

Transaction Description

Licensee Cable One, Inc. (“Cable One”) currently is a wholly-owned, direct subsidiary of transferor Graham Holdings Company (“Graham”).¹ Graham proposes to spin off the stock of Cable One to Graham’s shareholders. Following the proposed transaction, Cable One will be an independent, publicly traded company. The identity of post-spin-off Cable One’s shareholders may evolve over time and overlap with the current shareholders of Graham may be diminished. Thus, for clarity, the transferees are described as the shareholders of post-transaction Cable One.²

Graham has two classes of voting stock, Class A and Class B. Class A shareholders have one vote per share on all matters and, voting as a class, have the right to elect 70% of the board of directors and hence to control Graham. Class B shareholders have one vote per share, but, so long as there are Class A shares outstanding, Class B shareholders may only vote for the election of 30% of the board of directors of Graham and, if required by the rules of the New York Stock Exchange, for certain other limited purposes. To effectuate the spin-off of Cable One, Graham will issue to its Class A and Class B stockholders all of the shares in post-spin-off Cable One, ratably based on their aggregate holdings in Class A and Class B stock. Cable One will have only one class of voting stock. There is expected to be no single controlling shareholder of the post-transaction Cable One.

Question A20 of the FCC Form 312 asks whether the transferee will be directly or indirectly controlled by any other entity. If so, Question A20 calls for an organizational diagram and information on those parties that will hold 10 percent or more of the controlling entity’s stock. Immediately following the transaction, no single shareholder will control post-transaction Cable One.

¹ Graham was formerly known as The Washington Post Company.

² In general, the spin-off of a licensee from a company to the company’s shareholders would be deemed to be an insubstantial transfer of control. Here, however, the applicants are not seeking *pro forma* treatment, because transferor Graham is currently controlled by Mr. Donald E. Graham, and it is not expected that Mr. Graham will hold a controlling voting interest in post-spin-off Cable One.