

**ASSET PURCHASE AGREEMENT**

**Between**

**MICHAEL E. KEPLER, TRUSTEE OF THE CHAPTER 11  
DEBTOR ESTATES OF PURI FAMILY LIMITED PARTNERSHIP,  
PURI LLC,  
and MEDIA PROPERTIES, INC., Seller**

**and**

**ACME COMMUNICATIONS, INC., Buyer**

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## **ASSET PURCHASE AGREEMENT**

This Asset Purchase Agreement (this "Agreement") dated as of February 4, 2002, is by and among Michael E. Kepler, as Chapter 11 Trustee ("Trustee") of the Chapter 11 debtor estates of Puri Family Limited Partnership, Puri LLC, and Media Properties, Inc. ("Estates," and, collectively with the Trustee, the "Seller") now operating under the protection of Chapter 11, Title 11 United States Code ("Bankruptcy Code") in Case Nos. 01-34477-11, 01-34478-11, and 01-34476-11, respectively, in the United States Bankruptcy Court for the Western District of Wisconsin ("Bankruptcy Court") and ACME Communications, Inc. ("Buyer").

### **WITNESSETH**

**WHEREAS**, on August 3, 2001 ("Petition Date"), Chapter 11 Petitions were filed with the Bankruptcy Court for Puri Family Limited Partnership, Puri LLC, and Media Properties, Inc., which resulted in (1) all assets of each of these entities becoming the property of the Estates pursuant to the Bankruptcy Code; and (2) the Trustee being appointed as trustee of the Estates of Media Properties, Inc. on October 3, 2001, and as trustee of Puri Family Limited Partnership and Puri LLC by the Bankruptcy Court on December 3, 2001 (with December 3, 2001 herein and hereafter referred to as the "Appointment Date");

**WHEREAS**, the Trustee is the permittee of Television Station WHPN-TV, Channel 57, Janesville, Wisconsin ("Station"), having received FCC authorization to be such permittee on January 11, 2002;

**WHEREAS**, the Estates own and hold the assets involved in the operation of the Station;

**WHEREAS**, Buyer desires to purchase certain assets and assume certain liabilities of the Sellers as set forth herein, and the Trustee desires to sell such assets and have such liabilities assumed on the terms and conditions set forth in this Agreement;

**WHEREAS**, as soon as practicable after the execution of this Agreement, Trustee intends to file with the Bankruptcy Court a motion (the "Sale Procedures Motion") to approve, *inter alia*, the sale and bidding sale procedures (the "Sale Procedures") to facilitate the Bankruptcy Court's selection of the party to acquire the Station Assets, as defined herein;; and

**WHEREAS**, following the approval of the Sale Procedures as provided in this Agreement, the Trustee shall seek entry of an order (the "Approval Order") from the Bankruptcy Court approving this Agreement and the transactions contemplated by this Agreement, subject to the Sale Procedures adopted by the Bankruptcy Court.

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

## 1. SALE AND PURCHASE OF ASSETS.

**1.1. Sale of Station Assets to Buyer.** On the Closing Date as defined in Section 3.1, Trustee shall sell, transfer, convey and assign to the Buyer, and the Buyer shall purchase and acquire, free and clear of any liens, security interests, judgments, and other encumbrances of any kind or nature (the “Encumbrances”), as well as any and all taxes (except those not yet due and payable), debts, assessments and claims of any kind or nature (the “Liabilities”) other than those expressly assumed by Buyer hereunder, certain of the assets owned or held by the Seller and used or useful in the business and the operations of the Station (excluding only the assets referred to in Section 1.2) (collectively, the “Station Assets”), including, but not limited to:

(a) all licenses, construction permits, and other authorizations for the Station (including digital television) issued by the Federal Communications Commission (the “Commission” or “FCC”) (the “FCC Licenses”), together with any renewals and extensions thereof and any applications therefor pending on the Closing Date, as well as any and all licenses and authorizations issued by any other governmental authority (the “Licenses”), copies of which are included in Schedule 1.1(a);

(b) all equipment (including computers and office equipment), transmitting towers, transmitters, office and other supplies, vehicles, furniture, fixtures and leasehold improvements, improvements on land being acquired by the Buyer pursuant to Section 1.1(c), any films and tapes owned by the Station, and all other tangible personal property, wherever located, that is owned or leased and used or useful in the operation of the Station, the material items of which are listed on Schedule 1.1(b);

(c) all leases of real property, all of which are listed on Schedule 1.1(c) and all of which are part of the Contracts that can be assumed by Buyer hereunder;

(d) all rights under personal and real property leases, commitments and other agreements (the “Contracts”) relating to the business and operation of the Station, to the extent that those rights relate to the period on or after 12:00 a.m. local time at the Station, on the Closing Date, as defined herein, which Buyer chooses to assume (collectively, the “Assumed Contracts”), including, but not limited to (i) Contracts relating to the acquisition of programming rights, including rights to the film and videotape prints of motion pictures and television programs broadcast or to be broadcast by the Station (the “Programming Agreements”), (ii) Contracts relating to the sale of broadcast and advertising time, and (iii) Contracts relating to the business and operations of the Station that Buyer chooses to assume and that are entered into consistent with the provisions of Section 6.2 between the date of this Agreement and the Closing Date (with Schedule 4.11 listing all Contracts with payment obligations over their respective terms in excess of One Thousand Dollars (\$1,000.00);

(e) all internet names, websites, internet domain names, internet real audio/video server, electronic commerce assets; all promotional materials, trademarks, trade names, logos,

copyrights, whether or not registered (and all issued registrations and pending applications for registration of any of them), jingles, slogans and other tangible and intangible personal property (including, but not limited to, the trademarks, trade names and logos listed on Schedule 1.1(e)), and all rights to use the call letters “WHPN”), together with the goodwill of the business associated with those trademarks, trade names, logos and copyrights (collectively, the “Intellectual Property”);

(f) all rights under manufacturers’ and vendors’ warranties relating to assets included in the Station Assets;

(g) all files, customer lists, logs and business records of every kind in the possession of the Estates or Trustee on the Closing Date relating to the operations of the Station, including, but not limited to, computer files, reports, history, programming information and studies, technical information and engineering data, news and advertising studies or consulting reports, sales correspondence, marketing materials, sales and service records, lists of advertisers, promotional materials, and credit and sales records;

(h) all right, title and interest in and to all rights, benefits and interests of any kind or nature, tangible or intangible, arising from or attributable to the ownership or operation of the Station Assets described in clauses (a) through (h) above on and after the Closing Date; and

(i) all accounts receivable of the Station for broadcast time and services provided prior to the Closing Date (“Accounts Receivable”).

**1.2. Excluded Assets.** The following assets used in the operation of the Station shall be retained by the Estates and shall not be sold or assigned to the Buyer:

(a) Contracts other than the Assumed Contracts (as defined in Section 2.8 below), and specifically including, but not limited to, the Network Affiliation Agreement with United Paramount Network;

(b) all cash, cash equivalents, cash items of any kind, bank accounts, certificates of deposit, commercial paper, treasury bills and notes and all other marketable securities as of the Closing Date;

(c) any Contract as to which consent to assignment is required but cannot be obtained;

(d) the account books of original entry and general ledgers and all corporation records of the Estates, including tax returns and transfer books (although Buyer shall be provided copies of all such books, ledgers, and records to the extent that they are available to the Trustee);

(e) any of the Estates’ rights under manufacturers’ and vendors’ warranties and similar rights against third parties relating to (i) assets other than the Station Assets, or (ii) liabilities

retained by the Estates or losses for which indemnification from Seller are to be paid pursuant hereto;

(f) Contracts of insurance and insurance plans and the assets thereof, promissory notes, amounts due from employees, bonds, letters of credit, and other similar items, and any cash surrender value in regard thereto;

(g) non-material tangible personal property disposed of or consumed in the ordinary course of the business of the Station, and in compliance with this Agreement, between the date of this Agreement and the Closing Date;

(h) except for the Accounts Receivable and those items to be prorated in accordance with Section 2.5, claims of the Seller with respect to transactions and events occurring prior to the Closing Date, all claims for refunds of monies paid to any governmental agency, and all claims for copyright royalties for broadcast prior to the Closing Date;

(i) the deposits and prepaid expenses of the Estates with respect to the items that are not subject to adjustment or proration under Section 2.5 hereof;

(j) any assets of the Estates which assets are not in any way used or useful in the operation of the Station;

(k) all rights of the Estates in and to any employee benefit plans and any assets thereof;

(l) all real property and leasehold interests owned by the Estates as listed on Schedule 1.2(l);

(m) those specific items of personal property listed on Schedule 1.2(m);

(n) any interest in any claim of the Estates against Harish Puri or any of his affiliates including, but not limited to, claims related to the following:

- (i) intercompany transfers;
- (ii) fraudulent transfers or conveyances; and
- (iii) preferences.

(o) any interest in the Estates' claims with reference to any avoidance actions under the Bankruptcy Code or applicable state law for pre-petition transfers, including any claims for preferential transfers or fraudulent transfers or conveyances.

**1.3. Retained Liabilities.** The Station Assets shall be assigned and otherwise conveyed to Buyer free and clear of any and all Encumbrances and Liabilities except for taxes not yet due and payable (the "Permitted Encumbrances") and those liabilities which Buyer expressly assumes



hereunder. Buyer shall not assume or be liable for (i) any Contract entered into by or on behalf of the Estates or the Trustee not expressly assumed by Buyer under this Agreement, (ii) any obligation of Sellers or the Trustee arising out of any Contract of insurance, any pension, retirement or profit-sharing plan, or any trust or other benefit plan, (iii) any litigation, proceeding, or claim of any kind relating to the business or operation of the Station prior to the Closing Date, regardless of whether such litigation, proceeding, or claim is pending, threatened, or asserted before, on or after the Closing, or (iv) any obligation (including but not limited to wages, salaries, vacation pay, payroll taxes, COBRA coverage or severance payments) to or for persons employed by the Estates or the Trustee (recognizing that Buyer has no obligation to employ any of the Estates' or Trustee's employees).

**1.4. Assumed Liabilities.** Buyer shall assume, and agree to pay, perform and discharge (subject to the apportionment provisions of Section 2.5 and except as otherwise provided on the Schedules hereto) all of the obligations relating to the operation of the Station that arise on or after the Closing Date under the Assumed Contracts and assume any liabilities expressly assumed by Buyer and for which a credit is made in Buyer's favor pursuant to Section 2.5.

## **2. PURCHASE PRICE.**

**2.1. Amount.** As full consideration for the purchase of the Station Assets, at the Closing (as defined in Section 3.1 below) the Buyer shall:

- (a) pay to Seller as hereafter provided the sum of Five Million Dollars (\$5,000,000.00) (the "Cash Portion of the Purchase Price"); and
- (b) assume any liabilities for which a credit is made in Buyer's favor pursuant to Section 2.5.

**2.2. Payment of Consideration.** The Cash Portion of the Purchase Price shall be payable at Closing as follows:

- (a) Buyer shall cause the sum of Four Million Two Hundred Fifty Thousand Dollars (\$4, 250,000.00) (less the Earnest Money Deposit, defined below) in immediately available federal funds to be delivered, by wire transfer to such account at the financial institution or title company agreed to by Trustee and Buyer as the Trustee shall designate to Buyer at least three (3) business days prior to Closing; and
- (b) in addition to the sum specified in above (a), the Buyer shall cause the sum of Seven Hundred Fifty Thousand Dollars (\$750,000.00) to be deposited and held in escrow as set forth in Section 2.3.

**2.3. Holdback Escrow.** At the Closing, the Trustee and Buyer and such financial institution or title company as shall have been agreed by the parties prior to the Closing Date ("Escrow Agent") shall execute and deliver an escrow agreement substantially in the form set forth in Exhibit 2.3 hereto ("Holdback Escrow Agreement"). Seven Hundred Fifty Thousand Dollars (\$750,000.00) (the

“Holdback Escrow Deposit”) shall be deposited with the Escrow Agent to be held in accordance with the terms and conditions of the Holdback Escrow Agreement. The Holdback Escrow Deposit shall be held by the Escrow Agent for the purpose of indemnifying Buyer for any claim Buyer may have against the Estates or the Trustee under Article 9 of this Agreement, subject to the Holdback Escrow Agreement.

**2.4. Allocation.** The Purchase Price shall be allocated among the Station Assets in accordance with the allocation schedule to be mutually agreeable to and signed by Buyer and Trustee on or before the Closing; provided, that, if the Buyer and Trustee cannot reach an agreement on such a schedule on or before the Closing, the matter shall be referred to a certified appraiser (“Appraiser”) jointly selected by the Trustee and Buyer, and the Appraiser shall be directed to provide an allocation schedule within thirty (30) days after the Appraiser’s selection. The fees and expenses of the Appraiser shall be divided equally between the Trustee and the Buyer. The allocation shall comply in all respects with the applicable requirements of Section 1060 of the Internal Revenue Code of 1986 as amended (the “Internal Revenue Code”). Buyer and Seller shall use such allocation in reporting the purchase and sale of the Station Assets in any and all filings with governmental taxing authorities. In so doing, the parties shall comply with the applicable information reporting requirements of Section 1060 of the Internal Revenue Code and the regulations promulgated thereunder. If, contrary to the intent of the parties hereto, any taxing authority requires an allocation of the Purchase Price which differs from that allocation determined hereunder, Seller and Buyer shall cooperate with each other in good faith to contest such taxing authority’s determination; provided, that, after consultation with the party adversely affected by such determination, the other party hereto may file such protective claims or returns as may reasonably be required to protect its interest. The allocation adopted by the parties shall not preclude the Bankruptcy Court, nor the Trustee or the Estates from distributing the Cash Portion of the Purchase Price among the Estates or among the Station Assets in any manner that may be agreed by them or required by an Order of the Bankruptcy Court.

**2.5. Apportionment.** Except for the Accounts Receivable (which are to be acquired by Buyer), the Seller shall be entitled to all income earned or accrued and shall be responsible for all liabilities and obligations incurred or payable in connection with the operation of the Station through and including the Closing Date. Buyer shall be entitled to all income earned or accrued and shall be responsible for all liabilities and obligations incurred or payable in connection with the operation of the Station on or after the Closing Date. Items to be apportioned include, but are not limited to, the following:

(a) advance payments received from advertisers prior to the Closing Date for services to be rendered in whole or in part on or after the Closing Date;

(b) prepaid expenses arising from payments made for services prior to the Closing Date if all or part of the services have not been received or used prior to the Closing Date (for example, rents paid in advance for a rental period extending beyond the Closing Date);

(c) liabilities, customarily accrued, arising from expenses incurred but unpaid as of the Closing Date; utility services; rent (including property taxes payable under leases assumed by the Buyer); property taxes relating to real property interests assigned to the Buyer; sales commissions; various business and professional services; and licensing fees, including prior years' adjustments;

(d) personal property taxes and utility charges related to the Station;

(e) FCC annual regulatory fees; and

(f) if the Estates, at Buyer's request, do not directly pay the accrued vacation owed on the Closing Date to Station employees hired by Buyer, such accrued vacation liability shall be determined as of the Closing Date and Buyer shall receive a credit for such amount.

**2.6. Determination of Apportionments.** Prior to the Closing, the Buyer and Seller shall estimate all apportionments pursuant to Section 2.5 and the payment of the Cash Portion of the Purchase Price at the Closing pursuant to Section 2.1(a) shall be adjusted based on the estimate. Within sixty (60) days after the Closing Date, the Buyer shall determine all apportionments pursuant to Section 2.5 and shall deliver an itemized statement of its determinations (the "Buyer's Post-Closing Determination") to Seller which shall set forth in reasonable detail the basis for those determinations, including appropriate supporting documentation and such other information as may reasonably be requested by Trustee. Trustee shall have the right to visit the Station to verify and review such documentation upon reasonable notice to Buyer, and within thirty (30) days thereafter, unless Trustee shall have notified Buyer of a dispute with respect to Buyer's Post-Closing Determination, the Buyer shall pay to Seller, or the Seller shall pay to the Buyer, as the case may be, the net amount due as a result of the final determination of the apportionments (or, if there is any dispute, the undisputed amount). If Seller disputes the Buyer's Post-Closing Determination, the parties shall confer with regard to and use good faith efforts to resolve the matter and an appropriate adjustment and payment shall be made as agreed upon by the parties. If they are unable to resolve the matter, the controversy shall be submitted to a mutually selected Certified Public Accountant for determination, with expenses of such accountant to be divided equally by Seller and Buyer.

**2.7. Earnest Money Deposit.** Contemporaneously with the execution of this Agreement, the Buyer shall deliver to the Escrow Agent the sum of Two Hundred Thousand Dollars (\$200,000.00) (the "Earnest Money Deposit"), to be held by the Escrow Agent pursuant to the terms of an Escrow Agreement in the form of Exhibit 2.7 hereto (the "Earnest Money Deposit Escrow Agreement"), and subject to the following:

(a) If the purchase of the Station Assets under this Agreement is not consummated as a result of a material breach by the Buyer of any of its obligations under this Agreement (and Seller has not breached any of its material obligations under this Agreement), Seller shall be entitled to the Earnest Money Deposit as its exclusive remedy for such breach and not as a penalty. In agreeing to said sum, the parties acknowledge and confirm that the injury to Seller which would result from such a breach would be difficult or impossible of accurate estimation

but that the Earnest Money Deposit represents a reasonable estimate of the probable loss from such a breach. Any interest accrued on the Earnest Money Deposit shall at all times belong to and be paid to Buyer.

(b) Subject to the last sentence of Section 10.2, if this Agreement is terminated or the purchase of the Station Assets under this Agreement is not consummated due to the nonfulfillment of any of the conditions in Section 7.1 or for any other reason except the Buyer's default in the performance of its obligations under this Agreement, Seller shall not be entitled to the Earnest Money Deposit (or interest thereon) and, as promptly as practical after the termination of this Agreement, the Earnest Money Deposit (together with interest thereon) shall be paid by the Escrow Agent to the Buyer as specified in the Approval Order.

**2.8. Identification of Assumed Contracts.** Prior to the auction, if any, or prior to the sale hearing, as those events are set forth in the Sale Procedures, Buyer will provide the Trustee with a list of those Contracts listed on Schedule 4.11 it wishes to assume and have assigned to it. Between the date of this Agreement and the issuance of the Approval Order, Trustee will periodically provide Buyer with lists of new Contracts which Trustee has entered into in the ordinary course, together with copies of such contracts, and Buyer shall have three (3) business days after receipt of any such list(s) to identify which of the new Contracts it wishes to assume and have assigned to it. All Contracts so identified by Buyer pursuant to this section are referred to in this Agreement as the "Assumed Contracts." To the extent any of the Assumed Contracts constitute executory contracts under the Bankruptcy Code, Trustee shall proceed under Section 6.6 hereof to obtain third-party consents (in the case of Post-Petition Contracts, as defined herein), and Bankruptcy Court approval (in the case of assumption and assignment of Pre-Petition Contracts, as described herein) to the extent they are part of the Assumed Contracts to be acquired by Buyer hereunder.

### **3. CLOSING AND CLOSING DATE.**

**3.1. Date of Closing.** The consummation of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Murphy & Desmond, S.C., 2 East Mifflin Street, Suite 800, Madison, Wisconsin 53703, on a date selected by Trustee and Buyer, or in the absence of agreement, by Buyer within ten (10) days after the FCC order granting the Assignment Application, as defined in Section 6.1 hereof, becomes a "Final Order" as defined in Section 7.1(j); provided, that Buyer shall have the unilateral right to waive the requirement that the FCC order become a Final Order and may require that the Closing be held at any time ten (10) days after the FCC provides public notice of the order approving the Assignment Application (in which case the parties will execute a mutually agreeable rescission agreement); and provided further, that in no event shall the parties be required to proceed to Closing unless and until all the conditions for Closing specified in Sections 7.1 and 7.2 have been fulfilled or waived. The date on which the Closing is actually held is referred to in this Agreement as the "Closing Date." At the Closing, the parties shall execute and deliver the documents referred to in Section 8 as well as any and all other documents which either party may reasonably request to effectuate the transactions contemplated by this Agreement.

#### **4. REPRESENTATIONS AND WARRANTIES BY SELLER.**

Seller represents and warrants to the Buyer as follows:

##### **4.1. Governmental Authorizations.**

(a) Schedule 1.1(a) contains true and complete copies of the FCC Licenses and, to Trustee's Knowledge, Licenses issued by any other governmental authority for the Station, including any and all amendments and other modifications thereto. Except as set forth on Schedule 4.1(a), there are no other licenses, permits, or other authorizations from governmental authorities required for the conduct of the business and operation of the Station in the manner and to the full extent they are now conducted. Except as set forth on Schedule 4.1(a), since the Appointment Date, the Station has been operated in all material respects in accordance with the terms and conditions of the FCC Licenses, applicable law, and the rules and regulations of the FCC. Except as set forth on Schedule 4.1(a), all ownership reports, renewal applications, and other reports and documents required to be filed with the FCC after the Appointment Date by or on behalf of the Trustee with respect to the Station have been timely filed with the FCC. The Station maintains an appropriate public inspection file at its studio location in accordance with FCC rules. Except as set forth on Schedule 4.1(a), the FCC Licenses have been issued by the FCC and the Trustee is the authorized holder thereof, and none of the FCC Licenses are subject to any restriction or condition that would limit the full operation of the Station as now operated. The FCC Licenses are in full force and effect, and except as set forth in Schedule 4.1(a), the conduct of the business and operation of the Station is in accordance therewith. Aside from proceedings applicable to the broadcast industry generally and except as set forth in Schedule 4.1(a), there is no application, petition, complaint, investigation, notice of forfeiture or other proceeding pending or, to Trustee's Knowledge, threatened before the FCC or any court with respect to or affecting the Station. The tower on which the Station's transmission facilities are located is properly registered with the FCC. Except as set forth on Schedule 4.1(a), there are no facts or circumstances relating to the Station's Digital Television ("DTV") allotment, to Trustee's Knowledge, that would affect the ability of the Station to comply with the DTV build-out schedule imposed by the FCC or that would require any modification in the location of the DTV transmitting equipment or of the Station's DTV channel allotment.

(b) Schedule 4.1(b) lists all cable television systems which presently carry the Station's signal and all other cable television systems that have a pending request for carriage from the Station. Except as disclosed on Schedule 4.1(b), no cable system has advised Trustee of any signal quality, copyright indemnity or other prerequisite to cable carriage of the Station's signal, and no cable system has declined or threatened to decline such carriage or failed to respond to a request for carriage or sought any form of relief from carriage from the FCC.

**4.2. Government Approvals.** No consent, approval or authorization of, or designation, declaration or filing with, any governmental authority is required on the part of the Trustee or the Estates in connection with the execution, delivery and performance of this Agreement, except for the filing

before the FCC referred to in Section 6.1 and the approval of the Bankruptcy Court referred to in Sections 6.16, 6.17, and 6.18.

**4.3. Conflict.** Except as set forth in Schedule 4.3., and assuming entry of the Approval Order by the Bankruptcy Court as provided in Section 6.16(b), none of the execution, delivery, or performance of this Agreement by Seller will, with the passage of time or the provision of notice or both, conflict with, result in a breach or termination of , or constitute a default under any contract, agreement, or other instrument, or any order, judgment, decree or governmental regulation to which Seller is a party or bound or to which the Station Assets are subject.

**4.4. Title to Assets.**

(a) Personal Property. Except as set forth on Schedule 4.4, Seller has valid title to all of the personal property included in the Station Assets, subject only to the perfected security interests of the Estates' secured lenders (which will be discharged on or before the Closing) and Permitted Encumbrances. At Closing, the Seller will have and will convey to Buyer, valid title to all of the personal property included in the Station Assets, free and clear of all Encumbrances and Liabilities, except for the Permitted Encumbrances and those liabilities expressly assumed by Buyer hereunder.

(b) Interests in Real Property. The Estates have valid title to the real property located in Footville, Wisconsin and the tower and transmission facilities located thereon ("Footville Property"), subject only to the recorded mortgage of the Estates' secured lenders and the Permitted Encumbrances. At Closing, the Seller will have unrestricted authority to enter into a two-year lease with Buyer for use of the Footville Property or any portion thereof at no cost to Buyer except as set forth in Section 6.20 hereof, and will provide Buyer with the secured lenders' written consent to any such leases along with a non-disturbance agreement executed by those lenders.

**4.5. Call Letters.** The Station at the Closing will have the right to the use of the call letters "WHPN," or such other call letters as may be requested by Buyer with Seller's consent (which shall not be unreasonably withheld or delayed) and assigned to the Station on or before the Closing Date pursuant to the rules and regulations of the Commission.

**4.6. Financial and Operating Statements.** Seller has previously delivered or caused to be delivered to Buyer the financial statements reflecting the revenue and expenses of Media Properties, Inc. prepared by or for the then owner of the Station which appear to relate to the Station for the periods July 1, 1999 through December 31, 1999, January 1, 2000 through December 31, 2000, and January 1, 2001 through March 31, 2001 (collectively referred to hereinafter as the "Financial Statements"). Trustee has previously delivered to Buyer an Operating Statement filed with the Bankruptcy Court for the month of December, 2001. Except as set forth in Schedule 4.6, to Trustee's Knowledge, the Financial Statements reflecting the Station's financial performance prior to his Appointment are in accordance with the Estates' books and records. Any operating statements filed by the Trustee with the Bankruptcy Court ("Operating Statements") reflect the Station's financial

performance for the periods covered by the Operating Statements and fairly present in all material respects the financial positions and results of operations of the Station for the periods indicated.

**4.7. Absence of Certain Changes.** Since the Authorization Date, the business of the Station has been operated in all material respects in the ordinary course (within the meaning of Section 363 of the Bankruptcy Code), and, except as set forth on Schedule 4.7:

(a) there has been no material adverse change in the business or operation of the Station;

(b) no transactions with respect to the Station have been entered into and no liability or obligation has been incurred that is material to the business or operation of the Station except in the ordinary course of its business;

(c) none of the Station Assets have been sold other than in the ordinary course of business consistent with past practice;

(d) no indebtedness with respect to the Station has been incurred other than indebtedness to trade creditors incurred in the ordinary course of business and borrowing from the Estates' secured lender; and

(e) no increases have been granted or agreed to in any rate or rates of salaries or compensation or other benefits or bonuses payable to employees of the Station, except as listed on Schedule 4.12 or for increases in accordance with the Station's past employment practices, and no changes have been granted or agreed to affecting the Station's management personnel, policies or employee benefits.

**4.8. Tangible Property.** Except as set forth on Schedule 4.8, to Trustee's Knowledge, all equipment and other tangible assets to be sold to Buyer pursuant to this Agreement or provided to Buyer under the Assumed Contracts are in good operating condition, subject to ordinary wear and tear and excluding latent defects not discoverable by ordinary inspection.

**4.9. Intangible Assets.** Schedule 1.1(e) contains a complete list of the trademarks, trade names, logos, jingles and slogans used in the operation of the Station. At the Closing, to Trustee's Knowledge, the Estates will own or otherwise have the lawful right to use, free and clear of any Encumbrances and Liabilities, each of the trademarks, trade names, logos, jingles and slogans listed on Schedule 1.1(e). To Trustee's Knowledge, the Station is not being operated in a manner that infringes in any material respect on any patent, copyright or trademark of any third party or otherwise violates in any material respect the intellectual rights of any third party, and no claim has been made or threatened against the Seller alleging any such violation. To Trustee's Knowledge, there has been no material violation by others of any right in any trademark, trade name, logo, jingle or slogan used in the operation of the Station.

**4.10. Litigation; Compliance with Laws.** Except as set forth on Schedule 4.10, there is no claim, litigation, proceeding or governmental investigation pending or to Trustee's Knowledge threatened, or any order, injunction or decree outstanding, relating to the Station or the Station Assets, which if adversely determined might (a) have a material adverse effect on the operations of the Station, (b) materially delay approval by the Commission of the transactions contemplated by this Agreement, or (c) prevent the consummation of the transactions contemplated by this Agreement. Except as set forth on Schedule 4.10, to Trustee's Knowledge, there is no violation of any law, regulation or ordinance or any other requirement of any governmental body or court with respect to the operation of the Station, which violation would have a material adverse effect upon the operations or business of the Station, and no notice has been received by Trustee alleging any such violation.

**4.11. List of Contracts.** Schedule 4.11 contains a complete list of: (a) all outstanding Contracts for the purchase of materials, supplies or equipment (other than Contracts that were entered into in the ordinary course of business and involve an expenditure by the Station of less than One Thousand Dollars (\$1,000.00), (b) all promissory notes and other Contracts relating to any indebtedness that are secured by any of the Station Assets, (c) all Contracts involving the lease of equipment or other personal property used or useful in the operation of the Station, (d) all network affiliation agreements and Programming Agreements, including for each of those agreements the amounts and availability dates of programming and the dollar amount and schedule of any payments thereunder, and (e) all other Contracts (written or oral), commitments and understandings (written or oral) that require payment of more than One Thousand Dollars (\$1,000.00) individually over the course of their respective terms or cannot be terminated on less than thirty (30) days' notice without liability to Buyer. True and complete copies of all written Contracts referred to on Schedule 4.11 have been delivered to the Buyer. The Estates have no trade or barter agreements.

**4.12. Employee Agreements and Benefits.**

(a) Schedule 4.12 contains a complete list of all employment and consulting agreements relating to the Station (which are also included in the Contracts listed on Schedule 4.11). Except as set forth in Schedule 4.12, neither the Estates nor the Trustee:

(i) is a party to or bound by any fringe benefit or other non-cash compensation plan, or any pension, thrift, annuity, retirement, savings, profit sharing or deferred compensation plan or agreement, or any bonus, vacation, holiday, sick leave, group insurance, health or other personal insurance or other incentive or benefit agreement, plan or arrangement;

(ii) participates in any multi-employer plan; or

(iii) has any severance policy and no employee of the Station is entitled to any severance payment, either by law or by agreement, upon the termination of his or her employment.



(b) Except as set forth on Schedule 4.12, no employee of the Station is represented by any union or other collective bargaining agent and there are no collective bargaining or other labor agreements with respect to any employee of the Station. True and complete copies of all agreements referred to in Schedule 4.12 have been delivered to Buyer.

(c) Seller is in compliance with any and all post-petition federal, state, and local laws relating to employees and labor, including, but not limited to, payment of Social Security and withholding taxes (collectively, the “Labor Laws”). Buyer shall have no liability after Closing for any liability imposed on the Seller for any violation of the Labor Laws.

#### **4.13. Status of Contracts.**

(a) To Trustee’s Knowledge, the Contracts referred to in Section 4.11 which were entered prior to the Petition Date (the “Pre-Petition Contracts”) were entered into in the ordinary course of the Station’s business. To Trustee’s Knowledge, each of the Pre-Petition Contracts is in full force and effect in accordance with its terms, except for any pre-Petition defaults that will be cured on or before Buyer’s assumption thereof pursuant to the Bankruptcy Code.

(b) Except as set forth on Schedule 4.13, all of the Contracts referred to in Section 4.11 which were entered into after the Petition Date (the “Post-Petition Contracts”) were entered in the ordinary course of the Station’s business and were entered pursuant to a Bankruptcy Court Order for authorization to enter into such contract pursuant to the Bankruptcy Code.

(c) At Closing, all Assumed Contracts shall be in full force and effect, and free from default by any party thereto, except any payment defaults to be cured at the Closing from the proceeds of sale at Closing pursuant to Section 6.6(b). To Trustee’s Knowledge, no party has made or asserted any claim or has any defense, setoff or counterclaim under any of the Pre-Petition Contracts or the Post-Petition Contracts, except as set forth on Schedule 4.13.

**4.14. Insurance.** Schedule 4.14 contains a complete list of all insurance policies relating to the operation of the Station specifying the policy limit, type of coverage, location of the property covered, annual premium, premium payment date and expiration date of each of the policies.

**4.15. Labor Matters.** Except as set forth on Schedule 4.15, with respect to the Station (i) there is no unfair labor practice charge or complaint pending before the National Labor Relations Board, any state labor relations board or any court or tribunal and, to Trustee’s Knowledge, none is or has been threatened, (ii) there is no labor strike, dispute, request for representation, slowdown or stoppage actually pending and, to Trustee’s Knowledge, none is or has been threatened, and (iii) no grievance or arbitration proceeding arising out of or under any collective bargaining or other employment agreement is pending and, to Trustee’s Knowledge, none is or has been threatened.

#### **4.16. Environmental Matters.**

(a) As used within this Section 4.16, the term “Real Estate” shall include any and all real property as of the date of this Agreement and on the Closing Date owned, leased, operated or used in connection with the Station Assets and all strata, soils, fill, foundation, sewers, septic systems, leach fields, piping, surface waters, groundwater and other materials and improvements on, in or under such real property.

(b) The term Environmental Law(s) shall mean all federal, state and local laws, regulations and ordinances intended to protect or preserve Natural Resources and the Environment.

(c) The terms Hazardous Substance, Release, Environment, Transportation and Natural Resources shall have the same meanings and definitions as set forth in the Comprehensive Environmental Response Compensation and Liability Act, as amended, 42 U.S.C. § 9601 et seq. and regulations promulgated thereunder (collectively “CERCLA”) and any corresponding state or local law or regulation, provided, that, as used herein, the term Hazardous Substance shall also include: (i) any Pollutant or Contaminant as defined by CERCLA or by any other Environmental Law, (ii) any Solid Waste, Hazardous Constituent or Hazardous Waste as defined by, or as otherwise identified by, the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 5901 et seq. or regulations promulgated thereunder, (collectively “RCRA”) or by any other Environmental Law, (iii) crude oil, petroleum, and fractions or distillates thereof, (iv) any toxic substance or hazardous material as defined by any Environmental Law; (v) any polychlorinated biphenyls (“PCBs”) unless properly labeled and stored, and (vi) any infectious waste or medical waste as defined by any applicable federal or state laws or regulations. Hazardous Substances shall not include ordinary quantities of consumer or commercial products used in the normal course of operation of the Station, including grounds and building operation and maintenance, provided that such products have been stored, handled and disposed of in compliance with applicable Environmental Laws.

(d) The terms Storage, Treatment and Disposal shall have the same meanings and definitions as set forth in RCRA.

(e) Except as set forth on Schedule 4.16, to Trustee’s Knowledge, there are no, and, there have not been, any Hazardous Substances in or on the Real Estate, including without limitation, any asbestos containing materials, polychlorinated biphenyl containing electrical or hydraulic equipment, urea formaldehyde foam insulation and lead containing piping and paints incorporated into or contained within any building or other structure on, in or under the Real Estate.

(f) Except as set forth on Schedule 4.16, to Trustee’s Knowledge, there has been no Release, Treatment, Storage, Disposal or transportation of Hazardous Substances on, in or from the Real Estate by the Estates.

(g) At all times since the Appointment Date the Station has operated its business and the Real Estate has been maintained by the Estates in compliance in all material respects with all

applicable laws, regulations and ordinances, including but not limited to Environmental Laws and those pertaining to the protection of human health, the Station has not utilized, stored, accumulated or generated Hazardous Substances except as permitted by such laws, regulations and ordinances, and the Station has secured all required Permits from all applicable governmental authorities.

(h) Except as set forth on Schedule 4.16 (h), to Trustee's Knowledge, there are no and have been no underground storage tanks (including without limitation, tanks such as those used to contain heating oil that may be exempt from regulation under RCRA or corresponding state laws or regulations) located on the Real Estate.

(i) There are no wetlands, to Trustee's Knowledge, within the meaning of or as defined by the Clean Water Act, 33 U.S.C. § 404, and regulations promulgated thereunder and any other applicable federal, state or local law or regulations, on the Real Estate.

(j) To Trustee's Knowledge, since the Appointment Date, there has been no, nor is there now any pending, ongoing or unresolved or threatened, administrative or enforcement actions, compliance orders, claims, demands, actions or other litigation, or any investigations based on CERCLA, RCRA or other Environmental Laws or otherwise related to the presence of Hazardous Substances in or on, or transported from, the Real Estate or other environmental condition of the Real Estate brought by any governmental authority or other third parties ("Environmental Claims"); nor has any information request, special notice or general notice letter or other communication indicating or suggesting the possibility or threat of Environmental Claims been received by the Trustee nor are the Estates aware of any basis for the possibility or threat of Environmental Claims.

**4.17. Commission Reports.** Since the Appointment Date, all material reports, statements, and other documents required to be filed with the Commission relating to the Station (including but not limited to the registration of towers and the filing of annual regulatory fees for the Station) have been filed and are complete and correct in all material respects.

**4.18. Market Cable Systems.** Schedule 4.18 sets forth, to Trustee's Knowledge, as of the date of this Agreement:

(a) a list of all U.S. cable television systems which now carry the Station's signal;

(b) a list of all U.S. cable television systems located within the Station's market, as defined in Section 76.55(e) of the Commission's rules ("Market Cable Systems"), to which the Station has provided a must-carry notice or retransmission consent notice, for the current term specified by Section 76.64(f) of the Commission's rules, in accordance with the provisions of the Cable Television Consumer Protection and Competition Act of 1992 and the Commission's rules and regulations, and a list of all Market Cable systems to which the Station has not provided any such must-carry or retransmission consent notices;

(c) a list of current retransmission consent and copyright indemnification agreements, if any, entered into with respect to the Station;

(d) a list of all Market Cable Systems, if any, which are currently carrying the Station's signal and which have sent notice to the Station of such Market Cable System's intention to delete the Station from carriage or to change Station's channel position on such cable system, other than pursuant to any agreement described in clause (c) above;

(e) a listing of each notice, if any, received by the Station from any Market Cable System alleging that the Station does not deliver an adequate signal, as defined in Section 76.55(c)(3) of the Commission's rules, to such Market Cable System's principal headend (other than any such notice as to which such failure has been remedied or been determined not to exist), and a listing of all further correspondence with any such Market Cable System relating to such notice;

(f) a list of all pending petitions for special relief to include any additional community or area as part of the television market of the Station, as defined in Section 76.55(e) of the Commission's rules, if any, filed with respect to the Station and served upon the Station;

(g) a list of each petition for special relief requesting the deletion of any community or area from the television market for the Station, if any, which is pending at the FCC; and

(h) Schedule 4.18 lists all elections of must carry made by Trustee with respect to each Market Cable System located within the Station's area. Except as disclosed on Schedule 4.18, no cable system has advised Trustee of any signal quality or copyright indemnity or other prerequisite to cable carriage of the Station's signal, and no Market Cable System has declined or threatened to decline such carriage or failed to respond to a request for carriage, or sought any form of relief from carriage from the FCC.

**4.19. Accuracy and Completeness of Representations and Warranties.** No representation or warranty made by Seller in this Agreement, any document provided in connection herewith, or in any schedule, certificate or exhibit prepared and furnished or to be prepared and furnished by Seller, pursuant hereto or thereto, or in connection herewith or therewith, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements or facts contained herein or therein not misleading in light of the circumstances under which they were made or furnished.

## **5. REPRESENTATIONS AND WARRANTIES BY THE BUYER.**

The Buyer represents and warrants to Seller as follows:

**5.1. The Buyer's Organization.** The Buyer is a corporation duly organized and validly existing under the law of the State of Delaware, as of the Closing will be qualified to do business in

Wisconsin and has the full power and authority to enter into and perform this Agreement and to own and operate the Station.

**5.2. Authorization of Agreement.** The execution, delivery and performance of this Agreement by the Buyer have been duly authorized by all necessary action of the Buyer and this Agreement constitutes a valid and binding obligation of the Buyer enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights in general and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

**5.3. Consents of Third Parties.** The execution, delivery and performance of this Agreement by the Buyer will not (a) conflict with the Buyer's certificate of incorporation or by-laws and will not conflict with or result in the breach or termination of, or constitute a default under, any lease, agreement, commitment or other instrument, or any order, judgment or decree, to which the Buyer is a party or by which the Buyer is bound, or (b) constitute a violation by the Buyer of any law applicable to it. No consent, approval or authorization of, or designation, declaration or filing with, any governmental authority is required on the part of the Buyer in connection with the execution, delivery and performance of this Agreement, except for the filings referred to in Sections 6.1 and 6.21(b).

**5.4. Litigation.** There is no claim, litigation, proceeding or governmental investigation pending or, to Buyer's Knowledge, threatened, or any order, injunction or decree outstanding, against the Buyer or any of its affiliates that would prevent the consummation of the transactions contemplated by this Agreement.

**5.5. Qualifications of Buyer.** Buyer is qualified to be the assignee of the FCC Licenses without any waiver of the FCC's rules and to Buyer's Knowledge there is no claim or proceeding pending with respect to Buyer that would preclude or materially delay the FCC's grant of the Assignment Application referenced in Section 6.1 hereof.

**5.6. Financing Information.** Buyer has delivered to Trustee a copy of its current audited financial statements, and (a) a lender's comfort letter indicating the Buyer has a sufficient line of credit, deposits or other financing available from the lender, or (b) other credible evidence reasonably acceptable to Seller of the Buyer's financial ability, to close the transactions upon the terms set forth in this Agreement. Buyer further warrants and represents that it presently has or will have on the Closing Date the financial ability to consummate the transactions contemplated hereby.

**5.7. Accuracy and Completeness of Representations and Warranties.** No representation or warranty made by Buyer in this Agreement, any document provided in connection herewith, or in any schedule, certificate or exhibit prepared and furnished or to be prepared and furnished by Buyer or its representatives pursuant hereto or thereto, or in connection herewith or therewith, contains or will contain any untrue statement of a material fact, or omits or will omit to state a material fact necessary to make the statements or facts contained herein or therein not misleading in light of the circumstances under which they were made or furnished.

## 6. FURTHER COVENANTS OF THE PARTIES.

**6.1. FCC Application.** As soon as practicable, but in no event later than fifteen (15) calendar days after entry of the Approval Order, the parties shall file with the Commission an application requesting consent to the assignment of the FCC Licenses to Buyer (the “Assignment Application”). The parties shall with due diligence cooperate with each other and otherwise take all reasonable steps necessary to expedite the processing of the Assignment Application and to secure its grant by the FCC, including, if necessary, the timely filing of any opposition to any petition to deny or other objection filed against the Assignment Application. Each party will promptly provide the other party with copies of any and all communications to or from the FCC concerning the Assignment Application. Each party shall bear its own costs and expenses (including the fees and disbursements of its counsel) in connection with the preparation of its respective portion of the Assignment Application and in connection with the processing of said Application. All filing fees, if any, payable to the Commission, shall be paid one-half by Buyer and one-half by Seller.

**6.2. Operation of the Station.** From the date of this Agreement through the Closing Date, except as otherwise specified in Schedule 6.2:

(a) The business of the Station shall be operated in the ordinary course of business consistent with past practices in all material respects;

(b) Except in the ordinary course of business and consistent with past practice, the Trustee will not, without Buyer’s prior written approval (i) enter into Contracts or incur other liabilities that will have payment obligations in the aggregate in excess of Ten Thousand Dollars (\$10,000.00), or (ii) sell or transfer any of the Station Assets other than assets that have worn out or been replaced with other assets of equal or greater value, or assets that are no longer needed in the operation of the Station;

(c) Except with the Buyer’s prior written approval, which shall not be unreasonably withheld, the Trustee shall not, (i) enter into or renew any lease, commitment or other agreement requiring the payment of more than Ten Thousand Dollars (\$10,000.00) annually or lasting more than one year relating to the Station that, if entered into prior to the date of this Agreement, would have been required to be included on Schedule 4.11, (ii) enter into any new time sales agreement for the Station except in the ordinary course of business and consistent with past practices, (iii) cause or take any action to allow any material Contract to lapse (other than in accordance with its terms), to be modified in any adverse respect, or otherwise to become impaired in any material manner, (iv) grant or agree to grant any general increases in the salaries or compensation payable to employees of the Station except for increases to be given consistent with past practices on the anniversary date of employment to each employee in the amount set forth in the Station’s operating plan, as set forth in Schedule 6.2, or consistent with any employment agreement provided to Buyer pursuant to other provisions of this Agreement and any increases required by collective bargaining, (v) grant or agree to grant any specific bonus or increase to any executive or management employee of the Station except in the

ordinary course of business and consistent with past practices, or (vi) provide for any new pension, retirement or other employment benefits for employees of the Station or any increase in any existing benefits, establish any new employee benefit plan or amend or modify any existing employee benefit plan, or otherwise incur any new obligation or liability under any employee benefit plan; and

(d) The Trustee shall (i) maintain all of the assets relating to the Station in customary repair, maintenance and condition, except to the extent of normal wear and tear, and repair or replace, consistently with past practice and subject to the provisions of Section 11.1 hereof, any asset that may be damaged or destroyed, and (ii) maintain or cause to be maintained insurance on the assets and business of the Station as described in Section 4.12.

**6.3. No Control.** Between the date of this Agreement and the Closing Date, the Buyer shall not, directly or indirectly, control, supervise or direct, or attempt to control, supervise or direct, the operations of the Station.

**6.4. Accounts Receivable.** From and after the Closing, Buyer shall have the right and authority to collect for its own account the Accounts Receivable and to endorse with the name of the Trustee or any of the Estates any checks or drafts received with respect to any such Accounts Receivable. Seller shall promptly deliver to Buyer any payments received with respect to any of the Accounts Receivable after Closing, and Seller will instruct account debtors to forward payments on the Accounts Receivable to Buyer.

**6.5. Access to Information.** Prior to the Closing, the Buyer and its representatives may make such investigation of the property, assets and businesses of the Station as Buyer may desire, provided that Seller receives not less than three (3) business days prior notice thereof and that such inspections are not unduly disruptive of the operations of the Station. The Buyer and its counsel, accountants, agents, and other representatives shall be given, upon reasonable prior notice, full access during normal business hours throughout the period prior to the Closing to all of the assets, books, commitments, agreements, records and files relating to the Station. Buyer shall be furnished during that period all documents and copies of documents and information concerning the businesses and affairs of the Station as the Buyer reasonably may request. The Buyer shall hold, and shall cause its representatives to hold, all such information and documents and all other information and documents delivered pursuant to this Agreement in strict confidence and, if the purchase and sale contemplated by this Agreement shall not be consummated for any reason, Buyer and its representatives shall return all such information and documents and all copies thereof as soon as practicable, and shall not disclose any such information (that has not previously been disclosed by a party other than the Buyer or its representatives) to any third party unless required to do so pursuant to a request or order under applicable laws and regulations or pursuant to a subpoena or other legal process. The Buyer's obligations under this Section shall survive the termination of this Agreement.

**6.6. Assumption and Assignment of Contracts.**

(a) Post-Petition Contracts. At Closing, the Seller shall assign to Buyer the Post-Petition Contracts identified by Buyer as Assumed Contracts under Section 2.8, and shall deliver to Buyer any third party written consents to assignment required by any such Assumed Contracts. If, with respect to any Post-Petition Contract to be assigned to Buyer, a required consent is not obtained (and, accordingly, pursuant to Section 1.2(c) the Post-Petition Contract is excluded from the sale to the Buyer), the Seller shall use reasonable efforts to keep it in effect and give the Buyer the benefit of it to the same extent as if it had been assigned, and, to the extent it agrees to close this transaction without the assignment of that Assumed Contract, the Buyer shall perform the Seller's obligations under the Post-Petition Contract relating to the benefit obtained by the Buyer. Nothing in this Agreement shall be construed as an attempt to assign any Post-Petition Contract that is by its terms nonassignable without the consent of the other party.

(b) Pre-Petition Contracts. After receipt of Buyer's notice(s) under Section 2.8, Trustee shall prepare and file with the Bankruptcy Court the appropriate motion or motions to assume and assign the Pre-Petition Contracts identified by Buyer as Assumed Contracts, with notice as required by the Bankruptcy Code. Trustee shall diligently pursue entry of such other Court orders as may be necessary to authorize the assumption and assignment of such Pre-Petition Contracts to Buyer, effective upon the Closing of this transaction, which shall include payment from the sale proceeds of any amounts required to be paid to cure any defaults under any such Assumed Contracts.

**6.7. Transfer Fees.** Seller shall pay all transfer fees in connection with the sale of the Station Assets. Seller shall surrender its Seller's Permit to the Wisconsin Department of Revenue and Seller shall not be responsible for any sales tax in connection with the sale of the Station.

**6.8. Employees.**

(a) Employment. Except as may be provided in the LMA, Seller shall be solely responsible, and Buyer shall have no obligations whatsoever, for any compensation or other amounts payable to any employee of the Station, including, but not limited to, bonus, salary, accrued vacation, fringe benefits, pension, or profit sharing benefits, or severance pay payable to any employee of the Station for any period or relating to service with the Station at any time prior to the Closing Date. Except for those employment agreements included within the Assumed Contracts, Buyer does not assume any employment contracts including any "at will" employment relationships. Seller shall pay all severance and accrued vacation pay to the Seller's employees, all in accordance with the Station's policies and applicable law.

(b) Employee Benefits Generally. The Buyer shall not be obligated to continue any benefits presently offered to employees of the Station. Nothing in this Agreement shall be construed to obligate Buyer to continue any vacation policy, sick pay policy or other employee benefit presently offered to employees of the Station.



(c) Other Employment Agreements. Buyer expressly does not assume and will not be subject to the provisions of any collective bargaining agreement relating to employees of the Station as a result of the transactions contemplated by this Agreement. Buyer does not assume any obligations under any agreement with employees except for those Contracts included in the Assumed Contracts.

(d) Medical Benefits. The Buyer will offer such medical benefits to any Station employee it hires as the Buyer may determine. The Buyer does not assume any responsibility for any medical benefit plan of employees at the Station.

(e) Employee List. Schedule 6.8(e) sets forth the name, rate of compensation (including bonuses, anticipated bonuses, deferred compensation, severance or termination benefits, and other remunerative payments, if any) and hire date of each officer, employee and agent of the Station as of the date hereof.

**6.9. Expenses.** Each party shall bear its own expenses incurred in connection with the negotiation and preparation of this Agreement and in connection with all obligations required to be performed by it under this Agreement, except where specific expenses have been otherwise allocated by this Agreement.

**6.10. Operating Statements.** Trustee shall promptly deliver to the Buyer copies of all Operating Statements that may be filed with the Bankruptcy Court during the period from the date of this Agreement to the Closing Date, which shall, subject to Section 12.12, be deemed to constitute an amendment to Schedule 4.6.

**6.11. Other Action.** Each of the parties to this Agreement shall use its commercially reasonable efforts to make its representations and warranties true as of the Closing Date and to cause the fulfillment at the earliest practicable date of all of the conditions to the obligations of the other party to consummate the sale and purchase under this Agreement.

**6.12. Further Assurances.** At any time and from time to time after the Closing, each of the parties shall, without further consideration, execute and deliver to the other such additional documents and other instruments, and shall take such other action, as the other may reasonably request to carry out the transactions contemplated by this Agreement. For a period of three (3) years after the Closing, each party shall grant the other reasonable access during normal business hours upon reasonable prior notice to the books and records of that party for the purpose of complying with any applicable law or governmental rule or request relating to the period during which the other party operated the Station or as otherwise reasonably required.

**6.13. Must Carry/Retransmission Consent Election.** Seller shall cooperate with Buyer, which shall not withhold or delay its consent unreasonably after receiving the Trustee's recommendation thereon, in determining any must carry or retransmission consent election as well as in providing any waivers under the Satellite Home Viewer Act and Satellite Home Viewer Improvement Act.

**6.14. Trade and Barter Transactions.** Except as set forth on Schedule 6.14, Seller has not entered into any trade and barter agreements that are outstanding. At Closing the trade and barter balance of the agreements set forth on Schedule 6.14 shall be reduced to zero. Between the date of this Agreement and the Closing, Seller shall not enter into any trade or barter transactions, without the Buyer's written consent, which shall not be unreasonably withheld.

**6.15. Environmental Reports.**

(a) Within sixty (60) days after the entry of the Approval Order, Buyer shall have the right to obtain a Phase I environmental audit for each owned site and each leased tower, office and studio site of real estate included in the Station Assets ("Real Property"). Such report shall be obtained in a manner that does not materially interfere with or disrupt the business of the Station or cause damage to the Station Assets. If the Phase I environmental audit discloses the presence or likely presence of a Hazardous Substance or any potential environmental liability, Buyer may obtain a Phase II environmental audit for each such parcel of Real Property owned or leased by Seller with any potential environmental liability. The Phase I and Phase II environmental audits are hereinafter referred to as the "Assessments."

(b) Copies of the Assessments shall be delivered to Trustee by Buyer promptly after receipt by Buyer. The results of the Assessments shall not be disclosed to any third party, unless such disclosure is required by law; provided, that, each party may disclose such information to such party's officers, directors, employees, lenders, advisors, attorneys and accountants who need to know such information in connection with the consummation of the transactions contemplated by this Agreement and who are informed by such party of the confidential nature of such information.

(c) If any Assessment reveals the presence of a Hazardous Substance, the remediation of which is required under any applicable Environmental Laws, Seller shall be responsible for the costs of remediation needed in order to comply with such Environmental Laws if the costs do not exceed Fifty Thousand Dollars (\$50,000.00) in the aggregate. If such costs are estimated to exceed Fifty Thousand Dollars (\$50,000.00) in the aggregate, then Buyer may elect: (i) to proceed to Closing with a Fifty Thousand Dollar (\$50,000.00) reduction in the Cash Portion of the Purchase Price and a release of Seller from any and all liability for the cost of such remediation, or (ii) to terminate this Agreement and obtain a return of the Earnest Money Deposit and interest thereon. If Buyer terminates the Agreement in accordance with this subsection, neither party shall have any liability to the other party under this Agreement.

(d) If any underground storage tanks are present on the Real Property, then the Seller, at the Seller's cost, shall remove such tanks before Closing or take such action as may be necessary for Seller to obtain before Closing from the appropriate regulatory agency a written response that no further action needs to be taken to remediate any contamination.

(e) Buyer shall pay all the costs and expenses of any Phase I or Phase II Assessments regardless of whether this Agreement is terminated or closed.

**6.16. Bankruptcy Court Approvals and Procedures.**

(a) Sale Procedure Approval. Within five (5) days after the execution of this Agreement, Trustee shall file with the Bankruptcy Court the Sale Procedures Motion to secure the Bankruptcy Court's approval of the Sale Procedures set forth in Schedule 6.16 attached hereto. As part of the Sale Procedures Motion, Trustee shall request approval of the bid protection set forth in Section 6.17 below, and the break-up fee set forth in Section 6.18 below. Trustee shall request that a hearing on the Sale Procedures Motion be held no later than February 22, 2002. Trustee shall give notice of the Sale Procedures Motion and hearing to any and all parties entitled to notice under the Bankruptcy Code and Federal Rules of Bankruptcy Procedure ("Rules"), including, but not limited to, Buyer, the United States Trustee, counsel for the secured lenders of the Estates, counsel for any Official Committee of Unsecured Creditors, and any other party claiming any interest in the Station Assets.

(b) Final Sale Approval. During the hearing on the Sale Procedures Motion, Trustee shall request the Bankruptcy Court to schedule a final hearing on approval of the sale of the Station Assets pursuant to this Agreement. Trustee will request a hearing date no later than March 18, 2002. Trustee shall diligently pursue entry of the Approval Order approving the sale of the Station Assets to Buyer pursuant to this Agreement which shall expressly find or state: (i) that the terms of the Agreement are in the best interests of the Estates and their creditors, (ii) that the notice of the hearing on the motion for such order is good and sufficient under the circumstances, (iii) that Buyer is authorized to purchase the Station Assets, (iv) that Buyer has acted in good faith and is entitled to the protections of Section 363(m) of the Bankruptcy Code, (v) that the terms of this Agreement shall be binding upon the Seller, all of the Seller's creditors, and all other parties in interest, (vi) that the Station Assets are sold free and clear of all Encumbrances (other than the Permitted Encumbrances) and all Liabilities (except those included within the Assumed Contracts), and (vii) that the Bankruptcy Court shall retain jurisdiction of the Estates' cases to enforce the provisions of this Agreement. The motion for and the Approval Order shall be in a form reasonably satisfactory to the Buyer. Trustee shall timely give appropriate notice under the Rules, and the Sale Procedures of the transactions contemplated by this Agreement, the Sale Procedures adopted by the Court, the final hearing on approval of the sale of the Station Assets, and any other matters required by the Court, to all parties entitled to notice under the Rules, including, but not limited to, all known creditors of the Estates, any party who had expressed an interest in the Station Assets, or any portion of the Station Assets, the United States Trustee, Buyer, and any party or parties claiming any interest in the Station Assets.

**6.17. Bid Protection.** In the event any party other than the Buyer is permitted to bid for any portion of the Station Assets, then no competing bid or bids shall be accepted by Trustee that do not, in the aggregate, exceed the Purchase Price by an amount determined by the Trustee to be equal to or in

excess of One Hundred Fifty Thousand Dollars (\$150,000.00) pursuant to the Sale Procedures approved by the Bankruptcy Court.

**6.18. Break-Up Fee.** Subject to the approval of the Bankruptcy Court at the hearing contemplated under Section 6.16(b) above, if Buyer is not the purchaser of the Station Assets, and the competing bid of a Qualified Bidder (as defined in Schedule 6.16) is selected as the winning bid pursuant to the Sale Procedures approved by the Bankruptcy Court, Buyer shall be entitled to a break-up fee equal to One Hundred Thousand Dollars (\$100,000.00). The break-up fee shall be payable upon the closing of any sale of the Station Assets to a third party other than Buyer or the expiration of twelve (12) months from entry of the Approval Order, whichever is earlier; provided, that Buyer has not terminated this Agreement prior to entry of the Approval Order.

**6.19. No Inconsistent Action.** Seller shall not take any action which is inconsistent with its obligations under this Agreement or that would hinder or delay the consummation of the transactions contemplated by this Agreement. Between the date of this Agreement and the hearing on the Sale Procedures Motion, Trustee will not seek to entertain or present to the Bankruptcy Court an agreement with another purchaser for the purchase and sale of the Station Assets contemplated by this Agreement, provided, that at all times Trustee may solicit additional prospective purchasers to bid pursuant to the Sale Procedures approved by the Bankruptcy Court.

**6.20. Rent Free Use of Certain Assets.** At the Closing, Seller shall execute whatever documents may be appropriate and necessary to enable Buyer to have access to the Station's existing transmitter site located in Footville, Wisconsin on a rent-free basis for a term not to exceed twenty-four (24) months commencing on the Closing Date. During such rent-free usage period, Buyer shall be responsible, on a pro rata usage basis, for all insurance, property taxes, and utilities in connection therewith. Buyer, upon ninety (90) days' written notice to Seller, may terminate the rent-free period prior to the end of the twenty-four (24) month term. Unless and until Buyer provides such notice, the Seller shall take any and every commercially reasonable action necessary to preserve its ownership of the property, to maintain the fixtures on such real property in good repair so that Buyer may utilize them for the Station's transmission facilities, and to otherwise enable Buyer to enjoy the full use of such real property and fixtures during the term of the rent-free usage; provided, that, notwithstanding the foregoing, Seller shall have the right to sell the real property subject to the rights of Buyer provided for in this Section.

**6.21. Transmission Site Relocation.**

(a) Buyer shall use its commercially reasonable efforts to obtain, as promptly as possible, a site in the Madison, Wisconsin market to which the transmission site of the Station may be relocated from its currently authorized location in full compliance with the FCC's rules and regulations. Prior to the date on which a hearing is scheduled before the Bankruptcy Court for the entry of the Approval Order pursuant to Section 6.16(b), Buyer shall (i) notify Trustee of the relocation site selected by Buyer; and (ii) provide Trustee with an Engineer's Affidavit certifying that, except as otherwise set forth in such Affidavit, the site will comply with the

FCC's rules and regulations and will not result in the Federal Aviation Administration withholding approval of the antenna structure at the site. If Buyer fails to comply in a timely manner with both (i) and (ii) above, this condition shall be deemed satisfied.

(b) As promptly as possible after the filing date of the Assignment Application, and in no event later than seven (7) days after the filing date of the Assignment Application, Buyer shall file with the FCC, at its own expense, an application on FCC Form 301 requesting the Commission's authorization to relocate the Station to the relocation site selected by Buyer pursuant to Section 6.21(a) above ("Modification Application"). Buyer shall prosecute the Modification Application in good faith and with due diligence and shall take all reasonable and necessary actions on its part to obtain timely FCC approval for the Modification Application, including, without limitation, promptly responding to any FCC inquiries or requests for information concerning the Modification Application. Trustee shall cooperate with Buyer in the filing and prosecution of the Modification Application. If Buyer fails either (i) to file the Modification Application with the FCC within the time period specified in this Section 6.21(b), or (ii) to timely respond to any FCC inquiry or third-party petition or objection, this condition shall be deemed satisfied.

## **7. CONDITIONS PRECEDENT TO CLOSING.**

**7.1. Conditions Precedent to the Obligations of Buyer.** Buyer's obligation to consummate the purchase under this Agreement is subject to the fulfillment, at or prior to the Closing, of each of the following conditions (any of which may be waived in writing by Buyer):

(a) all representations and warranties of Trustee under this Agreement shall have been true and correct in all material respects when made and shall be true and correct in all material respects at and as of the time of the Closing with the same effect as though those representations and warranties had been made again at and as of that time;

(b) Trustee shall have performed and complied in all material respects with each obligation, covenant and condition required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) the Commission (or its authorized staff acting under delegated authority) shall have consented to (i) the assignment of the FCC Licenses to the Buyer without any conditions materially adverse to Buyer (other than conditions generally applicable to the broadcasting industry and to the stations of the same type as the Station) and such consent shall have become a "Final Order" (as defined below in the last paragraph of this Section), and (ii) the extension of the Station's DTV construction deadline;

(d) Seller shall have duly received all consents and approvals and taken all actions, including the cure of all defaults, necessary to assign the Assumed Contracts to Buyer;

(e) there shall not be in effect an injunction or restraining order issued by a court of competent jurisdiction in an action or proceeding prohibiting the consummation of the transactions contemplated by this Agreement or any court order, administrative order or arbitration order requiring Buyer to assume any collective bargaining agreement to which Trustee, with respect to the Estates, is subject as a condition of the sale of the Station Assets;

(f) the Buyer shall have been furnished with a certificate from the Trustee, dated as of the Closing Date, in form and substance reasonably satisfactory to the Buyer, certifying to the fulfillment of the conditions set forth in Sections 7.1(a) and (b);

(g) the Buyer shall have been furnished with all documents required to be delivered by the Seller under Section 8.1, including, but not limited to, the opinions of counsel for Trustee as described in Section 8.1(b) herein;

(h) The Bankruptcy Court shall have entered the Approval Order, approving the sale of the Station Assets to Buyer, and the Approval Order shall include the terms set forth in Section 6.16(b) as well as the following provisions:

(i) Title. The Station Assets shall be sold and conveyed to Buyer free and clear of all Encumbrances and Liabilities, except for Permitted Encumbrances and those liabilities included in the Assumed Contracts. Unless reflected in a document executed by Buyer, Buyer shall not assume or be liable for (i) any Programming Agreement or other Contract not expressly assumed by Buyer hereunder, (ii) any obligation of Seller arising out of any Contract of insurance, any pension, retirement, or profit sharing plan, or any trust or other benefit plan, (iii) any litigation, proceeding, or claim relating to the business or operation of the Station prior to the Closing, regardless of whether such litigation, proceeding, or claim is pending, threatened, or asserted before, on, or after the Closing, or (iv) any obligation (including but not limited to wages, salaries, vacation pay, payroll taxes, COBRA coverage or severance payments) to or for persons employed by Trustee or the Station prior to the Closing Date.

(ii) Taxes. Buyer shall have no liability for any claims, obligations, or liabilities for taxes, interest, and penalties attributable to the Seller's ownership or operation of the Station or the Seller's ownership or holding of the Station Assets prior to the Closing Date.

(iii) Successor Liability. Buyer will not be deemed to (i) be the successor of the Estates, (ii) have de facto or otherwise merged with or into the Estates, or (iii) be a continuation or substantial continuation of the Estates.

(iv) Employees. With respect to all periods prior to the Closing Date, Buyer will have no liability (i) for any taxes or payments or penalties which have not been paid or made for employment of persons by Station, (ii) for any claims of discrimination or wrongful termination or hiring, including, without limitation, violations of federal or state law relating to civil rights, regulations of the United States Equal Employment Opportunity Commission, or the Americans with Disabilities Act of 1990, (iii) for any claims for severance (recognizing that Buyer has no obligation to employ any of Station's employees), and (iv) for any other claims by employees of the Station relating to or arising from their employment (or severance therefrom).

(i) Buyer shall have obtained the Contract right and the FCC grant of the Modification Application to relocate the Station's transmission site to the new site designated by Buyer; and

(j) Seller shall have obtained the entry of Bankruptcy Court Orders pursuant to Section 6.6(b), authorizing the assumption and assignment of the Pre-Petition Contracts identified by Buyer as Assumed Contracts, with such assumption and assignment effective upon the Closing of this transaction, when any and all payments from the sale proceeds will be made to cure any defaults under such Contracts.

(k) For the purposes of this Agreement, "Final Order" means action by the Commission (i) which has not been vacated, reversed, stayed, set aside, annulled or suspended, (ii) with respect to which no appeal, request for stay, or petition for rehearing, reconsideration

or review by any party or by the Commission on its motion, is pending, and (iii) as to which the time for filing any such appeal, request, petition, or similar document for the reconsideration or review by the Commission on its own motion under the express provisions of the Communications Act of 1934 and the rules and regulations of the Commission, has expired (or if any such appeal, request, petition or similar document has been filed, a Commission order has been upheld in a proceeding pursuant thereto and no additional review or reconsideration may be sought).

**7.2. Conditions Precedent to the Obligations of Estates.** Seller's obligation to consummate the sale under this Agreement is subject to the fulfillment, at or prior to the Closing, of each of the following conditions (any of which may be waived in writing by Seller):

(a) all representations and warranties of the Buyer under this Agreement shall have been true and correct in all material respects when made and shall be true and correct in all material respects at and as of the time of the Closing with the same effect as though those representations and warranties had been made at and as of that time;

(b) the Buyer shall have performed and complied in all material respects with all obligations, covenants and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) the Commission (or its authorized staff acting under delegated authority) shall have consented to the assignment of the FCC Licenses to the Buyer with no conditions to such consent that are materially adverse to the Seller, notwithstanding that such consent may not yet have become a Final Order;

(d) the Buyer shall have tendered the Cash Portion of the Purchase Price less any adjustments made on or before the Closing in accordance with Section 2.5;

(e) there shall not be in effect an injunction or restraining order issued by a court of competent jurisdiction in an action or proceeding against the consummation of the transactions contemplated by this Agreement;

(f) Trustee shall have been furnished with a certificate of an officer of the Buyer, dated the Closing Date, in form and substance reasonably satisfactory to Trustee, certifying to the fulfillment of the conditions set forth in Sections 7.2(a) and (b);

(g) Trustee shall have been furnished with all documents to be delivered by Buyer pursuant to Section 8.2, including the opinion of counsel for Buyer as described in Section 8.2; and

(h) The Bankruptcy Court shall have entered the Approval Order, approving the sale of the Station Assets to Buyer, such that the conditions of Buyer to close in Section 7.1(h) shall have been fulfilled.



## **8. DELIVERY OF DOCUMENTS AT THE CLOSING.**

**8.1. Documents to be Delivered by Trustee.** At the Closing, Trustee shall deliver or shall cause the Estates to deliver to the Buyer the following:

- (a) such bills of sale, assignments, trustee deeds or other instruments of transfer and assignment, all without warranty and in form and substance reasonably satisfactory to Buyer and its counsel, as shall be effective to vest in Buyer title to the Station Assets in accordance with Section 4.4;
- (b) an opinion of Murphy & Desmond, S.C., counsel to Trustee, dated the Closing Date, and an opinion of Bryan Cave LLP, FCC counsel to Trustee, dated the Closing Date, both in customary form and substance, and reasonably satisfactory to Buyer;
- (c) a designation agreement providing IRS reporting information and affidavit that Seller is not a “foreign corporation” within the meaning of Section 1445 of the Internal Revenue Code;
- (d) the certificate referred to in Section 7.1(f);
- (e) copies of all third-party consents and Bankruptcy Court approvals necessary to assign the Assumed Contracts to Buyer;
- (f) a copy of the Approval Order authorizing the execution, delivery, and the performance of the Agreement; and
- (g) executed Holdback Escrow Agreement referred to in Section 2.3.

**8.2. Documents to be Delivered by the Buyer.** At the Closing, the Buyer shall deliver to Trustee the following:

- (a) the Cash Portion of the Purchase Price less any adjustments made at Closing pursuant to Section 2.5;
- (b) instruments, in form and substance reasonably satisfactory to Trustee and its counsel, pursuant to which the Buyer shall assume the obligations of the Estates to be assumed by the Buyer pursuant to Sections 2.1(b) and (c);
- (c) an opinion of Dickstein Shapiro Morin & Oshinsky LLP, counsel to the Buyer, dated the Closing Date, in customary form and substance, and reasonably satisfactory to Seller;
- (d) a copy of resolutions of the board of directors of the Buyer authorizing the execution, delivery and performance of this Agreement by the Buyer, and a certificate of the secretary or an assistant secretary of the Buyer, dated the Closing Date, that such resolutions were duly adopted and are in full force and effect;

(e) the certificate referred to in Section 7.2(f); and

(f) executed Holdback Escrow Agreement referred to in Section 2.3 hereof.

## **9. SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION.**

**9.1. Survival.** All representations, warranties, covenants and agreements of Trustee and the Buyer contained in this Agreement shall survive the Closing and the delivery of any deeds, but neither party shall be liable to the other for any breach of a representation, warranty, covenant, or obligation, except to the extent that notice of a claim is asserted in writing and delivered to the other party prior to 11:59 p.m., Central Standard Time, on the nine-month anniversary of the Closing Date. Any notice of a claim for breach of a representation, warranty, covenant, or obligation shall state specifically the representation or warranty, covenant or obligation with respect to which the claim is made, and the facts giving rise to an alleged basis for the claim.

### **9.2. Indemnification.**

(a) From and after the Closing, subject to Sections 9.1 and 9.3, Seller shall indemnify and hold harmless the Buyer (including its stockholders, directors, officers, employees, lawyers, and other agents) against all loss, liability, damage or expense (including reasonable fees and expenses of counsel), that the Buyer may suffer, sustain or become subject to as a result of (i) any breach by Seller of any representation, warranty, covenant, or other obligation contained in this Agreement; or (ii) the failure by Trustee or the Estates to pay, perform or discharge when due any of the Seller's obligations, taxes, liabilities, agreements or commitments not assumed by the Buyer pursuant to this Agreement; (iii) any liability or obligation arising out of the ownership or operation of the Station before the Closing Date, and (iv) any claims, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964 or claims under any employee benefit plans, against the Buyer solely in Buyer's capacity as the assignee of the Station Assets that arise out of operative facts and circumstances occurring or existing prior to the Closing Date. The exclusive remedy and source of funds available to Buyer to satisfy any and all claims relating to this Agreement and the transactions contemplated hereby shall be the amount then held on deposit with the Escrow Agent.

(b) From and after the Closing, subject to Sections 9.1 and 9.3, the Buyer shall indemnify and hold harmless Trustee (including his lawyers and other agents) against all loss, liability, damage or expense (including reasonable fees and expenses of counsel) that Trustee may suffer, sustain or become subject to as a result of (i) any breach by the Buyer of any representation, warranty, covenant, or other obligation contained in this Agreement, and (ii) any liability or obligation arising out of the operations of the Station on or after the Closing Date.

(c) If any claim is made against the Buyer that, if sustained, would give rise to a liability of Seller under this Agreement, or otherwise, the Buyer promptly shall cause notice of the claim to be delivered to the Trustee and shall afford Trustee and the Estates and their counsel, at the

Trustee's expense, the opportunity to defend or settle the claim, provided, that any reasonable delay in providing such notice will not excuse the Seller's liability hereunder except to the extent that such delay prejudices Trustee or the Estates in defending against any such claim. If the claim is settled by Buyer without notification to the Trustee, Seller shall not have any liability to the Buyer with respect to the claim. The Buyer shall cooperate with Trustee in the defense of the claim and may, at its own expense, participate in the defense, but complete control of the defense shall remain with Trustee (unless the claim exceeds the limitation on liability set forth in Section 9.3 or Seller denies any liability for the claim, in which case Buyer shall have the right to defend such action and include the costs of its defense in any payment ultimately recovered pursuant to the Holdback Escrow Agreement).

(d) If any claim is made against the Seller that, if sustained, would give rise to a liability of Buyer under this Agreement, or otherwise, the Seller promptly shall cause notice of the claim to be delivered to the Buyer and shall afford Buyer and its counsel, at the Buyer's expense, the opportunity to defend or settle the claim, provided, that any reasonable delay in providing such notice will not excuse the Buyer's liability hereunder except to the extent that such delay prejudices Buyer in defending against any such claim. If the claim is settled by Seller without notification to the Buyer, Buyer shall not have any liability to the Seller with respect to the claim. The Seller shall cooperate with Buyer in the defense of the claim and may, at its own expense, participate in the defense, but complete control of the defense shall remain with Buyer.

**9.3. Limitation on Liability.** Notwithstanding anything to the contrary in this Agreement, neither party shall be liable to the other for breach of representation, warranty, covenant, or other obligation contained in this Agreement except to the extent that the aggregate amount of loss, liability, damage and expense incurred as a result of all such breaches exceeds the sum of Twenty-Five Thousand Dollars (\$25,000.00), and is no more than Seven Hundred Fifty Thousand Dollars (\$750,000.00). Subject to such limitations, Seller acknowledges and agrees that any such valid claim by Buyer shall constitute an administrative claim under Section 503 of the Bankruptcy Code.

## **10. TERMINATION.**

**10.1. Termination.** Except with respect to provisions that expressly survive termination, this Agreement may be terminated:

(a) by mutual consent of the parties;

(b) by either the Trustee or Buyer, provided such party is not then in material default hereunder, upon written notice to the other party if the Closing hereunder has not occurred on or before February 1, 2003, provided, that, if, and only if, the sole condition under Section 7 not satisfied is the FCC grant of the Modification Application either party may extend such date to May 1, 2003, by giving written notice to be delivered to the other party on or before January 2, 2003, as to such extension;

(c) by either the Trustee or Buyer, upon written notice to the other party, if any governmental regulatory authority shall have issued or adopted a statute, rule, regulation, order, decree or injunction or taken any other action permanently restraining, enjoining, or otherwise prohibiting the Closing, and such statute, rule, regulation, order, decree or injunction or other action shall have become final and nonappealable;

(d) by either the Trustee or Buyer, upon written notice to the other party, if (i) the Commission or its authorized staff acting under delegated authority, shall have denied the Assignment Application or designated it for hearing, (ii) the parties' request for administrative or judicial review or the FCC's administrative review *sua sponte* of such action, shall not have been disposed of favorably to the parties and (iii) the parties have no further relief available to them;

(e) by Buyer, by written notice to Trustee, if the FCC has revoked the FCC Licenses, reduced the Station's authorized power to less than 5,000 kilowatts (other than by special temporary authority), denied the Station's request for an extension of its DTV construction deadline, or modified the FCC Licenses in an otherwise materially adverse manner;

(f) by the Buyer as provided in Sections 6.15(c) and 11.2;

(g) by Buyer, upon written notice to Trustee, if Trustee materially defaults in the performance of its obligations under this Agreement, and Buyer shall not be in material default; or

(h) by Trustee, upon written notice to Buyer, if Buyer materially defaults in the performance of its obligations under this Agreement, and Seller shall not be in material default.

**10.2. Post-Termination Liability.** If this Agreement is terminated pursuant to Sections 10.1(a)-(g) hereof, this Agreement shall thereupon become void and of no further effect whatsoever, and the parties shall be released and discharged from all obligations under this Agreement, except (i) to the extent of a party's liability for material breaches of this Agreement prior to the time of such termination, (ii) the obligations of each party for its own expenses incurred in connection with the transactions contemplated by this Agreement as provided herein, and (iii) in the event of a termination pursuant to Section 10.1(a)-(g), Buyer shall be entitled to prompt payment of the break-up fee of One Hundred Thousand Dollars (\$100,000.00). In the event of termination under Section 10.1(a)-(g), the Escrow Agent shall return the Earnest Money Deposit and interest thereon to the Buyer. In the event of a termination of this Agreement under Section 10.1(h), Escrow Agent shall be directed to pay over the Earnest Money Deposit to the Trustee as its exclusive remedy for such termination (with all interest accrued thereon to be paid simultaneously to Buyer).

**10.3. Buyer's Remedies Upon Default.** If the transactions contemplated by this Agreement are not consummated due to the default of Trustee and Buyer shall not be in material breach or default hereunder, Buyer shall be entitled to (i) elect to terminate this Agreement under Section 10.1(g), and recover the Earnest Money Deposit, with accrued interest, or (ii) seek specific

performance to require Seller to consummate the transaction contemplated by this Agreement if every condition precedent has been satisfied, but Buyer may not require Trustee to incur any material expenses or liabilities (other than those specified or contemplated by this Agreement) to satisfy any condition precedent.

**10.4. Trustee's Remedy Upon Default.** If the transactions contemplated by this Agreement are not consummated due to the default of Buyer and Trustee shall not be in material breach or default hereunder, Trustee's sole remedy and recourse hereunder is to obtain the Earnest Money Deposit pursuant to Section 2.7(a) hereof.

## **11. RISK OF LOSS.**

**11.1. Repair and Replacement.** The risk of loss or damage to any of the Station Assets shall be on the Trustee prior to the Closing Date and thereafter shall be on the Buyer. If any of the Station Assets that either (i) has a replacement cost (at its then current condition) in excess of Twenty-Five Thousand Dollars (\$25,000.00), or (ii) otherwise necessary for the operation of the Station and its business as currently conducted (a "Material Asset") is damaged or destroyed prior to the Closing Date (any such event being referred to as an "Event of Loss"), Trustee shall immediately notify the Buyer in writing of the Event of Loss. The notice shall specify with particularity the loss or damage incurred, the cause of the Event of Loss, if known or reasonably ascertainable, and the applicable insurance coverage. Such Material Asset shall either (i) be repaired, restored or replaced, or (ii) if such repair, restoration or replacement is not necessary for the operation of the Station and its business as then conducted, and such repair, restoration or replacement is not undertaken, the replacement cost thereof will be deducted from the Cash Portion of the Purchase Price payable at Closing.

**11.2. Delay of Closing.** If, as a result of loss or damage to any of the Station Assets, the operation of the Station and its business as currently conducted have been materially impaired and such impairment has not been corrected as of the date otherwise scheduled for the Closing, the period for Closing shall be extended, up to a maximum of sixty (60) days, in order to permit the Seller to cure such impairment, and Seller shall use its best efforts to do so as promptly as possible. If the date of the Closing shall be postponed beyond the date specified in Section 10.1(b), the parties shall submit to the Commission a request for an extension of the date of Closing. If such impairment shall not have been cured by the end of such sixty (60) day period, then the Buyer shall have the right either to (i) close the transaction within ten (10) business days after the end of such period and accept the damaged Station Assets "AS IS," with a reduction in the Cash Portion of the Purchase Price for the replacement value of the damaged Station Assets, or (ii) terminate this Agreement without liability, in which event the Escrow Agent shall be required to return the Earnest Money Deposit to the Buyer.

## **12. MISCELLANEOUS.**

**12.1. Notices.** Any notice or other communication under this Agreement shall be in writing and shall be considered duly given when delivered personally or sent by overnight mail or delivery

service maintaining records of receipt to the parties at the addresses set forth below (or at such other address as a party may specify by notice to the other):

to the Buyer, then at:

ACME Communications, Inc.  
2101 East 4<sup>th</sup> Street, Suite 202  
Santa Ana, CA 92705  
Attention: Thomas D. Allen, Executive Vice President

ACME Communications, Inc.  
10829 Olive Boulevard, Suite 202  
St. Louis, MO 63141  
Attention: Doug Gealy, President

with a copy to:

Dickstein Shapiro Morin & Oshinsky LLP  
2101 L Street, N.W.  
Washington, DC 20037  
Attention: Attorney Lewis J. Paper

if to the Trustee, then at:

Michael E. Kepler  
Kepler & Peyton  
634 West Main Street Suite 202  
Madison, WI 53703

with a copy to:

Murphy & Desmond, S.C.  
2 East Mifflin Street, Suite 800  
P.O. Box 2038  
Madison, WI 53701-2038  
Attention: Attorney Robert A. Pasch

**12.2. Brokers.** Buyer represents and warrants to Trustee that it has not retained or dealt with any broker or finder in connection with the transactions contemplated by this Agreement. Trustee represents and warrants to the Buyer that it has not retained or dealt with any broker or finder in connection with the transactions contemplated by this Agreement.

**12.3. Entire Agreement, Construction of Agreement.** This Agreement, including the Schedules and Exhibits, contains the entire agreement between the parties with respect to its subject matter, supersedes any previous agreement and understanding between them relating to that subject matter, and cannot be changed except by a writing executed by the parties and, if the change is material, without approval of the Bankruptcy Court. Except as specifically set forth in this Agreement, there are no representations or warranties by either party in connection with the transactions contemplated by this Agreement. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual agreement, and this Agreement shall not be deemed to have been prepared by any single party hereto.

**12.4. Headings.** The section headings of this Agreement are for reference purposes only and are to be given no effect in the construction or interpretation of this Agreement.

**12.5. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin applicable to agreements made and to be performed in Wisconsin.

**12.6. Separability.** If any provision of this Agreement is determined to be invalid or unenforceable by the order of a court or governmental authority of competent jurisdiction, the balance of this Agreement shall remain in effect unless such invalid or unenforceable provision is material to the terms and conditions of this Agreement. In any event, the parties shall negotiate in good faith to amend the Agreement to provide the party or parties, as the case may be, with the benefit of the invalid or unenforceable provision to the extent permitted by applicable law or any court decision.

**12.7. Assignment.** No party may assign any of its rights or delegate any of its duties under this Agreement without the consent of the other; provided that Seller or Buyer may assign its rights and obligations if such assignment would be permitted by a *pro forma* transfer or assignment under the FCC rules, provided, further, that such assignment will not cause the Closing Date to be extended past the date specified in Section 10.1(b) and Seller or Buyer, as the case may be, shall remain liable under this Agreement; and provided, further, that Buyer may assign Buyer's rights hereunder to any wholly-

owned subsidiary of Buyer, but under any such assignment Buyer shall remain liable under this Agreement.

**12.8. Publicity.** No public release or announcement concerning the transactions contemplated herein shall be issued by any party without the prior consent (which consent shall not be unreasonably withheld) of the other party, except: (i) in any documents utilized, as reasonably necessary, in connection with the Buyer's financing for the transactions contemplated herein, (ii) such release or announcement may be required in connection with the proceedings before the Bankruptcy Court, (iii) such release or announcement as may be required by law, including without limitation, the Bankruptcy Code and any order entered by the Bankruptcy Court, in which case the party required to make the release or announcement shall use reasonable efforts to allow the other party reasonable time to comment on such release or announcement in advance of such issuance, and (iv) in connection with obtaining consents or governmental, administrative or regulatory approval of the transactions contemplated herein.

**12.9. Jurisdiction.** The Bankruptcy Court (or if the Bankruptcy Court declines jurisdiction, such other federal or state court as is located in Madison, Wisconsin) shall have jurisdiction over the parties with respect to any dispute or controversy between them arising under or in connection with this Agreement and the Holdback Escrow Agreement. By execution and delivery of this Agreement, each of the parties to this Agreement submits to the jurisdiction of those courts, including, but not limited to, the *in personam* jurisdiction of those courts, waives any objection to such jurisdiction on the grounds of venue or *forum non conveniens*, the absence of *in personam* jurisdiction and any similar grounds, and consents to service of process by any manner permitted by law, including by mail, overnight courier (charges prepaid), or by personal delivery. A party using the mail as a means of service of process shall also endeavor to provide duplicate service using overnight courier. These consents to jurisdiction shall not be deemed to confer rights on any person other than the parties to this Agreement and the Holdback Escrow Agreement.

**12.10. Interpretation.** As used herein, except where the context otherwise requires, the singular includes the plural and vice versa, words of any gender include words of any other gender, "or" is used in the inclusive sense, and the word "herein" (or any similar phrase) refers to this Agreement in its entirety and not any specific section thereof.

**12.11. Counterparts.** This Agreement may be executed in any number of counterparts, which together shall constitute one and the same instrument.

**12.12. Schedules and Amendment of Schedules.** Trustee acknowledges that he has the sole responsibility for the completion of all Schedules which are part of this Agreement. Trustee will use his commercially reasonable efforts to promptly supplement or amend the Schedules with respect to any matter arising after the date of this Agreement that would have been required to be set forth or described in a schedule or that is necessary to correct any information in a schedule or in any representation or warranty; provided, that, if Buyer fails to object within fifteen (15) days after receipt of such supplement or amendment, Buyer shall be deemed to have waived its right to object to such



proposed supplement or amendment. If Buyer makes a timely objection pursuant to this Section, any such proposed supplement or amendment to the Schedules will not be permitted, except as thereafter agreed to by the parties. In no event shall the Trustee's proposal to supplement or amend the Schedules constitute a waiver or change in any of the representations, warranties, covenants, or obligations of the Seller under this Agreement.

**12.13. No Intended Third Party Beneficiaries.** Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person or entity other than the parties hereto and their successors, executors or permitted assigns, any rights or remedies under or by reason of this Agreement.

**12.14. Disclaimer of Representations and Warranties.**

(a) Trustee is a trustee in bankruptcy and makes no warranties of title as to the Station Assets except as expressly set forth in Article 4 hereof and shall convey only such right, title, and interest as is conveyed by the Approval Order;

(b) Other than as expressly set forth in this Agreement, Trustee does not make, and has not made, any representations or warranties, express or implied, relating to the Estates, the Station, the Station Assets, the business or operations of the Station or otherwise in connection with the transactions contemplated by this Agreement. Trustee expressly disclaims all other warranties including, but not limited to, the warranties of merchantability and fitness for a particular purpose. Without limiting the generality of the foregoing, Trustee has not made, and shall not be deemed to have made, any representations or warranties in any information which is made available to Buyer or its representatives, by or on behalf of Trustee, prior to the date hereof and in any presentation in connection with the transactions contemplated hereby. Subject to the representations and warranties made in Section 4.6, any financial information or data included in any such materials are not and shall not be deemed to be or include representations or warranties of Trustee except to the extent that such information is included or referenced in the Schedules as amended by Section 6.10 or Section 12.12. No person has been authorized by Trustee to make any representation or warranty relating to the Estates, the Station, the Station Assets, the business, or operation of the Station or otherwise in connection with the transactions contemplated by this Agreement and such representation or warranty must not be relied upon as having been authorized by Trustee;

(c) The Station Assets are conveyed by Trustee to Buyer in an "AS IS, WHERE IS," condition, subject to the representations and warranties in this Agreement.

**12.15. Local Marketing Agreement.** Trustee and Buyer shall execute a Local Marketing Agreement ("LMA") in the form of Exhibit 12.15 within three (3) business days after the date of the entry of the Approval Order.

**12.16. Further Assurances.** The parties shall take any actions and execute any other documents that may be necessary or desirable for the implementation and consummation of this Agreement.

**12.17. Time.** Time is of the essence in this Agreement.

**12.18. Conflicts with LMA.** Except as otherwise provided in the LMA, to the extent that any provision of this Agreement shall conflict with the LMA, the provisions of this Agreement shall take precedence. Except as stated in the immediately preceding sentence, nothing in this Agreement is intended to modify the LMA or the obligations of the parties thereunder.

**12.19. Meaning of Knowledge.** Whenever used herein, the term “Knowledge” shall mean the respective party’s own present actual knowledge after reasonable investigation, which, in the case of the Trustee, consists only of reviewing available Station records and consulting with present employees of the Station and Trustee’s representatives, agents, and counsel.

*[Remainder of the Page Intentionally Left Blank]*

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date first above written.

**MICHAEL E. KEPLER, TRUSTEE**

By: \_\_\_\_\_  
Name: Michael E. Kepler  
Title: Trustee

**ACME COMMUNICATIONS, INC.**

By: \_\_\_\_\_  
Name:  
Title: President