

ASSET PURCHASE AGREEMENT

DATED NOVEMBER 12, 2004

AMONG

**KSMO, INC.,
KSMO LICENSEE, INC.**

AND

MEREDITH CORPORATION

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “Agreement”) is dated as of November 12, 2004, by and among KSMO, Inc., a Maryland corporation (the “Non-License Seller”), KSMO Licensee, Inc., a Delaware corporation (the “License Seller”) (each a “Seller” and collectively “Sellers”), and Meredith Corporation, an Iowa corporation (“Buyer”).

RECITALS

A. The License Seller owns those licenses, permits, and authorizations issued by the FCC, together with certain related assets relating to television broadcast station KSMO-TV in Kansas City, Missouri, including digital television station KSMO-DT (collectively, the “Station”).

B. The Non-License Seller owns all of the assets of the Station, other than the assets owned by License Seller.

C. Sellers desire to sell, and Buyer desires to purchase, substantially all of the assets of the Station other than the Excluded Assets on the terms and conditions hereinafter set forth.

AGREEMENTS

IN CONSIDERATION OF THE ABOVE RECITALS and of the mutual agreements and covenants contained in this Agreement, the parties to this Agreement, intending to be bound legally, agree as follows:

SECTION 1 **CERTAIN DEFINITIONS**

1.1. **Terms Defined in this Section.** The following terms, as used in this Agreement, have the meanings set forth in this Section.

“**Accounts Receivable**” means the rights of Sellers as of the First Closing Date to payment for the sale of advertising time and other goods and services provided by the Station prior to the First Closing Date.

“**Action**” means for any Person, any action, counterclaim, suit, litigation, arbitration, governmental investigation, or other legal, administrative, or Tax proceeding, Judgment, complaint, or claim by or against such Person, excluding any litigation affecting the television broadcasting industry generally in which such Person is not a named party, and any rule-making proceedings.

“**Affiliate**” means, with respect to any Person, (a) any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such Person, or (b) an officer or director of such Person or of an Affiliate of such

Person within the meaning of clause (a) of this definition. For purposes of clause (a) of this definition, (i) a Person shall be deemed to control another Person if such Person (A) has sufficient power to enable such Person to elect a majority of the board of directors of such Person, or (B) owns a majority of the beneficial interests in income and capital of such Person, and (ii) a Person shall be deemed to control any partnership of which such Person is a general partner.

“Assets” means the assets to be transferred or otherwise conveyed by Sellers to Buyer under this Agreement as specified in Section 2.1.

“Assumed Contracts” means (a) all Contracts listed on Schedule 3.5 and/or Schedule 3.7; (b) Contracts entered into prior to the date of this Agreement with advertisers for the sale of advertising time or production services for cash at rates consistent with past practices; (c) Contracts entered into prior to the date of this Agreement which are not required to be included on Schedule 3.7 hereto; and (d) any Contracts entered into by Sellers between the date of this Agreement and the License Closing Date (i) as permitted by Section 5.2(g) hereof and/or (ii) that Buyer agrees in writing to assume.

“Business Day” means any day of the year on which banks are not required or authorized to be closed in the State of New York.

“Code” means the Internal Revenue Code of 1986, as amended.

“Communications Act” means the Communications Act of 1934, as amended.

“Consents” means the consents, permits, or approvals of government authorities and other third parties necessary to transfer the Assets to Buyer or otherwise to consummate the transactions contemplated by this Agreement.

“Consent-Pending Contract” means a Contract designated to be (i) a FC Assumed Contract by Buyer regarding which Sellers shall be unable to obtain a necessary third-party Consent to the assignment thereof to Buyer within sixty (60) days after the designation of such Contract as a FC Assumed Contract; or (ii) a LC Assumed Contract regarding which Sellers shall be unable to obtain on or prior to the License Closing Date a necessary third-party Consent to the assignment thereof to Buyer upon the License Closing.

“Contracts” means all contracts, consulting agreements, leases, non-governmental licenses, and other agreements (including leases for personal or real property and employment agreements), written or oral (including any amendments and other modifications thereto), to which either Seller is a party or that are binding upon either Seller that relate to or affect the Assets or the business or operations of the Station and that are in effect on the date of this Agreement or are entered into by either Seller subsequent to the date hereof pursuant to the terms hereof.

“Effective Time” means 12:01 a.m., Eastern Standard Time, on the date of this Agreement.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Excluded Assets” means those items set forth in Sections 2.2(a) through 2.2(n).

“FC Assumed Contracts” means the Assumed Contracts assigned by Sellers to Buyer, subject to the receipt of any necessary third-party Consents, pursuant to the Assignment and Assumptions Agreement entered into between Buyer and Sellers at the First Closing.

“FCC” means the Federal Communications Commission.

“FCC Consent” means action by the FCC granting its consent to the assignment of the FCC Licenses by License Seller to Buyer as contemplated by this Agreement.

“FCC Effective Time” means 12:01 a.m. Eastern Standard Time on the License Closing Date.

“FCC Licenses” means those licenses, permits, and authorizations issued by the FCC to License Seller in connection with the business and operations of the Station.

“Final Order” means FCC Consent that has not been reversed, stayed, enjoined, set aside, annulled, or suspended, and with respect to which no requests are pending for administrative or judicial review, reconsideration, appeal, or stay, and the time for filing any such request and the time for the FCC to set aside the action on its own motion have expired.

“First Closing” means the consummation of the sale and acquisition of the Assets (other than the License Assets) pursuant to this Agreement in accordance with the provisions of Section 7.1.

“Governmental Authority” means any court or any federal, state, county, local or foreign governmental, legislative, or regulatory body, agency, department, authority, instrumentality, or other subdivision thereof, including the FCC.

“Hazardous Material” means any pollutant, contaminant, hazardous or toxic substance, material, constituent or waste or any pollutant that is labeled or regulated as such by any Governmental Authority pursuant to any Legal Requirements concerning the environment, public health and safety, and employee health and safety.

“Intangibles” means all copyrights, trademarks, trade names, service marks, service names, licenses, patents, permits, jingles, proprietary information, technical information and data, machinery and equipment warranties, trade secrets, and other similar intangible property rights and interests (and any goodwill associated with any of the foregoing) applied for, issued to, or owned by Sellers or under which Sellers are licensed or franchised and that are used in the business and operations of the Station, together with any additions thereto between the date of this Agreement and the License Closing Date.

“Judgment” means any judgment, writ, order, injunction, determination, award, or decree of or by any court, judge, justice, or magistrate, including any bankruptcy court or judge, and any order by any Governmental Authority.

“Knowledge” or any derivative thereof with respect to the Sellers means the actual knowledge of the President, the Chief Financial Officer or the General Counsel of SBG, or the general manager or main engineer of the Station, after reasonable inquiry by each person within his area of responsibility.

“LC Assumed Contracts” means all of the Assumed Contracts that are not FC Assumed Contracts, excluding any Assumed Contract that between the date hereof and the License Closing (i) shall have expired in accordance with its terms upon the expiration of the full term thereof, and (ii) shall be excluded from FC Assumed Contracts with the mutual agreement of Buyer and Sellers (such consent to be given or withheld by either party in such party’s sole discretion).

“Legal Requirement” means any statute, ordinance, code, law, rule, regulation, permit or permit condition, Judgment, or any other requirement, standard, or procedure enacted, adopted, or applied by any Governmental Authority.

“License Assets” means the assets described in Section 2.1(b), but excluding the Excluded Assets.

“License Closing” means the consummation of the sale and acquisition of the License Assets pursuant to this Agreement in accordance with the provisions of Section 7.1(b).

“License Closing Date” means the date on which the License Closing occurs as determined pursuant to Section 7.1(b).

“Licenses” means all licenses, permits, construction permits, and other authorizations issued by the FCC, the Federal Aviation Administration, or any other federal, state, or local governmental authorities to Sellers currently in effect and used in connection with the conduct of the business or operations of the Station, together with any additions thereto, between the date of this Agreement and the License Closing Date.

“Lien” means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge, or security interest in or on such asset, and (b) the title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

“Material Adverse Effect” means a material adverse effect on the business, assets, or condition (financial or otherwise) of the Station taken as a whole, except for any such material adverse effect resulting from (a) general economic conditions applicable to the television broadcast industry, (b) general conditions in the markets in which the Station operates, or (c) circumstances that are not likely to recur and which circumstances (as well as any consequences thereof) have been substantially remedied.

“Material Contract” means each Assumed Contract (i) that is designated on Schedules 3.5 or 3.7, as a “Material Contract,” or (ii) that is entered into by Sellers between the date of this Agreement and the License Closing Date that requires a third-party Consent for Sellers to assign to Buyer if the failure to obtain such Consent could reasonably be expected to have a Material Adverse Effect.

“Non-License Assets” means the assets described in Section 2.1(a), but excluding the Excluded Assets.

“Permitted Encumbrances” means (a) encumbrances of a landlord or other statutory lien not yet due and payable or a landlord’s liens arising in the ordinary course of business; (b) encumbrances arising in connection with equipment or maintenance financing or leasing under the terms of Assumed Contracts; (c) encumbrances for taxes not yet due and payable or which are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on Sellers’ books in accordance with generally accepted accounting principles; (d) encumbrances that do not materially detract from the value of any of the Assets or materially interfere with the use thereof as currently used; or (e) encumbrances for borrowed money which will be removed prior to the First Closing Date.

“Person” means an individual, corporation, association, partnership, joint venture, trust, estate, limited liability company, limited liability partnership, or other entity or organization.

“Real Property Interests” means all interests in real property, including leaseholds and subleaseholds, purchase options, easements, licenses, rights to access, and rights of way, and all buildings and other improvements thereto, owned or held by Sellers that are used or held for use in the business or operations of the Station.

“SBG” means Sinclair Broadcast Group, Inc.

“Tangible Personal Property” means all machinery, equipment, tools, vehicles, furniture, leasehold improvements, office equipment, plant, inventory, spare parts, and other tangible personal property owned or held by Sellers that is used or held for use in the business or operations of the Station.

“Tax” means any federal, state, local, or foreign income, gross receipts, windfall profits, severance, property, production, sales, use, license, excise, franchise, capital, transfer, employment, withholding, or other tax or governmental assessment, together with any interest, additions, or penalties with respect thereto, and any interest in respect of such additions or penalties.

“Tax Return” means any tax return, declaration of estimated tax, tax report, or other tax statement, or any other similar filing required to be submitted to any governmental authority with respect to any Tax.

“**WB**” means The WB Television Network Partners, L.P., *d/b/a* The WB Television Network.

1.2. **Terms Defined Elsewhere in this Agreement.** For purposes of this Agreement, the following terms have the meanings set forth in the sections indicated:

<u>Term</u>	<u>Section</u>
Benefit Arrangement	Section 3.14(a)
Benefit Plans	Section 3.14(a)
Buyer	Preamble
Claimant	Section 9.4
Damages	Section 9.2
Employees	Section 3.14(a)
Environmental Laws	Section 3.16
Estimated Purchase Price	Section 2.4(a)
FCC Application	Section 5.1(d)
FCC Employees	Section 5.7(a)
Financial Statements	Section 3.10
First Closing Date	Section 2.1(a)
Indemnifying Party	Section 9.4
Station	Recitals
Lease	Section 5.10
License Price	Section 2.4(b)
License Seller	Preamble
JSA	Section 5.8
Multiemployer Plan	Section 3.14(a)
Non-License Seller	Preamble
Pension Plan	Section 3.14(a)
Purchase Price	Section 2.3
Sellers	Preamble
Station	Recitals
Transferred Employees	Section 5.7
Welfare Plan	Section 3.14(a)

1.3. **Rules of Construction.** Words used in this Agreement, regardless of the gender and number specifically used, shall be deemed and construed to include any other gender and any other number as the context requires. As used in this Agreement, the word “including” is

not limiting, and the word “or” is not exclusive. Except as specifically otherwise provided in this Agreement in a particular instance, a reference to a Section or Schedule is a reference to a Section of this Agreement or a Schedule hereto, and the terms “hereof,” “herein,” and other like terms refer to this Agreement as a whole, including the Schedules to this Agreement, and not solely to any particular part of this Agreement. The descriptive headings in this Agreement are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

SECTION 2

PURCHASE AND SALE OF ASSETS

2.1. **Agreement to Purchase and Sell.** The purchase and sale of the Assets hereunder shall occur as set forth below:

(a) Subject to the terms and conditions set forth in this Agreement, the Sellers hereby agree to sell, transfer, convey, assign, and deliver to Buyer on the date hereof (the “First Closing Date”), and Buyer agrees to acquire all of Sellers’ right, title, and interest in the tangible and intangible assets used in connection with the conduct of the business or operations of the Station, but excluding the License Assets listed in Sections 2.1(b)(i) through 2.1(b)(ix) and the Excluded Assets, free and clear of any Liens (except for Permitted Encumbrances), including the following:

- (i) the Tangible Personal Property;
- (ii) the FC Assumed Contracts;
- (iii) the Intangibles, including any goodwill of the Station related to the Non-License Assets;
- (iv) all of the Sellers’ proprietary information, technical information and data, machinery and equipment warranties, maps, computer discs and tapes, plans, diagrams, blueprints, and schematics, but excluding filings with the FCC, in each case, to the extent relating to the business and operation of the Station;
- (v) all choses in action of the Sellers relating to the Station to the extent they relate to the period after the Effective Time and do not relate to the License Assets; and
- (vi) all books and records relating to the business or operations of the Station, but excluding all records required by the FCC to be kept by the Station.

(b) Subject to the terms and conditions set forth in this Agreement, the Sellers hereby agree to sell, transfer, convey, assign, and deliver to Buyer on the License Closing Date, and Buyer agrees to acquire, all of Sellers’ right, title, and interests in the tangible and intangible assets used in connection with the conduct of the business or operations of the Station, together with any additions thereto (as permitted hereby), between the date of this Agreement and the

License Closing Date, but excluding the Non-License Assets and the Excluded Assets, free and clear of any Liens (except for Permitted Encumbrances), including the following:

- (i) the Licenses;
- (ii) all filings with the FCC to the extent relating to the business and operation of the Station;
- (iii) all records required by the FCC to be kept by the Station;
- (iv) all antennas, transmission lines, and transmission equipment;
- (v) the Real Property Interests;
- (vi) the LC Assumed Contracts;
- (vii) the Intangibles “KSMO,” “KSMO-TV” and “The WB 62”;
- (viii) any goodwill related to the License Assets; and
- (ix) all choses in action of the Sellers relating to the Station to the extent they relate to the period after the FCC Effective Time and relate to the License Assets; and

2.2. **Excluded Assets.** The Assets shall exclude the following:

- (a) Sellers’ cash, investments, cash equivalents and deposits, all interest payable in connection with any such items and rights in and to bank accounts marketable, and other securities of Sellers;
- (b) any insurance policies, promissory notes, amounts due from employees, bonds, letters of credit, certificates of deposit, or other similar items, and any cash surrender value in regard thereto;
- (c) any pension, profit-sharing, or employee benefit plans, including all of Seller’s interest in any Welfare Plan, Pension Plan, or Benefit Arrangement (each as defined in Section 3.14(a));
- (d) all Tangible Personal Property disposed of or consumed in the ordinary course of business as permitted by this Agreement;
- (e) all tax returns and supporting materials, all original financial statements and supporting materials, all books and records that Sellers are required by law to retain, all of Sellers’ organizational documents, corporate books, and records (including minute books and stock ledgers) and originals of account books of original entry, all records of Sellers relating to

the sale of the Assets, and all records and documents related to any assets excluded pursuant to this Section 2.2;

(f) any interest in and to any refunds of federal, state, or local franchise, income, or other taxes for periods prior to the License Closing Date;

(g) all Accounts Receivable;

(h) all rights and claims of Sellers whether mature, contingent, or otherwise, whether in tort, contract, or otherwise, against third parties relating to the Assets or the operation of the Station prior to the First Closing Date, or the License Assets prior to the License Closing Date;

(i) any Contracts which are not Assumed Contracts;

(j) all of each Sellers' deposits and prepaid expenses; provided any deposits and prepaid expenses shall be included in the Assets to the extent that Sellers receive a credit therefor in the proration of the Purchase Price pursuant to Section 2.3(a);

(k) all rights of Sellers under or pursuant to this Agreement (or any other agreements contemplated hereby);

(l) all rights to the names "Sinclair," "Sinclair Broadcast Group," "Sinclair Communications," "Sinclair Television," and any logo or variation thereof and goodwill associated therewith;

(m) any and all assets related to any television broadcast station other than Station owned or operated by SBG or its direct or indirect subsidiaries as described on Schedule 2.2(m); and

(n) network compensation paid to SBG by WB following the date hereof solely in return for the agreement entered into on July 4, 1997, between SBG and WB pursuant to which SBG agreed to affiliate the Station and certain of its other television broadcast stations with WB.

2.3. **Purchase Price.** The purchase price of the Assets (the "Purchase Price") shall be Thirty Three Million Five Hundred Thousand Dollars (\$33,500,000.00) adjusted as provided below:

(a) **Prorations.** The Purchase Price shall be prorated and adjusted pursuant to this Section 2.3 after each of the First Closing and the License Asset Closing. The Purchase Price shall be increased or decreased as required to effectuate the proration of revenues and expenses. All revenues and all expenses arising from the operation of the Station relating to the Non-License Assets or the License Assets, as applicable, including tower rental, business and license fees, utility charges, real and personal property taxes and assessments levied against the Assets, property and equipment rentals, applicable copyright or other fees, sales and service

charges, payments due under film or programming license agreements, taxes (except for taxes arising from the transfer of the Assets under this Agreement), and vacation and personal leave pay shall be prorated between Buyer and Sellers as of the First Closing or the License Assets Closing, as applicable, in accordance with the principle that Sellers shall receive all revenues and shall be responsible for all expenses, costs, and liabilities allocable to the operation of the Station for the period prior to the Effective Time, Buyer shall receive all revenues and shall be responsible for all expenses, costs, and obligations allocable to the operation of the Station for the period after the FCC Effective Time, and all revenues and all expenses, costs, and liabilities arising with respect to the operation of the Station during the period between the Effective Time and the FCC Effective Time shall be allocated between Buyer and Sellers in accordance with the terms of the JSA, subject to the following:

(i) There shall be no adjustment for, and Sellers shall remain solely liable with respect to, any Contracts not included in the Assumed Contracts and any other obligation or liability not being assumed by Buyer in accordance with Section 2.5. An adjustment and proration shall be made in favor of Buyer to the extent that Buyer assumes any liability under any Assumed Contract to refund (or to credit against payments otherwise due) any security deposit or similar prepayment paid to Sellers by any lessee or other third party. An adjustment and proration shall be made in favor of Sellers to the extent Buyer receives the right to receive a refund (or to a credit against payments otherwise due) under any Assumed Contract to any security deposit or similar prepayment paid by or on behalf of Sellers.

(ii) An adjustment and proration shall be made in favor of Sellers for the amount, if any, by which the value of the goods or services to be received by the Station under its trade or barter agreements as of the Effective Time or the FCC Effective Time, as applicable, for the Station exceeds by more than Fifty Thousand Dollars (\$50,000) the value of any advertising time remaining to be run by the Station as of the Effective Time or the FCC Effective Time, as applicable. An adjustment and proration shall be made in favor of Buyer to the extent that the amount of any advertising time remaining to be run by the Station under its trade or barter agreements as of the Effective Time or the FCC Effective Time, as applicable, exceeds by more than Fifty Thousand Dollars (\$50,000) the value of the goods or services to be received by the Station as of the Effective Time or the FCC Effective Time, as applicable.

(iii) There shall be no proration for program barter.

(iv) An adjustment and proration shall be made in favor of Sellers for the amount, if any, of prepaid expenses and other current assets which are paid by Sellers to the extent such prepaid expenses and other current assets relate to the period after the Effective Time or the FCC Effective Time, as applicable.

(v) There shall be no adjustment for, and Sellers shall remain solely liable with respect to, any employee benefits or compensation, including wages (including bonuses which constitute wages), salaries and accrued vacation due to any employee of Sellers, except that an adjustment and proration in favor of the Buyer shall be made for vacation pay and personal leave pay liabilities accrued but unused as of Closing by the Transferred Employees.

(b) **Manner of Determining Adjustments.** The Purchase Price, taking into account the adjustments and prorations pursuant to Section 2.3(a), will be determined in accordance with the following procedures:

(i) Sellers shall prepare and deliver to Buyer on the First Closing Date and the License Closing Date, as applicable, a preliminary settlement statement which shall set forth Sellers' good faith estimate of the adjustments to the Purchase Price under Section 2.3(a). Such preliminary settlement statement shall (A) contain all information reasonably necessary to determine the adjustments to the Purchase Price under Section 2.3(a), to the extent such adjustments can be determined or estimated as of the date of the preliminary settlement statement, and such other information as may be reasonably requested by Buyer, and (B) be certified by Sellers to be true and complete to Sellers' Knowledge as of the date thereof.

(ii) Not later than ninety (90) days after the First Closing Date or the License Closing Date, as applicable, Buyer will deliver to Sellers a statement setting forth Buyer's determination of the Purchase Price which was due on such date and the calculation thereof pursuant to Section 2.3(a). Buyer's statement (A) shall contain all information reasonably necessary to determine the adjustments to the Purchase Price under Section 2.3(a), and such other information as may be reasonably requested by Sellers, and (B) shall be certified by Buyer to be true and complete to Buyer's Knowledge as of the date thereof. If Sellers dispute the amount of the Purchase Price determined by Buyer, they shall deliver to Buyer within thirty (30) days after receipt of Buyer's statement a statement setting forth their determination of the amount of the Purchase Price. If Sellers notify Buyer of its acceptance of Buyer's statement or if Sellers fail to deliver their statement within the thirty (30) day period specified in the preceding sentence, Buyer's determination of the Purchase Price shall be conclusive and binding on the parties as of the last day of the thirty (30) day period.

(iii) Buyer and Sellers shall use good faith efforts to resolve any dispute involving the determination of the Purchase Price. If the parties are unable to resolve the dispute within forty five (45) days following the delivery of Buyer's statement pursuant to Section 2.3(b)(ii), Buyer and Sellers shall jointly designate an independent certified public accountant not regularly servicing either Sellers or Buyer within the last five (5) years who shall be knowledgeable and experienced in the operation of television broadcasting stations to resolve the dispute. If the parties are unable to agree on the designation of an independent certified public accountant, the selection of the accountant to resolve the dispute shall be submitted to arbitration to be held in Baltimore, Maryland in accordance with the commercial arbitration rules of the American Arbitration Association. The accountant's resolution of the dispute shall be final and binding on the parties, and a judgment may be entered thereon in any court of competent jurisdiction. Any fees of this accountant and, if necessary, for arbitration to select such accountant shall be divided equally between the parties.

2.4. **Payment of Purchase Price.** The Purchase Price shall be paid by Buyer to Sellers as follows:

(a) **Payment of Estimated Purchase Price at First Closing.** The sum of Twenty Six Million Eight Hundred Thousand Dollars (\$26,800,000), adjusted by the estimated

adjustments pursuant to Section 2.3(a), as set forth in Sellers' preliminary settlement statement pursuant to Section 2.3(b)(i), is referred to as the "Estimated Purchase Price". At the First Closing, Buyer shall pay or cause to be paid to Sellers the Estimated Purchase Price by wire transfer of same-day funds pursuant to wire transfer instructions, furnished by Non License Seller to Buyer.

(b) **Payments of Purchase Price with Respect to License Assets.** The portion of the Purchase Price allocated to the License Assets shall be Six Million Seven Hundred Thousand Dollars (\$6,700,000) (the "License Price"), provided, however, if Buyer shall exercise its option to extend the termination date of this Agreement to the tenth (10th) anniversary of the date hereof pursuant to Section 8.1 and shall pay or caused to be paid to Sellers the amount of Three Million Three Hundred Fifty Thousand Dollars (\$3,350,000) as required thereunder, then such extension payment shall be credited to the payment of the License Price, and the balance of the License Price due at the License Closing shall be Three Million Three Hundred Fifty Thousand Dollars (\$3,350,000). At the License Closing, Buyer shall pay or cause to be paid to the License Seller the License Price (or if applicable the balance thereof) by wire transfer of same-day funds pursuant to wire transfer instructions furnished by License Seller to Buyer.

(c) **Payments to Reflect Adjustments.** The Purchase Price, as finally determined pursuant to Section 2.3(b), shall be paid as follows:

(i) If the Purchase Price, as finally determined pursuant to Section 2.3(b), exceeds the Estimated Purchase Price and the License Price, Buyer shall pay to Sellers in immediately available funds within five (5) business days after the date on which the Purchase Price is determined pursuant to Section 2.3(b) the difference between the Purchase Price and the sum of the Estimated Purchase Price and the License Price.

(ii) If the Purchase Price, as finally determined pursuant to Section 2.3(b), is less than the sum of the Estimated Purchase Price and the License Price, Sellers shall pay to Buyer in immediately available funds within five (5) business days after the date on which the Purchase Price is determined pursuant to Section 2.3(b) the difference between the Purchase Price and the sum of the Estimated Purchase Price and the License Price.

2.5. **Assumption of Liabilities and Obligations.** Buyer shall assume and undertake to pay, discharge, and perform all obligations and liabilities of the Sellers with respect to (a) the Non-License Assets, including the FC Assumed Contracts (subject to Section 5.9 hereof), as of the First Closing Date to the extent that either (i) the obligations and liabilities relate to the time after the Effective Time, or (ii) the Purchase Price was reduced pursuant to Section 2.3(a) as a result of the proration of such obligations and liabilities, and (b) the License Assets, including the LC Assumed Contracts (subject to Section 5.9 hereof) and the FCC Licenses, as of the License Closing Date to the extent that either (i) the obligations and liabilities relate to the time after the FCC Effective Time, or (ii) the Purchase Price was reduced pursuant to Section 2.3(a) as a result of the proration of such obligations and liabilities. Buyer shall not assume any other obligations or liabilities of Sellers, including (1) any obligations or liabilities with respect to any Excluded Asset, including any obligations or liabilities under any Contract not included in the Assumed Contracts, (2) any obligations or liabilities under the FC Assumed Contracts relating to

the period prior to the Effective Time or under the LC Assumed Contracts relating to the period prior to the FCC Effective Time, subject to Section 5.9 hereof, except insofar as an adjustment therefor is made in favor of Buyer under Section 2.3(a), (3) any claims or pending litigation or proceedings relating to the operation of the Station prior to the First Closing Date, (4) any obligations or liabilities of Sellers under any employee pension, retirement, or other benefit plans, or (5) all taxes in connection with the operation of the Station prior to the Effective Time or the FCC Effective Time (as appropriate). The foregoing provisions of this Section 2.5 shall be subject to the terms of the JSA with respect to the payment, discharge, and performance of all obligations and liabilities that arise with respect to the operation of the Station during the period between the Effective Time and the FCC Effective Time.

SECTION 3

REPRESENTATIONS AND WARRANTIES OF SELLERS

Each Seller represents and warrants to Buyer as follows:

3.1. **Organization and Authority of Sellers.** License Seller and Non-License Seller are corporations formed under the laws and qualified to do business in the states listed in Schedule 3.1, in each case duly organized, in good standing, and validly existing under the laws of each such state. Each Seller has the requisite corporate power and authority to own, lease, and operate its properties, to carry on its business in the places where such properties are now owned, leased, or operated and such business is now conducted, and to execute, deliver, and perform this Agreement and the documents contemplated hereby according to their respective terms. Each Seller is duly qualified and in good standing in the jurisdiction of incorporation disclosed above. Neither Seller is a participant in any joint venture or partnership with any other Person with respect to any part of the operations of the Station or any of the Assets.

3.2. **Authorization and Binding Obligation.** The execution, delivery, and performance of this Agreement by each Seller have been duly authorized by all necessary corporate action on the part of each Seller. This Agreement has been duly executed and delivered by each Seller and constitutes its legal, valid, and binding obligation, enforceable against it in accordance with its terms, except as the enforceability of this Agreement may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

3.3. **Absence of Conflicting Agreements; Consents.** Subject to obtaining the Consents listed on Schedule 3.3, the execution, delivery, and performance by each Seller of this Agreement and the documents contemplated hereby (with or without the giving of notice, the lapse of time, or both): (a) do not and will not require the consent of any third party; (b) does not and will not conflict with any provision of the Articles of Incorporation of either Seller; (c) does not and will not conflict with, result in a breach of, or constitute a default under any applicable law, judgment, order, ordinance, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality; (d) does not and will not conflict with, constitute grounds for termination of, result in a material breach of, by the terms of any material agreement, instrument, license, or permit to which either Seller is a party or by which either Seller may be bound legally; and (e) does not and will not create any Lien upon any of the Assets. Except for the

FCC Consent provided for in Section 5.1 and the other Consents described in Schedule 3.3, no consent, approval, permit, or authorization of, or declaration to, or filing with any governmental or regulatory authority or any other third party is required (a) to consummate this Agreement and the transactions contemplated hereby, or (b) to permit Sellers to transfer and convey the Assets to Buyer. (For purposes of the making of the representations and warranties in this Section as of the License Closing, the term “Assets” shall refer to the “License Assets.”)

3.4. **Governmental Licenses.**

(a) Schedule 3.4(a) includes a true and complete list of the Licenses. Sellers have provided to Buyer true and complete copies of the Licenses (including any amendments and other modifications thereto). The Licenses have been validly issued, and the License Seller is the authorized legal holder of the Licenses. The Licenses listed on Schedule 3.4(a) comprise all of the material licenses, permits, and other authorizations required from any governmental or regulatory authority for the lawful conduct in all material respects of the business and operations of the Station in the manner and to the full extent they are now conducted, and none of the Licenses is subject to any unusual or special restriction or condition that could reasonably be expected to limit the full operation of the Station as now operated. The Licenses are in full force and effect, and the conduct of the business and operations of the Station is, in all material respects, in accordance therewith. Sellers have no reason to believe that, under existing law, rules, regulations, policies, and procedures of the FCC, any of the FCC Licenses would not be renewed by the FCC or other granting authority in the ordinary course.

(b) Except as described on Schedule 3.4(b), no action or proceeding is pending or, to the Knowledge of the Sellers, threatened before the FCC or any other governmental authority to revoke, refuse to renew or modify the FCC Licenses, or other authorizations of the Station and, to Sellers’ Knowledge, no event has occurred which permits, or after notice or lapse of time or both would permit, the revocation, cancellation, or rescission of any of the FCC Licenses. There is not now issued, outstanding or pending, or to the Knowledge of Sellers, threatened, by or before the FCC, any order to show cause, notice of violation, notice of apparent liability, or notice of forfeiture or complaint against Sellers with respect to the Station.

3.5. **Real Property.** Sellers do not own any fee interests in real property. Schedule 3.5 contains a complete and accurate description of all Real Property Interests (including street address, legal description, where known, owner, and Sellers’ use thereof). The Real Property Interests listed on Schedule 3.5 comprise all interests in real property necessary to conduct the business and operations of the Station as now conducted. Except as described on Schedule 3.5, Non-License Seller owns and has good leasehold title to each Real Property Interest, and none of the Real Property Interests held by Non-Licensee Seller is subject to any Lien, except for Permitted Encumbrances. With respect to each leasehold or subleasehold interest included in the Real Property Interests, so long as Sellers fulfill their obligations under the lease therefor, Sellers have enforceable rights to nondisturbance and quiet enjoyment against its lessor or sublessor and, to the Knowledge of Sellers, except as set forth in Schedule 3.5, no third party holds any interest in the leased premises with the right to foreclose upon Sellers’ leasehold or subleasehold interest. Sellers have legal and practical access to all of the Real

Property Interests. All towers, guy anchors, buildings, and other improvements included in the Assets are located entirely on the Real Property Interests listed in Schedule 3.5. All Real Property Interests (a) are in good condition and repair consistent with its present use, (b) available for immediate use in the conduct of the business and operations of the Station, and (c) comply in all material respects with all applicable material building or zoning codes and the laws and regulations of any governmental authority having jurisdiction except to the extent that the current use by Sellers, while permitted, constitutes or would constitute a “nonconforming use” under current zoning or land use regulations.

3.6. **Tangible Personal Property.** Schedule 3.6 lists all material items of Tangible Personal Property with those items marked with an asterisk on Schedule 3.6 consisting of the Tangible Personal Property which is part of the License Assets. The Tangible Personal Property listed on Schedule 3.6 comprises all material items of tangible personal property necessary to conduct the business and operations of the Station as now conducted. Except as described in Schedule 3.6, Sellers own and have good title to each item of Tangible Personal Property, and none of the Tangible Personal Property owned by Sellers is subject to any Lien, except for Permitted Encumbrances. With allowance for normal repairs, maintenance, wear, and obsolescence, each material item of Tangible Personal Property is in good operation, condition, and repair and is available for immediate use in the business and operations of the Station. All material items of transmitting and studio equipment included in the Tangible Personal Property have been maintained in a manner consistent with generally accepted standards of good engineering practice and will permit the Station and any unit auxiliaries thereto to operate in accordance with the terms of the FCC Licenses and the rules and regulations of the FCC and in all material respects with all other applicable federal, state, and local statutes, ordinances, rules, and regulations.

3.7. **Contracts.** Schedule 3.7 is a true and complete list of all Contracts which either (a) have a remaining term of more than one year after the date hereof, or (b) require expenditures in excess of Ten Thousand Dollars (\$10,000.00) individually in any calendar year after the Effective Time, except contracts with advertisers for production or the sale of advertising time on the Station for cash that may be canceled by Sellers without penalty on not more than ninety (90) days’ notice. Sellers have delivered to Buyer true and complete copies of all written Assumed Contracts (including any amendments and other modifications to such Contracts). Other than the Contracts listed on Schedule 3.7, Sellers require no contract, lease, or other agreement to enable them to carry on their business in all material respects as now conducted. All of the Contracts are in full force and effect and are valid, binding, and enforceable in accordance with their terms and, with respect to each Contract, there exists no material default on the part of Sellers or, to the Knowledge of Sellers, the other parties thereto. Except as disclosed on Schedule 3.7, other than in the ordinary course of business, Sellers do not have Knowledge of any intention by any party to any Contract (a) to terminate such Contract or amend the terms thereof, (b) to refuse to renew the Contract upon expiration of its term, or (c) to renew the Contract upon expiration only on terms and conditions that are more onerous than those now existing. Except for the need to obtain the Consents listed on Schedule 3.3, the sale and transfer of the Assets in accordance with this Agreement will not affect the validity, enforceability, or continuation of any of the Contracts.

3.8. **Intangibles.** Schedule 3.8 is a true and complete list of all Intangibles (exclusive of Licenses listed in Schedule 3.4(a)) that are required to conduct the business and operations of the Station as now conducted. Sellers have provided to Buyer copies of all documents establishing or evidencing the Intangibles listed on Schedule 3.8. Other than with respect to matters generally affecting the television broadcasting industry and not particular to Sellers, to Sellers' Knowledge, Sellers are not, nor have Sellers received any notice or demand alleging that Sellers are infringing upon or otherwise acting adversely to any trademarks, trade names, service marks, service names, copyrights, patents, patent applications, know-how, methods, or processes owned by any other Person, and there is no claim or action pending or, to the Knowledge of Sellers, threatened with respect thereto.

3.9. **Title to Properties.** Except as disclosed in Schedules 3.5 or 3.6, Sellers have good and marketable title to or have valid leasehold interest in the Assets subject to no Liens, except for Permitted Encumbrances. (For purposes of the making of the representations and warranties in this Section as of the License Closing, the term "Assets" shall refer to the "License Assets.")

3.10. **Financial Statements.** Sellers have furnished Buyer with true and complete copies of unaudited financial statements of the Station containing a balance sheet, statement of income, and statement of cash flows as at and for the fiscal year ended December 31, 2003, and an unaudited balance sheet and statement of income as at and for the nine (9) months ended September 30, 2004 (collectively, the "Financial Statements"). The Financial Statements have been prepared from the books and records of Sellers and have been prepared in a manner consistent with generally accepted accounting principles (except for the absence of footnotes and certain year-end adjustments, none of which are material). Except as indicated on Schedule 3.10, the Financial Statements accurately reflect the books, records, and accounts of Sellers, present fairly the financial condition of the Station as at its respective dates and the results of operations for the periods then ended, and none of the Financial Statements understates in any material respect the true costs and expenses of conducting business or operations of the Station as currently conducted by Sellers or otherwise materially inaccurately reflects the operations of the Station.

3.11. **Taxes.** Except as set forth in Schedule 3.11, Sellers have filed or caused to be filed all Tax Returns that are required to be filed with respect to their ownership and operation of the Station, and have paid or caused to be paid all taxes shown on those returns or on any tax assessment received by it to the extent that such Taxes have become due, or have set aside on their books adequate reserves (segregated to the extent required by generally accepted accounting principles) with respect thereto. Such Tax Returns are true and complete in all material respects. There are no legal, administrative, or tax proceedings pursuant to which Sellers are or could be made liable for any Taxes, penalties, interest, or other charges, the liability for which could extend to Buyer as transferee of the business of the Station, and no event has occurred that could impose on Buyer any transferee liability for any Taxes, penalties, or interest due or to become due from Sellers.

3.12. **Insurance.** Schedule 3.12 is a true and complete list of all insurance policies of or covering the Assets. All policies of insurance listed in Schedule 3.12 are in full force and

effect. During the past three (3) years, no insurance policy of Sellers or the Station has been cancelled by the insurer, and no application of Sellers for insurance has been rejected by any insurer.

3.13. **Reports.** All material returns, reports, and statements that the Station is currently required to file with the FCC or Federal Aviation Administration have been filed, all reporting requirements of the FCC and Federal Aviation Administration have been complied with in all material respects, including, without limitation, items required to be placed in the Station's public inspection file. All of such returns, reports, and statements, as filed, which relate to the Station, to Sellers' Knowledge, satisfy all applicable legal requirements.

3.14. **Personal and Employee Benefits.**

(a) **Employees and Compensation.** Schedule 3.14 contains a true and complete list of all employees of Sellers or their Affiliates who are employed at the Station as of the date hereof (collectively, the "Employees") and indicates the salary or hourly wage to which each such Employee is currently entitled (limited in the case of Employees who are compensated on a commission basis to a general description of the manner in which such commissions are determined), any bonus for which the Employee may be eligible, the date of hire, and Employee's title. Schedule 3.14 includes all Employees of Sellers who are on leave pursuant to the Family Medical Leave Act of 1993 or otherwise and indicates whether such leave is paid or unpaid and when such leave commenced. Schedule 3.14 also contains a true and complete list of all employee benefit plans or arrangements covering any of the Employees, including any:

(i) "employee welfare benefit plan," as defined in Section 3(1) of ERISA, that is maintained or administered by Sellers or any Affiliate for the benefit of, or to which Sellers or any Affiliate contribute or are required to contribute on behalf of, any Employees (a "Welfare Plan");

(ii) "multiemployer pension plan," as defined in Section 3(37) of ERISA, that is maintained or administered by Sellers or any Affiliate for the benefit of, or to which Sellers or any Affiliate contribute or are required to contribute on behalf of, any Employees (a "Multiemployer Plan");

(iii) "employee pension benefit plan," as defined in Section 3(2) of ERISA (other than a Multiemployer Plan), that is maintained or administered by Sellers or any Affiliate for the benefit of, or to which Sellers or any Affiliate contribute or are required to contribute on behalf of, any Employees (a "Pension Plan");

(iv) employee plan that is maintained in connection with any trust described in Section 501(c)(9) of the Code, as amended, which benefits any Employee or any Employee's dependents or beneficiaries (together with the Welfare Plans, Multiemployer Plans and Pension Plans, the "Benefit Plans"); and

(v) employment, severance, or other similar contract, arrangement, or policy and each plan or arrangement (written or oral) providing for insurance coverage

(including any self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, sick pay benefits, personal leave benefits, or retirement benefits or for deferred compensation, profit sharing, bonuses, stock options, stock appreciation rights, stock purchases, or other forms of incentive compensation or post-retirement insurance, compensation or benefits that (A) is not a Benefit Plan, and (B) is entered into, maintained, contributed to, or required to be contributed to by either Seller or any Affiliate, or under which either Seller or any Affiliate has any liability (collectively, "Benefit Arrangements").

(b) **Pension Plans.** Sellers do not sponsor, maintain, or contribute to any Pension Plan other than the Sinclair Broadcast Group 401(k) Profit Sharing Plan which is a defined contribution profit sharing plan under the terms of Section 412(h)(1) of the Code. Such Pension Plan is currently, and has been, maintained in substantial compliance with its terms and, both as to form and in operation, with all material requirements prescribed by any and all statutes, orders, rules, and regulations that are applicable to such plans, including ERISA and the Code.

(c) **Welfare Plans.** Each Welfare Plan is currently, and has been, maintained in substantial compliance with its terms and both as to form and in operation with all material requirements prescribed by any and all statutes, orders, rules, and regulations that are applicable to such plans, including ERISA and the Code. Sellers do not sponsor, maintain, or contribute to any Welfare Plan that provides health or death benefits to former employees of the Station other than as required by Section 4980B of the Code.

(d) **Compliance.** No Pension Plan has been terminated; and there have been no reportable events (within the meaning of § 4043 of Subtitle C of ERISA) with respect to any Pension Plan or Benefit Plan. Neither Sellers, nor to Sellers' Knowledge, any plan fiduciary has engaged in any non-exempt "prohibited transactions" as defined in Section 406 of ERISA or Section 4975 of the Code with respect to any Benefit Plan.

(e) **Benefit Arrangements.** Each Benefit Arrangement has been maintained in substantial compliance with its terms and with the material requirements prescribed by all statutes, orders, rules, and regulations that are applicable to such Benefit Arrangement. Except for those employment agreements listed on Schedule 3.7, Sellers have no written or oral contract prohibiting Seller from terminating any Employee without prior notice and without liability for any penalty or continuing obligation to such Employee (including, for example, severance pay).

(f) **Multiemployer Plans.** Neither Sellers nor any Affiliates have at any time contributed to, or been required to contribute to, any Multiemployer Plan on behalf of any Employees.

(g) **Delivery of Copies of Relevant Documents and Other Information.** Sellers have delivered or made available to Buyer true and complete copies of each of the following documents:

(i) each Welfare Plan and Pension Plan, including any amendments thereto (and, if applicable, related insurance agreements, trust agreements, annuity contracts, or other funding instruments), and any written descriptions thereof that have been distributed to Employees, including the current summary plan description, any summary of material modifications, and any enrollment forms; and

(ii) each Benefit Arrangement, including any amendments thereto (and if applicable, any funding instruments), and any written descriptions thereof that have been distributed to Employees and complete descriptions of any Benefit Arrangement that is not in writing.

(h) **Labor Relations**. Except as set forth in Schedule 3.14, no Seller is a party to or subject to any collective bargaining agreement or written or oral agreement with respect to the employment of any Employee, and no Seller is a party to any oral or written consulting or other agreement with respect to the personal services of any person who would be an Employee but for the fact that his status is that of an independent contractor. With respect to the Employees, Sellers have complied in all material respects with all laws, rules, and regulations relating to the employment of labor, including those related to wages, hours, collective bargaining, occupational safety, discrimination, and the payment of social security and other payroll related taxes, and have not received any notice alleging that any Seller has failed to comply with any such laws, rules, or regulations. Except as set forth in Schedule 3.14, no controversies, disputes or proceedings are pending or, to the Knowledge of Sellers, threatened between any Seller and Employee (singly or collectively). Except as set forth on Schedule 3.14, no labor union or other collective bargaining unit represents or claims to represent any of the Employees. To the Knowledge of the Sellers, there is no union campaign being conducted to solicit cards from any Employees to authorize a union to represent any of the Employees or to request a National Labor Relations Board certification election with respect to any Employees.

3.15. **Claims and Legal Actions**. Except as disclosed on Schedule 3.15 and except for any FCC rulemaking proceedings generally affecting the television broadcasting industry and not particular to Sellers, as of the First Closing, and if, and only if, the License Closing occurs on or prior to the first anniversary of the First Closing, as of the License Closing, there is no claim, legal action, counterclaim, suit, arbitration, or other legal, administrative, or tax proceeding, nor any order, decree, or judgment, in equity or at law, in progress or pending or, to the Knowledge of Sellers, threatened against or relating to the Assets or the business or operations of the Station, or which seeks to enjoin or obtain damages in respect to the transactions completed hereby, nor does any Seller know of any basis for the same. Neither Seller has received any Judgment against or affecting either Seller for the operation of such Seller's business except (i) for FCC and other governmental orders, decrees and actions which apply to the television broadcasting industry generally, or (ii) as set forth on Schedule 3.15 hereto.

3.16. **Environmental Matters**.

(a) Sellers are in compliance in all material respects, and to Sellers' Knowledge, the Real Property Interests are in compliance, with all laws, rules, and regulations of all federal, state, and local governments (and all agencies thereof) concerning the environment,

public health and safety, and employee health and safety (“Environmental Laws”), and no charge, complaint, action, suit, proceeding, hearing, claim, demand, or notice has been filed or commenced against either Seller alleging any failure to comply with any such law, rule, or regulation.

(b) Sellers have obtained and currently maintain all material permits, licenses, and other authorizations that are required under all Environmental Laws.

(c) With respect to the period during which Sellers have occupied the Real Property Interests and, to the Knowledge of Sellers, with respect to the time before Sellers occupied any Real Property Interests, no person has caused or permitted Hazardous Materials to be stored, deposited, treated, recycled, or disposed of, on, under, or at any Real Property Interests leased, used, or occupied by Sellers which Hazardous Materials, if known to be present, would require cleanup, removal, or some other remedial action under any Environmental Laws.

(d) To the Knowledge of Sellers, there are not now, nor have there previously been, tanks, or other facilities on, under or at the Real Property Interests which contained any Hazardous Materials which, if known to be present in soils or ground water, would require cleanup, removal, or some other remedial action under Environmental Laws.

(e) To the Knowledge of Sellers, there are no conditions existing currently at the Real Property leased, used, or occupied by Sellers which would subject Sellers to damages, penalties, injunctive relief, or cleanup costs under any Environmental Laws or which require cleanup, removal, remedial action, or other response pursuant to Environmental Laws by Sellers.

(f) To the Knowledge of Sellers, the operation of the Station does not exceed the permissible levels of exposure to RF radiation specified in the FCC’s current rules, regulations, and policies concerning RF radiation.

3.17. **Compliance with Laws.** Sellers comply and have complied in all material respects with the Licenses and all federal, state and local laws, rules, regulations and ordinances applicable or relating to the ownership and operation of the Station, and to Sellers’ knowledge, neither Seller has received any written notice of any Action pending or threatened alleging non-compliance therewith.

3.18. **Conduct of Business in Ordinary Course.** Since September 30, 2004, Sellers have conducted their business and operations consistent in all material respects with past practices and, except as disclosed in Schedule 3.18, have not:

(a) made any material increase in compensation payable or to become payable to any of its employees other than those in the normal and usual course of business or in connection with any change in an employee’s responsibilities or any bonus payment made or promised to any of its Employees or any material change in personnel policies, employee benefits, or other compensation arrangements affecting its Employees;