

### Use of FCC Form 316 For This Transaction

WFRV and WJMN Television Station, Inc. ("WWTSI") is the licensee of WFRV-TV, Green Bay, WI (Fac. Id. No. 9635) and WJMN-TV, Escanaba, MI (Fac. Id. No. 9630). This application seeks the Federal Communications Commission's consent to the *pro forma* transfer of control of WWTSI's full power television licenses, and all associated auxiliary, television pick-up, and studio transmitter link authorizations,<sup>1</sup> that will result from the proposed split-off transaction described below. As set forth below, use of FCC Form 316 is appropriate for this transaction.

#### Description of the Transaction

WWTSI is an indirect, wholly-owned subsidiary of Liberty Media Corporation ("Liberty Media"). Liberty Media is a publicly-traded company that owns interests in a broad range of electronic retailing, media, communications and Internet businesses. Those interests are attributed to three tracking stock groups: (1) the Starz Group; (2) the Capital Group; and (3) the Interactive Group. Liberty Media currently has three tracking stocks: Liberty Starz common stock, Liberty Capital common stock and Liberty Interactive common stock, which track the Starz Group, the Capital Group and the Interactive Group, respectively.

Liberty Media has announced that it will split-off its Liberty Capital and Liberty Starz tracking stock groups from its Liberty Interactive tracking stock group. In the proposed split-off transaction, all of the outstanding shares of Liberty Capital tracking stock and Liberty Starz tracking stock will be redeemed in exchange for shares of a newly formed company, Liberty Splitco, Inc. ("Liberty Splitco"). Liberty Splitco will hold substantially all the assets and be subject to substantially all the liabilities currently attributed to the Liberty Capital and Liberty Starz tracking stock groups. The common stock of Liberty Splitco will be divided into two tracking stock groups, one tracking assets that are currently attributed to the Liberty Capital Group ("Splitco Capital Group") and the other tracking assets that are currently attributed to the Liberty Starz Group ("Splitco Starz Group"). In the redemption, holders of Liberty Capital tracking stock will receive shares of Splitco Capital Group tracking stock and holders of Liberty Starz tracking stock will receive shares of Splitco Starz Group tracking stock. After the redemption, Liberty Splitco and Liberty Media will be separate public companies.

The management teams of Liberty Media and Liberty Splitco each will be comprised of a majority of the persons who currently comprise Liberty Media's management team. The initial board of directors of Liberty Splitco will be comprised of a majority of the persons who currently comprise the board of directors of Liberty Media.

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<sup>1</sup> WWTSI holds the following authorizations associated with its full power television licenses: BLP01341, KA88503, KC5529, KF5072, KSJ24, WCX421, WHE831, WHE850, WHQ366, WPTB891, WPHW569.

### The Proposed Transaction Will Result in a Form 316 *Pro Forma* Transfer of Control

The Communications Act permits the use of *pro forma* application procedures for transfer of control transactions that do not involve a “substantial change in ownership or control.” See 47 U.S.C. §309(c)(2)(B); see also Stephen F. Sewell, *Assignments and Transfers of Control Under Section 310(d) of the Communications Act of 1934*, 43 Fed. Comm. L.J. 277, 318-19 (1991). The FCC’s broadcast rules list examples of transactions eligible for *pro forma* processing, including the following:

- Corporate reorganization which involves no substantial change in the beneficial ownership of the corporation.
- Assignment or transfer from a corporation to a wholly-owned subsidiary thereof or vice versa, or where there is an assignment from a corporation to a corporation owned or controlled by the assignor stockholders without substantial change in their interests.

See 47 C.F.R. §73.3540(f)(4) & (5); see also, *WWOR-TV, Inc.*, 6 FCC Rcd. 193 (1990), *on recon.*, 6 FCC Rcd. 6569 (1991) (short-form application appropriate for spin-off transactions; section 73.3540(f)(5) applies to transfers of control as well as assignments). Thus, under the FCC’s regulations and decisions, spin-off/split-off transactions involving a transfer from a corporation to a corporation owned or controlled by the transferor’s stockholders without a substantial change in their interests, are considered *pro forma* in nature.<sup>2</sup>

### The Proposed Transaction Will Serve the Public Interest, Convenience and Necessity

Liberty Media respectfully submits that the proposed transaction serves the public interest, convenience and necessity. The proposed split-off will simplify the complexity associated with Liberty Media’s current three tracking stock structure, thereby improving transparency to the market, reducing the discounts at which the tracking stocks have been trading and encouraging investment in the stocks. The improved market recognition of the value of the businesses and assets attributed to Liberty Splitco and Liberty Media stocks

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<sup>2</sup> The FCC has incorporated these standards for the *pro forma* treatment of qualifying assignment and transfer of control applications in its regulations governing non-broadcast services. See, e.g., *Federal Communications Bar Association’s Petition for Forbearance from Section 310(d) of the Communications Act Regarding Non-Substantial Assignments of Wireless Licenses and Transfers of Control and Personal Communications Industry Association’s Broadband Personal Communications Services Alliance’s Petition for Forbearance for Broadband Personal Communications Services*, 13 FCC Rcd. 6293 (1998), at ¶8 (for “common carrier transfers and assignments, we have applied the same standard that is set forth in Section 73.3540(f) of our broadcast rules, which identifies common categories of transactions...eligible for *pro forma* treatment); 47 C.F.R. §63.24(d) (same standards applied to international Section 214 authorizations).

resulting from the split-off will provide Liberty Splitco and Liberty Media with greater flexibility in raising equity capital for growth and responding to strategic opportunities. Further, the split-off will enable Liberty Splitco to pursue opportunities in the credit market for the benefit of the Capital and the Starz Groups that may not be available if the current three tracking stock structure were to continue. Finally, the proposed split-off transaction will not affect the broadcast operations associated with the licenses held by WWTSI.