Media Ownership

The significance of media ownership in the United States has been debated since the founding of the country. Media owners oversee the collection, selection and distribution of information with multiple intentions. The mix of business, politics and the public trust is integrated into media ownership. The ownership of a news organization involves social responsibility. However, the personal interests of the owner often influence the news and information that is disseminated to the public. The balance between ownership and social responsibility has created extensive debate about the controls and regulations placed on news outlets. As news outlets, platforms and technology changes the way the public receives information, the issues surrounding ownership become further complicated.

Background

Early media ownership was limited to authoritarian rule. The ruler of a country would control the information given to the public. Large segments of the globe accepted the basic principles of authoritarianism as a guide for social actions. The control of information was seen as utility for the common good and the subjectivity of the message was perceived as the surrogate voice for the ruling monarch.

The rise of democracy and the spread of liberalism changed the acceptance of authoritarian media. The populace adopted the liberalism mantra of John Milton, that the market place of ideas will reveal the truth and that there would be a self-righting process. The more information that was available the more likely the truth will expose itself. The concept promoted self-expression. Media ownership was seen as an extension of the individual and the media was free to express themselves because the false and unsound messages will vanish, under the weight of truth. The eighteenth century completed the transfer of the press from the authoritarian to libertarian principles.

In the early to mid-1800s, mass media in the United States began with heavily partisan newspapers. Political parties financed the papers to publish their political perspectives. The newspapers, controlled by these parties, were an important means to influence the political process. Multiple political parties would create different news media of the time to sell their political agenda. The papers did not attempt to seek objectivity but instead sold their partisan views to the public. Newspapers were created explicitly to advance the political interests of the parties controlling them.

Political party papers became less profitable than bi-partisan, less politically driven newspapers. The rise of the economic status of the reader coincided with rise of the libertarian press, whereas the functions of the mass media, under the libertarian concept, are to inform and entertain. This concept would result in a more commercialized industry and one that would also maintain substantial political influence. The congealing of capitalism and politics would change the nature of media ownership.

Media ownership became a competitive endeavor. The costs of publishing required a cache of wealth. Families with large amounts of capital for investment and growth became leaders of the industry. News organizations became part of family dynasties, passed down from generation to generation. Families own the most influential and well-known news groups. For more than a century the Ochs-Sulzbergers owned the New York Times, the Chandler family controlled the Los Angeles Times and the Bancroft family managed the Wall Street Journal. Many newspapers were founded by individual families, managed for generations and were central figures in their community politics.

In 1919, the advancement of technology and the creation of radio programming forced the United States government to create regulations, mostly for rules of operation and ownership. Business leaders and politicians fought to keep radio from being a government monopoly. General Electric developed a plan to create a private sector monopoly, whereas a private company would have the government's approval to dominate the radio industry. GE created RCA (Radio Corporation of America), pooling all the technology and patents to monopolize the wireless industry. At the time, other countries placed broadcasting in the hands of military or government interests.

The government restricted the ownership of RCA. The 1919 radio laws ruled that foreigners could own no more than 20 percent of any US broadcasting facility. In 1927, the ownership percentage was raised to 25 percent. This law was remains. In 1985, Rupert Murdoch, the head of Australia's News Corp became a US citizen, so he could buy a number of TV stations and form Fox Television.

Modernity brought new modes of journalism platforms. Technology enabled electronic distribution via radio or television. Consumer size grew substantially, and the commercialization of news intensified. The initiation of radio broadcasting into American homes led to a programming and advertising platform, whereas time was sold to advertisers in small pieces of time. Advertisers could purchase segments of time within a program. Television would adopt this platform.

Audiences were attracted to the immediacy of radio broadcasts, making radio news extremely popular. 'Breaking News' such as the Hindenberg disaster solidified the importance of radio broadcasts. Live baseball games, dramas, and political speeches engaged the public in ways newspaper could not. The popularity of electronic news impacted the lucrative investments for broadcasters and advertisers. Arthur C. Nielsen created an analytical system to rate popularity, for both radio and television. The system allowed media owners to analyze and compare the popularity of their shows.

Television news provided the country will a news perspective. The Nixon/Kennedy debates were broadcasted to record audiences and changed the way presidential campaigns are conducted. The assassination of President Kennedy transfixed the nation during a time of mourning and grief. The impact of television news is amplified during times of crisis.

Cable news emerges from the expansion of channels. Rupert Murdoch's Fox News and Ted Turner's CNN become monolithic news organizations that divide into partisan viewership. After the 2016 election, President Donald Trump and Fox News build a political relationship that caters to the president's supporters.

Since the turn of the century, the Internet has grown and is eagerly accepted by the public putting additional pressure on newspaper owners. News outlets had to respond to the changes in the audience and readers. The Great Recession of 2008-2009 resulted in a catastrophic decline in advertising and put many newspapers out of business. Between 2004 and 2014, 644 newspapers went out of business. Out of the surviving 7,927 newspapers in the country, 6474 had a circulation of less than 15,000.

Ownership and News Influence

The significance of ownership structures on news coverage has been debated since the beginnings of mass media in the United States. The libertarian press model was consistent in the United States and the power of reaching a large portion of the country was coveted. The objectivity of the news was often a contentious issue between the public and the news organization. The most prominent issues arise from the 'media baron' or the owner of one or more powerful media outlets who uses his/her media outlets to advance economic or political agendas making it clear that a diversity of owners reflects more democratic principles.

The concerns of the 'media baron' began in the early twentieth-century days of William Randolph Hearst. Hearst constructed a media empire to spread his influence on public opinion. At the peak of his fortune, in 1935, he owned 28 major newspapers and 18 magazines. He used his reach to instigate government policy. Sensationalized news coverage, focused on American interests in Cuba, was heightened by competition between Hearst's 'New York Journal' and Joseph Pulitzer's 'The New York World.' Many believe that Hearst and Pulitzer were responsible for the march toward war with Spain. The outcome of the rivalry was the Spanish-American war. It was one of the first times in history that the news media was able to directly influence public opinion. The result was a short conflict with a memorable headline, 'Remember the Maine'. After the war, the two tycoons continued their personal feud. This era of journalism, when stretching truth and printing spectacular news reports was common, was labeled, 'Yellow Journalism'.

Hearst and Pulitzer's influence on the American public was due to the reach they acquired through their media empire. American media owners like Rupert Murdoch (1931-) and Ted Turner (1938-), Canadian Conrad Black (1944-) and Italian Silvio Berlusconi (1936-) have wielded the same political and economic influence.

Silvio Berlusconi's media career began in the 1970s and by 1980 he dominated the Italian airwaves with a variety of television stations. He diversified his holdings, acquired department stores, movie theatres, publishing companies and the AC Milan football team. He consolidated his empire into Fininvest holding company, a vast conglomerate that grew to control more than 150 businesses.

Berlusconi created a conservative political party, "Forza Italy!" and was elected prime minister. He was investigated for corruption and left office. He was convicted of fraud and corruption, but the verdicts were eventually overturned. Despite these charges and criticism of his media ownership, he remained the leader of Forza Italia and was reelected in 2001.

Family ownership declined as the expansion of radio and television stations grew. Legacy newspapers had to give way to the 'New Media Baron'. News organizations were bought by large publicly traded companies looking to make a profit. By the early 2000s, family-owned newspapers and broadcast stations began to disappear. Corporations with no previous ties to journalism began purchasing news outlets in hopes of expanding their stock portfolios. Instead of local ownership that had a vested interest in the community, the new newspaper owners focus on driving performance of their holdings, whereas newspapers are only a small portion. 25 of the largest newspapers are owned by investment groups.

From 2004 to 2008, hedge and pension fund investors accumulated a majority share of the publicly traded newspaper companies. When revenues fell the investors questioned newspaper executives about their digital strategies. The investors were not satisfied. The dissatisfaction resulted in the sale of many newspapers in small and mid-sized markets.

Today, Sinclair Broadcast Group is an example of one corporation attempting to spread its reach to a significant portion of the country. They own the largest number of local television stations in the United States, nearly 200. Their ownership has a conservative political leaning and they require their news anchors to read identical statements, accusing national news outlets of pushing an agenda that was "extremely dangerous to our democracy".

Sinclair emulates the cable news industry. Critics site that the cable news industry produces infotainment. The information that is delivered to the audience blurs the line between journalistic truth, opinion and "alternative facts," and leads to incivility that comes from treating politics as entertainment. In some ways, Sinclair is a New Media Baron, modeled after William Randolph Hearst.

Public vs. Private Ownership

The shift from private to public ownership has proven to be a seismic change to the newspaper landscape. News organizations have become investment commodities, traded like any other publicly held commodity. In 2005, large public and private companies spent three billion dollars acquiring newspapers from one another. The Pulitzer group was purchased by Lee Enterprises for one billion dollars. Seven of the largest twenty-five newspaper companies by 2004 were investment firms.

The investment firms are extremely different from the newspaper chains that preceded them. The newspapers are usually part of a portfolio, mixed in with real estate, retail and financial services. The main business of the firm is not journalism. The significance in the difference between the traditional ownership and the investment firm is the long-term commitment to local journalism. The new owners are not committed to the community but to shareholders who may not have a reason to be concerned about the news coverage. Financial return on the investment into the newspaper outweighs the public service.

In 2006, a series of sales signaled a bull market on newspapers. More than ten billion changed hands, with McClatchy Company, owner of 27 newspapers in 2004, purchased all of

Knight Ridder's 61 newspapers for four billion dollars. McClatchy then turned around and sold four newspapers to MediaNews Group and Hearst for one billion dollars.

In 2007, the sale of newspapers accumulated to twenty billion dollars, led by News Corp.'s acquisition of Dow Jones and Sam Zell's buy of Tribune Company. Same Zell is a real estate mogul and private equity fund manager.

After the 2008 recession newspaper stock dropped significantly. The market capitalization of publicly traded news companies such as Gannett, McClatchy and Lee fell more than eighty percent. Investors began to 'flip' the companies as opposed to 'buy and hold'. The intention of the investors was to make a quick profit or purchase multiple newspapers at the same price they would have paid for one before the recession.

In the wake of the recession and buying/selling of the newspapers, many longtime successful media groups went into bankruptcy. Lee Enterprises, Tribune Company and MediaNews Group were forced into bankruptcy proceedings by 2012. More than a third of all newspapers have changed ownership at least once since 2004.

Research supports the idea that public ownership results in better financial performance. However, the short-term investment strategy limits the amount of capital expenditure on infrastructure or other resources necessary for news gathering. The New Media Barons eliminated staff positions at various news outlets and 'hubbed' a small group in one office to complete the same tasks, streamlining similar job roles.

Television news has seen significant changes from the 1980s and 1990s. Television networks became a part of corporate conglomerates. Profitability, in their news departments, became a mandate of the new owners. Staff cuts and budget reductions were widespread resulting in a significant impact to news coverage. Foreign bureaus were shut down and hard news was devalued.

Many critics believe the ownership is protected by a less critical news staff. Stories that involve their parent company are avoided. Stories that may help their advertisers rise. The result is a 'synergy-bias' that complicates the modern newsroom and makes it difficult for news management to navigate potential internal threats caused by their decision to report certain stories.

Ownership Regulations

Television news is dependent on federal protections and oversight. The federal regulations are meant to ensure that a news outlet is not irresponsible in their disbursement of facts to the community and that there is proper representation from both sides of an issue. There are concerns about the lack of diversity if two or more news sources in a community were owned by the same entity. The Federal Communications Commission (FCC) placed limits on the number of broadcast news outlets that can be owned by a single entity. The Federal Communications Commission prevents duopolies in markets where allowing one owner to own two stations would not leave at least 8 independently own TV channels in the market. Under section 73.3555(b)(2) of the Commission's rules, two television stations licensed in the same DMA may be commonly owned if one of the stations is not ranked among the top four stations in the DMA. However, the FCC makes exceptions for financial hardship. The FCC also limited broadcast licensees from owning daily newspapers in the same market.

There have been attempts to loosen the restrictions on ownership. The FCC passed the Telecommunications Act of 1996. The Act was considered deregulation as the national limits in radio station ownership was eliminated. Since then, the FCC is directed to reassess its media ownership limits every four years with the presumption that the limits may no longer be necessary due to the rise of the Internet.

The FCC ownership rules are aimed to limit concentration in mass media. In 2018, the FCC loosened the duopoly laws for Sinclair Broadcast Group. The FCC granted the transfer of seven full-power station from Bonten Media Group to Sinclair. The FCC's defense of the ruling was based on the inability of another operator to be willing and able to purchase or operate the stations as a stand-alone facility. The 'satellite exemption' has provided a means for corporations to buy many local affiliates.

By 2019, a few corporations now control a large number of broadcast stations. Sinclair Broadcast Group, Inc. owns 191 television stations and 607 channels in 89 markets. Sinclair raises concern because of their political bias and editorial messages they require their news divisions to broadcast. Sinclair purchased 21 Fox Sports Regional networks. Other corporations such as Nextstar, Gray and Tegna have purchased similar numbers of stations. Nexstar owns 197 stations in 115 markets.

In 2019, a federal court threw out changes to media ownership rules approved by the FCC in 2017. The changes included eliminated the longstanding rule that prohibited a single individual or company from possessing a daily newspaper and a radio or TV station in the same market. A second change eliminated the rule regarding cross-ownership of radio and TV stations. A third change eliminated the prohibition on owning two of the top four stations on a case-by-case basis. The court ruled that the FCC should have looked more closely at potential impacts on minority ownership. In the case, traditional media companies argue that the rules limit their ability to compete with newer internet-based businesses such as Amazon.com Inc. and Alphabet Inc.'s YouTube Unit.

- Dean Cummings

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SINCLAIR BROADCAST GROUP

Sinclair Broadcast Group (1971 - present) founder Julian Sinclair Smith began with one FM radio station in Baltimore, Maryland, in 1971, and since then, his family has built one of the largest media corporations in the United States. Julian, was an engineer who decided to go into business for himself and created the Chesapeake Television Corporation. The Sinclair Broadcast Group was founded in 1986 and went public in 1995. The group is traded on the NASDAQ Global Select Market under the ticker symbol SBGI. The company owns, operates and/or provides services to 191 television stations in 89 Designated Market Areas (DMAs). Sinclair's rise coincides with the decisions of the Federal Communications Commission on ownership rules.

Early Years - Origins of a Behemoth

Julian Sinclair Smith purchased one of the first UHF stations, WBFF-TV in Baltimore, MD in 1971. By 1986, he and his four sons, David, Fred, Duncan and Rob acquired two more UHF stations, one in Pittsburgh, Pennsylvania and one in Columbus, Ohio. The family appointed Robert Simmons as the President and CEO of the company.

The 1990s was a period of growth for the Sinclair Broadcast Group. Newly hired CEO, David Smith, found a way around FCC ownership rulings. He created the country's first major market Local Marketing Agreements (LMA) with WPTT-TV in Pittsburgh. This enabled Sinclair to program a second station in the market where it already owned a station. In 1994, Sinclair acquired four stations plus two LMAs in Milwaukee and Baltimore. By the end of the next year, Sinclair Broadcasting group consisted of 18 TV stations in 12 markets. The company realized $111.5 million in fund future acquisitions. David Smith told Forbes magazine, 'What I wanted was purely to make money'[1] and attempted to buy up as many broadcast stations as possible. He concentrated on secondary markets, like Memphis, St Louis and San Antonio, where operation costs were not as expensive as the costs to run stations in New York or Chicago.

Sinclair Broadcast Group has battled with the FCC since the deregulation of the industry began in 1996. The Telecommunications Act of 1996 overhauled the existing regulations of telephone and broadcasting. The deregulation enabled more competition in local areas, by removing restrictions on media ownership and resulted in consolidation within the industry. The new regulations forced local carriers to share their communication facilities with competitors at established fair and equitable rates. Before the Telecommunications Act, a single corporation could not own more than 12 stations and were limited in their reach. The companies were limited to reaching 25 percent of the households in the United States. Sinclair Broadcast Group continued to acquiring stations and purchased River City Broadcasting. The acquisition of River City Broadcasting expanded the company into radio. At the end of 1996, Sinclair owned 28 TV stations in 21 markets and 23 stations in 7 markets. The company's growth helped expand its profit margins.

In 1998, Sinclair doubled its size with acquisitions of Heritage, Sullivan Broadcasting and Max Media. It had now become one of the largest television broadcasting companies in the United States, with 59 TV stations in 39 markets. It also became one of the top 10 radio broadcasters with 51 radio stations in 10 markets.

Digital Battle with the FCC

Sinclair had become a force to be reckoned with by 1999 by divesting its radio group to focus on television, anticipating the launch of digital television. The company moved their headquarters from WBFF studios in Baltimore, to a new location in Hunt Valley, Maryland. Sinclair Broadcasting Group campaigned to change digital television transmission standards when the FCC was considering the transition from analog to digital. The FCC intended to make 8-VSB the standard but Sinclair argued that the quality of the reception was unacceptable for indoor antennas and pushed for the Coded Orthogonal Frequency Division Multiplexing (COFDM) standard, which was also Europe's predominant method of DTV delivery. Sinclair wanted the FCC to a test the two transmission signals and chose the superior version, or at least let broadcasters choose between the 8-VSB standard and the COFDM. Sinclair conducted demonstrations at six sites in Baltimore to demonstrate 8-VSB's indoor reception problems, and documented reception problems at 34 other sites. After a successful demonstration of the COFDM transmission to Congress, the FCC continued with their demand for the 8-VSB. FCC engineers concluded that 8-VSB transmission and tower construction would be less expensive for broadcasters. In the final ruling, the FCC conclusion stated, "We believe that the course we are taking will provide the certainty that many broadcasters, equipment manufacturers and consumers need to invest with confidence in new technology while at the same time preserving

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[1] Berg, M. (2018). Meet The Billionaire Clan Behind The Media Outlet Liberals Love To Hate. *Forbes.Com*, 1.

the flexibility to accommodate innovation and experimentation. In doing so, we believe our decision will provide many benefits to American consumers."

In 2006, television stations were required to transition from analog to digital transmission. Congress authorized the distribution of an additional broadcast channel to every full-power TV station that the station would be able to launch a digital broadcast channel while simultaneously continuing analog broadcasting. It wasn't until 2009, that the stations stopped broadcasting analog transmissions

Duopolies and Expanded Reach

In 1999, the FCC permitted duopolies in large markets but forbade them in areas with small number of stations, local marketing agreements (LMAs). Previously, the LMAs were exempt from any operator's ownership tally. The FCC rules forbid one company to control two TV outlets in market containing fewer than eight separately owned stations. The 1999 decision made several of Sinclair's LMAs out of bounds. Sinclair would have been forced to divest their LMAs in Columbus and Dayton, Ohio; Charleston, S.C.; and Charleston, W.Va. if the federal judges upheld the decision. Sinclair's defense insisted that the 'voice test' was a drastic solution that failed the U.S. Supreme Court's "strict scrutiny" test, which requires infringements on free-speech rights to be defined in narrow terms. The FCC ruled that the 'public interest' standard must be applied to justify media ownership rules.

The battle with the FCC was unsuccessful. CEO David Smith commented, 'We knew that asking a court to reconsider its original decision is generally an uphill battle. We remain gratified that the court initially ruled in our favor in finding that the FCC's duopoly rules were arbitrary and capricious."[2] Sinclair would spend the next two decades challenging the FCC's ownership rules.

The 2000s opened with the 9/11 attack, the national economy went into recession and with it the greatest decline in advertising spending since Sinclair's founding. The economy slowly improved and Sinclair Board of Directors approved the company's first ever common stock dividend. By 2005, Sinclair completed the build out of its digital television platform and provided multi-channel video programming distributors, such as cable and satellite and telecommunications companies, with programming and became the first broadcaster in the US to request retransmission consent agreement fees. The fees provided a new revenue stream and the company built a war chest for reinvestment and acquisition. After reshuffling their network affiliations, Sinclair becoming the largest FOX affiliate group in the country.

[2] McConnell, B. (2002, August 19). Sinclair loses on LMA ruling: station group may be out of luck in four cities, after federal court rejects its appeal. (Washington). *Broadcasting & Cable*, *132*(34), 20.

After the 2008 recession, Sinclair began a wave of industry consolidation. In 2011, the company purchased Four Points and Freedom Communication stations. Three years later, Sinclair had acquired 109 stations, adding over $3 billion in assets. The company also launched new programing distribution and network content material. Sinclair claims it was producing 2,200 hours of local news per week, making the company the largest producer of local news content in the country.

From 2004 to 2014, Sinclair went from 62 stations to 167 stations, eclipse the next rival, Nexstar by 59 more stations. Sinclair was in 77 markets, reaching nearly 40% of the US population. In 2015, Sinclair created "Full Measure with Sharyl Attkisson", a Sunday morning national news program and the COMET network, the first ever science-fiction over-the-air multicast nework that is partnered with MGM. By the next year, Sinclair expanded their live sports programming and created the network STADIUM.

In 2017, the company appointed their third CEO & President, Christopher Riley. His appointment launched the company's first mission statement, "Connecting People with Content Everywhere". That same year, after the National Broadband Plan Spectrum Auction, mandated by Congress and the FCC, three station licenses were sold in Baltimore, Harrisburg and Milwaukee for $311 million. And in 2019, the company acquired 21 regional sports networks at a value of $10.6 billion.

As of March of 2020, Sinclair operates 191 TV stations, 607 channels, operating in 89 markets. The company continues their technological assertiveness with three technology groups with in their company. One Media, Acrodyne, and Dielectric are subdivisions implementing technical solutions and innovating new platform technologies.

Controversial Ethical Practices

The reach of Sinclair has created bad publicity and critical evaluation of its practices. Sinclair attempts to concentrate their editorial control from their headquarters and expand their message to their affiliates. Sinclair produces and distributes mostly conservative-opinion segments, called News Central, about national and international affairs, for their local affiliate newscast. Sinclair describes the segments as a cheaper way to offer news. The partisan stance of the company is often camouflaged within newscasts as news stories. Most Sinclair viewers would not know the source of the information nor recognize the name of the owner of their local affiliate, but instead connect the information to the network (ABC, CBS, NBC, or FOX). Scholarly critics believe the disconnect between viewers and the affiliate ownership has implications for civic discourse, particularly if issues of media bias or local news coverage cause the news consumer to be unsure of the credibility of local news stories.

The conservative practices and ethos of the company is visible in the programming of the local affiliates. In 2004, Sinclair pulled an episode of Nightline, on which Ted Koppel read the names and showed the faces of dead U.S. soldiers, from all eight of its ABC affiliates. Just before the 2004 presidential election, Sinclair attempted to force its station to air a documentary that featured Democratic candidate John Kerry in an unfavorable light, accusing Kerry of worsening the plight of Vietnam POWs because of this "Winter Soldier" crusade during the war.

In 2016, President Donald Trump's son-in-law, Jared Kushner, admitted that the presidential campaign struck a deal with Sinclair to guarantee favorable coverage in return for access.

The FCC fined Sinclair $13.4 million dollars for running paid programming during news programs without disclosure of its sponsors. It was the largest fine ever proposed for violation of the FCC's sponsorship identification rules. Pre-produced 60- to 90- second stories from the Huntsman Cancer Institute aired during news programs to look like independently generated news coverage.

In 2017, the FCC denied a merger of Sinclair with Tribune Media Company. The merger would have given access to 73% of the US households. It was a $3.9 billion deal. The merger attempt launched an internal investigation of the FCC over decisions made by FCC chair, Ajit Pai because of the appearance the deal was significantly more beneficial for Sinclair. Sinclair's close ties with President Donald Trump added to the controversy. President Trump called the FCC's decision not to approve the deal "sad and unfair" but critics sighted that the conservative company would provide favorable news coverage to the President. Sinclair stations require their stations, which include local affiliates of all four major broadcast networks, to air "must-run" segments produced by a former Trump official Boris Epshteyn, a conservative pundit.

In 2018, Sinclair was heavily criticized for their editorial control of their local television stations. Sinclair news anchors were required to read identical promo ad script criticizing, quote, "False news and fake stories." A viral video posted by Deadspin revealed Sinclair's practice.

In the aftermath of the viral video it was revealed that Sinclair would question job applicants about their positions on abortion and other political issues. Some applicants were turned down if they were "too liberal". News directors were solicited for donations to Sinclair political action committee. The company has a political action committee supporting conservative agendas, notably deregulation of the media. This form of politicking is similar to the partisan newspapers of the 1800s, when newspapers openly propagandized for one political party or the other. The papers were rewarded with patronage jobs or government printing contracts, for Sinclair, the partisan activity was meant to lobby the Trump administration to greenlight the Tribune merger. A study by Hedding, Miller, Abdenour and Blankenship (2019) identified a "Sinclair Effect" on local news. Sinclair stations are more likely than non-Sinclair stations to employ sensational "palace intrigue" frames, partisan sources, and commentary. The study concluded by saying, 'Media conglomerates, while invisible to the average news viewer, have the potential to exert ideological, operational or professional influence on local news organizations, in which Americans place a great deal of trust.'

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NEXSTAR MEDIA GROUP, INC.

Nexstar Media Group (1996 - present) (formerly Nexstar Broadcasting Group) is the largest local television broadcast and digital media companies in the United States. Headquartered in Irving, Texas, the company has 196 full power owned or serviced stations in 114 markets reaching approximately 63% of the US television households. The company employs 13,000 people across the United States and produces 259,000 hours of local content per year. The media company focuses on acquisition, development and operation of television stations and interactive community websites in medium-sized markets in the United States. In 2017, Nexstar Broadcasting Group, Inc. changes its name to Nexstar Media Group, Inc.

Perry Sook – Founder

Perry Sook was born in DuBois, Pennsylvania in 1958. As a teen, he was a DJ at a radio station in Punxsutawney, Pennsylvania. He attended the Scripps College of Communication at Ohio University, where he would call Pittsburgh Pirates games for the college radio station. Sook tried to make a career as a news anchor and weatherman at small station in Clarksburg, West Virginia. He realized he wasn't meant to be an on-air talent and decided to go into management. He believed the quickest road to management was through sales and he landed his first sales job at a small radio station in Kissimmee, Florida. The radio station struggled to pay his sales commissions and Sook unsuccessfully fought for the money owed to him. His frustration over not being paid influences his current philosophy that all his sales representatives must be paid their commissions.

Sook moved on to be the National Sales Manager at KTVT Dallas at the age of 27, moving up to General Manager two years later. By the age of 32, he was President and CEO of Seaway Communications, Inc., owner of network affiliated stations in Bangor, Maine and Wausau, Wisconsin. During this time Sook began to learn to negotiate and how to acquire television stations. When he was unable to get the Seaway board to agree to his acquisition proposals, he took $250,000 of his own money, plus a loan from the finance arm of AT&T and bought a Fox affiliate (WDKY) in Lexington, Kentucky and created Superior Communications. In 1992, he purchased KOCB in Oklahoma City for $23 million. He would sell Superior Communications to Sinclair Broadcasting for $63 million dollars in 1996. The next day after the sale, Sook founded Nexstar, starting with the purchase of WYOU-TV in Scranton, PA.

Early Days – Deregulation

Deregulation in the 1990s led to consolidation of ownership in the local broadcast industry. The Telecommunications Act of 1996 was an overhaul of the telecommunications law established sixty-two years earlier. The goal of the new legislation was to 'let anyone enter any communications business, to let any communications business compete in any market against any other.' The law also opened the door to media acquisitions and mergers that would consolidate the industry into a few major companies. Nexstar began to build an empire by acquiring other companies with groups of stations.

Perry Sook's vision of the company revolved around localism and away from syndication-heavy programming. He believed the company would be successful if it concentrated on medium-sized markets with a commitment to local news. Sook developed an experienced executive team., recruiting Blake Russell, senior VP of station operations, COOs Timothy Busch and Brian Jones, and VP/director of engineering Richard Stolpe.

The company went public in 2003, after acquiring Quorum Broadcasting for $230 million in cash, stock and debt. The purchase of Quorum spread Nexstar's reach to nine mid-sized markets with 21 stations. The stations ranged from the 8th DMA (Washington, DC) to the 196th DMA (San Angelo, Texas).

Retransmission Fees

Perry Sook is credited for creating the first "shared services" agreements among American television stations in 1998. Federal law empowers broadcasters, including corporations that own TV stations such to charge fees to local cable providers for rights to carry or 'retransmit their signals.' Perry Sook was looking to find a second revenue stream for local broadcast television. He took action against the disparity between the value broadcasters receive for their content and the high level of viewership of the cable and satellite companies. Nexstar's original agreements with cable, direct broadcast satellite providers and telcos were primarily three to four-year contracts with a revenue of $50 million over the term of the contract. In 2005, Perry Sook was able to leverage and negotiate higher retransmission fees and three years later Nexstar announced the new fee structure generated $75 million in revenue. Nexstar's stance on retransmission fees strengthened the company's influence and today retransmission fees represent a substantial portion of the local broadcasters' revenue.

After the purchase of Quorum Broadcasting, Perry Sook began to leverage his station sprawl to convince satellite companies to pay for the stations' content, but he struggled to persuade the cable companies. Nexstar and Cox Cable began a feud over the retransmission consent agreement. After a nasty year-long battle, including the broadcasting of Sook's personal phone number. Cox refused to air the stations, leaving viewers without the affiliate programming. Nexstar launched a campaign to persuade cable subscribers, many wanting to see their programming. Finally, Cox agreed to pay for the signals. Retransmission fees are significant portion of revenue for Nexstar. In 2020, Sook stated that Nexstar's $2 billion in revenue is the result from the fight to be paid the fees.

Retransmission fees are a key factor to a healthy future for broadcast companies. Kagan, a group within the S&P Global Market Intelligence's TMT unit, projects U.S. TV station owners' retransmission fees from cable, direct broadcast satellite and telco video operators and virtual multichannel service providers, continued growth and will reach total gross revenue of $16.26 billion by 2024.

Power of Consolidation – Tribune Purchase

Advocates of media deregulation would argue that the consolidation would lead to more efficient and profitable stations, and critics would argue that the deregulation would lessen minority access to the media and hurt journalistic ethics.

In 2011, Fox Broadcasting dropped Nexstar stations in Evansville and Fort Wayne, Indiana and Springfield, Missouri because Sook would not agree to the new affiliation terms. Sook put

Nexstar on the market with a billion-dollar price tag but there were no substantial offers and a year later Sook took Nexstar off the market.

From 2010 to 2016, Nexstar completed several station acquisitions, purchasing the Grant Group, Newport Television stations, and Landmark-owned KLAS in Las Vegas. Nexstar concluded this binge with a purchase of 71 television stations and digital media properties of Media General, for $4.6 billion. At the time, Media General was the third-largest owner of stations in the nation.

In 2017, Sinclair Broadcasting attempted to buy Tribune for $3.9 billion dollars but the FCC reprimanded Sinclair for their conduct during the sale. In 2019, Nexstar Media Group proposed to purchase Tribune Media for $6.4 billion. The Justice Department and Attorneys General in three states filed a federal complaint against Nexstar and Tribune Media, on the grounds the merger of the two companies would eliminate competition which would then lead to higher retransmission fees to cable and satellite providers. Two satisfy the Justice Department, the sale would require the sale of stations in 13 markets where the consolidation would result in unfair competition. Nexstar agreed to sell 21 stations in 16 markets, including those required by the Justice Department, complying to FCC ownership restrictions and antitrust complications. In 2019, FCC approved the sale of Tribune to Nexstar for $6.4 billion dollars, making Nexstar the largest TV station ownership group in the United States.

The 2019 merger with Tribune made Nexstar the top broadcast affiliate for Fox (43 stations) and CBS (50 stations) as well as the number-two partner for NBC (35 stations) and number three for ABC (30 stations). Nexstar owns stations in 15 of the top 20 television markets and reaches 69 million television households. Nexstar dominates market coverage with stations in 114 markets, with Gray, in second with 95 and Sinclair, in third with 89. Nexstar's ad revenue of $2.4 billion is ahead of Sinclair's $1.6 billion. Nexstar has become the dominate corporation in coverage, revenue, and markets. In 2020, Nexstar reported that their 2019 fourth quarter net revenue was $1.1 billion dollars, up 37.9% from the same quarter of 2018.

Nexstar owns WGN, a nationwide pay-television network. the company also has a 31% share of the Food Network and Cooking Channel. In response to the Tribune sale, Nexstar's rival Sinclair purchased Fox Sports Networks from Disney and became the largest owner or operator of regional sports networks.

After purchasing WGN in the Tribune sale, Nexstar launched a three-hour, live, primetime newscast, seven nights a week on WGN. Perry Sook stated that the show, "Will be facts, no opinion, no people shouting at each other. We're going to represent those who are underrepresented."

Nexstar forged a deal with the National Football League's Las Vegas Raiders to have exclusive content and broadcast rights of Raiders' pre-season games and other related programing, in May 2020. Their goal is to deliver the broadcasts to the five Nexstar television markets, across three states, to reach more than nine million television households. TV stations in Los Angeles, Bay Area, Salt Lake City, Honolulu and Bakersfield are part of the multi-year flagship agreement.

According to Pew Research in 2019, six publicly owned local TV station companies, Tribune, Nexstar, Sinclair, Tegna, Gray and Scripps reported their political advertising revenue separately from other types of revenues in their Security and Exchange Commission filings. The companies reported a total of $1.2 billion in political advertising for the 2018 election year. The growth of political ad spending will offset the slower broadcast ad growth. Local advertising is an important source of revenue for the companies and a majority of the revenue comes from area businesses, such as car dealerships and retailers. Because of the size and reach of both Nexstar and Sinclair, they will continue to remain lucrative.

Today, Nexstar employs 1800 salespeople. The goal of the company's sales force is extending their reach into digital content. Nexstar's websites and apps reach 36% of the US internet audiences, generating 1.1 billion-page views. The company employees 5,500 journalists, 121 local market websites, and 316 local media mobile applications. Utilizing their Publisher Solutions Group, they have created a CMS and audience development platform, to help their newsrooms publish multiplatform content.

In 2019, Nexstar launched HYFN, with offices located in Los Angeles and New York City, as the digital creative arm of the company developing business solutions for clients, with media strategies, data, and multi-channel marketing ad placements. They have designed social campaigns for New Balance, TRX Training and Macy's.

Nexstar Media Group trades on The NASDAQ Global Market under the symbol "NXST". Nexstar stock has grew from $4.38 a share in the 2nd quarter of 2010 to $124.99 a share on 2/6/2020.

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