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FILED THROUGH ECFS

February 26, 2014

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: MB Docket No. 04-256; MB Docket No. 09-182; MB Docket No. 10-71

Dear Ms. Dortch:

On February 24, 2014, Marcia K. Burdick, Joan M. Barrett and Brian McDonough, of Schurz Communications, Inc.; Rolo Duartes of Entravision Communications Corporation; Jane Mago (with respect to the meeting with Clint Odom) and Erin Dozier (with respect to all other meetings) of the National Association of Broadcasters; and the undersigned met with Commissioner Ajit Pai and Matthew Berry of his office; Commissioner Michael O'Rielly and Courtney Reinhard of his office; Adonis Hoffman and Stefanie Frank of Commissioner Clyburn's office; Clint Odom of Commissioner Rosenworcel's office; and William Lake, Barbara Kreisman, David Brown, Hillary DeNigro, Sarah Whitesell and Benjamin Arden of the Media Bureau concerning issues relating to the above-referenced proceedings, and their impact on future television service in small and medium markets.

We discussed Schurz' experiences in three television markets, including one in which it has a relationship with an Entravision station. We discussed reasons why the FCC should not change its policies with respect to joint sales and shared services agreement. We pointed out deficiencies in a recent *ex parte* filing by the Department of Justice, and we explained that cable complaints about joint negotiation of retransmission consent agreements were unjustified.

The Impact of JSA/SSA Agreements in Three TV Markets

We discussed the three markets in which television stations licensed to subsidiaries of Schurz Communications, Inc. own, provide services to, or obtain services from another station in the same television market, and the benefits those arrangements have made possible for viewers and advertisers in those markets.

In Springfield, Missouri, Schurz-owned station KYTV in 2006 entered into agreements with Perkin Media, LLC, owned by a local advertising executive and former broadcaster, that enabled Perkin Media to acquire KSPR-TV. Those agreements were reviewed and approved by the Media Bureau in connection with the assignment of the KSPR-TV license to Perkin Media. Prior to its acquisition by Perkin Media, KSPR-TV had gone through a series of owners; it provided limited news programming and the news programming it provided was a distant fourth in viewership. Its physical facilities were outdated; its news-gathering resources were so limited that it could not cover stories outside of the immediate Springfield area (although the DMA covers most of Southwestern Missouri and extends into Arkansas). KSPR-TV's digital transmitter was a 15-watt (not kilowatt) transmitter mounted on the studio roof.

Since 2007, KSPR-TV moved into brand-new facilities that were added on to KYTV's existing building. It constructed a megawatt digital transmitter. Schurz has made over 11 million dollars in capital improvements to KSPR-TV. KYTV and KSPR-TV have two separate newsrooms with separate news directors for each station. KSPR-TV had the first local news broadcast in HD in the Springfield market. While the stations collaborate on coverage of routine or "daybook" events, they do separate enterprise and investigative reporting. KSPR-TV recently was awarded the prestigious Edward R. Murrow award for the best newscast by a station in markets outside the top 50. Rather than being a distant fourth, the station's news programming now is frequently the second-most watched in the market. KSPR-TV's access to additional resources has also enabled it to improve its syndicated programming and to engage in many new public service activities. Schurz also noted that KSPR-TV's captioning efforts – which include using Electronic Newsroom Technique captioning for both weather and sports portions of newscasts – were the basis of the best practices template adopted by the Commission last week.

In the Wichita, Kansas market, Schurz-owned KWCH-DT in 2007 acquired KSCW, a CW affiliate pursuant to a failing station waiver. Under its prior ownership, KSCW produced no local programing, had no news and broadcast no weather information. The efficiencies enabled by its common ownership with KWCH-DT now make it possible for the station to broadcast more than 24 hours of locally-produced programming each week, 21 ½ of which are produced by the station, including local news programming that is separate and distinct from the news programming on KWCH-DT, and several community affairs and local sports programs. The station upgraded its transmission facilities and constructed a digital replacement translator to ensure over-the-air access to its signal across the Wichita area. Before KSCW was acquired by Schurz, it had no HD capability; both network and local programs are now transmitted in HD.

In 2009, KWCH-DT entered into JSA/SSA agreements with Entravision, which had a construction permit, acquired at auction, for a new station in Derby, Kansas. KWCH-DT was able to provide Entravision with access to a tower and an existing digital transmitter, speeding up Entravision's ability to place its station on the air. Through its local advertising sale efforts on behalf of KDCU-DT – the Entravision station – KWCH-DT developed a local market for Spanish-language advertising, and has produced more than 300 Spanish-language spots for broadcast on KDCU-DT. As part of the services provided to KDCU-DT, KWCH-DT produces a weekday Spanish-language hour-long news program broadcast in HD, providing coverage of local news. Two and a half full-time employees are assigned to gather news and produce that program, building on the resources of KWCH-DT's other newsgathering capabilities. KWCH-DT also provides weather programming in Spanish, which is particularly important since Wichita is located in "tornado alley." Through the resources provided by KWCH-DT, KDCU-DT broadcasts weather, emergency and community activity closing "crawls" in Spanish. KDCU-DT is the only station in Kansas providing news and other crucial information to viewers in Spanish, delivering a unique service to a growing Latino population.

Mr. Duartes, on behalf of Entravision, contrasted the services provided as a result of the JSA/SSA with KWCH-DT with Spanish-language stations in other markets that do not have similar access to timely news, weather and emergency information. He recalled an incident in Raleigh, North Carolina where a Latino family perished when a tornado hit a trailer park because they were unable to understand warnings on local television stations that were broadcast in English.

In Augusta, Georgia, Schurz acquired a bankrupt station in 1980 and the next year put it on the air as an NBC affiliate competing with two historically strong stations. That station – WAGT – introduced a full news schedule in 1997 and incurred substantial losses every year thereafter, despite significant investment in improved news programming. In 2009, faced with continuing losses and the impact of the recession, WAGT entered into JSA/SSA agreements with Media General. Both WAGT and Media General's station have since moved into a new state-of-the-art facility. The stations maintain separate news staffs. WAGT's employee count and ratings have grown as a result of the efficiencies created by sharing services with Media General.

The Commission Should Not Make JSAs Attributable

We pointed out that the proposal to prohibit only broadcasters from entering into joint sales agreements with another local station would result in asymmetrical regulation. Cable operators in a market are free to sell advertising jointly and set common rates, even if the cable systems involved compete directly with each other. A cable operator – even one that is as large a presence in the local video advertising market as a top-rated local broadcaster – is permitted to purchase one of its television station competitors, while a local broadcaster is barred in most medium and small markets from ownership or other efficiency-enhancing agreements with another television station. There is no justification for tying the hands of one competitor while imposing no similar regulation on another.

We were asked about whether the public benefits created in the three markets we described were common. We indicated that we believed that many other broadcasters could point to public interest benefits that were made possible by the efficiencies of combining operations or sharing services. We then were asked if these benefits could continue if joint sales agreements were prohibited. The answer was no.

First, the cost of a stand-alone sales operation would have to be undertaken by stations that now participate in joint sales agreements. Those costs would reduce the funds available for news and other public service programming Second, without the potential for sharing in sales revenue, the price of the services provided under shared services agreements would have to reflect their full cost, and for stations like Entravision's startup KDCU-DT, those costs would not be sustainable, particularly in markets where the size of Latino population remains limited.

We also noted that many of these agreements and the acquisition of television stations by new entrants such as Perkin Media were facilitated by the service providing station helping the new licensee to obtain access to bank financing and by guaranteeing the licensee's financing. Without the JSA and the assurance of a revenue stream sufficient to meet the station's financial obligations, service providing stations may not be willing or able, consistent with their fiduciary duties, to guarantee a licensee's loan. In that situation, either the new licensee might be unable to enter into broadcast ownership at all or its cost of capital would increase, also reducing the funds available for service to the public.

Mr. Duartes also made clear that, the JSA was an essential part of its agreement with KWCH-DT in Wichita. Without that agreement, KDCU-DT would not have been able to offer a Spanish-language local news program; its entry into broadcasting would have been delayed, as it developed a station facility on its own and on a more limited basis; and it would not have been as successful in convincing local advertisers of the benefits of reaching the Latino market.

Without the agreement with Media General, Ms. Burdick pointed out that the only viable alternative for WAGT would be to eliminate most, if not all, news programming. Similarly, without access to the resources provided by its agreement with KYTV, KSPR-TV will likely return to its previous limited scope, limited quality news programming.

The Commission Should Consider Other Options

We were also asked whether the Commission's established waivers for failed or failing stations could be used to enable the same public interest benefits. We pointed out that the failed station waiver is limited to involuntary bankruptcies, which do not occur in practice, and in fact no failed station waiver has ever been granted. While the failing station waiver had sometimes been helpful (and in fact had been used in the acquisition of KSCW in Wichita), in most small markets, the failing station waiver was not practically available since there were few stations in those markets that are not affiliates of the major networks, and those stations obtain viewing levels solely through network programming higher than the waiver standard permits. Further, the requirement of negative cash flow for three years is often impossible to show since lending agreements common in the broadcasting industry make negative cash flow an event of default, forcing stations to reduce services and other costs to avoid default.

We were further asked whether expanded waiver criteria that reflected actual conditions in medium and small markets and which would permit stations to demonstrate the public interest benefits of joint sales and shared services agreements should be considered by the Commission either as an alternative to changing its attribution standards or as part of grandfathering existing station agreements. NAB pointed out that it had supported expansion of the failing station waiver criteria, and Schurz indicated support as well.

The Commission Should Give Little Weight to the Department of Justice *Ex Parte*

We were asked about a recent *ex parte* submission by the Antitrust Division of the Department of Justice.[1] We made several points concerning the *DoJ Ex Parte*:

- First, the Justice Department's conclusion that advertising on local television broadcast stations constitutes a unique product market was apparently lifted intact from a 1997 filing and does not reflect changes in the television marketplace in the last 17 years. In almost every television market, all or virtually all local multichannel video programming distributors participate in a joint sales arrangement under which advertising availabilities on their systems are sold together, even by MVPDs that serve the same geographic areas. Local cable and other MVPD advertising is now a significant competitor to local television station ads.[2] Further, other local advertising media – such as websites and search engines – which did not exist in 1997, now compete strongly with local television advertising. Thus, a core premise of the Justice Department's submission is simply out of date.

- Second, the *DoJ Ex Parte* admits that the Antitrust Division has examined "numerous" other broadcaster transactions "that did not result in an enforcement action,"[3] apparently because the Antitrust Division concluded that the agreements between stations in those "numerous" other situations were not anti-competitive. The Department notes correctly that agreements among same-market stations "may not harm competition."[4] Agreements, even agreements among competitors, the Department acknowledges, are permissible "where the joint activity is reasonably necessary to achieve efficiency-enhancing integration."[5] Thus, these agreements are examined by the Department on a case-by-case basis.

- The public interest benefits Schurz and Entravision described as resulting from the joint sales and shared services agreements in Springfield, Wichita and Augusta are precisely the kind of "efficiency-enhancing" activities that the antitrust laws permit since their effect is to increase, rather than harm, competition.[6] Thus, applying the principles set

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[1] *Ex Parte* Submission of the United States Department of Justice, MB Docket Nos. 04-256, 07-294, 09-182 (filed Feb. 20, 2014)(the *DoJ Ex Parte*).

[2] In fact, because cable systems may be able to provide messages to limited geographic areas, cable has distinct competitive advantages in selling advertising.

[3] *DoJ Ex Parte* at 10 n.15.

[4] *Id.* at 12.

[5] *Id.* at 14.

[6] To that end, Schurz provided several offices with copies of letters from advertising agencies in Springfield, Missouri attesting that the agreements with KSPR resulted in a better advertising vehicle for their clients, thus increasing competition. Copies of those letters are attached.

forth in the *DoJ Ex Parte* would lead the Commission to reaffirm, rather than require breakup of agreements that both provide demonstrable public interest benefits and increase competition in local television markets.

- Third, because the Department stressed the importance of case-by-case analysis, we expressed surprise that its recommendation – automatic attribution of any television joint sales agreement – was inconsistent with and not supported by its rationale. Such a bright-line test – ignoring the identity of the stations involved in any agreement and failing to account for increases in competition or of service to the public – is at odds with how Department of Justice itself handles agreements among television stations. Its recommendation, therefore, should carry little weight.

Relationship to the Commission's Ownership Rules

In response to questions about whether JSA/SSA agreements were consistent with the Commission's ownership rules, we stated that the key elements of the Media Bureau's many decisions approving such arrangements were firmly based on decisions – often longstanding decisions – of the full Commission, and thus were not the "frolic and detour" that some advocates have sought to characterize the Bureau's carefully reasoned decisions. But, even if these arrangements were not contemplated by the Commission's ownership rules when they were adopted, we pointed out that, for stations in small and medium markets, those rules were exactly the same today as they were when they were first adopted in 1974, and that market conditions for television stations in those markets are unrecognizably different from the market conditions the FCC considered then. And we pointed out that the Commission has a long history of providing "elbow room" when market conditions have changed, such as its approval of radio local marketing agreements before Congress and the FCC revised the radio ownership rules, and the Commission's development of forbearance proceedings for common carriers, providing relief from even *statutory* obligations when market conditions had changed.

Retransmission Consent

We were asked about the impact of these agreements on retransmission consent negotiations. Schurz reiterated that, whenever a cable system or other MVPD objected to its participation in retransmission consent negotiations for a station for which Schurz provided services, Schurz would immediately ask the licensee to negotiate its own agreement independent of the Schurz station. In one instance where that had occurred, however, the cable system (which has been among the cable entities complaining loudly about joint negotiations) three years later *requested* the Schurz station to negotiate one agreement for both stations.

In that connection, we discussed a recent *ex parte* letter submitted by Cable America Missouri LLC.[7] A previous *ex parte* letter from Cable America Missouri was the sole data source on which cable and other entities complaining about retransmission consent have based their

[7] Letter from Christopher A. Dyek to Marlene H. Dortch, MB Docket No. 10-71; MB Docket No. 09-182 (filed Feb. 20, 2014).

contention that joint negotiation of retransmission consent agreements results in higher retransmission fees. As NAB previously pointed out, however, the Cable America "study" was defective since it included must carry stations – carried for no payment – in the denominator of its calculations.[8] Cable America last week belatedly admitted that NAB was correct and that the percentage increase it claimed was more than double the difference it found when it omitted the must carry stations. It further conceded that the differential between the amounts it currently pays stations that negotiated retransmission fees together were even less -- only about half of the differential even its revised calculations showed in 2010, a difference that could be explained by many factors other than joint negotiations.

Schurz pointed out that the Cable America Missouri systems at issue are in the Springfield television market and carry both KYTV and KSPR-TV. Mr. McDonough stated that, in his experience negotiating retransmission consent agreements with Cable America Missouri, the cable operator had never objected to negotiations for an agreement that would cover both Schurz' KYTV and Perkin Media's KSPR-TV, or requested separate negotiations, a request that would have been granted had it been made.[9] If Cable America Missouri believed that it was harmed by negotiating for both stations together – rather than perhaps benefitting from transactional efficiencies – its failure to even raise that issue casts doubt upon the validity of its complaint, which again is the only data supporting cable claims of increased retransmission consent fees resulting from JSA/SSA agreements among stations.

Finally, we discussed the fact that, if the FCC requires these arrangements to be dismantled, there would be substantial, and perhaps devastating, breakup costs incurred by both parties. The station now receiving services would have to create infrastructure and obtain services elsewhere that it needs to operate; the service provider station would have to shoulder the costs of infrastructure it created to serve two stations with revenues from only one. The inevitable result would be loss of service to the public.

In conclusion, we submitted that the agreements between Schurz-owned stations and other stations in their markets resulted in demonstrable and significant public interest benefits that could not be achieved otherwise and that would be jeopardized if these agreements had to be terminated or restructured. If the Commission believes that agreements among local television stations need additional scrutiny, it should do only in connection with the long-delayed reexamination of its local television ownership rules, and the Commission should only act where agreements among stations have harmed, not benefitted, the public interest.

We supplied each office with documents describing the benefits that viewers in Springfield and Wichita had obtained, and with short videos demonstrating those benefits. Those documents are

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[8] Supplemental Comments of the National Association of Broadcasters, MB Docket No. 10-71 (filed May 29, 2013) at 3-4.

[9] Another factor possibly affecting the retransmission consent rates Cable America Missouri pays is that KYTV also operates a low-power station in Springfield which is the CW affiliate. Cable America does not explain how carriage of the CW signal may have affected its negotiations.

attached. The videos can be viewed at http://www.youtube.be/iGpMGKdw8g4 and http://www.youtube.be/k2EU1mJ1ONs.

Respectfully submitted,

/s/ Jack N. Goodman

Jack N. Goodman

Counsel for Schurz Communications, Inc.

Attachments

cc (by electronic mail):

Commissioner Ajit Pai
Commissioner Michael O'Reilly
William Lake
Barbara Kreisman
Matthew Berry
Courtney Reinhard
Adonis Hoffman
Clint Odom
David Brown
Hilary DeNigro
Sarah Whitesell
Benjamin Arden

Perkin Media and KY3, Inc.

A JSA/SSA That Benefits the People of the Ozarks

World-Class Journalism in Two Separate Newsrooms

- KSPR (JSA/SSA station) won the 2013 National Edward R. Murrow best newscast in markets 50+.
- KSPR is a separate newsroom with separate editorial controls and employees 30 people.
- KY3 won a 2013 Regional Emmy and the 2013 Missouri Broadcast Association for best newscast.
- KY3 is the top-rated NBC affiliate in the top 100 markets.
- KY3 news has 46 employees.
- By the end of 2014, 20 employees will have been added in 3 years.
- Collectively KY3, Inc. and Perkin Media employee 191 people in the Ozarks.
- KSPR struggled throughout its entire existence. In 2006, KSPR was failing by almost any measure; inadequate analog facilities, a lack of capital to finance the digital conversion , poorly rated newscasts, weak syndicated programming and little Public Service.
- Schurz Communications, parent company of KY3, Inc., has invested $11.8 million to upgrade the KSPR operation.
- KSPR was the first fully functional HD station in the Springfield market.
- KSPR added 9 employees and 12 newscasts since 2006.
- KY3 added weekend morning newscasts.
- 14 hours of news was added weekly to the Ozarks CW (a low power station).
- There are 9 separate station-branded websites and 5 apps. These produced nearly 210 million page views in 2013.
- The joint operations employs 17 people in digital content and sales.
- In 2013, KSPR donated a total of 25,630 public service announcements with a value of $2,178,550.
- In 2013, KY3 and the Ozarks CW donated 63,430 public service announcements worth $5,477,076.
- KSPR and KY3 have negotiated retransmission consent separately, when requested. This has happened once with Mediacom. When asked in 2012 at renewal if they wanted to opt again for separate negotiations, Mediacom declined, citing the “efficiency” of dual negotiation.
- KSPR sales people have greatly benefited from the expertise and training by the KY3 managers.
- Success in sales has allowed Perkin Media to be more competitive with syndicated programming.
- The partnership allows everyone in the market to receive the CW in HD on 33.2
- The partnership allows KY3 to broadcast their 24/7 Weather Channel on 3.2.
- If broken up, Perkin Media could expect to spend $15-20 million in capital asset acquisition and if it maintained current services, $7.9 million in operating expenses. At current revenue this would yield approximately $200,000 in profit.
- KSPR would quickly regress towards its former self.

KSPR abc 33
COVERING OUR COMMUNITY

KSPR abc 33

Perkin Media and KY3, Inc.

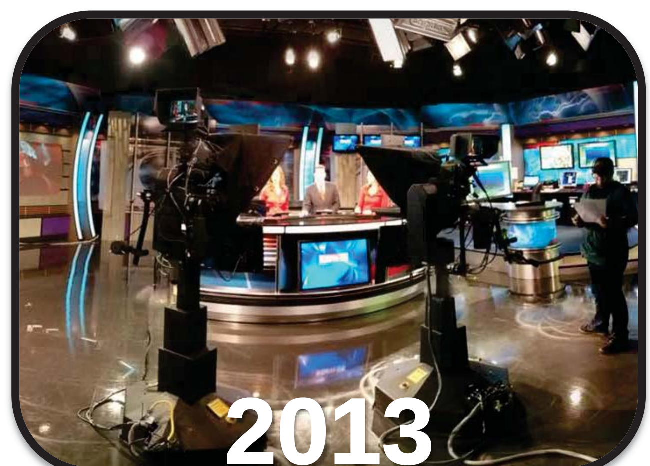
A JSA/SSA that benefits the people of the Ozarks.
World-Class Journalism in two separate newsrooms.

Partnership History

KSPR launched television operations in March 1983 and despite several quality owners like Lorimar/Telepictures and Davis Goldfarb it had an extremely difficult time competing against KY3, one of the top-rated and most dominant NBC's in the country and a solid CBS in KOLR. In 2006, KSPR decided to sell. It was in trouble and was facing the very expensive upgrade to digital television.

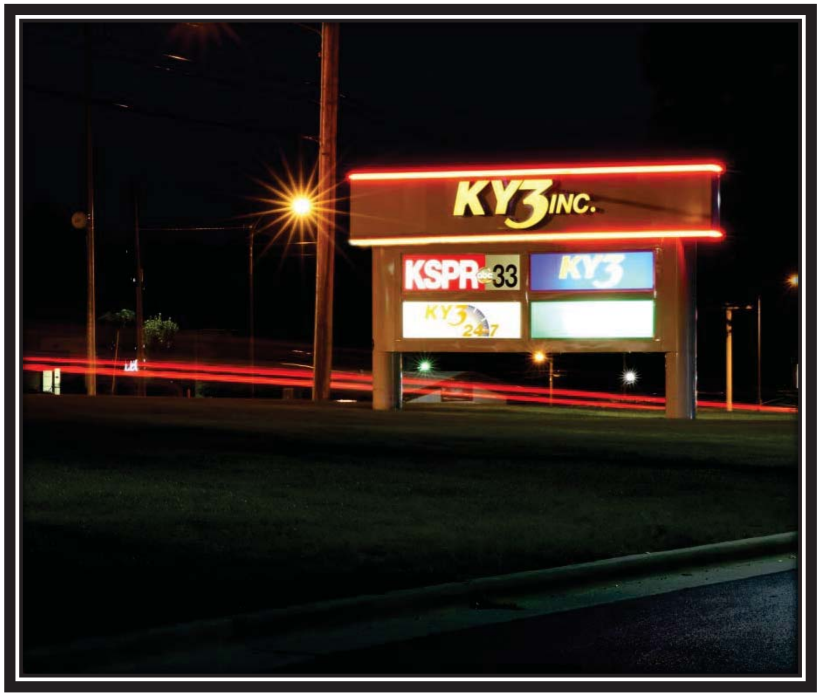
That same year Perkin Media purchased KSPR with the help of KY3, Inc. KY3's parent company, Schurz Communications committed over $10 million on the acquisition of the aging KSPR infrastructure and guaranteed a loan by Perkin Media for the other $10 million. Since acquisition, Schurz has committed another $11.8 million to improving KSPR's equipment and signal. This includes: a new digital antenna and transmitter, new studio and office space, HD field and HD studio equipment, complete new digital plant and a dramatic upgrade in microwave and satellite news gathering capability.

These investments were supportable due to the ability to reduce redundant costs and expand sales with an experienced staff.



KSPR 33 — COVERING OUR COMMUNITY

Partnership History



If KSPR was sold by itself in 2006, it very likely would have failed completely or, at the very least, provided little or no return on the purchaser's $25-30 million investment after eight years.

Under our JSA/SSA KSPR has grown and thrived. While Perkin has worked to improve syndicated programming, KY3 has used its expertise to invest in and grow the KSPR news product. The partnership erased years of uncertainty in many viewer's and advertiser's minds. Together we have made KSPR a viable business operation that reinvests in people and equipment to create world class journalism.

Partnership History

Schurz Communications is a privately-held, family owned business in its 5th generation business. One of Schurz' core values is to invest in and grow its businesses into the next generation. They reinvest much of the profit that other companies would take for themselves into their communities, their operations and into their employees.

If we are forced to unwind our current JSA/SSA, the people and businesses of the Ozarks will lose. So will the employees of KY3 and KSPR. KSPR will once again become a marginal television with little hope of financial success.

SCHURZ
COMMUNICATIONS INC.

KSPR abc 33
COVERING OUR COMMUNITY

What Happens If We Dissolve Our Partnership?

- Perkin Media should expect to spend a minimum of $15-$20 million in capital and a $7.9 million in operating expenses each year to have a functioning television station. Under current revenue models and ratings this would produce about a 3% margin or $200,000 in OCF.

- With these margins, KSPR would need to reverse their course and staff size. We are afraid it would quickly regress to its former self.

- If the JSA/SSA is broken up, Schurz stands to lose a substantial portion of its $20 million investment in KSPR and quite possibly be responsible for the $5 million remaining on the Perkin note. Schurz moved forward on this transaction based on FCC initial grant approval (final grant is still in limbo after 6 years). Schurz believes the public policy benefits of a JSA/SSA have been dramatically demonstrated in Springfield and it should not be forced to unwind.

KSPR abc 33
COVERING OUR COMMUNITY

We Do Things Differently: News

Unlike many, we operate two separate news operations. The KSPR news team, with separate news management, makes all of its own editorial decisions and employs 30 people (9 more than the time of acquisition). At the time of acquisition, KSPR was a distant #4 in news. It is now fighting for #2 and in 2013, KSPR won the prestigious National Edward R. Murrow Award for best television newscast in markets 50+.

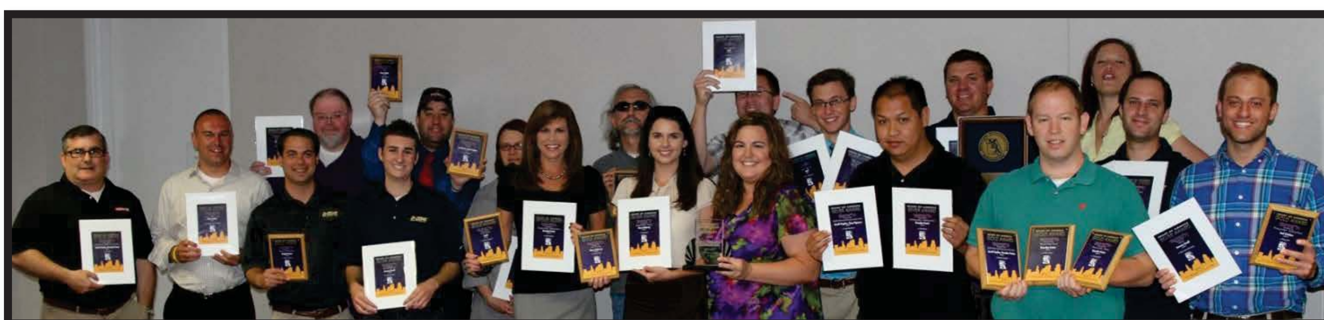
The KY3 and KSPR newsrooms are encouraged to collaborate and not duplicate efforts on run-of-the-mill stories like news conferences or local sporting events. They are encouraged to compete on enterprise and investigative journalism.

KSPR abc 33
COVERING OUR COMMUNITY

We Do Things Differently: News

What we have accomplished is two world class news organizations in the same building. Collectively our two newsrooms have won the following awards this past year:

- The National Edward R. Murrow Award for Best Newscast - KSPR
- Two Regional Edward R. Murrow Awards – KY3 (1) & KSPR (1)
- Three Regional Emmy Awards - KY3 (2) & KSPR (1)
- 21 Missouri Broadcast Association Awards - KY3 (10) & KSPR (11)
- 28 KC Press Club Awards - KY3 (4) & KSPR (24)
- KC Press Club Station of the Year – KSPR
- MBA Best Website – Ozarks Sports Zone - KY3 & KSPR



KSPR abc 33 COVERING OUR COMMUNITY

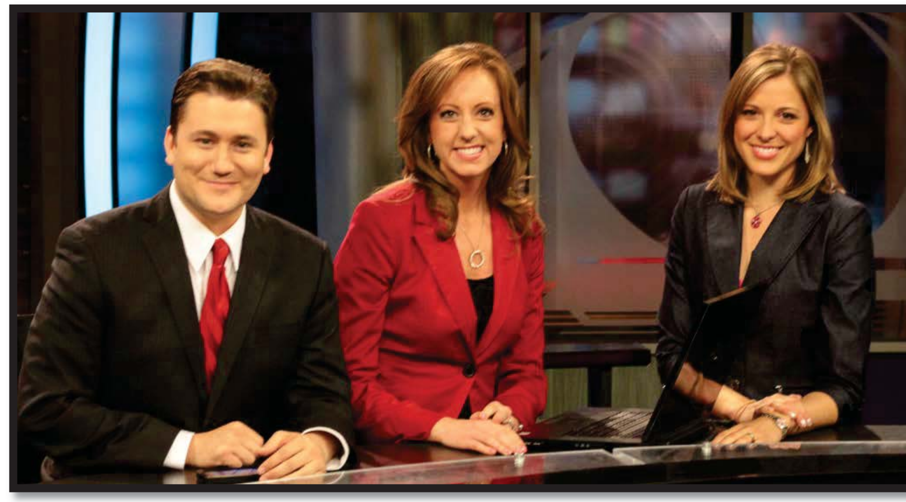
We Do Things Differently: News

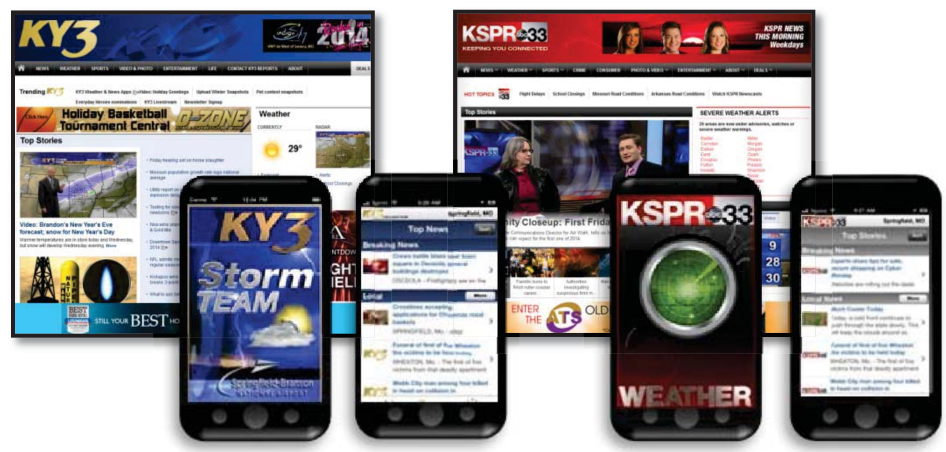
Prior to our JSA/ SSA KSPR's news coverage was Springfield centric, which represents around 16% of the DMA. It lacked people and equipment to cover the region. The JSA/SSA has allowed the purchase of nearly $1 million in new SNG and ENG capabilities for KSPR. 10 people have been added to the news staff. Now the station regularly covers all areas inside the DMA.

Added: 12 additional newscasts per week on KSPR, 14 additional newscasts on KY3 and KCZ (CW).

Investments: Digital and Mobile solutions have been added for all content. 17 people are working on and selling nine websites and five apps. In 2013 these sites and apps attained <u>210,000,000 page views</u>.

Expanded weather services: Not only is weather on all KY3 and KSPR platforms, weather services are provided to outside media including Midwest Family Radio stations, Community Newspapers and Clear Channel radio stations.



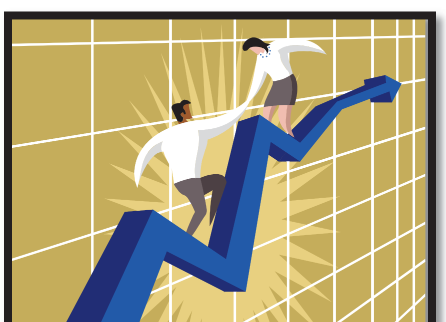


We Do Things Differently:

Sales

The KSPR sales team is separate from the KY3 team, but both share a joint management team. This has also greatly enhanced KSPR's ability to compete. KY3 has long been the market revenue leader with KSPR fighting for third or fourth place.

The sales staff has benefited from the expertise of the KY3 management staff including receiving extensive and on-going sales training, packaging, client management expertise, inventory management and creative concepts.



Programming

Our success in sales and news growth has allowed Perkin Media to be more competitive in the procurement of better syndicated programming on KSPR.

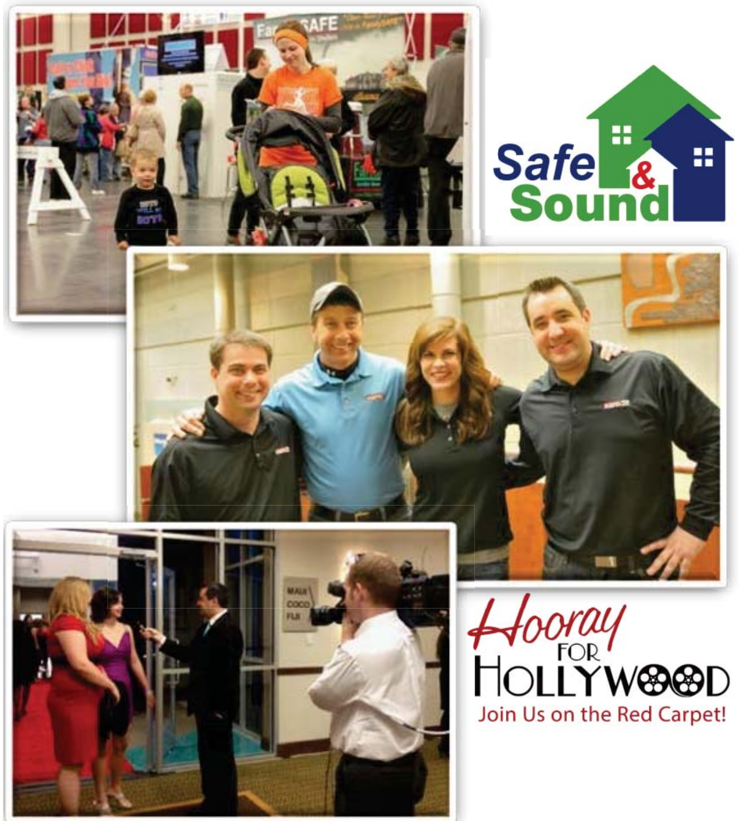
Viewers receive HD programming, news and commercials on all of our stations KSPR, KY3 and K15CZ.

The partnership allowed us to broadcast KCZ The Ozarks CW in HD to the whole market versus an analog low power that marginally covered the city of Springfield. This also allowed KY3 to launch an hour long 7:00AM weekday newscast and an hour long 9:00PM news each night on the CW. It also allowed KY3 to continue broadcasting its 24/7 Weather Channel to our entire DMA on 3.2.

KSPR abc 33
COVERING OUR COMMUNITY

Who Benefits From Our JSA/SSA: Our Community

We are committed to making our home of the Ozarks a better place. We get involved in the red flag issues of our community and work with other civic leaders and organizations to make a difference. KSPR gives us another significant asset to promote awareness and create change. In 2013 we donated over $7.6 million in airtime and countless volunteer hours to well over a hundred individual causes. Key public service initiatives for KSPR include:



Safe & Sound

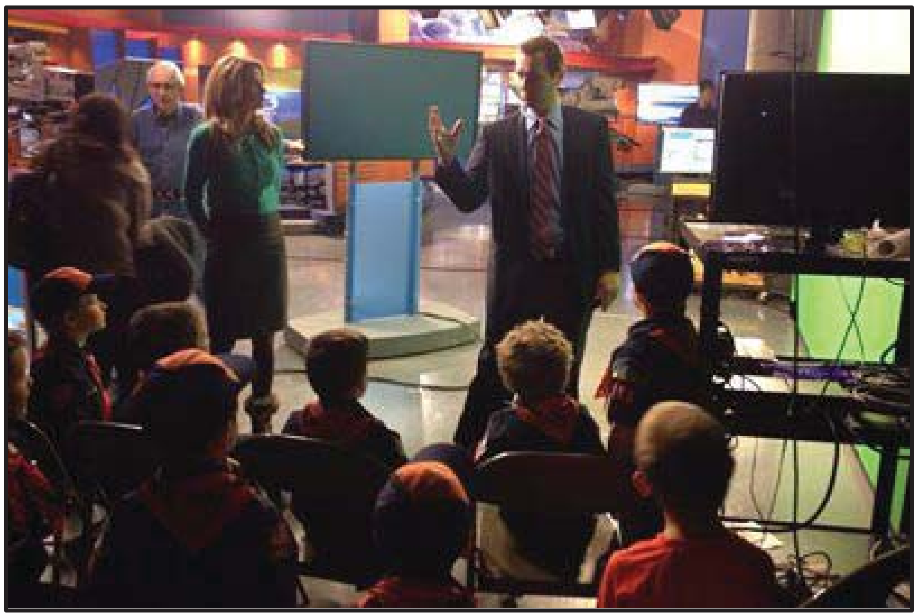
Hooray for Hollywood
Join Us on the Red Carpet!

- "Safe and Sound Campaign and Event" and year-long PSA campaign encouraging family preparedness and safety culminating with a free safety event at the Springfield Expo Hall.
- Our "Hooray for Hollywood" Oscar night celebration has raised well over $750,000 for Isabel's House, a local shelter for abused women and children.
- Our St. Jude Dream House campaign raises over $500,000 a year for St. Jude and our local St. Jude affiliate, Mercy Hospital.
- MDA Telethon and its associated fundraisers throughout the year (new in 2012)
- KSPR donated a total of 25,630 thirty-second units to public service in 2013 with a value of $2,178,550

KSPR abc 33
COVERING OUR COMMUNITY

Who Benefits From Our JSA/SSA: Our Community

Our other stations are equally committed to public service and donated the following airtime in 2013:



- KYTV donated 18,116 thirty-second units to public service with a value of **$4,981,900**
- KY3 24/7 donated 34,668 thirty-second units to public service with a value of **$69,336**
- K15CZ donated 10,646 thirty-second units to public service with a value of **$425,840**

KSPR abc 33 COVERING OUR COMMUNITY

Who Benefits From Our JSA/SSA: Employees

Our JSA/SSA has given our co-workers greater chances for advancement. In the past 2 years we have had 40 internal promotions across the entire operation. We are committed to training and cross-training our employees. Last year we documented over 66 training opportunities.

We have hired 20 additional people to our operation since the beginning of the economic recovery. We also have made a commitment to improve wages throughout the operation. On at least three occasions we have given substantial wage increases to large groups of people inside the building to improve their standard of living.

Schurz has a very substantial employee benefit package, one that would far out perform those that could be offered by a struggling broadcaster.

Who Benefits From Our JSA/SSA: Local Businesses

News and ratings growth, investment in programming and in digital assets have given our advertisers many more affordable ways to reach prospective customers.

Our JSA has also allowed us to substantially increase our commitment to helping advertisers create compelling creative. We have increased our commercial production team from two people to five people and we have been able invest in quality equipment and training for them.

SCHURZ
COMMUNICATIONS INC.

Core Values Statement

We constantly strive to improve to meet the needs and wants of readers, listeners, viewers, users, and advertisers. We believe that talented and dedicated employees have made the company successful in the past and are the hope of the future. We are committed to providing an environment that gives our employees the opportunity to achieve their potential.

Our company’s strength mirrors the strength of our communities. We support our local communities as a good corporate citizen and encourage active involvement. We are committed to excellence in all that we do. We hold each other accountable for using our best efforts to achieve success.

We believe in acting for the benefit of the entire organization and delegating decision making authority to the appropriate level. We believe strong local leaders empower our operations and people to nimbly and successfully serve our customers and communities.

Our goal is to be the leader in news and information in our markets. We believe that financial profitability provides the resources necessary for the company’s long-term health and growth. We set operating and financial expectations through the budgeting process. We will help each other and hold each other mutually accountable to meet those goals.

We value our reputation for honesty and fairness. Our credibility and integrity will never be sacrificed to achieve other objectives. We are stewards of this company. Earlier generations started it, grew it and gave it to us to grow. We reinvest for the future and will pass it along to successive generations.

flood media group

02/17/2014

Brian McDonough
KY3 inc.
999 W. Sunshine
Springfield, MO 65807

Hello Brian,

I want to congratulate you and your team on the growth success of KSPR TV.

Having evaluated and bought this market for twenty years, I have seen this local ABC affiliate go through many changes.

Previous owners did not have the commitment and direction in place to market the station as a true viewing destination for the Springfield, MO market.

While under your management, the station has created a consistency in audience delivery for my clients.

This letter in no way is meant to encourage higher rates. By keeping the rates competitive and the ratings strong, you have created a great television station.

Thanks for your help in keeping television the number one media for our clients.

Respectfully,

Teresa

Teresa Flood
Flood Media Group

417.864.8982 • Fax: 417.864.5112
P.O. Box 3983 • Springfield, Missouri 65808

TAYLOR
COMMUNICATIONS

4319 S. National, #219 • Springfield, MO 65810
Main and Fax: 417-882-8998

2/17/14

To whom it may concern,

I have owned an advertising agency in Springfield, MO since 1991, and witnessed numerous broadcast media ownership changes in that time. In almost every case a combining of stations into a group has been beneficial to the management and performance of the media outlets. Viewers and listeners benefit with better quality, and variety, of programming.

In many cases, a previous independently-owned TV or radio station enjoys a rapid improvement in ratings as an enhancement in local news coverage occurs with an influx of operating capital by the new ownership group. An example would be with Springfield, MO broadcast stations KSPR and KCZ. Both stations languished under their former ownership, but saw an almost immediate improvement in ratings for their news programming when under the management of Schurz Communications.

Schurz's commitment to local public affairs activities and PSA's has endeared the stations to the local community, and given a voice to many non-profit efforts. One that I can speak of personally is Cents of Pride (www.centsofprideschools.org), whose board I served on as president for three years. KY3 Inc. ran PSA's (featuring their well-known news personalities) for a fund-raising effort that resulted in donations topping $12,000 for the non-profit which serves Title 1 schools in southwest Missouri. In 23 years in business I have never personally witnessed a similar commitment by a locally owned, independent broadcaster.

Respectfully,

David M. Taylor
President, Taylor Communications, Inc.

JOAN M. BARRETT
President/General Manager

Date: February 19, 2014

Sunflower (SBI) purchased KSCW from Banks Broadcasting in July of 2007 under a failing station waiver:

- Banks operated the station from 1999 to July of 2007, only one year showed a profit of $184,000. One year, losses exceeded $1m.
- SBI has operated the station profitably since assuming ownership.
- KSCW launched as a WB affiliate and after the WB folded, became and remains a CW network affiliate.
- In February, May and November sweeps periods in 2006 the highest rated regularly scheduled programs on KSCW had a 1 rating/3 share.
- In November 2013, KSCW had nine regularly scheduled programs with at least a 2.5 rating and a 3.0 share or higher. Of those nine programs, four were locally produced newscasts.
- At the time of purchase, Banks had 21 FTE, 2 PTE; currently SBI has 6 FTE, 1 PTE and 6 news staff allocated to KSCW.
- SBI hired 1 full-time and 1 part-time employees to represent the station at many community events, they are known as the "KSCW Crew."
- Prior to SBI ownership, there was one locally produced show on KSCW that ran in late night weekly called "Heavy Pork." (It was not produced by the station.)
- Currently, KSCW airs 24.5 hours of local programming each week, with 21.5 hours produced by SBI:
    - 7-9 AM news, Monday through Friday
    - 4-4:30 PM news, Monday through Friday
    - 9-9:30 PM news, Monday through Friday
    - 7-9 AM news, Sunday
    - High School sports show, 11 PM on Friday
    - 30-Minute locally produced show, "It's all good with Sierra Scott", 7:30 PM Sunday
    - Launched last fall, "The Brett & Sierra Show" a 30-minute program highlighting local events and businesses
    - Locally produced "Weekend Crew" show with the KSCW Crew, airs weekly
    - Regionally produced M-F morning show, "Ag AM in Kansas"
- The management and staff support has enabled the station to have representation at more community events and on local boards.
- KSCW has a full-power transmitter and is fully HD. We also installed a LPTV in 2012 to enhance the coverage area in the Wichita Metro.
- Utilizing the Schurz crawl system, viewers are now notified of school closings and emergency weather information on KSCW.
- Schurz offers free air time to state and federal candidates on KSCW (in addition to KWCH)

2815 E. 37th St. North, Wichita, KS 67201 jbarrett@kwch.com

JOAN M. BARRETT
President/General Manager

Date: February 19, 2014

Sunflower (SBI) entered into a SSA/JSA with Entravision to operate KDCU in August, 2009:

- KDCU went on the air four months early due to the support from SBI in August of 2009.
- KDCU was able to transition to HD with support from SBI in May of 2012.
- The joint venture cut the initial startup costs for the first year of operation by about 50%.
- At this point, KDCU is still not a profitable operation for Entravision
- The SBI news support enabled the launch of local news years ahead of plan, saving about 50% in startup costs.
- The Monday-Friday late local news, "Noticas a las Dies" is the only Spanish newscast in the state of Kansas, launched April of 2011.
- Utilizing the Schurz crawl system, viewers are now notified of school closings and emergency weather in Spanish.
- By leveraging the resources of KWCH news and its strong political coverage, there is now a way to disseminate this information to the Spanish speaking audience in Noticias.
- More than 300 commercials were produced in Spanish in 2012, helping local consumers and businesses.
- KDCU has six full –time employees and three part-time employees.
- The SBI management and staff support has enabled more participation and representation in the community both on boards, community events, and sponsorships.
    - Participation in the Hispanic Chamber of Commerce
    - Participation in the Ks Hispanic Education and Development Foundation Training
    - Board Member of the Ks Hispanic Education and Development Foundation
    - Board Member in the Education and Development foundation Training
    - The KDCU Crew Staff member represented KDCU at many local events
    - Involved in the formation of the Kansas Hispanic Leadership Network
    - Working to help initiate a Hispanic journalism organization in the area
    - Creation of a "Top of the Class" for top high school seniors

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