Before the Federal Communications Commission Washington, D.C. 20554

In the Matter of	
Consent to Transfer Control of Licenses by Shareholders of Media General, Inc. and	File Nos. BTCCDT-20140509AKR <i>et al.</i>
Shareholders of LIN Media, LLC to Post-Merger Shareholders of Media General, Inc.	File Nos. BTCCDT-20140509ACZ et al.
Consent to Assign Control of Licenses by License Subsidiaries of Post-Merger Shareholders of Media General, Inc. to License Subsidiaries of Hearst Corporation	File Nos. BALCDT-20140827ACM and BALCDT-20140827ACP
Consent to Assign Control of Licenses by License Subsidiaries of Post-Merger Shareholders of Media General, Inc. to Meredith Corporation	File No. BALCDT-20140827ANO
Consent to Assign Control of Licenses by License Subsidiaries of Post-Merger Shareholders of Media General, Inc. to License Subsidiaries of Sinclair Broadcast Group	File Nos. BALCDT 20140827ANL; BALCDT-20140827ANM; and BALCDT-20140827ANP
Consent to Assign Control of Licenses by License Subsidiaries of Sinclair Broadcast Group to Post- Merger Shareholders of Media General, Inc.	File Nos. BALCDT-20140827ANY and BALCDT-20140827ANV
Consent to Assign Control of Licenses by WTGS Television, LLC, a License Subsidiary of Vaughan Media LLC to a License Subsidiary of Sinclair Broadcast Group	File No. BALCDT-20140827ADC

MEMORANDUM OPINION AND ORDER

Adopted: December 12, 2014 Released: December 12, 2014

By the Chief, Video Division, Media Bureau:

I. INTRODUCTION

1. The Federal Communications Commission ("Commission"), by the Chief, Video Division, Media Bureau, pursuant to delegated authority, grants the above-captioned applications seeking consent to the transfer of control of the broadcast television operations of the licensee subsidiaries of LIN Media, LLC ("LIN Media") to the Post-Merger Shareholders of Media General, Inc. ("Post-Merger Media General"). To effectuate divestitures proposed by Post-Merger Media General in certain markets

¹ See infra Appendix A. Applications seeking consent to the pro forma transfer of control of the licensee subsidiaries of Media General, Inc. to Post-Merger Media General have also been filed with the Commission. See infra Appendix B.

where the transaction would otherwise result in violation of the local television ownership rule,² the Commission also grants applications seeking consent to assign certain LIN Media and Media General, Inc. ("Media General") stations to Sinclair Broadcast Group ("Sinclair"), Hearst Corporation ("Hearst") and Meredith Corporation ("Meredith"). Finally, the Commission grants applications by Sinclair to assign certain stations to Post-Merger Media General and by Vaughan Media LLC ("Vaughan Media") to assign certain assets to Sinclair pursuant to the exercise of an option agreement by LIN Media.³

2. In addition, we grant four "satellite exemptions" to the local TV ownership rule pursuant to Note 5 of Section 73.3555 of the Commission's rules (the "rules"),⁴ and two "failing" station waivers of the local TV ownership rule, pursuant to Note 7 of Section 73.3555 of the rules.⁵ Likewise, Sinclair has requested one "failing" station waiver of the local TV ownership rule, pursuant to Note 7 of Section 73.3555 of the rules, which we also grant.

II. BACKGROUND

3. Currently, LIN Media holds licenses for 39 full power stations and 17 low power stations, while Media General retains licenses to 32 full power stations, 22 Class A stations, and over 100 low power stations. Following consummation of the proposed transaction, including the divestitures discussed herein, Post-Merger Media General will consist of 68 full power television stations, 62 Class A stations, over 100 low-power television stations, and various land mobile and earth station licenses. Pursuant to the merger agreement, the parties will consummate the transaction through a series of mergers, each to be effectuated at a single closing. Ultimately, LIN Media and Media General will be merged into Post-Merger Media General. This will make Post-Merger Media General the sole shareholder of LIN Media and its licensee subsidiaries as well as existing Media General and its licensee subsidiaries. The corporate ownership structure of Media General's and LIN Media's subsidiaries (including the named licensee of each station) will not be altered by this transaction.

² 47 C.F.R. § 73.3555(b).

³ See infra Appendix C.

⁴ 47 C.F.R. §73.3555(b), note 5.

⁵ 47 C.F.R. §73.3555(b), note 7.

⁶ The number of full power stations consists of all stations that will remain with Post-Merger Media General following the proposed divestitures. It also includes WHTM-TV, Harrisburg, PA, which is currently licensed to WHTM Acquisition, LLC, an Exchange Accommodation Titleholder ("EAT"). WHTM-TV is currently operated by Media General, but its license and assets are held by an EAT in order to facilitate a reverse like-kind exchange and receive favorable tax treatment under Internal Revenue Service Code. In order for the tax benefit to accrue, the station's assets or all of the interests of the EAT must be assigned within 180 days of the acquisition by the EAT. The Commission has previously approved the EAT structure and procedures. See e.g., Cox Radio, Inc. and Cox Television Jacksonville, LLC, Application for Assignment of License of WAWS(TV), FCC File No. BALCDT-20120907AEB; KTVU, Inc. and Cox Television Tulsa, LLC, Application for Assignment of Licenses of KMYT-TV and KOKI-TV, FCC File Nos. BALCDT-20120907ADZ and BALCDT-20120907AEA; see also Cox Radio, Inc. and SummitMedia, LLC, 28 FCC Rcd 5674 (MB 2013), review denied, 29 FCC Rcd 2546 (2014) (rejecting Petition to Deny alleging that like-kind exchange transactions are not in the public interest). WHTM-TV was assigned from Sinclair to the EAT, pursuant to a long form assignment application. See File No. BALCDT-20140625AOV (consummated Sept. 2, 2014). Subsequently, a short form transfer of control application was filed to transfer control of WHTM-TV from the EAT to Post-Merger Media General. See Media General Communications, Inc., 21 FCC Rcd 7669 (2006) (holding that assignment of station licenses from licensee to licensee-controlled EAT entity qualifies for "short form" treatment). This application will be acted on separately under staff action.

⁷ See Media General-LIN Media Merger Applications, Comprehensive Exhibit at 4-5 ("Comprehensive Exhibit").

⁸ *Id.* at 3.

- 4. The total enterprise value of the transaction is approximately \$2.6 billion, with LIN Media shareholders receiving \$1.6 billion in a combination of stock and cash. Present shareholders of Media General will exchange one share of their current stock interest for one share in Post-Merger Media General. LIN Media shareholders will be given the choice to elect either stock or cash consideration. Current equity holders of Media General are expected to own approximately 67.4% of Post-Merger Media General and current equity holders of LIN Media will own approximately 32.6% of Post-Merger Media General. The exact ownership percentages are subject to the elections of LIN Media shareholders. Upon closing of the transaction, Vincent L. Sadusky, LIN Media's President and Chief Executive Officer, will become President and Chief Executive Officer of Post-Merger Media General. J. Stewart Bryan III will continue to serve as Chairman of the Board. Therefore, the transaction proposes a change in *de jure* control of the LIN Media stations, while LIN Media executives and shareholders will retain minority *de facto* influence over Post-Merger Media General's operations.
- LIN Media currently holds duopolies that are consistent with the Commission's local TV ownership rule in six Nielsen designated market areas ("DMA" or "market"); (i) Buffalo, New York; (ii) Grand Rapids-Kalamazoo-Battle Creek, Michigan; (iii) Indianapolis, Indiana; (iv) Norfolk-Portsmouth-Newport News, Virginia; (v) Mobile, Alabama-Pensacola, Florida; and (vi) Albuquerque-Santa Fe, New Mexico.¹⁰ These pre-existing duopolies will be continued by Post-Merger Media General. Furthermore, Media General and LIN Media currently own full power stations in five common markets: (i) Birmingham, Alabama; (ii) Green Bay-Appleton, Wisconsin; (iii) Mobile, Alabama-Pensacola, Florida; (iv) Providence, Rhode Island-New Bedford, Massachusetts; (v) Savannah, Georgia. 11 The applications note that common ownership of existing Media General and LIN Media stations in these markets would result in Post-Merger Media General owning two of the four highest-ranked stations based on Nielsen all day audience share. Such a scenario is not permitted by the Commission's local TV ownership rule. As a result. Post-Merger Media General has committed to divesting one of the top four stations in each of the aforementioned markets. In accordance with this commitment, applications have been filed to assign the following stations to third-party buyers: Stations WTVM(TV) Columbus, Georgia and WJCL-TV, Sayannah, Georgia to Hearst; Station WALA-TV, Mobile, Alabama to Meredith; and Stations WJAR-TV Providence, Rhode Island, WLUK-TV, Green Bay, Wisconsin, and WCWF-TV, Suring, Wisconsin to Sinclair. As part of the transaction with Sinclair, Post-Merger Media General will acquire Stations KXRM-TV, Colorado Springs, Colorado and WTTA-TV, St. Petersburg, Florida, as well as low power

⁹ LIN Media shareholders will receive per share, at their election, \$25.97 in cash or 1.4714 shares of Post-Merger Media General, subject to proration. The total cash amount available for LIN Media shareholders electing cash is \$763 million. Press Release, Media General and LIN Media, Media General and LIN Media Announce Amendment to Merger Agreement (Aug. 20, 2014) available at http://mediageneral.com/press/2014/aug20_14_merger.html.

¹⁰ The stations in the legacy rule-complaint duopolies include: (i) WIVB-TV and WNLO(TV), both in Buffalo, New York; (ii) WOOD-TV, Grand Rapids, Michigan and WOTV(TV), Battle Creek, Michigan; (iii) WISH-TV, Indianapolis, Indiana and WNDY-TV, Marion, Indiana; (iv) WAVY-TV, Portsmouth, Virginia and WVBT(TV), Virginia Beach, Virginia; (v) WALA(TV), Mobile, Alabama and WFNA(TV), Gulf Shores, Alabama; and (vi) KASA-TV, Santa Fe, New Mexico and KRQE(TV), Albuquerque, New Mexico, as well as satellite stations KBIM-TV, Roswell, New Mexico and KREZ-TV, Durango, Colorado. It should be noted that KREZ-TV and KBIM-TV operate as satellite stations of KRQE(TV), but because of the lack of signal overlap both KBIM(TV) and KREZ-TV can be owned in combination with KRQE(TV) and KASA-TV under the local TV ownership rule and do not need a satellite exemption. Comprehensive Exhibit at 21-23.

¹¹ Comprehensive Exhibit at 20-22. The stations within the new Media General-LIN Media overlap markets include: (i) WVTM-TV (Media General) and WIAT(TV) (LIN Media), both Birmingham, Alabama; (ii) WBAY-TV, Green Bay, Wisconsin (Media General) and WLUK-TV, Green Bay Wisconsin/WCWF(TV), Suring, Wisconsin (LIN Media); (iii) WKRG-TV, Mobile, Alabama (Media General) and WFNA(TV), Gulf Shores, Alabama/WALA-TV, Mobile, Alabama (LIN Media); (iv) WJAR-TV (Media General) and WPRI-TV, both Providence, Rhode Island; (v) WSAV-TV and WJCL(TV), both Savannah, Georgia.

¹² 47 C.F.R. § 73.3555(b).

station KXTU-LD, Colorado Springs Colorado, from Sinclair. Sinclair will also acquire WTGS(TV), Hardeeville, South Carolina, from Post-Merger Media General through the exercise of an option agreement that currently exists between LIN Media and Vaughan Media.

- 6. Post-Merger Media General has requested the continuation of four "satellite exemptions" under Note 5, Section 73.3555 of the Commission's local TV ownership rules: the first for KBVO(TV), Llano, Texas, which is a satellite of KXAN-TV, Austin, Texas;¹³ the second and third for KHAW-TV, Hilo, Hawaii and KAII-TV, Wailuku, Hawaii, both satellites of KHON-TV, Honolulu, Hawaii;¹⁴ and the fourth for KSNC(TV), Great Bend, Kansas, which is a satellite of KSNW(TV), Wichita, Kansas.¹⁵ Post-Merger Media General has also requested two "failing" station waivers pursuant to Note 7 of Section 73.3555. The first would permit continued common ownership by Post-Merger Media General of WTNH(TV), New Haven, Connecticut and WCTX(TV), New Haven, Connecticut,¹⁶ which is currently held by LIN Media pursuant to an "unbuilt" station waiver.¹⁷ The second request would permit continued ownership of WCWF(TV),¹⁸ which is currently co-owned by LIN Media with WLUK-TV.¹⁹ Because WCWF(TV) and WLUK-TV are ultimately being assigned to Sinclair, a second "failing" station waiver request for these stations has been filed by Sinclair.²⁰ The "failing" station waiver request for WCWF(TV) by both Post-Merger Media General and Sinclair will be evaluated simultaneously.
- 7. Lastly, the applicants note that certain subsidiaries of LIN Media are currently a party to several types of sharing arrangements with in-market broadcasters including: four joint sales agreements ("JSA"), which are now attributable pursuant to the *2014 Quadrennial Review Order*²¹ and five non-attributable shared services agreements ("SSA").²² Because of the divesture of WJCL(TV) by Post-

¹³ File Nos. BTCCDT-20140509AJO and BTCCDT-20140509AJN.

¹⁴ File Nos. BTCCDT-20140509AIW, BTCCDT-20140509AIO and BTCCDT-20140509AIX.

¹⁵ File Nos. BTCCDT-20140509AJB and BTCCDT-20140509AJG.

¹⁶ File No. BTCCDT-20140509ADH.

¹⁷ Application of K-W TV, Inc. and WTNH Broadcasting, Inc. for Consent to the Assignment of WCTX(TV), New Haven, Connecticut, 77 FCC Rcd 775 (MMB 2000) (granting an unbuilt station waiver request).

¹⁸ File No. BTCCDT-20140509ADI.

¹⁹ See In re WCWF(DT), Suring, WI, ID No. 73042, File No. BALCDT-20100917AAF, Letter Opinion, 26 FCC Rcd 5189 (MB 2011) (granting a "failing" station waiver).

²⁰ File No. BALCDT-20140827ANL.

²¹ 2014 Quadrennial Regulatory Review — Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996, Report and Order and Further Notice of Proposed Rulemaking, 29 FCC Rcd 4371 (2014) ("2014 Quadrennial Review Order") (attributing JSAs involving the sale of more than 15 percent of another station's local advertising time).

²² Copies of all these agreements have been filed with the Commission as part of the relevant transfer of control applications. File No. BTCCDT-20140509AIJ (listing a JSA/SSA between WDTN-TV, Dayton, OH, the brokering station and WBDT(TV), Springfield, OH, the brokered station); File No. BTCCDT-20150509AJK (listing a JSA/SSA between WKBN-TV, Youngstown, OH, the brokering station and WYTV(TV), Youngstown, OH, the brokered station); File No. BTCCDT-20140509AJF (JSA/SSA between KSNT(TV), Topeka, KS, the brokering station and KTKA-TV, Topeka, KS, the brokered station); and File No. BTCCDT-201540509AFB (SSA between KRQE(TV) Albuquerque, NM/KASA-TV, Santa Fe, NM, brokering stations and KSAY-TV, Albuquerque, NM/KWBQ(TV), Albuquerque, NM/KRWB-TV, Roswell, NM, brokered stations). The applicants also note that license subsidiaries of Existing Media General are also parties to three JSAs and SSAs. *See* Comprehensive Exhibit at 20, n. 27 (noting a JSA/SSA between: WJBF(TV), Augusta, GA, the brokering station and WAGT(TV), August, GA the brokered station; WLNS-TV, Lansing, MI, the brokering station and WLAJ(TV), Lansing, MI, the brokered station; and WTEN(TV), Albany, NY, the brokering station and WXXA(TV), Albany, NY the brokered station). Copies of all the aforementioned JSAs are available in each station's electronic local public inspection file, as required by 47 C.F.R. 73.3526, which can be accessed by visiting https://stations.fcc.gov. The applicants also note

Merger Media General to Hearst and the sale of WTGS(TV) by Vaughan to Sinclair, the JSA and SSA that currently exists between the stations will be terminated. As a result Post-Merger Media General will only retain three "legacy" JSAs and four "legacy" SSAs. Only the control of the upstream parent company will be changing as a result of this transaction; the named parties to the agreements will remain the same.

III. DISCUSSION

A. Standard of Review

8. Section 310(d) of the Communications Act of 1934 ("the Act") provides that no station license shall be transferred or assigned until the Commission, upon application, determines that the public interest, convenience, and necessity will be served thereby. In making this assessment, the Commission must first determine whether the proposed transaction would comply with the specific provisions of the Act,²³ other applicable statutes, and the Commission's rules.²⁴ If the transaction would not violate a statute or rule, the Commission considers whether it could result in public interest harms by substantially frustrating or impairing the objectives or implementation of the Act or related statutes.²⁵ The Commission then employs a balancing process, weighing any potential public interest harms of the proposed transaction against any potential public interest benefits.²⁶ The applicants bear the burden of proving, by a preponderance of the evidence, that the proposed transaction, on balance, would serve the public interest.²⁷ If the Commission is unable to find that the proposed transaction serves the public interest, or if the record presents a substantial and material question of fact as to whether the transaction serves the

the existence of two grandfathered local marketing agreements ("LMAs"), both of which are fully transferable as they were entered into prior to November 5, 1996. *Review of the Commission's Regulations Governing Television Broadcasting*, Report and Order, 14 FCC Rcd 12903, 12965, ¶ 145 (establishing grandfathering provisions for LMAs and permitting LMAs that qualify for grandfathering to be transferred). The first LMA was originally entered into on June 10, 1996, and is between WPRI-TV, Providence, RI, the brokering station and WNAC-TV, Providence, RI, the brokered station (File No. BTCCDT-20140509AIG). The second LMA was originally entered into on June 24, 1994, and is between KXAN-TV, Austin, TX, the brokering station and KNVA(TV), Austin, TX the brokered station (File No. BTCCDT-20140509AJN).

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²³ Section 310(d) requires that the Commission consider the applications as if the proposed transferee were applying for the licenses directly. 47 U.S.C. § 310(d). See SBC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control, 20 FCC Rcd 18290, 18300 ¶ 16 (2005) ("SBC-AT&T Order"); Verizon Communications, Inc. and MCI, Inc. Applications for Approval of Transfer of Control, 20 FCC Rcd 18433, 18442-43 ¶ 16 (2005) ("Verizon-MCI Order"); Applications of Nextel Communications, Inc. and Sprint Corporation, 20 FCC Rcd 13967, 13976 ¶ 20 (2005) ("Sprint-Nextel Order"); News Corp.-Hughes Order, 19 FCC Rcd at 483 ¶ 15; Comcast-AT&T Order, 17 FCC Rcd at 23255 ¶ 26.

²⁴ See, e.g., SBC-AT&T Order, 20 FCC Rcd at 18300 ¶ 16; Verizon-MCI Order, 20 FCC Rcd at 18442-43 ¶ 16; Applications for Consent to the Assignment of Licenses Pursuant to Section 310(d) of the Communications Act from NextWave Personal Communications, Inc., Debtor-in-Possession, and NextWave Power Partners, Inc., Debtor-in-Possession, to Subsidiaries of Cingular Wireless LLC, 19 FCC Rcd 2570, 2580-81 ¶ 24 (2004); EchoStar Communications Corp., General Motors Corp. and Hughes Electronics Corp., and EchoStar Communications Corp., Hearing Designation Order, 17 FCC Rcd 20559, 20574 ¶ 25 (2002) ("EchoStar-DIRECTV HDO").

²⁵ See SBC-AT&T Order, 20 FCC Rcd at 18300 ¶ 16; Verizon-MCI Order, 20 FCC Rcd at 18443 ¶ 16; Sprint-Nextel Order, 20 FCC Rcd at 13976 ¶ 20.

²⁶ See SBC-AT&T Order, 20 FCC Rcd at 18300 \P 16; Verizon-MCI Order, 20 FCC Rcd at 18443 \P 16; Sprint-Nextel Order, 20 FCC Rcd at 13976 \P 20; News Corp.-Hughes Order, 19 FCC Rcd at 483 \P 15; Comcast-AT&T Order, 17 FCC Rcd at 23255 \P 26.

²⁷ See SBC-AT&T Order, 20 FCC Rcd at $18300 \, \P$ 16; Verizon-MCI Order, 20 FCC Rcd at $18443 \, \P$ 16; Comcast-AT&T Order, 17 FCC Rcd at $23255 \, \P$ 26; EchoStar-DIRECTV HDO, 17 FCC Rcd at $20574 \, \P$ 25.

public interest, Section 309(e) of the Act requires that the applications be designated for hearing.²⁸ Based on the record before us, we find that grant of the above captioned applications to be in the public interest, as required by Section 310(d) of the Act.

B. Post-Merger Media General Rule-Complaint Duopolies, Divestiture Applications, and Broadcast Agreements

- Under the Commission's local television ownership rule.²⁹ two television stations 9. licensed in the same designated market area ("DMA") that have Grade B overlap³⁰ may be commonly owned if: (1) at least one of the stations is not ranked among the top four stations in the DMA; and (2) at least eight independently owned and operating, full power commercial and non-commercial educational television stations would remain in the DMA after the merger.³¹ As previously discussed, LIN Media currently holds rule-complaint duopolies in the following markets: Buffalo, New York; Grand Rapids-Kalamazoo-Battle Creek, Michigan; Indianapolis, Indiana; Norfolk-Portsmouth-Newport News, Virginia; Mobile, Alabama-Pensacola, Florida; and Albuquerque-Santa Fe, New Mexico.³² Allowing Post-Merger Media General to continue to operate these duopolies is permissible under the Commission's local TV ownership rule. Furthermore, Media General and LIN Media each own one top-four full power station in five DMAs: Birmingham, Alabama: Green Bay-Appleton, Wisconsin: Mobile, Alabama-Pensacola, Florida; Providence, Rhode Island-New Bedford, Massachusetts; Savannah, Georgia. 33 Permitting a merger of Media General and LIN Media in these markets would result in a single entity owning two of the four highest-ranked stations based on Nielsen all day audience share. Accordingly, Post-Merger Media General has agreed to voluntarily divest one of the top four stations in each market.
- 10. In total, the divesture proposed by Post-Merger Media General is comprised of nine applications and includes the sale of six stations by Post-Merger Media General to third party buyers, the sale of two stations from Sinclair to Post-Merger Media General as part of a like-kind station "swap" and the sale of one station through the exercise of an option agreement by LIN Media to Sinclair. All nine applications have been placed on 30-day public notice and have received no objections. Divesture applications have been filed to assign the following six stations (collectively the "divestiture stations") to third party buyers:
 - Stations WTVM(TV) Columbus, Georgia and WJCL-TV, Savannah, Georgia to Hearst;³⁴
 - Station WALA-TV, Mobile, Alabama to Meredith:³⁵ and

 $^{^{28}}$ 47 U.S.C. § 309(e); see also News Corp.-Hughes Order, 19 FCC Rcd at 483 n.49; EchoStar-DIRECTV HDO, 17 FCC Rcd at 20574 \P 25.

²⁹ 47 C.F.R. § 73.3555(b)(2).

³⁰ Following the digital transition the Commission has treated a station's digital noise-limited contour as the "functional equivalent" of a station's analog-Grade B contour for purposes of the local television ownership rule. *Riverside Media*, Letter, 26 FCC Rcd 16038, 16060, n. 2 (2011) (citations omitted). As a result, on April 15, 2014, the Commission tentatively concluded the digital noise-limited contour should replace the analog Grade B contour in determining whether the local TV ownership rule is implicated. *2014 Quadrennial Regulatory Review — Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996*, Report and Order and Further Notice of Proposed Rulemaking, 29 FCC Rcd 4371, 4385 (2014).

³¹ 47 C.F.R. § 73.3555(b)(2).

³² *Supra*, ¶ 5 and n. 10.

 $^{^{33}}$ Supra, ¶ 5 and n. 11.

³⁴ File Nos. BALCDT-20140827ACP and BALCDT-20140827ACM.

³⁵ File No. BALCDT-20140827ANO.

- Stations WJAR-TV Providence, Rhode Island; WLUK-TV, Green Bay, Wisconsin; and WCWF-TV, Suring, Wisconsin to Sinclair.³⁶
- 11. Post-Merger Media General will also be acquiring Stations KXRM-TV, Colorado Springs, Colorado and WTTA-TV, St. Petersburg, Florida, as well as low power station KXTU-LD, Colorado Springs Colorado, from Sinclair. These stations are being acquired in order to facilitate like-kind station "swaps" for the stations being divested by Post-Merger Media General and acquired by Sinclair. Sinclair will also be acquiring WTGS(TV), Hardeeville, South Carolina, which is currently licensed to WTGS Television, LLC, a license subsidiary of Vaughan Media. WTGS(TV) will be assigned to Sinclair through the sale of certain assets currently held by LIN Media relating to the operation of WTGS(TV) and the exercise of an outstanding option agreement in which Vaughan Media will be instructed to assign WTGS(TV)'s license and assets directly to Sinclair. As a result of these like-kind station "swaps," Sinclair's national audience share will decrease by 0.669 percent and remain below the current national audience share cap.³⁹
- 12. Consummation of the divesture applications is contingent upon consummation of the overriding merger between Media General and LIN Media. As previously noted, Post-Merger Media General has committed in its applications to voluntarily divest its interests in each of the five overlap markets. We expect consummation between Post-Merger Media General and the third party buyers of the divestiture stations to occur immediately following consummation of the merger applications between Media General and LIN Media. Post-Merger Media General has both legal and financial incentives to ensure that the divesture commitments made to the Commission and Department of Justice ("DOJ") are met. We note that DOJ has concluded its review under the Hart-Scott-Rodino Act ("HSRA review") as it applies to the divestiture stations and the overriding merger between Media General and LIN Media.
- 13. Approval of the divesture applications will result in a number of noteworthy public interest benefits. First and foremost, each of the divesture applications propose a sale to a party that does not currently have a presence in any of the five divesture markets. Second, as is the case in the overriding merger, the divesture applications will not result in the formation of any new duopolies. Third, the sale of WTGS(TV) to Sinclair and sale of WJCL(TV) to Hearst, will result in termination of an existing JSA and SSA between the two stations. In light of the public interest benefits resulting from the divesture applications, coupled with the incentives that the parties involved have to promptly consummate the divesture applications, we find that grant of the divesture applications is appropriate.
- 14. At the same time, we recognize that there will be three attributable "legacy" JSAs and four non-attributable "legacy" SSAs that existed prior to the transaction, but will continue when the transfer of control of the upstream parents of the licensees are completed to Post-Merger Media General.⁴¹

³⁹ Sinclair Divestiture Applications, Exhibit 13 (Statement in Support of Application) at 2. Sinclair also contends the proposed acquisitions would not cause it to exceed the national audience cap whether or not the "UHF discount," provided for in 47 C.F.R. § 73.3555(e)(2)(i), is used.

³⁶ File Nos. BALCDT-0827ANP, BALCDT-20140827ANM, and BALCDT-20140827ANL ("Sinclair Divesture Applications").

³⁷ File Nos. BALCDT-20140827ANV, BALCDT-20140827ANW, and BALCDT-20140827ANY.

³⁸ File No. BALCDT-20140827ADC.

⁴⁰ DOJ has terminated its HSRA review of Post-Merger Media General's acquisition of stations from Sinclair. The divestiture stations being assigned from Post-Merger Media General to Meredith, Hearst, and Sinclair are subject to a consent decree that was filed in the U.S. District Court in Washington, D.C. on October 31, 2014. Following the court's entry of the Hold Separate Stipulation and Order, the DOJ subsequently terminated its HSRA review of the overriding merger between Media General and LIN Media.

⁴¹ See supra note 22. The three JSAs at issue here are described by the applicants as currently being "non-attributable" and "continu[ing] to be non-attributable pursuant to the two-year grandfathering period provided in the (continued....)

As noted above, the *2014 Quadrennial Review Order* made JSAs that involve the sale of more than 15 percent of another in-market station's local advertising time attributable, ⁴² however, in the same order the Commission gave those with attributable JSAs two years from the effective date of the new rule (June 19, 2014) to either amend, terminate or otherwise come into compliance with Commission's local TV ownership rule. ⁴³ Subsequently, Congress enacted legislation extending the two-year compliance period by six months to December 19, 2016. ⁴⁴ Attribution of these three "legacy" JSAs to Post-Merger Media General will result in a violation of the Commission's local TV ownership rule in three markets (Youngstown, Ohio; Dayton, Ohio; and Topeka, Kansas). In order to facilitate large multi-station transactions the Commission has previously found that temporary waiver of its ownership rules is appropriate so long as such waiver does not undermine the underlying goals of the Commission's ownership rules: competition, localism, and diversity. ⁴⁵ Based on the specific facts and nature of the transaction before us, we find that temporary waiver does not undermine any of these goals.

15. When evaluating the transaction as a whole, it is clear that these agreements are only an incidental aspect of a large multi-station, multi-market transaction. In total, the transaction before us involves 74 full power stations, 68 which will ultimately reside with Post-Merger Media General. No new sharing agreements (*e.g.*, JSAs or SSAs) or "overlap" markets are being created as a result of this transaction. We find that providing a temporary waiver to facilitate this large multi-station transaction outweighs any potential harm that may result from continuation of three attributable "legacy" JSAs for the remainder of the compliance period already adopted by the Commission in the *2014 Quadrennial Review Order* and extended by Congress. For example, as a result of Post-Merger Media General's divesture commitments a new voice is being added to the Savannah, Georgia DMA market through the sale of WTGS-TV from Vaughan Media to Sinclair. Currently, WTGS-TV is operated by Vaughan Media pursuant to an attributable JSA and non-attributable SSA with WJCL(TV), which is currently licensed to LIN Media and as part of the instant transaction is ultimately being assigned to Hearst. 46

Commission's [2014 Quadrennial Review Order] attributing joint sale agreements involving the sale of more than 15% of another local station's ad time at such time that the JSA Order becomes effective." Comprehensive Exhibit at 20. We have also carefully scrutinized LIN Media's legacy arrangements (e.g., SSAs and JSAs) and for the reasons discussed herein, among other things the incidental nature of the arrangements in the overall transaction, we find that continuation of LIN Media's legacy arrangements is permissible. See Shareholders of Belo Corp., Memorandum Opinion and Order, 28 FCC Rcd 16867, 16879 (MB 2013); Processing of Broadcast Television Applications Proposing Sharing Arrangements and Contingent Interests, Public Notice, 29 FCC Rcd 2647 (MB 2014).

^{(...}continued from previous page)

⁴² 2014 Quadrennial Review Order, 29 FCC Rcd at 4538.

⁴³ *Id.* at 4542; *Media Bureau Announces the Effective Date of the Television Joint Sales Agreement Attribution Rule*, Public Notice, 29 FCC Rcd 7346 (MB 2014) ("JSA Public Notice") (announcing the effective date of the Commission's new JSA attribution rule and establishing June 19, 2016 as the end of the two-year compliance period).

⁴⁴ STELA Reauthorization Act of 2014, Pub. L. No. 113-200, § 104, 128 Stat. 2059, 2063 (2014).

⁴⁵ See e.g., Capital Cities/ABC, Inc., Memorandum Opinion and Order, 11 FCC Rcd 5841 (1996) (providing a sixmonth temporary waiver of local TV ownership rule); UTV of San Francisco, Inc., Memorandum Opinion and Order, 16 FCC Rcd 14975 (2001) (providing a sixmonth temporary waiver of local TV ownership rule); Telemundo Communications Group, Inc., 17 FCC Rcd 6958 (2002) (providing a 12-month temporary waiver of the local TV ownership rule).

⁴⁶ Post transaction, both Hearst and Sinclair will be operating in Savannah, GA in place of LIN Media. Our determination that facilitating the transaction is in the public interest also is supported by the terms of Settlement Agreement entered into between the United States Department of Justice and LIN Media and Media General (Post-Merger Media General). As part of that agreement, Post-Merger Media General is prohibited from "enter[ing] into any local marketing agreement, joint sales agreement, other cooperative selling arrangement, or shared services agreement, or conduct other business negotiations jointly with the Acquirers with respect to the Divestiture Assets,

Accordingly, Post-Merger Media General will have until December 19, 2016, the end of the two-year compliance period established by the Commission in the *2014 Quadrennial Review Order* and extended for six months by Congressto either amend, terminate or otherwise bring all attributable JSAs into compliance with the Commission's local TV ownership rule.⁴⁷

C. Requests for Continuing "Satellite Exemptions"

- 16. The applicants have requested authorization to continue operating the following stations as satellites, pursuant to Note 5 of Section 73.3555 of the local television ownership rule.⁴⁸
 - KBVO(TV), Llano, Texas, as a satellite of KXAN-TV, Austin Texas;⁴⁹
 - KHAW-TV, Hilo, Hawaii and KAII-TV, Wailuku, Hawaii, as satellites of KHON-TV, Honolulu, Hawaii; 50 and
 - KSNC(TV), Great Bend, Kansas, as a satellite of KSNW(TV), Wichita, Kansas.⁵¹
- 17. In *Television Satellite Stations*,⁵² the Commission stated that applicants seeking to transfer or assign a television satellite station are entitled to a "presumptive" exemption from Section 73.3555(b) of the Commission's rules if the parent/satellite combination meets three criteria: (1) there is no City Grade overlap between the parent and the satellite; (2) the proposed satellite would provide service to an underserved area; and (3) no alternative operator is ready and able to construct or to purchase and operate the satellite as a full-service station.⁵³ Applications meeting these criteria, when unrebutted, will be viewed favorably by the Commission. If an applicant cannot qualify for the presumption, the Commission will evaluate the proposal on an *ad hoc* basis, and grant the application if there are compelling circumstances that warrant approval.⁵⁴
- 18. With respect to the first criterion, we note that following the digital transition full-power television stations have a digital Principal Community contour that serves a much larger area than their former analog City Grade contour. Thus, the principle community contour is not an equivalent standard

or [] providing financing or guarantees of financing with respect to the Divesture Assets" for a term of 10 years. *United States of America v. Media General, Inc., and LIN Media LLC*, Hold Separate Stipulation and Order, Case No. 14-1823 (D.D.C. Oct. 31, 2014). This prohibition is another factor weighing in favor of providing a temporary waiver of the Commission's local TV ownership rules in order to permit this transaction to proceed.

^{(...}continued from previous page)

⁴⁷ Supra notes 43 and 44.

⁴⁸ 47 C.F.R. § 73.3555.

⁴⁹ File No. BTCCDT-20140509AJO.

⁵⁰ File Nos. BTCCDT-20140509AIW and BTTCDT-20140509AIO.

⁵¹ File No. BTTCDT-20140509AJB. Post-Merger Media General will also own KSNG(TV), Garden City, Kansas, and KSNK(TV), McCook, Nebraska, which are also satellites of KSNW(TV). KSNW(TV) is licensed to Wichita-Hutchison DMA. KSNK(TV) is not licensed to the Wichita-Hutchison DMA and KSNG(TV) does not have contour overlap with KSNW(TV). Accordingly, KSNK(TV), KSNG(TV) and KSNW(TV) can all be owned in combination under the local TV ownership rule and without a "satellite" exemption. *See HBKV NV LLC et al.*, Memorandum Opinion and Order, 25 FCC Rcd 2354, 2355, n. 5 (MB 2010) ("*HBKV NV LLC*").

⁵² Television Satellite Stations Review of Policies and Rules, Report and Order, 6 FCC Rcd 4212 (1991), subsequent citations omitted ("Television Satellite Stations").

⁵³ *Id.* at 4213-4214, ¶ 12; 47 C.F.R. § 73.3555, note 7.

⁵⁴ *Id.* at 4214, ¶ 14.

to use in determining whether a satellite qualifies for the presumptive satellite exemption to the duopoly rule.⁵⁵

- 19. In order to demonstrate that satellite stations provide service to underserved areas, Post-Merger Media General relies on the Commission's "transmission test" for KSNC(TV) and KBVO(TV), and requests the Commission evaluate compliance with this criterion for KAHW-TV and KAII-TV on an *ad hoc* basis. Under the Commission's "transmission test," an area is deemed underserved if there are two or fewer full-service television stations licensed to a proposed satellites community of license. Likewise, KBVO(TV) continues to be the only full power television station licensed to Llano, Texas. Likewise, KSNC(TV) continues to be the only full power television station licensed to Great Bend, Kansas. With regards to KAHW-TV and KAII-TV, Post-Merger Media General contends that the geography of Hawaii limits coverage of the market and justifies both stations operating as satellites of KHON-TV. It also points out that while there are other stations licensed to Hilo and Wailuku, "the vast majority of those are satellites of other Honolulu stations." In fact, the only non-satellite television station licensed to either community is a non-commercial educational station (NCE).
- 20. Post-Merger Media General has also shown that no alternative operator is ready and able to assume operation of these satellite stations as a full-service station. In support of this contention a series of letters have been filed with the Commission from Mr. W. Lawrence Patrick, Managing Partner of Patrick Communications, a media brokerage firm that specializes in television station transactions. Mr. Patrick asserts that he has been involved in the broadcast industry for over 40 years and has previously brokered sales of television stations in all the markets at issue. In each letter, Mr. Patrick concludes that marketing any of the stations as a standalone "would be unsuccessful given the marginalized nature of the operation, and knowing that buyers would be hard pressed to find compelling programming sufficient to survive." Mr. Patrick also asserts that in all three markets all major network affiliations are already taken, which would leave these stations with no primary network programming and minimal secondary television programming. Such a scenario would leave the stations unable to compete for audience and revenue. Furthermore, in the case of the stations in Hawaii and Kansas, Mr. Patrick contends that denial of the satellite exemption would deny access to many viewers in those DMAs of over-the-air access to primary network programming (Fox and NBC, respectively) as well as local programming, such as news, weather and public service programming.

⁵⁵ Prior to the transition to digital television, there was no City Grade overlap between KAII-TV, KHAW-TV and KHON-TV, or KSNC(TV) and KSNW(TV). While there was partial overlap between KBVO(TV)'s and KXAN-TV's City Grade contours, the Commission has previously granted a "satellite" exemption under the Commission's *ad hoc* analysis. *AT&T Corp. et al.*, Memorandum Opinion and Order, 13 FCC Rcd 4633 (1998) ("*AT&T Corp.*"). Because the first criterion of the presumptive exemption no longer applies we must evaluate all of these "satellite" exemption requests on an ad hoc basis. *Television Satellite Stations*, 6 FCC Rcd at 4214, ¶ 14.

⁵⁶ *Id.* at 4215, ¶19.

⁵⁷ Both KAHW-TV and KAII-TV have historically served as satellites of KHON-TV and brought programming from Honolulu "to viewers dispersed across the state's eight islands, which are separated from one another by large expanses of water and have mountainous terrain which can obstruct reception of broadcast signals." Comprehensive Exhibit at 25; *see BBC License Subsidiary L.P. et al.*, Memorandum Opinion and Order, 10 FCC Rcd 10968, 10976, ¶¶ 41-44 (1996)("*BBC License Subsidiary*") (discussing Hawaii's unique geography as a basis for granting a "satellite" exemption under the Commission's ad hoc analysis).

⁵⁸ *Id.* at 26.

⁵⁹ Comprehensive Exhibit, Attachments D-1, D-2, and D-3. All the letters are dated May 8, 2014.

⁶⁰ See e.g., Comprehensive Exhibit, Attachment D-1 at 3.

⁶¹ Comprehensive Exhibit, Attachment D-1 at 2-3; Comprehensive Exhibit, Attachment D-3 at 2.

- 21. In the letters, Mr. Patrick goes on to highlight the trouble that each individual satellite station would face as a standalone station. With regards to KBVO(TV) he notes that the station's My Network affiliation and being licensed to Llano rather than Austin places it at a competitive disadvantage for obtaining advertising revenue. Mr. Patrick contends that as a standalone station it is unlikely that KBVO(TV) could maintain the local programming and service it currently provides to the local community. For Stations KHAW-TV and KAII-TV, Mr. Patrick asserts that the geographic nature of Hawaii would make it difficult for either of these stations to operate independently because neither of them provides a signal capable of covering the entire market or Honolulu, largest city in the DMA. Lastly, Mr. Patrick discusses KSNC(TV), which he notes is also located in a geographically dispersed market. Mr. Patrick contends that if forced to operate as a standalone station, KSNC(TV) would only be able to provide a significantly diminished service and not be able to provide a signal to Wichita, the largest city in the DMA.
- Based on our review of the materials submitted, we find that while Post-Merger Media General has not met our "presumptive" satellite standard, it has provided sufficient information to authorize KBVO(TV), KHAW-TV, KAII-TV, and KSNC(TV) for continued satellite operation under our *ad hoc* analysis. All four stations have a history of operating as satellites and the Commission's previous approval of all four stations for operation as satellites constitutes compelling circumstances justifying a continuing "satellite exemption" to the local television ownership rule. We see no evidence in the record that the "satellite exemptions" will harm competition in any of the television markets at issue. Indeed, we find that the "satellite exemptions" will benefit the public interest by encouraging investment in the broadcast industry and promoting access to broadcast services where without the satellite waiver it may otherwise not be feasible. For the reasons discussed above, we find that grant of continuing "satellite exemptions" to KBVO(TV), Llano, Texas, as a satellite of KXAN-TV, Austin Texas; KHAW-TV, Hilo, Hawaii and KAII-TV, Wailuku, Hawaii, as satellites of KHON-TV, Honolulu, Hawaii; and KSNC(TV), Great Bend, Kansas, as a satellite of KSNW(TV), Wichita, Kansas, are all in the public interest.

D. Request for Continuation of Existing "Failing" Station Waiver and Issuance of New "Failing" Station Waiver

23. Both Post-Merger Media General, pursuant to a long form transfer of control application from LIN Media, and Sinclair, pursuant to Post-Merger Media General's proposed divestiture in the Green Bay-Appleton, Wisconsin DMA,⁶⁶ have requested continuation of the "failing" station waiver for WCWF(TV), Suring, Wisconsin, pursuant to Note 7 of Section 73.3555 of the Commission's rules,⁶⁷ in order to permit common ownership of WCWF(TV) and WLUK-TV. We evaluate these requests simultaneously, but in the context of Sinclair's request, the ultimate licensee of WCWF(TV) and WLUK-TV.⁶⁸ In addition, Post-Merger Media General requests the grant of a "failing" station waiver for

⁶² Comprehensive Exhibit, Attachment D-1 at 3.

⁶³ Comprehensive Exhibit, Attachment D-2 at 2.

⁶⁴ Comprehensive Exhibit, Attachment D-3 at 2.

⁶⁵ See e.g., AT&T Corp., 13 FCC Rcd at 4645-47, ¶¶ 32-37 (granting a satellite exemption to KBVO(TV) to operate as a satellite of KXAN-TV); BBC License Subsidiary, Memorandum Opinion and Order, 10 FCC Rcd at 10976, ¶¶ 41-44 (1996) (granting a satellite exemption to KHAW-TV, and KAII-TV to operate as satellites of KHON-TV); HBKV NV LLC, 25 FCC Rcd at 2355-56, ¶¶ 6-12 (MB 2010) (granting a satellite exemption to KSNC(TV) to operate as a satellite of KSNW(TV)).

⁶⁶ File Nos. BTCCDT-20140509ADI (Post-Merger Media General) and BALCDT-20140827ANL (Sinclair).

⁶⁷ 47 C.F.R. § 73.3555(b); *See K. Rupert Murdoch,* Memorandum Opinion and Order, 21 FCC Rcd 11499, 11500, ¶ 5 (2006) ("failing" station waivers must be reevaluated, *de novo*, in the context of a long-form change of control application).

⁶⁸ Currently, LIN Media operates both WCWF(TV) and WLUK-TV as the result of a "failing" station waiver. Meanwhile, Media General operates WBAY-TV. All three stations are located within the Green Bay-Appleton, (continued....)

WCTX(TV), New Haven Connecticut, in order to permit common ownership of WCTX(TV) and WTNH(TV), New Haven, Connecticut.⁶⁹ Both stations are located in the Hartford-New Haven, Connecticut DMA. A duopoly between WCTX(TV) and WTNH(TV) was formed approximately fourteen years ago when LIN Media was granted an "unbuilt" station waiver under the Commission's local TV ownership rules.⁷⁰ In the intervening time following the grant of that waiver, WCTX(TV) was constructed and commenced full operation. As a result of the pending transaction, Post-Merger Media General now requires a "failing" station wavier if common ownership is to continue.

- 24. The Commission's *Local Ownership Order*⁷¹ established the criteria for a waiver of the local television ownership rule for a "failing" station, as one that has been struggling for "an extended period of time both in terms of its audience share and financial performance." These criteria are: (a) one of the merging stations has had a low all-day audience share (*i.e.* 4% or lower); (b) the financial condition of one of the merging stations is poor; (c) the merger will produce public interest benefits; and (d) the in-market buyer is the only reasonably available candidate willing and able to acquire and operate the station and selling the station to an out-of-market buyer would result in an artificially depressed price.⁷³ If the applicant satisfies each criterion, a waiver of the duopoly rule will be presumed to be in the public interest. However, in furtherance of our statutory obligation under Section 309(d) of the Act, we will "not permit the transfer of a duopoly, unless it meets a rule or waiver standard in effect at the time of transfer." We must evaluate the transfer of duopolies at the time of transfer because although a combination was approved in the past, market conditions may have changed in a way that could adversely affect current competition and diversity in the marketplace.⁷⁵
- 25. As for the first criterion, Sinclair states that during the February 2014 sweeps period WCWF(TV) achieved an audience share of less than two percent. In fact, WCWF(TV)'s audience share has been below two percent for each of the four preceding sweeps periods (February 2013 to November 2013).⁷⁶ Likewise, Post-Merger Media General contends that according to Nielsen Media during the

(...continued from previous page)

Wisconsin DMA. Post-Merger Media General states that both WLUK-TV and WBAY-TV rank in the top four in the market based on audience share. While WCWF(TV) is not ranked in the top four, fewer than eight independently owned and operated television stations would remain in the market post-merger. While Post-Merger Media General can request a continuation of the existing "failing" station waiver held by LIN in order to continue operating WCWF(TV), divestiture of either WLUK-TV or WBAY-TV is required to comply with the Commission's local TV ownership rule. Accordingly, Post-Merger Media General has proposed assigning both WLUK-TV and WCWF(TV) to Sinclair. In order to facilitate the divestiture of the stations to Sinclair, both stations will first be assigned from LIN Media to Post-Merger Media General. Because these are two distinct transactions we must evaluate each "failing" station waiver request *de novo*. While our analysis is conducted in the context of Sinclair's "failing" station waiver request our evaluation and conclusion also applies to Post-Merger Media General's request.

⁶⁹ File No. BTCCDT-20140509ADH.

⁷⁰ See 47 C.F.R. §73.3555, Note 7(3). See Application of K-W TV, Inc. and WTNH Broadcasting, Inc. for Consent to the Assignment of WCTX(TV), New Haven, Connecticut, Letter, 17 FCC Rcd 775 (MMB 2000) (granting unbuilt station waiver request).

⁷¹ Review of the Commission's Regulations Governing Television Broadcasting, Report and Order, 14 FCC Rcd 12903 (1999) ("Local Ownership Order"), recon. granted in part, 16 FCC Rcd 1067 (2001)("Local Ownership Order Reconsideration").

⁷² Local Ownership Order, 14 FCC Rcd at 12938, ¶ 79.

⁷³ *Id.* at 12939-40, ¶ 81; 47 C.F.R. § 73.3555, note 7.

⁷⁴ Local Ownership Order on Reconsideration, 16 FCC Rcd at 1079, ¶ 36.

⁷⁵ *Id*

⁷⁶ File No. BALCDT-20140827ANL, Attachment 18 at 1 ("Sinclair Waiver Application").

February 2014 sweeps period, WCTX(TV) achieved an audience share of less than 1.5 percent. The station's audience share was at 1.5 percent or lower for each of the proceeding sweeps periods (February 2013 through November 2013).⁷⁷ In both instances, the rating provided is well below the four percent benchmark required under the first criterion.

- 26. With respect to the second criterion, Sinclair has submitted financial data that demonstrates negative cash flow and net losses suffered by WCWF(TV) during the calendar years 2011, 2012, and 2013. While the station's overall financial situation of WCWF(TV) improved from 2011 to 2013, the overall financial condition of the station remained poor. Post-Merger Media General submitted financial data for WCTX(TV), which also showed negative cash flow and net losses for calendar years 2011, 2012, and 2013. Over this time period WCTX(TV) has seen mild improvement in some aspects of its finances, but overall the station's financial condition has remained poor.
- 27. In furtherance of the third criterion, Sinclair contends that the waiver has benefited the public and that continuation of the waiver to the Commission's local TV ownership rules will allow those benefits to continue. In particular, Sinclair states that waiver has allowed WCWF(TV) "to take advantage of programming resources, newsroom personnel, and financial strengths of [WLUK-TV] to deliver improved services that were not possible previously." The synergy provided by common ownership has allowed WCWF(TV) to air locally-produced public interest programs including a weekly public affairs series examining local, state and federal issues; breaking news and weather updates by leveraging the news resources of WLUK-TV; quarterly town hall meetings; high school sports; and coverage of local community events. Sinclair commits in its application to ensuring that the benefits LIN Media has delivered through common ownership of WCWF(TV) and WLUK-TV will continue. Based on the information provided, we believe that the "failing" station waiver has produced and will continue to produce public interest benefits.
- 28. In regards to WCTX(TV), Post-Merger Media General notes that "programming and operation improvements resulting from the stations' historical common ownership will continue with a grant of the requested waiver." WCTX(TV), which was previously unbuilt, now airs local news and weather programing including a hour-long live news broadcast at 10:00pm every night, breaking news, specials, and local program affairs programming such as the Governor's State of the State address. As part of its nightly newscast, WCTX(TV) airs its exclusive 'SportzEdge' sports programming segment. This segment provides "health, education, and other insights to viewers with interest in sports" and also engages with the local community directly by sponsoring local sports equipment drives. Post-Merger Media General also highlights the "substantial investments" that LIN Media has made in the operations and infrastructure of WCTX(TV), investments made possible only through the common ownership with WTNH(TV). In light of the evidence provided, we find that continued common ownership of

⁷⁷ Comprehensive Exhibit at 31.

⁷⁸ Sinclair Waiver Application at 2. Specific financial information relating to the station's current operations have been submitted to the Commission with a request for confidential treatment.

⁷⁹ Comprehensive Exhibit at 31 and Attachment E-2. Specific financial information relating to the station's current operations has been submitted to the Commission with a request for confidential treatment.

⁸⁰ Sinclair Waiver Application at 3.

⁸¹ *Id.* at 2-3

⁸² *Id.* at 3.

⁸³ Comprehensive Exhibit at 31.

⁸⁴ *Id.* at 31-32.

⁸⁵ *Id.* at 32.

⁸⁶ *Id*.

WCTX(TV) and WTNH(TV) will continue to yield significant public interest benefits.

- 29. In furtherance of demonstrating compliance with the fourth criterion, both Sinclair and Post-Merger Media General have submitted letters written by W. Lawrence Patrick, Managing Partner of Patrick Communications, a media brokerage firm with over 40 years of experience. Mr. Patrick states that he has previously brokered station sales in both the Hartford-New Haven DMA and Green Bay-Appleton DMA. In his letters Mr. Patrick "opines" on whether continued ownership of WCWF(TV) by Sinclair and WCTX(TV) by Post-Merger Media General is appropriate under the fourth criterion of the Commission's "failing" station waiver analysis. In both cases he concludes that "no knowledgeable and experienced television operator could be found that would provide a viable [standalone] full service operation...and that an effort to find a qualified out of market buyer would either be fruitless or at a very depressed price." Although we do not generally accept predictive judgments by brokers or analysts, we find Mr. Patrick's letters to be sufficient based on his examination of actual in-market data, analysis of previous attempts to sell WCWF(TV), and in the case of WCTX(TV) an evaluation of similarly situated out-of-market station sales over a substantial period of time.
- 30. With regards to WCWF(TV), Mr. Patrick highlights the competitive nature of the Green Bay-Appleton DMA, in which the top three stations make-up three-quarters of the total revenue share in the DMA. In contrast, WCWF(TV), a CW Network affiliate, has the second lowest revenue share in the market and would therefore not be able to produce revenues sufficient to support standalone operations in this market. He also states that marketing WCWF(TV) would be extremely difficult and that in light of the costs associated with marketing a station and low probability of success he would actually decline such a listing. In support of his contention that finding a viable out-of-market buyer is unlikely, Mr. Patrick points to efforts that were undertaken between 2007 and 2010 to sell WCWF(TV). He notes that during that three year period the station was "aggressively marketed," but efforts to sell the station were ultimately unsuccessful. He goes on to contend that the "the station's circumstances have not improved since then," and that undertaking efforts to sell the station today would be "prohibitive." If a buyer was found it would only be at a very depressed price.
- 31. In a separate letter, Mr. Patrick examines WCTX(TV), which is located in the Hartford-New Haven DMA. He once again highlights the competitive landscape of the DMA, in which he contends that the CBS affiliate "dominates" the market with approximately one-third of the total revenue share. Over half of the remaining revenue share is split between the NBC and ABC affiliate (WTNH(TV)). WCTX(TV), a My Network affiliate, has the third lowest revenue share in the market with a three percent share of revenue, which Mr. Patrick contends is not sufficient to support a standalone operation in the DMA. Patrick also asserts that he would decline listing WCTX(TV) because of the low likelihood of success resulting from the poor position of the station in market, a lack of additional programming the station could obtain, and the costs associated with marketing a station sale. While there is no evidence that any active attempts have been made to sell WCTX(TV), Mr. Patrick provides actual out-of-market sales data evaluating station sales from the top 50 DMAs since 2009 (the subject DMA is ranked number 30). Mr. Patrick's letter states that "there were no instances of an out-of-market buyer purchasing a standalone My Network affiliate," and "[t]he My Network affiliates that were sold

⁸⁷ Sinclair Waiver Application, Attachment 1; Comprehensive Exhibit, Attachments E-1 and E-2. All three letters are dated May 8, 2014.

⁸⁸ See e.g., Sinclair Waiver Application, Attachment 1 at 3; Comprehensive Exhibit, Attachment E-2 at 3.

⁸⁹ Sinclair Waiver Application, Attachment 1 at 2.

⁹⁰ *Id.* at 3.

⁹¹ *Id*.

⁹² Comprehensive Exhibit, Attachment E-2 at 2

⁹³ *Id.* at 3.

were purchased by an in-market-buyer or by an entity with a Shared Services Agreement or a Joint Services Agreement in place with another station in the market."⁹⁴

- 32. A station's qualification for a "failing" station waiver is reviewed on a "case-by-case basis." Based on the totality of the circumstances and the unique structure of this individual transaction, we find the Applicants have made an adequate showing. Mr. Patrick's evaluation is indicative of the due diligence that a licensee customarily engages in when they are actively determining the feasibility of selling a station. Note 7 of Section 73.5555 of the Commission's rules identifies *one* way to demonstrate compliance with the fourth criterion to include "an affidavit from an independent broker affirming that active and serious efforts have been made to sell the permit and that no reasonable offer form an entity outside the market has been received" (*emphasis added*). The Commission's rules do not identify this as the only way. We find that in the context of this transaction it would be contrary to the public interest to require a licensee to needlessly go through the process of putting its "failing" station up for sale when as part of the due diligence process and based on recent attempts to sell the station, as in the case of WCWF(TV), or actual, recent, and comparable market data, as in the case of WCTX(TV), an independent broker has concluded that an in-market buyer is the only reasonable candidate to buy the station and that selling to an out-of-market buyer would result in an artificially depressed price. This approach is consistent with our practice on other similarly structured transactions. Section 29.
- 33. Based on the showings submitted under the "failing" station waiver standard established in the *Local Ownership Order*, 99 we are persuaded that continuation of WCWF(TV)'s "failing" station waiver is appropriate. We also find that granting Post-Merger Media General's request for a "failing" station waiver for WCTX(TV) is warranted. The combined operation of WCWF(TV) and WLUK-TV, as well as WCTX(TV) and WTNH(TV) will pose minimal harm to our diversity and competition goals because the financial situation of both WCWF(TV) and WCTX(TV) hampers each station's ability to be a viable voice in the market absent a "failing" station waiver. Based on the facts and circumstances, including news and public affairs coverage that would not otherwise be possible, we find that in each instance combined operation will benefit the public interest.

E. Pending Broadcast License Renewals.

34. It is Commission policy in multi-station transactions to grant transfer of control applications while renewal applications are pending "as long as there are no basic qualification issues pending against the transferor or transferee that could not be resolved in the context of the transfer proceeding, and the transferee explicitly assents to standing in the stead of the transferor in the pending renewal proceeding." We find that application of this policy is appropriate with respect to the transaction at hand. Some Media General and LIN Media licensees currently have applications pending

⁹⁴ *Id*.

⁹⁵ 47 C.F.R. § 73.3555, Note 7.

⁹⁶ Tribune Bankruptcy Order, Memorandum Opinion and Order, 27 FCC Rcd at 14261, ¶ 52 (MB 2012) (finding that under the totality of the circumstances, predictive judgments by brokers or analysts may be sufficient in some unique circumstances for demonstrating compliance with the fourth criterion.).

⁹⁷ 47 C.F.R. § 73.35555, Note 7.

⁹⁸ J. Stewart Bryan III & Media Gen. Commc'ns Holdings, LLC (Transferor), Shareholders of New Young Broadcasting Holding Company, Inc., and Its Subsidiaries (Transferor) and Post-Merger Shareholders of Media General, Inc. (Transferee) For Consent to Transfer Control of Licenses, Memorandum Opinion and Order, 28 FCC Rcd 15509, 15523-24, ¶ 37-39 (MB 2013)

⁹⁹ *Local Ownership Order*. 14 FCC Rcd at 12938-40. ¶¶ 78-82.

 $^{^{100}}$ Shareholders of CBS Corporation, Memorandum Opinion and Order, 16 FCC Rcd 16072, 16072-16073, \P 3 (2001).

before the Commission for renewal of broadcast licenses. 101 Post-Merger Media General has submitted a statement explicitly agreeing to stand in the stead of the assignor in any renewal application that is pending at the time of the consummation of the assignment. None of these applications have matters currently pending that present basic character qualification issues and prevent grant of the instant transfer of control applications. Therefore, we will apply the policy set out in *Shareholders of CBS* to those applications. We recognize that certain stations that are the subject of this transaction may need to file license renewal applications prior to consummation of the transaction. Such a circumstance is considered to fall within the precedent established by Shareholders of CBS Corporation. 103

CONCLUSION IV.

35. We have reviewed the proposed merger and related pleadings and conclude that grant of the applications as requested will comply with the Commission's rules and Section 310(d) of the Act. We conclude that all the applicants are fully qualified and that grant of the following applications will serve the public interest, convenience, and necessity. The action we take today includes grant of the (1) long form transfer of control applications between LIN Media (Transferor) and Post-Merger Media General (Transferee); (2) the assignment applications between Post-Merger Media General (Assignor) and Hearst (Assignee); (3) the assignment application between Post-Merger Media General (Assignor) and Meredith (Assignee); (4) the assignment applications between Post-Merger Media General (Assignor) and Sinclair (Assignee); (5) the assignment applications between Sinclair (Assignor) and Post-Merger Media General (Assignee); and (6) the assignment application between WTGS Television, LLC, a license subsidiary of Vaughan Media (Assignor) and Sinclair (Assignee).

V. **ORDERING CLAUSES**

- Accordingly, IT IS ORDERED. That the applications listed in Appendices A and B seeking consent to transfer control of the licensee subsidiaries of Shareholders of Media General. Inc. and Shareholders of LIN Media, LLC to Post-Merger Shareholders Media General, Inc., pursuant to Section 310(d) of the Communications Act of 1934, 47 U.S.C. § 310(d), ARE GRANTED.
- 37. IT IS FURTHER ORDERED, That the requests by Post-Merger Shareholders of Media General, Inc., for continued operation of Station KBVO(TV), Llano, Texas, as a satellite of Station KXAN-TV, Austin Texas; Stations KHAW-TV, Hilo, Hawaii and KAII-TV, Wailuku, Hawaii, as satellites of Station KHON-TV, Honolulu, Hawaii; and KSNC(TV), Great Bend, Kansas, as a satellite of Station KSNW(TV), Wichita, Kansas, pursuant to the "satellite exception" of Note 5 to Section 73.3555 of the Commission's rules, 47 C.F.R. § 73.3555, ARE GRANTED.
- IT IS FURTHER ORDERED, That the requests by Post-Merger Shareholders of Media General, Inc., for a waiver of Section 73.3555 of the Commission's rules, 47 C.F.R. §73.3555, pursuant to Note 7, the "failing" station waiver standard, to permit continued ownership of Stations WCWF(TV), Suring, Wisconsin, and WCTX(TV), New Haven, Connecticut, ARE GRANTED.
- IT IS FURTHER ORDERED, That the applications seeking consent to assign the licenses of Stations WVTM-TV, Birmingham, Alabama, File No. BALCDT-20140827ACP and WJCL(TV), Savannah, Georgia, File No. BALCDT-220140827ACM, from License Subsidiaries of Post-Merger Shareholders of Media General, Inc., to Licensee Subsidiaries of Hearst Corporation, pursuant to Section 310(d) of the Communications Act of 1934, 47 U.S.C. § 310(d), ARE GRANTED.

¹⁰¹ License renewal applications for the following full power stations are currently pending before the Commission: KOIN(TV), Portland, OR; KHON-TV, Honolulu, HI; KHAW-TV, Hilo, HI; KAII-TV Wailuku, HI; WKBN-TV, Youngstown, OH; KREZ-TV, Durango, CO; WLUK-TV, Green Bay, WI; WOOD-TV, Grand Rapids, MI.

¹⁰² See Comprehensive Exhibit at 19.

¹⁰³ See Cumulus Media, Inc. and Citadel Broadcasting Corp., Memorandum Opinion and Order, 26 FCC Rcd 12956, 12959, ¶ 5 (2011).

- 40. **IT IS FURTHER ORDERED**, That the applications seeking consent to assign the license of WALA-TV, Mobile, Alabama, File No. BALCDT-20140827ANO, from the License Subsidiary of Post-Merger Shareholders of Media General, Inc., to Meredith Corporation, pursuant to Section 310(d) of the Communications Act of 1934, 47 U.S.C. § 310(d), **IS GRANTED**.
- 41. **IT IS FURTHER ORDERED**, That the applications seeking consent to assign the licenses of Stations WJAR(TV), Providence, Rhode Island, File No. BALCDT-20140827ANP; WLUK-TV, Green Bay, Wisconsin, File No. BALCDT-20140827ANM; and WCWF(TV), Suring, Wisconsin, File No. BALCDT-20140827ANL, from License Subsidiaries of Post-Merger Shareholders of Media General, Inc., to License Subsidiaries of Sinclair Broadcast Group, pursuant to Section 310(d) of the Communications Act of 1934, 47 U.S.C. § 310(d), **ARE GRANTED**.
- 42. **IT IS FURTHER ORDERED,** That, the request by the License Subsidiary of Sinclair Broadcast Group for a waiver of Section 73.3555 of the Commission's rules, 47 C.F.R. §73.3555, pursuant to Note 7, the "failing" station waiver standard, to permit continued ownership of WCWF(TV), Suring, Wisconsin **IS GRANTED**.
- 43. **IT IS FURTHER ORDERED**, That the applications seeking consent to assign the licenses of Stations WTTA(TV), St. Petersburg, Florida, File No. BALCDT-20140827ANY and KXRM-TV, Colorado Springs, Colorado, File No. BALCDT-20140827ANV from Licensee Subsidiaries of Sinclair Broadcast Group to License Subsidiaries of Post-Merger Shareholders of Media General, Inc., pursuant to Section 310(d) of the Communications Act of 1934, 47 U.S.C. § 310(d), **ARE GRANTED**.
- 44. **IT IS FURTHER ORDERED**, That the applications seeking consent to assign the licenses of Station WTGS(TV), Hardeeville, South Carolina, File No. BALCDT-20140827ADC, from WTGS Television, LLC to a Licensee Subsidiary of Sinclair Broadcast Group, pursuant to Section 310(d) of the Communications Act of 1934, 47 U.S.C. § 310(d) **ARE GRANTED**.
- 45. These actions are taken pursuant to Section 0.61 and 0.283 of the Commission's rules, 47 C.F.R. §§ 0.61, 0.283, and Sections 4(i) and (j), 303(r), 309, and 310(d) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 154(i), 154(j), 303(r), 309, 310(d).

FEDERAL COMMUNICATIONS COMMISSION

Barbara A Kreisman Chief, Video Division Media Bureau

Appendix A

FCC Form 315 Transfer of Control Applications

Call Sign and Community of License	FCC ID	Application File Number
KOIN(TV), Portland, OR	35380	BTCCDT-20140509AIZ
WIAT(TV), Birmingham, AL	5360	BTCCDT-20140509AJI
KSNW(TV), Wichita, KS	72358	BTCCDT-20140509AJG
KSNC(TV), Great Bend, KS ¹	72359	BTCCDT-20140509AJB
KSNG(TV), Garden City, KS	72361	BTCCDT-20140509AJC
KSNK(TV), McCook, NE	72362	BTCCDT-20140509AJD
KHON-TV, Honolulu, HI	4144	BTCCDT-20140509AIX
KHAW-TV, Hilo, HI ²	4146	BTCCDT-20140509AIW
KAII-TV, Wailuku, HI ³	4145	BTCCDT-20140509AIO
WKBN-TV, Youngstown, OH	73153	BTCCDT-20140509AJK
KSNT(TV), Topeka, KS	67335	BTCCDT-20140509AJF
KIMT(TV), Mason City, IA	66402	BTCCDT-20140509AIY
WJCL(TV), Savannah, GA ⁴	37174	BTCCDT-20140509AJJ
WALA-TV, Mobile, AL ⁵	4143	BTCCDT-20140509AIH
WFNA(TV), Gulf Shores, AL	83943	BTCCDT-20140509AII
KREZ-TV, Durango, CO	48589	BTCCDT-20140509AJW
KRQE(TV), Albuquerque, NM	48575	BTCCDT-20140509AHO
KBIM-TV, Roswell, NM	48556	BTCCDT-20140509AHN

¹ Satellite of KSNW(TV), Wichita, Kansas (Facility ID No. 72358).

² Satellite of KHON-TV, Honolulu, Hawaii (Facility ID No. 4144).

³ Satellite of KHON-TV, Honolulu, Hawaii (Facility ID No. 4144).

⁴ Application filed to assign to Hearst Corporation, File No. BALCDT-20140827ACM.

⁵ Application filed to assign to Meredith Corporation, File No. BALCDT-20140827ANO.

Call Sign and Community of License	FCC ID	Application File Number
KASA-TV, Santa Fe, NM	32311	BTCCDT-20140509AFB
WLUK-TV, Green Bay, WI ⁶	4150	BTCCDT-20140509ADK
WCWF(TV), Suring, WI ⁷	73042	BTCCDT-20140509ADI
WISH-TV, Indianapolis, IN	39269	BTCCDT-20140509ADA
WNDY-TV, Marion, IN	28462	BTCCDT-20140509ADB
WANE-TV, Ft. Wayne, IN	39270	BTCCDT-20140509ACZ
WTHI-TV, Terre Haute, IN	70655	BTCCDT-20140509ADC
KBVO(TV), Llano, TX ⁸	35909	BTCCDT-20140509AJO
KXAN-TV, Austin, TX	35920	BTCCDT-20140509AJN
WLFI-TV, Lafayette, IN	73204	BTCCDT-20140509AIM
WPRI-TV, Providence, RI	47404	BTCCDT-20140509AIG
WAVY-TV, Portsmouth, VA	71127	BTCCDT-20140509AHV
WVBT(TV), Virginia Beach, VA	65387	BTCCDT-20140509AIC
WDTN(TV), Dayton, OH	65690	BTCCDT-20140509AIJ
WIVB-TV, Buffalo, NY	7780	BTCCDT-20140509AIE
WNLO(TV), Buffalo, NY	71905	BTCCDT-20140509AIF
WOOD-TV, Grand Rapids, MI	36838	BTCCDT-20140509AER
WOTV(TV), Battle Creek, MI	10212	BTCCDT-20140509AEY
WCTX(TV), New Haven, CT9	33081	BTCTTA-20140509AHX
WTNH(TV), New Haven, CT	74109	BTCCDT-20140509ADG

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⁶ Assignment application filed to assign to Sinclair Broadcast Group, File No. BALCDT-20140827ANM.

⁷ Currently operated by LIN Media with WLUK-TV pursuant to a "failing" station waiver. Request for continued "failing" station waiver filed, as well as a request and assignment application filed to assign to Sinclair Broadcast Group, File No. BALCDT-20140827ANL.

⁸ Satellite of KXAN-TV, Austin, TX (Facility ID No. 35920).

⁹ Currently operated by LIN Media with WTNH-TV pursuant to an "unbuilt" station waiver. Request for a "failing" station waiver filed by Post-Merger Media General.

Call Sign and Community of License	FCC ID	Application File Number
WWLP(TV), Springfield, MA	6868	BTCCDT-20140509AIK

Appendix B

FCC Form 316 Transfer of Control Applications

Call Sign and Community of License	FCC ID	Application File Number
WTEN(TV), Albany, NY	74422	BTCCDT-20140509AMZ
WCDC-TV, Adams, MA ¹	74419	BTCCDT-20140509ANA
KWQC-TV, Davenport, IA	6885	BTCCDT-20140509ANC
WBAY-TV, Green Bay, WI	74417	BTCCDT-20140509AND
WLNS-TV, Lansing, MI	74420	BTCCDT-20140509ANF
KCLO-TV, Rapid City, SD	41969	BTCCDT-20140509ANJ
WRIC-TV, Petersburg, VA	74416	BTCCDT-20140509ANK
KRON-TV, San Francisco, CA	65526	BTCCDT-20140509ANL
KELO-TV, Sioux Falls, SD	41983	BTCCDT-20140509ANN
KDLO-TV, Florence, SD ²	41975	BTCCDT-20140509ANO
KPLO-TV, Reliance, SD ³	41964	BTCCDT-20140509ANQ
KLFY-TV, Lafayette, LA	35059	BTCCDT-20140509AKR
WATE-TV, Knoxville, TN	71082	BTCCDT-20140509AME
WKRN-TV, Nashville, TN	73188	BTCCDT-20140509ANQ
WNCT-TV, Greenville, NC	57838	BTCCDT-20140509ALD
WSLS-TV, Roanoke, VA	57840	BTCCDT-20140509ALG
WJHL-TV, Johnson City, TN	57826	BTCCDT-20140509AKZ
WCBD-TV, Charleston, SC	10587	BTCCDT-20140509AKU
WFLA-TV, Tampa, FL	64592	BTCCDT-20140509AKS

¹ Satellite of WTEN(TV), Albany, New York (Facility ID No. 74422).

² Satellite of KELO-TV, Sioux Falls, South Dakota (Facility ID No. 41983).

³ Satellite of KELO-TV, Sioux Falls, South Dakota (Facility ID No. 41983).

Call Sign and Community of License	FCC ID	Application File Number
WSAV-TV, Savannah, GA	48662	BTCCDT-20140509ALF
WJTV(TV), Jackson, MS	48667	BTCCDT-20140509ALA
WHLT(TV), Hattiesburg, MS	48668	BTCCDT-20140509AKW
WSPA-TV, Spartanburg, SC	66391	BTCCDT-20140509ALH
WYCW(TV), Asheville, NC	70149	BTCCDT-20140509ALJ
WBTW(TV), Florence, SC	66407	BTCCDT-20140509AKT
WJBF(TV), Augusta, GA	27140	BTCCDT-20140509AKY
WRBL(TV), Columbus, GA	3359	BTCCDT-20140509ALE
WKRG-TV, Mobile, AL	73187	BTCCDT-20140509ALB
WJAR(TV), Providence, RI ⁴	50780	BTCCDT-20140509AKX
WNCN(TV), Goldsboro, NC	50782	BTCCDT-20140509ALC
WCMH-TV, Columbus, OH	50781	BTCCDT-20140509AKV
WVTM-TV, Birmingham, AL ⁵	74173	BTCDDT-20140509ALI

⁴ Application filed to assign to Sinclair Broadcasting Group, File No. BALCDT-20140827ANP.

⁵ Application filed to assign to Hearst Corporation, File No. BALCDT-20140827ACP.

Exhibit C

FCC Form 314 Applications for Consent to Assign Licenses

Call Sign and Community of License	FCC ID	Application File Number
WVTM-TV, Birmingham, AL	74173	BALCDT-20140827ACP
WJAR(TV), Providence, RI	50780	BALCDT-20140827ANP
WJCL(TV), Savannah, GA	37174	BALCDT-20140827ACM
WLUK-TV, Green Bay, WI	4150	BALCDT-20140827ANM
WCWF(TV), Suring, WI	73042	BALCDT-20140827ANL
WALA-TV, Mobile, AL	4143	BALCDT-20140827ANO
KXRM-TV, Colorado Springs, CO	35991	BALCDT-20140827ANV
WTTA(TV), St. Petersburg, FL	4108	BALCDT-20140827ANY
WTGS(TV), Hardeeville, SC	27245	BALCDT-20140827ADC