

EXHIBIT E**Description of *Pro Forma* Transfer**

Block Communications, Inc. ("BCI") is a family-controlled corporation controlled by the Block family. BCI operates full-service television stations, low-power television stations, newspapers, and cable television systems. As of the date of this application, and prior to the proposed transaction described below, seventy-five percent (75%) of the voting rights in BCI remain in the hands of persons previously approved by the Commission in the last long-form transfer of control application granted for BCI in 1988 and no one person or entity has a controlling interest in BCI.

Summary of Proposed Transaction. This application seeks consent of the Commission to the *pro forma* transfer of control

From:

- Allan J. Block (as an individual voting a 25% interest);
- John R. Block (as an individual voting a 25% interest); and
- William Block, Jr. as trustee of the Maxine H. Block Marital Trust No. 2 (with the trust voting a 25% interest);

To:

- Allan J. Block (as an individual voting a 25% interest);
- John R. Block (as an individual voting a 25% interest); and
- William Block Jr., as Chairperson of the Trustees of Family Trust No. 2 and as an individual trustee of Family Trust No. 2 with Karen D. Johnese, Barbara L. Block, and Donald G. Block as additional trustees and with W. Thomas McGough, Jr., as Independent Trustee (with the trust voting a 25% interest).

This *pro forma* transfer could be deemed to result¹ from the allocation of BCI voting stock from the Maxine H. Block Marital Trust No. 2 to a new Family Trust 2 for the benefit of the family of William Block Sr. and Maxine H. Block. The voting stock of BCI in the Maxine H. Block Marital Trust No. 2 is voted by William Block, Jr., and William Block, Jr. will be a trustee of new Family Trust No. 2. The Maxine H. Block Marital Trust No. 2 holds voting common stock in BCI amounting to 25% of the voting rights in BCI's issued and outstanding voting common shares.

Description of Transaction. The trust agreement for the Maxine H. Block Marital Trust No. 2 provides that, following the death of the initial beneficiary, Maxine H. Block, the assets of the trust, including the 25% voting interest in BCI held in that trust, will be allocated to a new family trust or trusts in accordance with certain conditions set forth in the trust agreement. Maxine H. Block is now deceased, and the remaining conditions for the reallocation of the trust assets will soon be fulfilled. Pursuant to the conditions in the Maxine H. Block Marital Trust No. 2, the 25% voting interest in BCI is to be allocated to a new Family Trust No. 2.²

The terms of the new Family Trust No. 2 are prescribed by the trust agreement for the Maxine H. Block Marital Trust No. 2, but will differ from those of the Maxine H. Block Marital Trust No. 2, which currently holds the 25% voting interest in BCI. William Block, Jr., currently the sole trustee of the Maxine H. Block Marital Trust No. 2, will serve as Chairperson of the Trustees of Family Trust No. 2 and as an individual trustee of Family Trust No. 2. The other individual trustees of Family Trust No. 2 will be the other three children of William Block, Sr.: Karen D. Johnese, Barbara L. Block, and Donald G. Block. In addition, Family Trust No. 2 will have an Independent Trustee, who is prohibited from having any interest or expectation of any interest in Family Trust No. 2. The Independent Trustee will be W. Thomas McGough, Jr. The 25% voting stock interest held in Family Trust No. 2 will be voted with the consent of the Chairperson of

¹ The Commission's existing policies do not establish a bright-line or "safe harbor" test to determine whether cumulative changes in governance and trust structures over the years may warrant the filing of a *pro forma* application to reflect changes in a licensee holding company's structure since the last long form application. With the likelihood of additional changes in the beneficial ownership of interests in BCI and, eventually, of voting interests in BCI as a new generation of the Block family becomes actively involved in BCI, BCI is filing this application to ensure that it has any required consent for these anticipated changes and to apprise the Commission of the approach that BCI is taking in assessing when future cumulative changes may warrant the filing of further applications for consent to transfer of control.

² The Maxine H. Block Family Trust No. 2 and the new Family Trust No. 2 are each governed by the Trust Agreement by and between William Block and William Block, Jr. dated December 15, 1987. A copy of the 1987 trust agreement is being separately filed with the Commission.

the Trustees (William Block, Jr.) and a majority vote of the trustees (including the Chairperson of the Trustees).

Under the terms of the Family Trust No. 2, the individual trustees (William Block, Jr., Karen D. Johnese, Barbara L. Block, and Donald G. Block) will vote the stock of BCI held in the trust. William Block, Jr. will serve as Chairperson of the Trustees. The Independent Trustee, W. Thomas McGough, will have the authority (1) to direct the establishment of separate trusts (the "Separate Trusts") for the benefit of some or all of the beneficiaries of Family Trust No. 2 (that is, the direct descendants of William Block and Maxine H. Block), and to specify the trustees of any Separate Trusts that may be created; (2) to distribute voting shares of BCI out of trust and to the beneficiaries of any trusts created under the agreements for Family Trust No. 2; and (3) to distribute the income and principal of Family Trust No. 2 and, if any Separate Trust should be created, may give the beneficiary of a Separate Trust a power of appointment over the trust assets (that is, authorize the beneficiary of the Separate Trust to direct the disposition of the Separate Trust assets through his or her will). The Independent Trustee also has the authority to break any deadlock in voting among the trustees. Although W. Thomas McGough, the Independent Trustee, will not vote the shares of BCI held in the Remainder Trusts, the Independent Trustee's exercise of the powers described above could affect which members of the family of William Block, Sr. would have the power to vote stock to be held in Family Trust No. 2 or in any Separate Trusts that may be created for that stock. No stock of BCI, however, may be sold, exchanged, pledged, or otherwise disposed of without the consent of the Chairperson of the Trustees (initially, William Block, Jr.) and a majority of all the trustees, including the Chairperson of the Trustees.

The establishment of Family Trust No. 2 and the allocation to that trust of the 25% voting stock interest now held in the Maxine H. Block Marital Trust No. 2 will alter William Block, Jr.'s voting authority over the 25% interest. Nevertheless, William Block, Jr. will retain substantial voting authority over the shares in Family Trust No. 2. As Chairperson of the Trustees, he has an effective veto over the voting of the stock, because action by the trustees requires both the approval of the Chairperson of the Trustees and the vote of a majority of the trustees (including the Chairperson). As described above, apart from the 25% BCI voting interest to be held in the Family Trust No. 2, Allan J. Block and John R. Block, persons previously approved in a long-form transfer application, will continue to vote, in the aggregate, fifty percent (50%) of the voting rights in BCI's voting stock. Because William Block, Jr., also previously approved in a long-form transfer application, will retain significant (albeit no longer exclusive) voting authority over the 25% of voting shares to be held in Family Trust No. 2, it necessarily follows that more than 50% of voting rights in BCI will continue, after the consummation of the proposed transaction, to be held by persons previously approved in a long-form application.

Furthermore, BCI's Close Corporation Operating Agreement, entered into in December 1988 among the shareholders of BCI and filed with the Commission, preserves and maintains Mr. William Block, Jr.'s continued proportional share in the control of BCI

independent of the above-described changes in the trust arrangements through which he participates in the voting of BCI's voting common stock. The Close Corporation Operating Agreement establishes an executive committee that functions as a chief executive officer. Members holding a majority of the vote in the executive committee under the Close Corporation Operating Agreement also have held majority voting power over BCI's voting common stock: Allan J. Block, John R. Block, and William Block, Jr. each exercised one vote out of four (or a 25% vote) on the executive committee under the Close Corporation Operating Agreement; and Allan J. Block, John R. Block, and William Block, Jr. also each exercised 25% of the voting rights of the BCI Common stock through their direct voting power and/or voting power over various trusts for members of the Block family.³ Three of the four votes under the Close Corporation Operating Agreement thus continue to be exercised by persons who previously have been passed upon by the Commission and who, in the aggregate, also control a majority of the voting interests in BCI (Allan J. Block, John R. Block, and William Block Jr.). The Close Corporation Operating Agreement preserves and maintains William Block, Jr.'s role as exercising one vote out of four in decisions of the executive committee under the Close Corporation Operating Agreement, which manages the day-to-day operation of BCI in a manner analogous to a combination of officers and a board of directors. Even in the absence of the Close Corporation Operating Agreement, however, BCI submits that, so long as (1) Allan J. Block and John R. Block continue to vote an aggregate fifty percent (50%) interest in BCI and (2) William Block, Jr. votes any interest BCI, then more than 50% of the interests in BCI will remain in the hands of persons previously approved by the Commission in a long-form application, such that no further transfer application will be required.

Other Voting Rights in BCI: Allan J. Block and John R. Block each vote a 25% interest in BCI. As described above, William Block, Jr. currently votes a 25% interest in BCI as sole trustee of the Maxine H. Block Marital Trust No. 2 and, following the allocation of the interest to the Family Trust No. 2 as proposed in this application, will continue to participate in the voting of the 25% stock interest as Chairperson of the Trustees and as a trustee of the Family Trust No. 2.

The remaining 25% voting interest in BCI is currently voted by Karen D. Johnese as Trustee and Voting Trustee of William Block Marital Trust No.1, William Block Marital Trust No. 2, and William Block Marital Trust No. 3.⁴ In that capacity, she

³ The fourth vote on the executive committee of the Close Corporation Operating Agreement was long held by Diana E. Block. Under a recent amendment to the Close Corporation Operating Agreement, Karen Johnese and Diana E. Block now split one of the four votes on the executive committee of the Close Corporation Operating Agreement. As previously noted, a copy of the Close Corporation Operating Agreement, as restated and extended, is being separately filed with the Commission.

⁴ The William Block Marital Trust No. 1, William Block Marital Trust No. 2, and William Block Marital Trust No. 3 as well as the Remainder Trusts addressed below are established and governed by that certain Trust Agreement creating the William Block

currently has sole and exclusive authority to vote the voting shares in BCI held in each of those three trusts. The trust agreement establishing the three trusts provides that, following the death of Maxine H. Block, the initial beneficiary of the three trusts, the assets in the trusts will be divided into two shares, with each share then being divided into four remainder trusts, one for each of the children of William Block, Sr. and Maxine H. Block, for a total of eight remainder trusts (the "Remainder Trusts"). It is anticipated that assets will not be allocated to the Remainder Trusts until the estate of Maxine H. Block has been closed and the assets to be allocated to each share can be conclusively determined.

Each child of Mr. and Mrs. William Block who is the beneficiary of a Remainder Trust will be a trustee of that Remainder Trust. The agreement also appoints, as additional fiduciaries, a Voting Trustee, an Independent Trustee, and a Chairperson of the Trustees. Also, the child who is the beneficiary of a Remainder Trust may appoint additional trustees for that Remainder Trust, so long as the total number of trustees for that Remainder Trust does not exceed five. Karen D. Johnese is named as the Voting Trustee for each of the Remainder Trusts and will have exclusive authority to vote the shares of BCI in each of the Remainder Trusts.

Each of the Remainder Trusts will have W. Thomas McGough, Jr., as the Independent Trustee. The Independent Trustee will have the authority to direct the establishment of separate trusts for the benefit of some or all of each Remainder Trusts' beneficiaries (that is, the direct descendants of William Block and Maxine H. Block), and may specify the trustees of any separate trusts that are created. In addition, as Independent Trustee, W. Thomas McGough will have the exclusive authority (1) to distribute the income and principal of each Remainder Trust; (2) to specify the trustees of any Separate Trusts that may be created; (3) to distribute voting shares of BCI out of trust and to the beneficiaries of any of the Remainder Trusts created; and, (4) if any separate trust should be created, to name the trustees of the separate trust(s) and give the beneficiary of any separate trust a power of appointment over the trust assets (that is, the Independent Trustee may authorize the beneficiary of a separate trust to direct the disposition of the separate trust assets through his or her will). The Independent Trustee also has the authority to break any deadlock in voting among the trustees. Although the Independent Trustee will not vote the shares of BCI held in the Remainder Trusts, the Mr. McGough's exercise of the powers described above could affect which members of the family of William Block, Sr. would have the power to vote stock held in a Remainder Trust. If the trustees of any of the Remainder Trusts or of any special trust subsequently created should propose to sell any voting shares of BCI and the Voting Trustee consents to such sale, then each of the four children of William Block, Sr. and Maxine H. Block will have a right of first refusal to purchase those voting shares proposed to be sold.

Revocable Trust, dated December 17, 2004, by and between William Block (Sr.) and Karen Johnese. A copy of the 2004 trust agreement is being separately filed with the Commission.

BCI submits that the allocation to the Remainder Trusts (and to any subsequently created special trusts) of the 25% of BCI's voting shares currently held by the William Block Marital Trust No.1, William Block Marital Trust No. 2, and William Block Marital Trust No. 3 does not require any further consent of the Commission. To the extent that these changes create additional trusts or trustees with control over attributable amounts of the voting stock of BCI, those changes would be reported in subsequent ownership reports.

The Independent Trustee. Following the allocation of the BCI voting shares currently held in Maxine H. Block Marital Trust No. 2 to Family Trust No. 2, Independent Trustee W. Thomas McGough, Jr. (who already is Independent Trustee under the William Block Marital Trust No. 1, William Block Marital Trust No. 2, and William Block Marital Trust No. 3, and any Remainder Trusts created under those trusts) will have significant powers regarding those trusts that, in the aggregate, will hold fifty percent of the voting common stock of BCI for the benefit of the issue of William Block, Sr. These powers include (1) withholding distributions from the trusts or making distributions to some or all of the designated beneficiaries; (2) distributing the BCI shares (or other trust principal) held in trust to some or all of the beneficiaries; (3) determining which of the designated beneficiaries should receive the proceeds of any liquidation of BCI that may occur in the future; and (4) terminating the trusts and establishing subtrusts for some or all of the beneficiaries (*e.g.*, the above-described Special Trusts or Remainder Trusts); and (5) giving one or more of the beneficiaries of those subtrusts a power of appointment over trust assets (thus potentially facilitating a beneficiary's transfer of shares outside the family of William Block, Sr.). The trust agreements give the Independent Trustee broad authority to exercise these powers, while making it difficult for the Independent Trustee to be removed.

Notwithstanding the unusual authority that the relevant trust agreements grant to Mr. McGough over the trusts that would hold the fifty percent of BCI voting common stock, Mr. McGough, upon consummation of the transactions described herein, would not hold positive or negative control over BCI, including for the following reasons:

- Fifty percent of the voting rights in BCI are held individually by Allan J. Block and John R. Block. Thus, all of the shares held in trust for the children of William Block Sr. do not amount, in aggregate, to positive control of BCI.
- The family-member trustees, not the Independent Trustee, determine how the stock of BCI held in the trusts will be voted. The relevant trust agreements do not grant the Independent Trustee the right to vote the stock of BCI. At most, the Independent Trustee could act to break a tie in the event of a deadlock among the voting trustees of one or more of the trusts.
- The above-described Close Corporation Operating Agreement preserves and maintains day-to-day direction of BCI in the members of the executive committee, on which Allan J. Block, John R. Block, and William Block, Jr.,

each previously passed upon by the Commission, together exercise three of four votes.

- Although the Independent Trustee has significant powers to redirect the trust income and trust principal among the beneficiaries (that is, the issue of William Block, Sr.), the Independent Trustee has no authority to direct trust income or principal outside the designated family beneficiaries and at most would have the power to give to a family-member beneficiary of a subtrust a power of appointment which that beneficiary could use to transfer trust property outside the family.
- The trust arrangements strictly prohibit the Independent Trustee from having any personal interest in the trusts or any expectation of any personal interest in the trust.
- The Independent Trustee has fiduciary obligations under the trusts, including a legal obligation to act in the best interests of the trust beneficiaries, not in his own personal interest or for other purposes.

Thus, although the trust agreements do not give Mr. McGough the right to vote shares of BCI stock held in those trust agreements, the trust agreements do give Mr. McGough significant theoretical powers to indirectly influence fifty percent of the BCI stock held by the family trusts for the children of William Block, Sr. Mr. McGough's fiduciary and other obligations under the trust arrangements, moreover, place constraints on his using powers granted for the benefit of the trust beneficiaries as leverage to influence the business and operations of BCI. The Commission has held that "in the absence of information to the contrary," there is no reason to assume that an applicant party "will not faithfully carry out its representations or . . . be operated or controlled in a manner that differs from the [particular] agreement under consideration." *News International, PLC*, 97 FCC 2d 349, 356 (1984). Here, the relevant trust agreements deny Mr. McGough the right to vote the stock of BCI and BCI has no reason to believe that Mr. McGough has ever used -- and no reason to anticipate that Mr. McGough would ever use -- his position as Independent Trustee for the above-described family trusts to seek to influence the operations of BCI or the voting of the BCI shares held in those trusts.

Changes in Interest as a Result of the Proposed Transfer

PARTIES WITH ATTRIBUTABLE VOTING INTERESTS IN BCI	Citizen- ship	INTEREST HELD			
		Before Transfer		After Transfer	
		Percentag e Vote	Percentage of Total Assets (Debt Plus Equity)	Percentag e Vote	Percentage of Total Assets (Debt Plus Equity)
Allan J. Block	U.S.	25%	See Note 1 Below	25%	See Note 1 Below
John R. Block	U.S.	25%	See Note 1 Below	25%	See Note 1 Below
Karen D. Johnese as Trustee of William Block Marital Trusts Nos. 1, 2, and 3	U.S.	25%	See Note 1 Below	25%	See Note 1 Below
Maxine H. Block Marital Trust No. 2, William Block, Jr. as sole trustee.	U.S.	25%	See Note 1 Below	0%	See Note 1 Below
Family Trust No. 2, William Block, Jr. as Chairperson of Trustees and as an individual trustee and as with additional trustees Karen D. Johnese, Barbara L. Block, and Donald G. Block and Independent Trustee W. Thomas McGough, Jr.	U.S.	0%	See Note 1 Below	25%	See Note 1 Below

Notes on Stock Ownership in BCI

Note 1: BCI is a closely held corporation and its stock does not trade. In addition to its voting common stock, BCI has two classes of non-voting stock, Non-Voting Common and Non-Voting Class A stock. No additional parties are attributable by reason of the Commission's equity-debt-plus rule.

Barbara L. Block, Donald Block, and Karen D. Johnese, co-trustees with William Block, Jr. in new Family Trust No. 2, already hold attributable interests in BCI as Directors and, in the case of Karen D. Johnese, as Trustee of William Block Marital Trusts Nos. 1, 2, and 3. The address for each of these individuals is:

405 Madison Avenue
Suite 2100
Toledo, OH 43604

W. Thomas McGough, Jr., Independent Trustee of new Family Trust No. 2, has not previously held an attributable interest in BCI. The address for Mr. McGough is:

Reed Smith
Reed Smith Centre
225 Fifth Avenue
Pittsburgh, PA 15222

Mr. McGough has no other attributable media interests.