

Other Attributable Interests

BHC Communications, Inc. ("BHC"), directly and indirectly, holds a controlling interest in the licensees of the stations that are subject to this application. BHC, through a subsidiary, also has a 17 ½ % attributable membership interest in Florence Television, LLC, the parent of Valley Television, LLC, licensee of WHDF(TV) (formerly, WOWL-TV), Florence, Alabama.

Adverse Findings

Sara Lee Kessler v. WWOR-TV, BHC Communications, Inc., Chris-Craft Industries, Inc., Pinelands, Inc. and Pinelands Broadcasting, Inc., Superior Court of New Jersey, Appellate Division, Docket No. A-7048-98T3. In this action, plaintiff alleged, among other things, various forms of unlawful discrimination under the New Jersey Law Against Discrimination (“LAD”) and unlawful retaliation. In October 1998, BHC Communications, Inc. and Chris-Craft Industries, Inc. were dismissed from the case. The case against the remaining defendants was tried to a jury in the Superior Court of New Jersey, Law Division, Bergen County, Docket No. BER-L-2229-95, between March 22, 1999, and April 6, 1999, before the Honorable Isabel B. Stark, J.S.C. On April 6, 1999, the jury rejected plaintiff’s claims of sex, age, and religious discrimination but returned a verdict in favor of plaintiff on her claims of handicap discrimination (plaintiff’s alleged handicap was a fractured tailbone) and unlawful retaliation under state law, and awarded damages. The defendants have appealed the judgment and the case has been fully briefed in the appellate court.

Section III - Assignee

1. **Certification.** Assignee certifies that it has answered each question in this application based Yes No on its review of the application instructions and worksheets. Assignee further certifies that where it has made an affirmative certification below, this certification constitutes its representation that the application satisfies each of the pertinent standards and criteria set forth in the application instructions and worksheets.

2. Assignee is: an individual a general partnership a for-profit corporation
 a limited partnership a not-for-profit corporation a limited liability company (LLC/LLC)
 other

a. If "other", describe nature of applicant in an Exhibit. Exhibit No.
N/A

3. **Agreements for Sale of Station.** Assignee certifies that: Yes No See Explanation
in Exhibit No.
1

a. the written agreements in the licensee/permittee's public inspection file and submitted to the Commission embody the complete and final agreement for the sale of the station(s) which are to be assigned; and

b. these agreements comply fully with the Commission's rules and policies.

4. **Parties to the Application.**

a. List the assignee, and, if other than a natural person, its officers, directors, stockholders and other entities with attributable interests, non-insulated partners and/or members. If a corporation or partnership holds an attributable interest in the assignee, list separately its officers, directors, stockholders and other entities with attributable interests, non-insulated partners and/or members. Create a separate row for each individual or entity. Attach additional pages if necessary.

- | | |
|---|---|
| <p>(1) Name and address of the assignee and each party to the application holding an attributable interest (if other than individual also show name, address and citizenship of natural person authorized to vote the stock or holding the attributable interest). List the assignee first, officers next, then directors and, thereafter, remaining stockholders and other entities with attributable interests, and partners.</p> | <p>(2) Citizenship.</p> |
| | <p>(3) Positional Interest: Officer, director, general partner, limited partner, LLC member, investor/creditor attributable under the Commission's equity/debt plus standard, etc.</p> |
| | <p>(4) Percentage of votes.</p> |
| | <p>(5) Percentage of total assets (debt plus equity).</p> |

(1)	(2)	(3)	(4)	(5)
See Exhibit 2.				

Question 4 Continuation Sheet

(1)	(2)	(3)	(4)	(5)

- b. Assignee certifies that equity and financial interests not set forth above are non-attributable. Yes No N/A See Explanation in Exhibit No. N/A
5. **Other Authorizations.** List call signs, locations, and facility identifiers of all other broadcast stations in which assignee or any party to the application has an attributable interest. Exhibit No. 3 N/A
6. **Multiple Ownership.** Yes No See Explanation in Exhibit No. 4
- a. Assignee certifies that the proposed assignment:
1. complies with the Commission's multiple and cross-ownership rules;
 2. does not present an issue under the Commission's policies relating to media interests of immediate family members;
 3. complies with the Commission's policies relating to future ownership interests; and
 4. complies with the Commission's restrictions relating to the insulation and non-participation of non-party investors and creditors.
- b. Radio Applicants Only. If the assignment of the station would result in certain principal community service contour overlaps, see Local Radio Ownership Worksheet, Question 1, applicant certifies that all relevant information has been placed in public inspection file(s) and submitted to the Commission. Yes No N/A See Explanation in Exhibit No. N/A
7. **Character Issues.** Assignee certifies that neither assignee nor any party to the application has or has had any interest in, or connection with: Yes No See Explanation in Exhibit No. N/A
- a. any broadcast application in any proceeding where character issues were left unresolved or were resolved adversely against the applicant or any party to the application; or
 - b. any pending broadcast application in which character issues have been raised.
8. **Adverse Findings.** Assignee certifies that, with respect to the assignee and each party to the application, no adverse finding has been made, nor has an adverse final action been taken by any court or administrative body in a civil or criminal proceeding brought under the provisions of any law related to any of the following: any felony; mass media-related antitrust or unfair competition; fraudulent statements to another governmental unit; or discrimination. Yes No See Explanation in Exhibit No. N/A
9. **Alien Ownership and Control.** Assignee certifies that it complies with the provisions of Section 310 of the Communications Act of 1934, as amended, relating to interests of aliens and foreign governments. Yes No See Explanation in Exhibit No. 5
10. **Financial Qualifications.** Assignee certifies that sufficient net liquid assets are on hand or are available from committed sources to consummate the transaction and operate the station(s) for three months. Yes No See Explanation in Exhibit No. N/A
11. **Program Service Certification.** Assignee certifies that it is cognizant of and will comply with its obligations as a Commission licensee to present a program service responsive to the issues of public concern facing the station's community of license and service area. Yes No

12. **Auction Authorization.** Assignee certifies that where less than five years have passed since the issuance of the construction permit and the permit had been acquired in an auction through the use of a bidding credit or other special measure, it would qualify for such credit or other special measure.

Yes No
 N/A

See Explanation
in Exhibit No
N/A

13. **Anti-Drug Abuse Act Certification.** Assignee certifies that neither assignee nor any party to the application is subject to denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988, 21 U.S.C. Section 862.

Yes No

I certify that the statements in this application are true, complete, and correct to the best of my knowledge and belief, and are made in good faith. I acknowledge that all certifications and attached Exhibits are considered material representations. I hereby waive any claim to the use of any particular frequency as against the regulatory power of the United States because of the previous use of the same, whether by license or otherwise, and request an authorization in accordance with this application. (See Section 304 of the Communications Act of 1934, as amended.)

Typed or Printed Name of Person Signing Molly Pauker	Typed or Printed Title of Person Signing Vice President
Signature <i>Molly Pauker</i>	Date 9/13/00

WILLFUL FALSE STATEMENTS ON THIS FORM ARE PUNISHABLE BY FINE AND/OR IMPRISONMENT (U.S. CODE, TITLE 18, SECTION 1001), AND/OR REVOCATION OF ANY STATION LICENSE OR CONSTRUCTION PERMIT (U.S. CODE, TITLE 47, SECTION 312(a)(1)), AND/OR FORFEITURE (U.S. CODE, TITLE 47, SECTION 503).

Description of the Transaction

This application seeks consent to assignment of the licenses for the television stations referenced herein (the "Chris-Craft Stations") from subsidiaries of Chris-Craft Industries, Inc. ("Chris-Craft") to Fox Television Stations, Inc. ("FTS"), a wholly owned subsidiary of Fox Television Holdings, Inc. ("FTH").

Chris-Craft holds stock which possesses approximately 97% of the votes of the outstanding stock of BHC Communications, Inc. ("BHC"). BHC owns approximately 58.5% of the outstanding shares of United Television, Inc. ("United"), which is the licensee of the following stations: KMSP-TV, Minneapolis, Minnesota; KTVX(TV), Salt Lake City, Utah; and KUTP(TV), Phoenix, Arizona. United also owns all of the outstanding shares of the following licensees:

UTV of San Francisco, Inc., licensee of KBHK-TV, San Francisco, California;
UTV of San Antonio, Inc., licensee of KMOL-TV, San Antonio, Texas;
UTV of Orlando, Inc., licensee of WRBW(TV), Orlando, Florida; and
UTV of Baltimore, Inc., licensee of WUTB(TV), Baltimore, Maryland.

BHC also owns all of the outstanding shares of Chris-Craft Television, Inc., which in turn owns all of the outstanding shares of the following licensees:

KCOP Television, Inc., licensee of KCOP (TV), Los Angeles, California; and
Oregon Television, Inc., licensee of KPTV(TV), Portland, Oregon.

Additionally, BHC owns all of the outstanding shares of Pinelands, Inc., which in turn owns all

Fox Television Stations, Inc.
Exhibit No. 1, FCC Form 314
Section III (Assignee), Question 3
September 2000

of the outstanding shares of Pinelands Broadcasting, Inc., which in turn owns all of the outstanding shares of WWOR-TV, Inc., licensee of WWOR-TV, Secaucus, New Jersey.

This transaction has been structured as a tax-free reorganization in order to achieve the most favorable tax treatment for the shareholders of Chris-Craft, BHC, and United. Pursuant to the merger agreements included in Exhibit III to this application, Chris-Craft, BHC and United will be merged into News Publishing Australia Limited ("NPAL"), a subsidiary of The News Corporation Limited ("News Corp"). At the effective time of the mergers, NPAL, through intermediate subsidiaries, will contribute predominately all the acquired broadcast assets to Fox Entertainment Group, Inc. ("FEG") in exchange for shares of FEG stock, and the broadcast assets will ultimately be held by a newly formed subsidiary ("Newco") of FEG. Also at the effective time of the mergers, Newco will assign the licenses for the Chris-Craft Stations to FTS. FTS thus will become the licensee of each of the Chris-Craft Stations and will control the operations of the Stations, pursuant to the Stations Operating Agreement to be entered into at closing between Newco and FTS (a copy of which is attached to this Exhibit 1).

Fox Television Stations, Inc.
Exhibit No. 1, FCC Form 314
Section III (Assignee), Question 3
September 2000

STATIONS OPERATING AGREEMENT

STATIONS OPERATING AGREEMENT

THIS STATIONS OPERATING AGREEMENT (this "Agreement") is entered into as of _____, 2001, by and between _____, a Delaware corporation and wholly-owned subsidiary of Fox Entertainment Group, Inc. ("Newco"), and FOX TELEVISION STATIONS, INC., a Delaware corporation ("FTS").

WHEREAS, pursuant to that certain Transfer Agreement dated as of August 13, 2000 (the "Transfer Agreement"), among The News Corporation Limited, a South Australia corporation ("News"), News Publishing Australia Limited, a Delaware corporation and wholly-owned subsidiary of News, FEG Holdings, Inc., a Delaware corporation and a wholly-owned subsidiary of News, and Newco, Newco would acquire certain assets formerly owned by Chris-Craft Industries, Inc., BHC Communications, Inc., United Television, Inc. or certain of their subsidiaries, which assets include certain television stations set forth on Exhibit A hereto (each individually, a "Station", and collectively, the "Stations");

WHEREAS, pursuant to that certain License Assignment Agreement dated as of the date hereof (the "License Assignment Agreement"), Newco has agreed to assign to FTS the licenses and authorizations for the Stations issued by the FCC (the "Licenses") and provide FTS with access to the Station Assets (as defined herein);

WHEREAS, the transactions contemplated under the License Assignment Agreement are necessary to assure compliance with the Communications Act and the FCC Rules;

WHEREAS, Newco and FTS desire to enter into this Agreement in connection with, among other things, the transfer of the Licenses from Newco to FTS; and

WHEREAS, Newco and FTS intend that this Agreement, and the activities of Newco and FTS under this Agreement be treated for Federal income tax purposes as a partnership formed to operate the Stations for joint profit.

NOW, THEREFORE, in consideration of the above recitals, and mutual promises and covenants contained herein, the parties intending to be legally bound, agree as follows:

1. DEFINITIONS

Capitalized terms used herein without definition shall have the respective meanings assigned thereto in Annex I attached hereto and incorporated herein for

all purposes of this Agreement (such definitions to be equally applicable to both the singular and plural forms of the terms defined).

2. OPERATIONS OF STATIONS

2.1. FTS Control Over Operations of Stations.

FTS shall hold the Licenses and shall have full authority, power and control over the management and operations of the Stations during the Term, including, without limitation, (a) determination of programming decisions; (b) active control over finances and budgets; and (c) selection of all management-level personnel.

2.2. Operations of Stations.

Subject to the full authority, power and control of FTS over the management and operations of the Stations, Newco shall perform the day-to-day operations of the Stations, including, without limitation, providing the following services: (a) preparation of the initial budget presentations for the Stations for FTS's review, modification and approval; (b) purchasing equipment consistent with the budgets; (c) entering into and administering programming contracts; and (d) employment of personnel. All expenses and capital costs incurred in operating the Stations shall be paid by Newco and all advertising and other receipts collected in operating the Stations shall be retained by Newco. Newco shall not be entitled to any compensation for services rendered hereunder.

2.3. Access to the Stations.

At all times during the Term, Newco shall afford FTS and its representatives full and complete access to all of the assets used or held for use by Newco in connection with the business and operations of the Stations (collectively, the "Station Assets"), to the extent necessary or desirable by FTS to (a) continue to control and operate the Stations, (b) comply with FTS's responsibilities and obligations under this Agreement, and (c) comply with the Communications Act and FCC Rules.

2.4. Maintenance And Replacement Of Station Assets.

(a) At all times during the Term, Newco shall maintain the Station Assets in adequate repair and condition in accordance with prudent broadcast engineering practices. Newco shall, at its sole cost and expense, make all capital improvements to the Stations and the Station Assets in a timely manner consistent with prudent broadcast industry practices. In furtherance of and not in limitation of the obligations and liabilities of Newco set forth above, Newco shall, at its sole cost and expense, make such repairs and improvements to and replacements of, the

Station Assets as may be necessary or prudent for Newco to satisfy its obligations set forth in this Section 2.4. All such improvements shall remain the property of Newco.

(b) If at any time Newco shall, in FTS's reasonable judgment, fail to satisfy its obligations under this Section 2.4, FTS shall have the right, upon notice to Newco, to make repairs and improvements to, and replacements of, the Station Assets as FTS may determine in its reasonable discretion to be necessary for Newco's obligations to be satisfied. Newco shall reimburse FTS for all costs and expenses incurred by FTS in connection with any such repairs, improvements and replacements. The exercise by FTS of its rights under this Section 2.4(b) shall in no way limit or diminish the rights and obligations of FTS and Newco hereunder.

2.5. Employees.

The employees of the Stations shall be employed by Newco or its subsidiaries. The employees at the Stations shall conduct the day-to-day operations of the Stations, subject to the powers of FTS set forth in Section 2.1 hereof. The general manager of each Station shall report directly to the President of FTS or his or her designee.

3. COMPLIANCE WITH LAWS

FTS shall be responsible for the compliance by the Stations with all applicable provisions of the Communications Act, the FCC Rules and all other applicable laws. Newco shall cooperate with FTS, at Newco's expense, in taking such actions as FTS may reasonably request to assist FTS in maintaining the compliance by the Stations with the Communications Act, the FCC Rules and all other applicable laws. Notwithstanding any other provision of this Agreement, Newco recognizes that FTS has certain obligations to operate the Stations in the public interest, to broadcast programming to meet the needs and interests of each Station's communities of license and service areas and to broadcast programming in order to comply with the terms and conditions of the network affiliation agreements for each Station. Nothing in this Agreement shall abrogate or limit the unrestricted authority of FTS to discharge FTS's obligations to the public, and to comply with the Communications Act, and FTS shall have no liability or obligation to Newco, for taking any action that FTS in good faith deems necessary or appropriate to discharge such obligations or comply with such laws, rules, regulations or policies, except to the extent that the actions of FTS arise from gross negligence or willful misconduct in the operation of the Stations.

4. INSURANCE; RISK OF LOSS

At all times during the Term, Newco shall maintain with reputable insurance companies, commercially reasonable amounts of insurance as is conventionally carried by broadcasters operating television stations in areas comparable to that of the Stations, including replacement cost insurance, errors and omissions insurance and general liability insurance, with respect to the Station Assets owned by Newco and the operations of the Stations, and shall cause FTS to be named as an additional insured on Newco's policies. The risk of any loss, damage, impairment, confiscation, or condemnation ("Risk of Loss") of any Station Assets shall be borne by Newco at all times throughout the Term. In the event of any loss, damage, impairment, confiscation, or condemnation with respect to any of the Station Assets, Newco shall, subject to FTS's supervision and direction, repair or replace such Station Assets. Newco shall effect any such repairs and replacements in a timely fashion.

5. PROFITS AND LOSSES; BOOKS AND RECORDS

5.1. Allocation of Net Income and Net Losses.

(a) The net income and net losses from the operation of the Stations shall be allocated ninety-five percent (95%) to Newco and five percent (5%) to FTS. Within thirty (30) days after the end of each calendar quarter during the Term, Newco shall provide to FTS a statement of the net income or loss, as the case may be, for the Stations during such quarter, together with reasonably detailed information supporting the determinations of such net income or net loss, as the case may be. If such statement shall reflect net income from the Stations for the applicable quarter, then Newco shall be entitled to retain ninety five percent (95%) of such net income, and shall pay to FTS five percent (5%) of such net income within thirty (30) days after the end of such quarter. If such statement shall reflect a net loss from the Stations for the applicable quarter, then FTS shall pay to Newco five percent (5%) of the amount of such net loss within thirty (30) days after the end of such quarter, and Newco shall be responsible for the remaining ninety five percent (95%) of such net loss. In computing net income and net loss, expenses described in Sections 2.2, 2.4, 2.5 and 4 shall be taken into account.

(b) For financial reporting and tax purposes, items of income, gain, loss, deduction and credit shall be allocated between Newco and FTS in a manner consistent with Section 704(b) of the Tax Code and the Treasury regulations promulgated thereunder, and, solely for Federal income tax purposes, allocations shall be made to the extent required by Section 704(c) of the Tax Code.

5.2. Books and Records.

At all times during the Term, Newco shall maintain complete and accurate books and records in sufficient detail, in accordance with generally accepted accounting principles, to enable verification by FTS of the performance of Newco's obligations under this Agreement including, without limitation, the provisions of Section 5.1 above. In addition, with respect to the operation of the Stations, Newco shall establish a capital account for each of Newco and FTS and shall maintain such capital accounts in the manner required by Section 704(b) of the Tax Code. At all times during the Term, FTS shall maintain complete and accurate books and records in sufficient detail, in accordance with generally accepted accounting principles, allocable to the operations of the Stations.

5.3. Compliance Audits.

In addition to the access rights of FTS set forth in Section 2.3 above, during the Term, Newco shall afford to FTS reasonable access to the books, records and other information of Newco as FTS may reasonably request in order to monitor Newco's compliance with the terms and conditions of this Agreement.

6. SALE OF STATIONS

A sale of all or substantially all of the Station Assets and Licenses, or a sale of any Station, shall require the written approval of both Newco and FTS. Neither the Station Assets of any Station nor the Licenses of such Station may be sold, leased, licensed or otherwise transferred without the other. Upon the sale of a Station, including any sale or other disposition pursuant to Section 7.3 hereof, FTS shall be allocated gain with respect to such sale and shall receive a payment of a share of the sale proceeds equal to the nominal consideration paid by FTS to Newco plus percent (5%) of the excess, if any, of (a) the net sale proceeds of the Station over (b) the sum of (i) the cost basis of such Station as set forth on Exhibit A hereto, (ii) five percent (5%) of the undistributed net income of the business since the date of this Agreement (or reduced by 5% of the unfunded net loss since the date of this Agreement), and (iii) the aggregate amount of capital expenditures made at such Station since the date of this Agreement. Newco shall be allocated the remainder of the gain on the sale and shall receive the remaining proceeds.

7. TERM AND TERMINATION

7.1. Term.

The term of this Agreement (the "Term") shall commence on the date hereof and, unless terminated earlier pursuant to this Section 7, shall continue in full force and effect until such date which is twenty (20) years after the date hereof.

7.2. Termination.

This Agreement shall terminate upon the first to occur of any of the following:

(a) this Agreement is declared invalid or illegal in whole or substantial part by an order or decree of an administrative agency or court of competent jurisdiction and such order or decree has become final and no longer subject to further administrative or judicial review; provided that in such event the parties shall first negotiate in good faith and attempt to agree on an amendment to this Agreement that will provide the parties with a valid, binding and enforceable agreement that conforms to such order or decree; or

(b) the mutual written consent of Newco and FTS.

7.3. Effect of Termination.

Upon termination of this Agreement, the parties shall use their good faith best efforts to enter into a mutually agreeable arrangement regarding the continued operation of the Stations or the disposition of the Stations in a manner consistent with the then applicable Communications Act and FCC Rules. In the event the parties cannot agree on any such arrangements, the Stations shall be sold to a third party for the highest reasonably obtainable price and the proceeds of such sale shall be allocated and paid in a manner consistent with the allocation of gain and payment of proceeds upon the sale of a Station, as set forth in Section 6 above.

8. LIMITATIONS ON LIABILITY

Neither party shall be responsible to the other party for its actions or omissions with respect to the business or operations of the Stations, unless such actions or omissions constitute gross negligence or willful misconduct in the business or operation of the Stations.

9. TAX AND ACCOUNTING MATTERS

9.1 Tax Treatment.

Each party hereto, by entering into this Agreement, (i) expresses its intention that the acquisition and operation of the Stations pursuant to this Agreement will be treated as a partnership for Federal income tax purposes, (ii) agrees that it will file its own Federal, state and local income, franchise and other tax returns in a manner that is consistent with the treatment of this Agreement as a partnership for Federal income tax purposes, and (iii) agrees to use reasonable

efforts to notify the other party hereto promptly upon a receipt of any notice from any taxing authority having jurisdiction over such party with respect to the treatment of this Agreement as anything other than a partnership for Federal income tax purposes.

9.2 Tax Matters Partner.

The Tax Matters Partner (as defined in Section 6231 of the Tax Code and any corresponding state and local tax law) with respect to this Agreement shall initially be Newco. The Tax Matters Partner (i) shall prepare or cause to be prepared and filed partnership tax returns for federal, state and local tax purposes and (ii) shall be authorized to perform all duties imposed by Section 6221 of the Tax Code, including, without limitation, (A) the power to conduct all audits and other administrative proceedings with respect to the tax items of the partnership; (B) the power to extend the statute of limitations for all parties with respect to the tax items of the partnership; (C) the power to file a petition with an appropriate federal court for review of a final administrative adjustment of the tax items of the partnership; and (D) the power to enter into a settlement with the IRS on behalf of, and binding upon, all parties. FTS agrees to take any further action as may be required by regulation or otherwise to effectuate the designation of Newco as the Tax Matters Partner.

9.3 Additional Information.

FTS shall furnish Newco with all information necessary to comply with United States federal income tax information reporting requirements in respect of the interests of FTS hereunder.

10. ARBITRATION

10.1. General.

Notwithstanding any provision of this Agreement to the contrary, upon the request of any party (defined for the purpose of this provision to include Affiliates, principals and agents of any such party), any dispute, controversy or claim arising out of, relating to, or in connection with, this Agreement or any agreement executed in connection herewith or contemplated hereby, or the breach, termination, interpretation, or validity hereof or thereof (hereinafter referred to as a "Dispute"), shall be finally resolved by mandatory and binding arbitration in accordance with the terms hereof. Any party may bring an action in court to compel arbitration of any Dispute. Any party who fails or refuses to submit any Dispute to binding arbitration following a lawful demand by the opposing party shall bear all

costs and expenses incurred by the opposing party in compelling arbitration of such Dispute.

10.2. Governing Rules.

The arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association in effect at the time of the arbitration, *except* as they may be modified herein or by mutual agreement of the parties. The parties consent to the jurisdiction of the Courts of the State of New York located in New York, New York and of the United States District Court for the Southern District of New York, for all purposes in connection with the arbitration. The parties consent that any process or notice of motion or other application to either of said courts, and any paper in connection with arbitration, may be served by certified mail, return receipt requested, or by personal service, or in such other manner as may be permissible under the rules of the applicable court or arbitration tribunal, provided a reasonable time for appearance is allowed.

Notwithstanding Section 11.2, the arbitration and this clause shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1 et seq. (the "Federal Arbitration Act"). The arbitrator shall award all reasonable and necessary costs (including the reasonable fees and expenses of counsel) incurred in conducting the arbitration to the prevailing party in any such Dispute. The parties expressly waive all rights whatsoever to file an appeal against or otherwise to challenge any award by the arbitrators hereunder; provided, that the foregoing shall not limit the rights of any party to bring a proceeding in any applicable jurisdiction to confirm, enforce or enter judgment upon such award (and the rights of the other party, if such proceeding is brought to contest such confirmation, enforcement or entry of judgment, but only to the extent permitted by the Federal Arbitration Act).

10.3. No Waiver; Preservation of Remedies.

No provision of, nor the exercise of any rights under this Agreement shall limit the right of any party to apply for injunctive relief or similar equitable relief with respect to the enforcement of this Agreement or any agreement executed in connection herewith or contemplated hereby, and any such action shall not be deemed an election of remedies. Such rights can be exercised at any time except to the extent such action is contrary to a final award or decision in any arbitration proceeding. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof. The institution and maintenance of an action for injunctive relief or similar equitable relief shall not constitute a waiver of the right of any party, including without

limitation the plaintiff, to submit any Dispute to arbitration nor render inapplicable the compulsory arbitration provisions of this Agreement.

10.4. Arbitration Proceeding.

In addition to the authority conferred on the arbitration tribunal by the rules specified above, the arbitration tribunal shall have the authority to order reasonable discovery, including the deposition of party witnesses and production of documents. The arbitral award shall be in writing, state the reasons for the award, and be final and binding on the parties with no right of appeal. All statutes of limitations that would otherwise be applicable shall apply to any arbitration proceeding. Any attorney-client privilege and other protection against disclosure of confidential information, including without limitation any protection afforded the work-product of any attorney, that could otherwise be claimed by any party shall be available to and may be claimed by any such party in any arbitration proceeding. No party waives any attorney-client privilege or any other protection against disclosure of confidential information by reason of anything contained in or done pursuant to or in connection with this Agreement. Each party agrees to keep all Disputes and arbitration proceedings strictly confidential, except for disclosures of information to the parties' legal counsel or auditors or those required by applicable law.

11. MISCELLANEOUS

11.1. Modification.

This Agreement may be amended or modified in any respect and at any time by an instrument in writing signed by Newco and FTS; provided, however, that no such amendment or modification shall take effect until after any necessary approval or consent of the FCC is obtained with respect thereto.

11.2. Governing Law.

Subject to Section 10.2 hereof, this agreement and the rights and obligations of the parties hereto shall be governed by and construed under and in accordance with the laws of the State of New York, excluding the choice of law rules thereof (other than Section 5-1401 of the New York General Obligations Law).

11.3. Entire Agreement.

This Agreement contains the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior agreements and understandings, whether written or oral, with respect to the subject matter hereof.

11.4. Counterparts.

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party.

11.5. Third Parties.

This Agreement is not intended to confer upon any person not a party hereto (other than any direct or indirect successor or permitted assign of a party hereto) any rights or remedies hereunder.

11.6. Notices.

All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by facsimile, by courier service or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.6):

If to Newco:

[_____]

Attention:

Telecopy Number: (____) _____

with a copy to:

[_____]

Attention:

Telecopy Number: (____) _____

or at such other address and to the attention of such other person as Newco may designate by written notice to FTS.

If to FTS:

[_____]

Attention:

Telecopy Number: (____) _____

with a copy to:

or at such other address and to the attention of such other person as FTS may designate by written notice to Newco.

11.7. Headings.

The Section, Article and other headings contained in this Agreement are inserted for convenience of reference only and will not affect the meaning or interpretation of this Agreement. All references to Sections or Articles contained herein mean Sections or Articles of this Agreement unless otherwise stated.

11.9. Severability.

The parties hereto intend that the transactions contemplated hereunder comply in all respects with the Communications Act and the FCC Rules. If any provision of this Agreement shall be declared void, illegal, or invalid by any governmental authority with jurisdiction thereof, the remainder of this Agreement shall remain in full force and effect without such offending provision so long as such remainder substantially reflects the original agreement of the parties hereunder. Furthermore, in such event, the parties shall use their commercially reasonable efforts to reach agreement promptly on lawful substitute provisions in place of said offending provision so as to effectuate more closely their intent as expressed hereunder. If any Governmental Authority grants to any other entity or individual rights which are not contained in this Agreement, then the parties shall use their commercially reasonable efforts to amend this Agreement to provide the parties hereto such lawful provisions which comport with any rules, regulations and policies adopted after the date of this Agreement.

11.10. Assignment.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Neither party may assign this Agreement without the prior written consent of the other party, except that either party may assign this Agreement to an entity controlled by or under common control with such party without the prior written consent of the other party.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, each of the parties hereto has executed this Stations Operating Agreement, or has caused this Stations Operating Agreement to be executed and delivered in its name on its behalf as of the day and year first above written.

[NEWCO]

By: _____
Name: _____
Title: _____

FOX TELEVISION STATIONS, INC.

By: _____
Name: _____
Title: _____

Definitions

“Affiliate” shall have the meaning ascribed thereto in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as in effect on the date hereof.

“Agreement” means this Stations Operating Agreement as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

“Communications Act” shall mean the Communications Act of 1934, as amended, and any successor thereto.

“Dispute” shall have the meaning set forth in Section 10.1.

“FCC” means the Federal Communications Commission.

“FCC Rules” shall mean the rules, regulations and policies of the FCC promulgated under the Communications Act.

“Federal Arbitration Act” shall have the meaning set forth in Section 10.2.

“FTS” shall have the meaning set forth in the Preamble.

“Governmental Authority” means any government or state (or any subdivision thereof) of or in the United States, or any agency, authority, bureau, commission, department or similar body or instrumentality thereof, or any governmental court or tribunal.

“Licenses” shall have the meaning set forth in the Recitals.

“License Assignment Agreement” shall have the meaning set forth in the Recitals.

“Newco” shall have the meaning set forth in the Preamble.

“News” shall have the meaning set forth in the Recitals.

“Quarterly Accounting Date” shall have the meaning set forth in Section 5.2.

“Risk of Loss” shall have the meaning set forth in Section 4.1.

“Station” shall have the meaning set forth in the Recitals.

“Stations” shall have the meaning set forth in the Recitals.

“Station Assets” shall have the meaning set forth in Section 2.3.

“Term” shall have the meaning set forth in Section 7.1.

“Tax Code” means the Internal Revenue Code of 1986, as amended, and any successor thereto.

“Transfer Agreement” shall have the meaning set forth in the Recitals.

Exhibit A

LOCATION	TELEVISION STATIONS	COST BASIS
1. New York, NY	WWOR (UPN-9)	
2. Los Angeles, CA	KCOP (UPN-13)	
3. Minneapolis, MO	KMSP (UPN-9)	
4. Phoenix, AZ	KUTP (UPN-45)	
5. Orlando, FL	WRBW (UPN-65)	
6. Portland, OR	KPTV (UPN-12)	
7. Baltimore, MD	WUTB (UPN-24)	
8. Salt Lake City, UT	KTVX (ABC-4)	
9. San Antonio, TX	KMOL (NBC-4)	
10. San Francisco, CA	KBHK (UPN-44)	

Parties to the Application

The officers, directors, and attributable stockholders of Fox Television Stations, Inc. are:

Fox Television Stations, Inc.				
(1)	(2)	(3)	(4)	(5)
Chase Carey 533 1 st Street Manhattan Beach, CA 90266	USA	Chairman & Director	0	0
Mitchell S. Stern 8446 Carlton Way Los Angeles, CA 90069	USA	President & Chief Operating Officer	0	0
Raymond L. Parrish, III 14263 Baker Street Westminster, CA 92683	USA	Vice President & Treasurer	0	0
Jay Itzkowitz 2227 Pelham Avenue Los Angeles, CA 90064	USA	Senior Vice President & Secretary	0	0
Gerald Friedman 2705 Edwin Place Los Angeles, CA 90046	USA	Senior Vice President & Assistant Secretary	0	0
David E. Miller 26802 Seurat Lane Valencia, CA 91355	USA	Treasurer	0	0
Elisabeth Swanson 3668 Grand View Blvd. Los Angeles, CA 90066	USA	Vice President & Assistant Treasurer	0	0
Lesley Cohen 11302½ Lombard Street Philadelphia, PA 19147	USA	Assistant Secretary	0	0
Rita L. Tuzon 850 Devon Avenue Los Angeles, CA 90024	USA	Assistant Secretary	0	0

Fox Television Stations, Inc.
 Exhibit No. 2, FCC Form 314
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September 2000

Fox Television Stations, Inc.				
(1)	(2)	(3)	(4)	(5)
Gary D. Roberts 8822 Evanview Drive Los Angeles, CA 90069	USA	Assistant Secretary	0	0
Muriel Reis 1136 5 th Avenue New York, NY 10028	USA	Vice President	0	0
Molly Pauker 1855 California Street, N.W. Washington, DC 20009	USA	Vice President	0	0
Bonnie I. Bogin 1443 Warnall Avenue Los Angeles, CA 90024	USA	Assistant Secretary	0	0
Daphne Gronich 611 Las Casas Avenue Pacific Palisades, CA 90272	USA	Assistant Secretary	0	0
Raymond L. Parrish, III 14263 Baker Street Westminster, CA 92683	USA	Assistant Secretary	0	0
Randall F. Kender 1422 19 th Street, Unit D Santa Monica, CA 90404	USA	Assistant Secretary	0	0
Michelle V. Francis 504 N. Sweetzer Avenue Los Angeles, CA 90048	USA	Assistant Secretary	0	0
Paula Wardynski 225 Central Park West New York, NY 10024	USA	Vice President	0	0
Jan Constantine 10 West 66 th St., #22D New York, New York 10023	USA	Vice President	0	0

Fox Television Stations, Inc.
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Fox Television Stations, Inc.				
(1)	(2)	(3)	(4)	(5)
David DeVoe 110 Van Brunt Manor Road Poquott, NY 11733	USA	Director	0	0
K. Rupert Murdoch 1330 Angelo Drive Los Angeles, CA 90210	USA	Director	0	0
Fox Television Holdings, Inc. 10201 W.Pico Boulevard Los Angeles, CA 90035	USA	N/A	100%	100%

The officers, directors, and attributable stockholders of Fox Television Holdings, Inc. are:

Fox Television Holdings, Inc.				
(1)	(2)	(3)	(4)	(5)
K. Rupert Murdoch 1330 Angelo Drive Los Angeles, CA 90210	USA	Director, Chairman, & Chief Operating Officer	76%	<1%
Chase Carey 533 1 st Street Manhattan Beach, CA 90266	USA	President & Director	0	0
Jay Itzkowitz 2227 Pelham Avenue Los Angeles, CA 90064	USA	Senior Vice President & Secretary	0	0
David E. Miller 26802 Seurat Lane Valencia, CA 91355	USA	Treasurer	0	0
Rita L. Tuzon 850 Devon Avenue Los Angeles, CA 90024	USA	Assistant Secretary	0	0

Fox Television Stations, Inc.
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Fox Television Holdings, Inc.				
(1)	(2)	(3)	(4)	(5)
Gary D. Roberts 8822 Evanview Drive Los Angeles, CA 90069	USA	Assistant Secretary	0	0
Molly Pauker 1855 California Street, N.W. Washington, DC 20009	USA	Vice President	0	0
Bonnie I. Bogin 1443 Warnall Avenue Los Angeles, CA 90024	USA	Assistant Secretary	0	0
Daphne Gronich 611 Las Casas Avenue Pacific Palisades, CA 90272	USA	Assistant Secretary	0	0
Raymond L. Parrish, III 14263 Baker Street Westminster, CA 92683	USA	Assistant Secretary	0	0
Randall F. Kender 1422 19 th Street, Unit D Santa Monica, CA 90404	USA	Assistant Secretary	0	0
Michelle V. Francis 504 N. Sweetzer Avenue Los Angeles, CA 90048	USA	Assistant Secretary	0	0
Paula Wardynski 225 Central Park West New York, NY 10024	USA	Vice President	0	0
David DeVoe 110 Van Brunt Manor Road Poquott, NY 11733	USA	Director	0	0

Fox Television Stations, Inc.
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As previously approved by the Commission (*see* Consent to Pro Forma Transfer of Control, File Nos. BALCT-980727LE, KM-KU, granted Aug. 26, 1998), the remaining equity and voting interests in Fox Television Holdings, Inc. are held by Fox Entertainment Group, Inc.

Other Authorizations

Fox Television Holdings, Inc. holds 100 percent of the outstanding shares of Fox Television Stations, Inc. ("FTS"), which is the licensee of the following television stations:

WTTG(TV), Washington, D.C.;
WNYW(TV), New York, New York;
WFLD(TV), Chicago, Illinois;
KTTV(TV), Los Angeles, California;
KRIV(TV), Houston, Texas;
KSTU(TV), Salt Lake City, Utah;
KDVR(TV), Denver, Colorado;
WFXT(TV), Boston, Massachusetts;
WHBQ-TV, Memphis, Tennessee; and
KFCT(TV), Ft. Collins, Colorado.

FTS also holds 100 percent of the outstanding shares of Fox Television Stations of Philadelphia, Inc., licensee of WTXF-TV, Philadelphia, Pennsylvania. FTS also holds 100 percent of the outstanding shares of Fox Television Stations of Birmingham, Inc., which holds 100 percent of the outstanding shares of WBRC License Inc., licensee of WBRC(TV), Birmingham, Alabama, as well as 100 percent of the outstanding shares of WBRC and WGHP Holdings Corporation, which holds 100 percent of the outstanding shares of FTS North Carolina, Inc., which holds 100 percent of the outstanding shares of WGHP License, Inc., licensee of WGHP(TV), High Point, North Carolina.

Fox Television Holdings, Inc. also owns 100 percent of the outstanding shares of NWCG Holdings Corporation, which owns 92.79 percent of the outstanding shares of New World Communications Group Incorporated (NWCGI),¹ which owns 100 percent of the outstanding shares of NWC Holdings Corporation, which owns 100 percent of the outstanding shares of NWC Intermediate Holdings Corporation, which owns 100 percent of the outstanding shares of NWC Acquisition Corporation, which owns:

¹ Fox Television Holdings, Inc. owns the remaining 7.21 percent of the outstanding shares of NWCGI directly.

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- (1) 100 percent of the outstanding shares of New World Communications of Kansas City, Inc., which owns 100 percent of the outstanding shares of WDAF License, Inc., licensee of WDAF-TV, Kansas City, Missouri;
- (2) 100 percent of the outstanding shares of NW Communications of Phoenix, Inc., which owns 100 percent of the outstanding shares of KSAZ License, Inc., licensee of KSAZ-TV, Phoenix, Arizona; and
- (3) 100 percent of the outstanding shares of NWC Sub I Holdings Corporation, which owns 100 percent of the outstanding shares of NWC Sub II Holdings Corporation, which owns:
 - (a) 100 percent of the outstanding shares of NW Communications of Texas, Inc., which owns 100 percent of the outstanding shares of KDFW License Inc., licensee of KDFW(TV), Dallas, Texas, and 100 percent of the outstanding shares of New Dallas Media, Inc., which in turn owns 100 percent of the outstanding shares of New DMIC, Inc., licensee of KDFI(TV), Dallas, Texas;
 - (b) 100 percent of the outstanding shares of NW Communications of Austin, Inc., which owns 100 percent of the outstanding shares of KTBC License, Inc., licensee of KTBC(TV), Austin, Texas; and
 - (c) 100 percent of the outstanding shares of New World Communications of St. Louis, Inc., which owns 100 percent of the outstanding shares of KTVI License, Inc., licensee of KTVI(TV), St. Louis, Missouri.

NWC Holdings Corporation owns 100 percent of the outstanding shares of NWTV Intermediate Holdings Corporation, which owns 100 percent of the outstanding shares of New World Television Incorporated, which owns:

- (1) 100 percent of the outstanding shares of New World Communications of Tampa, Inc., which owns 100 percent of the outstanding shares of TVT License, Inc., licensee of WTVT(TV), Tampa, Florida;

- (2) 100 percent of the outstanding shares of New World Communications of Atlanta, Inc., which owns 100 percent of the outstanding shares of WAGA License, Inc., licensee of WAGA(TV), Atlanta, Georgia;
- (3) 100 percent of the outstanding shares of New World Communications of Detroit, Inc., which owns 100 percent of the outstanding shares of WJBK License, Inc., licensee of WJBK(TV), Detroit, Michigan;
- (4) 100 percent of the outstanding shares of New World Communications of Milwaukee, Inc., which owns 100 percent of the outstanding shares of WITI License, Inc., licensee of WITI(TV), Milwaukee, Wisconsin; and
- (5) 100 percent of the outstanding shares of New World Communications of Ohio, Inc., which owns 100 percent of the outstanding shares of WJW License, Inc., licensee of WJW(TV), Cleveland, Ohio.

Fox Television Holdings, Inc. and its single majority shareholder, K. Rupert Murdoch, have no attributable interest in any other broadcast stations. Nor do they have any attributable or non-attributable interest of five percent or more of the ownership of any other broadcast stations or any newspapers or cable television entities in the Atlanta, Austin, Birmingham, Boston, Chicago, Cleveland, Dallas, Detroit, Kansas City, Denver, Los Angeles, Houston, Salt Lake City, New York, Memphis, Washington, Philadelphia, High Point-Winston-Salem-Greensboro, Tampa, Milwaukee, St. Louis, or Phoenix markets, or with overlapping signals in the same broadcast service as WAGA(TV), KTBC(TV), WBRC(TV), WFXT(TV), WFLD(TV), WJW(TV), KDFW(TV), KDFI(TV), WJBK(TV), WDAF-TV, KDVR(TV)², KTTV(TV), KRIV(TV), KSTU(TV), WTXF-TV, WTTG(TV), WNYW(TV), WHBQ-TV, WGHP(TV), WTVI(TV), WITI(TV), KTVI(TV) or KSAZ-TV, except to the extent permitted by a waiver in *Fox Television Stations, Inc., Licensee of Television Station WNYW, New York, New York, Request for Waiver of the Broadcast-Newspaper Cross Ownership Rule, Relating to WNYW and the New York Post*, 8 FCC Red 5,431 (1993), *aff'd sub nom. Metropolitan Council of NAACP Branch v. FCC*, 46 F.3d 1154 (D.C. Cir. 1995).

² KFCT(TV), Ft. Collins, Colorado, is a full-power satellite station rebroadcasting the signal of KDVR(TV), Denver, Colorado.

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In summary, the following table lists the television station licenses indirectly controlled by Fox Television Holdings, Inc., which is the parent of Fox Television Stations, Inc., the proposed assignee.

Call Sign	FCC Facility ID No.	Location
WTTG(TV)	22207	Washington, DC
WNYW(TV)	22206	New York, NY
WFLD(TV)	22211	Chicago, IL
KTTV(TV)	22208	Los Angeles, CA
KRIV(TV)	22204	Houston, TX
KSTU(TV)	22215	Salt Lake City, UT
KDVR(TV)	126	Denver, CO
WFXT(TV)	6463	Boston, MA
WHBQ-TV	12521	Memphis, TN
KFCT(TV)	125	Ft. Collins, CO
WTFX-TV	51568	Philadelphia, PA
WBRC(TV)	71221	Birmingham, AL
WGHP(TV)	72106	High Point, NC
WDAF-TV	11291	Kansas City, MO
KSAZ-TV	35587	Phoenix, AZ
KDFW(TV)	33770	Dallas, TX
KDFL-TV	17037	Dallas, TX
KTBC(TV)	35649	Austin, TX
KTVI(TV)	35693	St. Louis, MO
WTVT(TV)	23422	Tampa, FL
WAGA(TV)	70689	Atlanta, GA
WJBK(TV)	73123	Detroit, MI

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WITI(TV)	73107	Milwaukee, WI
WJW(TV)	73150	Cleveland, OH

A. **LOCAL TELEVISION MULTIPLE OWNERSHIP**

The Commission's rules permit common ownership of two television stations in the same Nielsen Designated Market Area ("DMA") if, at the time the assignment application is filed: (1) at least one of the stations is not ranked among the top four stations in the DMA based on the most recent all-day (9:00 a.m. - midnight) audience share as measured by Nielsen Media Research; and (2) more than eight independently owned, full-power and operational stations (commercial and noncommercial) are licensed in the DMA.¹

The proposed assignment of licenses of the Chris-Craft television stations to Fox Television Stations, Inc. ("FTS") would result in the creation of television duopolies in the following markets: New York, New York; Los Angeles, California; Phoenix, Arizona; and Salt Lake City, Utah. As demonstrated below, FTS's acquisition of stations WWOR-TV, Secaucus, New Jersey; KCOP-TV, Los Angeles, California; and KUTP, Phoenix, Arizona, complies with the Commission's recently relaxed local television multiple ownership rule. Because, however, stations KTVX and KSTU are both among the top four-ranked stations in the Salt Lake City DMA, FTS's ownership of both stations is not currently permitted under the Commission's local television multiple ownership rule absent a waiver. FTS has no intention of seeking a permanent waiver.

¹ See 47 C.F.R. §73.3555(b); see also *Review of the Commission's Regulations Governing Television Broadcasting*, 14 FCC Rcd 12903, 12907, 12932-935, paras. 8, 64-70 (1999) ("TV Duopoly Order").