what opportunities lay in the spectrum as well as exploring regulatory matters concerning the spectrum.

Dr. Fratrik received his Ph.D. and MA in Economics from Texas A& M University, and BA in Economics (Honors) and Mathematics from State University of New York. He is the author of several articles in academic and business trade journals.