

## EXECUTION COPY

### ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of June 28, 2004, by and among COUNCIL TREE COMMUNICATIONS VI, LP, a Texas limited partnership (the "Seller"), its general partner CTC VI GEN-PAR, L.L.C., a Delaware limited liability company (the "GP") for the limited purposes set forth hereunder, and ZGS BROADCASTING HOLDINGS, INC., a Delaware corporation ("ZGS Parent"), and ZGS EL PASO, INC., a Delaware corporation ("ZGS EP") (collectively, ZGS Parent and ZGS EP are referred to herein as the "Buyer").

#### WITNESSETH:

WHEREAS, Seller owns and is authorized to operate analog television station KTYO(TV), Las Cruces, New Mexico (the "Analog Station"), holds a construction permit and is authorized to operate pursuant to Special Temporary Authority digital television station KTYO-DT, Las Cruces, New Mexico (the "DTV Permit" or "DTV Station"), and owns and is authorized to operate a television translator K48IK, licensed to El Paso, Texas (the "Translator") (the Analog Station, the DTV Station and the Translator are collectively referred to herein as the "Station"), all operating in the El Paso designated market area (the "DMA"), and in each case pursuant to licenses issued by the Federal Communications Commission (the "FCC"); and

WHEREAS, on the terms and conditions described herein, Seller desires to sell and Buyer desires to acquire substantially all of the assets owned or leased by Seller and used or useful in connection with the operation of the Station; and

WHEREAS, Buyer and Seller have also entered into a certain Local Marketing Agreement dated of even date herewith (the "LMA") pursuant to which Buyer shall provide programming for and sell advertising time on the Station from the Effective Date (as defined therein) until the Closing Date (as defined herein);

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements hereinafter set forth, and for good and valuable consideration, the receipt and adequacy of which is acknowledged by the parties, the parties hereto, intending to be legally bound, hereby agree as follows:

#### ARTICLE 1. PURCHASE OF ASSETS

1.1 Transfer of Assets. On the Closing Date, subject to the provisions hereof, Seller shall sell, assign, transfer and convey to Buyer, and Buyer shall purchase from Seller, substantially all of the assets, properties, interests and rights of Seller of whatsoever kind and nature, real and personal, tangible and intangible, which are used or held for use in connection with the operation of the Station (collectively, the "Station Assets"), free and clear of all liens, encumbrances, debts, security interests, mortgages, trusts, claims, pledges, conditional sales

agreements, charges, covenants, conditions or restrictions of any kind (collectively, "Liens"), except Permitted Liens (as defined herein). The Station Assets shall include, without limitation, the following (but excluding the assets specified in Section 1.2 hereof):

(a) All licenses, permits, rights and other authorizations, including applications with respect thereto, relating to the Station issued to Seller by the FCC or any other governmental authority on or prior to the Closing Date, together with renewals or modifications thereof, including, without limitation, the licenses, permits, rights, authorizations and applications identified on Schedule 1.1(a) attached hereto (the licenses, permits, authorizations issued by the FCC and applications pending before the FCC collectively are referred to herein as the "FCC Licenses"; and the FCC Licenses and the licenses, permits and other authorizations issued by any other governmental authority collectively are referred to herein as the "Station Licenses");

(b) All equipment, office furniture and fixtures, office materials and supplies, inventory and other tangible personal property, of every kind and description, owned or used by Seller with respect to the Station on the date hereof, together with any additions thereto or replacements thereof made between the date hereof and the Closing Date, and less any retirements or dispositions thereof made between the date hereof and the Closing Date, including, without limitation, the property identified on Schedule 1.1(b) attached hereto (collectively, the "Tangible Personal Property"), except those specific items of tangible personal property set forth on Schedule 1.2 hereof;

(c) Seller's right, title and interest in and to all of Seller's contracts, agreements and operating leases (but excluding any agreement for borrowed money, including any mortgage) written or oral, relating to the operation of the Station and identified on Schedule 1.1(c) hereto, together with all contracts, agreements and operating leases which Buyer agrees in writing to assume at the Closing that Seller enters into or acquires between the date hereof and the Closing Date (as hereinafter defined) (collectively, the "Contracts"), except those specific contracts, agreements and operating leases set forth on Schedule 1.2 hereof;

(d) All of Seller's right, title and interest in and to the call letters "KTYO" and all trademarks, trade names, service marks, franchises, copyrights, including registrations and applications for registration of any of them, jingles, logos and slogans used in the conduct of the business and operation of the Station and either owned by Seller or licensed to Seller on the date hereof, together with any associated goodwill and any additions thereto between the date hereof and the Closing Date, including but not limited to those described on Schedule 1.1(d) attached hereto (but specifically excluding any rights in and to the Council Tree trademark, name and logo, as well as any trademarks, service marks, names or logos incorporating the Council Tree name or anything confusingly similar thereto, all of which shall remain the sole property of Seller) (collectively, the "Intellectual Property");

(e) All of Seller's right, title and interest in and to all of the real property leased by Seller (the "Leased Real Property") in connection with the operation of the Station, and all of Seller's ownership or leasehold rights, in and to any buildings, fixtures, and improvements located thereon, together with any additions thereto between the date hereof and the Closing

Date, including but not limited to those described on Schedule 1.1(e) hereto (collectively, the "Real Property"); and

(f) All files, records, and books of account relating to, or which are located at the premises of, the Station or at Seller's corporate offices, including, without limitation, programming information and studies, technical information and engineering data, news and advertising studies or consulting reports, marketing and demographic data, sales correspondence, lists of advertisers, promotional materials, customer credit and sales reports, filings with the FCC, copies of all written contracts to be assigned hereunder, logs, the public inspection file and copies of all software programs used at the Station in connection with the operation thereof.

1.2 Excluded Assets. Notwithstanding anything to the contrary contained herein, it is expressly understood and agreed that the Station Assets shall not include the following assets, along with all right, title and interest therein (collectively, the "Excluded Assets"):

(a) All cash, cash equivalents or similar type investments of Seller, such as certificates of deposit, Treasury bills and other marketable securities on hand and/or in banks, and all accounts receivable generated from broadcasts by Seller prior to the Effective Date of the LMA (the "Accounts Receivable");

(b) All contracts or agreements to which Seller is a party that (i) have been terminated in accordance herewith, (ii) have expired prior to the Closing Date in the ordinary course of business, or (iii) Buyer has not assumed, as further described in Sections 2.1 and 2.2 hereof, and specifically including all trade and barter agreements, all "make good" obligations, and all agreements for brokered time on the Station;

(c) Seller's minute books, limited partnership agreement and other organizational documents, partnership interest record books and such other books and records relating to the formation, existence or capitalization of Seller, and duplicate copies of such records conveyed to Buyer as are necessary to enable Seller to file its tax returns and reports, as well as any other records or materials relating to Seller generally and not involving the Station's operations;

(d) Contracts of insurance and all insurance proceeds or claims made by Seller relating to property or equipment repaired, replaced or restored by Seller prior to the Closing Date;

(e) Any and all claims made by Seller with respect to transactions prior to the Closing Date and the proceeds thereof, except claims with respect to obligations to be assumed by Buyer pursuant to Section 2.1 hereof;

(f) All equipment, office furniture and fixtures, office materials and supplies, inventory and other tangible personal property, of every kind and description, that may be used or useful in connection with the operation of the Station, but that is either not owned by Seller or not located at the Station's studio at 10033 Carnegie Avenue, El Paso, TX 79925 or the Station's tower facilities and sites;

(g) Any rights in and to the Council Tree trademark, name and logo, as well as any trademarks, service marks, names or logos incorporating the Council Tree name or anything confusingly similar thereto;

(h) All other rights, interests or intangible assets of Seller which are not used in the operation of the Station, as specifically identified on Schedule 1.2 hereof; and

(i) Any books and records relating to any of the foregoing, except to the extent that Buyer wishes to make, at its expense, a duplicate copy of such materials in order to facilitate its operation of the Station and conduct of its business.

## **ARTICLE 2. ASSUMPTION OF OBLIGATIONS**

2.1 Assumption of Obligations. Subject to the provisions of Section 2.2 and Section 3.4 hereof, on the Closing Date, Buyer shall assume and undertake to pay, satisfy or discharge the liabilities and obligations of Seller arising or to be performed on or after the Closing Date under the Contracts included on Schedule 1.1(c) and the Real Property Leases identified on Schedule 1.1(e) hereof and any other contract, agreement or lease (whether for real or personal property) that Buyer agrees to assume, except obligations which arise after the Closing Date as a result of a default by Seller under any Contract or Real Property Lease prior to the Closing Date. (All of the foregoing assumed liabilities and obligations shall be referred to herein collectively as the "Assumed Liabilities." )

2.2 Retained Liabilities. Except as set forth in Section 2.1 hereof, Buyer expressly does not, and shall not, assume or be deemed to assume, under this Agreement or otherwise by reason of the transactions contemplated hereby, any liability, obligation, commitment, undertaking, expense or agreement of Seller of any nature whatsoever, including any mortgage or other agreement for borrowed money, whether known or unknown or absolute or contingent. All of such liabilities and obligations shall be referred to herein collectively as the "Retained Liabilities." Without limiting the generality of the foregoing, it is understood and agreed that Buyer is not agreeing to assume, and shall not assume, any liability or obligation of Seller to Seller's employees, including without limitation any such liability or obligation in respect of wages, salaries, bonuses, severance, accrued vacation or sick pay.

## **ARTICLE 3. CONSIDERATION**

3.1 Purchase Price. In consideration for the sale, assignment, transfer and conveyance of the Station Assets, at Closing Buyer shall pay the sum of ELEVEN MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$11,800,000.00) (the "Purchase Price") to Seller, plus or minus any adjustment to be made pursuant to Section 3.4 hereof. The Purchase Price shall be payable as follows:

(a) The sum of Six Million Dollars (\$6,000,000) of such Purchase Price shall be delivered to Seller on the Closing Date to an account designated by Seller by wire transfer of same day Federal funds;

(b) Buyer shall deliver to Seller on the Closing Date a Secured Subordinated Promissory Note (the "Note") in the amount of Five Million Eight Hundred Thousand Dollars (\$5,800,000), in the form of Exhibit A hereto, subject to adjustment pursuant to Section 3.4(b). The Note shall be subordinated to the obligations of Buyer to its senior lender, Wells Fargo Foothill, Inc., or any successor thereof (the "Senior Lender"), and, on or before the Closing Date, Seller shall enter into an Intercreditor and Subordination Agreement (the "Subordination Agreement") with the Senior Lender with respect thereto in the form of Exhibit B hereto. The Note will be subordinated to the Senior Lender to the extent of Six Million Dollars (\$6,000,000), to the extent set forth in the Subordination Agreement;

(c) Buyer shall deliver to Seller a Security Agreement in the form of Exhibit C hereto (the "Security Agreement") granting to Seller a second priority security interest in the Station Assets (but as to FCC Licenses, only to the extent it may now or hereafter be lawful to grant such interest, but including the proceeds thereof);

(d) Buyer shall deliver to Seller a Guaranty of ZGS Broadcasting Holdings, Inc. in the form of Exhibit D hereto (the "Guaranty") with respect to Buyer's obligations under the Note and the Security Agreement; and

(e) Buyer shall assume the Assumed Liabilities.

3.2 Escrow Deposit. Concurrently with the execution of this Agreement, Buyer shall deliver to Silicon Valley Bank (the "Escrow Agent"), the sum of Five Hundred Ninety Thousand Dollars (\$590,000) to be held as an earnest money deposit (the "Earnest Money Deposit") pursuant to the Escrow Agreement of even date herewith (the "Escrow Agreement"), by and among Buyer, Seller and the Escrow Agent. The Earnest Money Deposit shall be paid to Seller as partial payment of the cash Purchase Price due at Closing to Seller, or shall be paid to Seller as liquidated damages and Seller's sole recourse hereunder in the event of a material breach of this Agreement by Buyer that causes the Closing not to occur, but in all other events, the Earnest Money Deposit shall be released to Buyer in accordance with the provisions of this Agreement. All interest earned on the Earnest Money Deposit shall be paid to Buyer.

3.3 Allocation of Purchase Price. Buyer and Seller shall exercise commercially reasonable efforts to determine a mutually agreeable allocation of the Purchase Price prior to Closing, and such allocation shall be attached as Schedule 3.3 hereto. In the event that Buyer and Seller shall be unable to mutually agree upon the allocation by Closing, Buyer and Seller shall each select an independent certified public accountant within ten (10) days after the Closing and such independent certified public accountants shall within ten (10) days select a third independent certified public accountant who shall make a determination of the allocation within sixty (60) days after his or her selection. Buyer and Seller agree that the allocation determined by their mutual agreement or otherwise by the independent certified public accountant, as the case may be, shall be conclusive and binding on Buyer and Seller for all purposes, including without limitation, reporting and disclosure requirements of the Internal Revenue Service.

### 3.4 Proration of Income and Expenses

(a) Except as otherwise provided herein, and subject to certain provisions of the LMA, all expenses arising from Seller's ownership of the Station Assets to be conveyed hereunder that are customarily prorated shall be prorated between Buyer and Seller in accordance with generally accepted accounting principles as of 12:01 a.m., Mountain time, on the Effective Date of the LMA, as defined therein (the "Adjustment Time"), on the basis that all expenses which accrue prior to the Adjustment Time are for the account of Seller, and all expenses which accrue after the Adjustment Time are for the account of Buyer. Such prorations shall include, without limitation, all real property, ad valorem, and other property taxes (but excluding taxes arising by reason of the transfer of the Station Assets as contemplated hereby, which shall be paid as set forth in ARTICLE 11 of this Agreement), Contract payments, utility charges, business, programming, music and other license fees currently paid by Seller, FCC regulatory fees, and similar prepaid and deferred items attributable to the ownership of the Station or the Station Assets. Salaries, wages, sales commissions, fringe benefit accruals and termination or severance pay for Seller's employees through the date of their termination by Seller shall not be pro-rated but shall be the sole responsibility of Seller.

(b) The prorations and adjustments contemplated by this Section, to the extent practicable, shall be made on the Closing Date to the original principal balance of the Note. As to those prorations and adjustments not capable of being ascertained on the Closing Date, an adjustment and proration shall be made within sixty (60) days following the Closing Date as a reduction or increase, as applicable, to the outstanding principal balance of the Note. In the event of any disputes between the parties as to such adjustments, the amounts not in dispute shall nonetheless be paid at such time and such disputes shall be resolved by an independent certified public accountant mutually acceptable to the parties, and the fees and expenses of such accountant shall be paid one-half by Seller and one-half by Buyer. The decision of such accountant shall be rendered within one hundred eighty (180) days after the Closing and shall be conclusive and binding on the parties.

3.5 Collection of Seller's Accounts Receivable. As of the Effective Date of the LMA, Seller will assign the Accounts Receivable to Buyer for purposes of collection only. Buyer will use commercially reasonable efforts to collect the Accounts Receivable as Seller's agent (and, in any event, in at least the same manner and with the same diligence that Buyer uses to collect its own accounts receivable) until one hundred twenty (120) days following the Effective Date of the LMA (the "Collection Period"); *provided* that Buyer shall not be obligated to institute litigation, employ any collection agency, legal counsel or other third party, or take any other extraordinary means of collection; and *further provided* that Buyer shall not compromise, settle or adjust any of the Accounts Receivable without receiving the written approval of Seller. Within fifteen (15) days after the end of each calendar month, and at the end of the Collection Period, Buyer shall pay to Seller all amounts collected within such monthly period or as of the end of the Collection Period by Buyer on the Accounts Receivable. Seller shall be solely responsible for the payment of all commissions earned with respect to such collections. All amounts received by Buyer from account debtors included among the Accounts Receivable shall be applied first to the Accounts Receivable, unless the account debtor specifically disputes an applicable receivable. If during the Collection Period an account debtor disputes an account included among the Accounts Receivable, Buyer may return that account to Seller for collection,

and Buyer shall have no further obligations concerning such account. At the end of the Collection Period, any remaining Accounts Receivable shall be reassigned to Seller and thereafter Buyer shall have no further obligation with respect to the Accounts Receivable.

#### **ARTICLE 4. GOVERNMENTAL CONSENTS**

4.1 FCC Consent. The transactions contemplated hereby are expressly conditioned on and subject to the prior consent and approval of the FCC ("FCC Consent") without the imposition of any conditions on the assignment of the FCC Licenses which would reasonably have a material adverse effect on the results of operations of Buyer or the Station.

4.2 FCC Application. Within ten (10) days after execution of this Agreement, each party shall prepare and load into the FCC's electronic files its respective portion of an application for assignment of the FCC Licenses ("FCC Application") from Seller to Buyer and Buyer's counsel shall promptly file the completed FCC Application with the FCC and shall tender the necessary filing fees, subject to reimbursement by Seller as provided in ARTICLE 11 hereof. The parties shall thereafter prosecute the FCC Application with all reasonable diligence and otherwise use commercially reasonable efforts to obtain the grant of the FCC Application as expeditiously as practicable (but no party shall have any obligation to satisfy complainants or the FCC by taking any steps which would have a material adverse effect on the results of operations of a party or any affiliated entity). If the FCC Consent imposes any condition on a party hereto, such party shall use commercially reasonable efforts to comply with such condition; *provided, however*, that no party shall be required hereunder to comply with any condition that would have a material adverse effect on the results of operations of such party, its affiliates, or the Station. If reconsideration or judicial review is sought with respect to the FCC Consent, the party affected shall vigorously oppose such efforts for reconsideration or judicial review; *provided, however*, such party shall not be required to take any action which would have a material adverse effect on the results of operations of such party, its affiliates, or the Station. Nothing in this Section 4.2 shall be construed to limit a party's right to terminate this Agreement pursuant to ARTICLE 13 hereof.

#### **ARTICLE 5. CLOSING**

5.1 Closing Date. Except as otherwise mutually agreed upon by Seller and Buyer, the consummation of the transactions contemplated herein (the "Closing") shall occur within five (5) business days after the grant of FCC Consent is placed on public notice by the FCC, provided that the FCC Application was not the subject of a timely filed petition to deny prior to the issuance of the FCC Consent. In the event that the FCC Application was the subject of a timely filed petition to deny, closing shall occur within three (3) business days after the FCC Consent has become a Final Order (as defined below); *provided*, that at Buyer's sole election, Buyer may elect that the Closing shall occur anytime after the issuance of the FCC Consent, in either case on a date to be designated by Buyer in a notice given in writing to Seller at least five (5) business days before such Closing is to occur, and subject to satisfaction or waiver of the conditions to closing set forth in ARTICLE 9 hereof. For purposes of this Agreement, the term "Final Order" means action by the FCC consenting to an application which is not reversed, stayed, enjoined, set

aside, annulled or suspended, and with respect to which action no timely request for stay, petition for rehearing or appeal is pending, and as to which the time for filing any such request, petition or appeal or reconsideration by the FCC on its own motion has expired. All actions taken at the Closing will be considered as having been taken simultaneously and no such actions will be considered to be completed until all such actions have been completed.

5.2 Closing Place. The Closing shall be held at 10:00 AM at the offices of Shaw Pittman LLP, 2300 N Street NW, Washington, DC, or such other time or place as the parties hereto may agree, or by mail.

## **ARTICLE 6. REPRESENTATIONS AND WARRANTIES OF SELLER**

Except as set forth in Seller's disclosure schedules attached to this Agreement (it being understood that each representation and warranty contained in this ARTICLE 6 is qualified by the disclosures made on such schedules and this ARTICLE 6 and such schedules shall be read together as an integrated provision), Seller, including the GP, represents and warrants to Buyer as follows:

6.1 Organization and Qualification. The Seller is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Texas, and is qualified to do business in the State of New Mexico as a foreign limited partnership. The GP is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of Delaware, and is qualified to do business in the State of New Mexico and the State of Texas as a foreign limited liability company. Seller and the GP each have all necessary limited partnership or limited liability company power, as applicable, to carry on its business as it is now being conducted.

### 6.2 Authority.

(a) Seller has all necessary limited partnership power and authority to enter into this Agreement and all other agreements, documents, certificates and instruments delivered or to be delivered hereunder by Seller (this Agreement and such other agreements, documents, certificates and instruments are referred to herein collectively as the "Seller Documents"), to perform its obligations thereunder, and to consummate the transactions contemplated thereby. The execution and delivery of the Seller Documents by Seller and the GP and the consummation by Seller of the transactions contemplated thereby have been, or will be prior to the Closing, as the case may be, duly authorized by all necessary company action on the part of Seller and the GP. Each of the Seller Documents has been, or at or prior to the Closing will be, as the case may be, duly executed and delivered by Seller and/or the GP and constitutes, or will constitute at the Closing, as the case may be, a valid and binding obligation of Seller, enforceable against Seller in accordance with their respective terms.

(b) The execution and delivery by Seller and the GP of the Seller Documents does not or will not, and the consummation of the transactions contemplated thereby will not: (i) conflict with, or result in a violation of, any provision of the Certificate of Limited Partnership or the Limited Partnership Agreement of Seller; (ii) constitute or result in a breach of or default



(or an event which with notice or lapse of time, or both, would constitute a default) under, or result in the termination or suspension of, or accelerate the performance required by, or result in a right of termination, cancellation or acceleration of any Contract, or any other material agreement, indenture, covenant, instrument, license or permit by which Seller or the GP is bound, specifically including that any right of first refusal granted by Seller to Telemundo Network Group LLC ("Telemundo Network") has been waived in writing by Telemundo Network or has expired according to its terms; (iii) create any Lien upon any of the Station Assets; or (iv) constitute, or result in, a violation of any judgment, ruling, order, writ, injunction, decree, statute, law, rule or regulation applicable to Seller or any of its properties or assets.

(c) Except for the FCC Consent, no consent, approval, order or authorization of, notice to, or registration, declaration or filing with, any governmental entity is necessary in connection with the execution and delivery of the Seller Documents by Seller or the consummation of the transactions contemplated thereby by Seller, except for filing of required documents with the FCC.

### 6.3 FCC Licenses.

(a) Schedule 1.1(a) hereto contains a true and complete list of the FCC Licenses of the Station. Seller is the authorized legal holder of the FCC Licenses. The FCC Licenses have been validly issued and are in full force and effect, unimpaired by any act or omission of Seller. Except as disclosed on Schedule 1.1(a), no proceedings are pending or, to the best of Seller's knowledge (as defined below), threatened (other than proceedings applicable to the television industry as a whole) nor do any facts exist which may result in the revocation, adverse modification, non-renewal or suspension of any of the FCC Licenses, or the denial of any pending applications.

(b) The FCC Licenses are all of the licenses, permits or other authorizations from governmental and regulatory authorities necessary to the operation of the Station in the manner and to the full extent as such operations are currently conducted. There are no conditions upon the FCC Licenses except those conditions stated on the face thereof or conditions applicable to stations of such class generally under the Communications Act of 1934, as amended (the "Act") and the rules, regulations and policies of the FCC (the "FCC Rules"). Except as disclosed on Schedule 1.1(a), no proceedings are pending or, to the best of Seller's knowledge (as defined below), threatened (other than proceedings applicable to the television industry as a whole) nor do any facts exist which may result in the issuance of any cease and desist order, the imposition of any administrative actions by the FCC with respect to the FCC Licenses, including any order to show cause, notice of violation, notice of apparent liability, or notice of forfeiture or complaint against Seller with respect to the Station, or which may affect Buyer's ability to operate the Station in accordance with the FCC Licenses, the Act and the FCC Rules. As used in this Agreement, "knowledge of Seller," "Seller's knowledge," "best knowledge of Seller," "best of Seller's knowledge" and words of similar effect shall mean the actual knowledge, without independent investigation, of Stephen C. Hillard, Michael Brendzel, Tim Strande, Michelle Lujan and Jaime Martinez.

(c) Except as disclosed on Schedule 1.1(a), Licensee has filed with the FCC all material reports or applications (including payment of any fee, fine or forfeiture due to the

FCC as of date hereof) with respect to the FCC Licenses and the Station, all such reports contain information that is accurate and complete in all material respects, and Seller has placed all required documents in the Station's public file. In particular, without limitation, except as set forth on Schedule 1.1(a), the Station has complied in all material respects with the FCC Rules concerning Equal Employment Opportunities ("EEO"), limits on the duration of advertising in children's programming, broadcast of core children's programming, as such terms are defined in the FCC Rules, and Seller has fulfilled in all material respects its record-keeping obligations related thereto.

(d) Except as disclosed on Schedule 1.1(a), the Station and its transmission facilities are operating in material compliance with the FCC Licenses, the Act and the FCC Rules. To Seller's knowledge, the Station is not causing interference in violation of FCC Rules to the transmissions of any other broadcast station or communications facility (national or international) and has not received any complaints with respect thereto. No other broadcast station or communications facility (national or international) is causing interference in violation of FCC Rules to the Stations' transmissions or, to the best of Seller's knowledge, the public's reception of such transmissions. Except as disclosed on Schedule 1.1(a) hereof, the Station's tower and transmitting facilities are in good repair and structurally sound, are currently maintained in accordance with good engineering practices and all applicable FCC Rules, and possess all necessary lighting and markings to comply with applicable FCC Rules. Sellers have complied in all material respects with all requirements of the FCC and the FAA with respect to the registration, construction and/or alteration of Sellers' antenna structures, and "no hazard" determinations for each antenna structure have been obtained, where required. Each of the Station's towers has been properly registered at the coordinates specified in its FCC License.

(e) Except as disclosed on Schedule 1.1(a), the Analog Station and the Translator are currently transmitting their broadcast signals, and in any event shall on the Closing Date be transmitting their broadcast signals, at no less than ninety percent (90%) of their maximum authorized power; *provided*, that the Analog Station shall be deemed to satisfy this requirement if it is broadcasting at the parameters authorized under FCC File No. BSTA-20030703ACP or successor authority. The DTV Station is currently broadcasting a signal from reduced facilities pursuant to Special Temporary Authority FCC File No. BMDSTA-20040225ABX (including any successor authority, the "DTV STA"), and shall be transmitting from such facilities (or its authorized facilities pursuant to the DTV Permit) on the Closing Date. Schedule 1.1(a) contains a list of all cable television system operators and direct broadcast satellite ("DBS") systems which carry the Station's signal to subscribers on their systems, either pursuant to a "must carry" election or under a "retransmission consent" agreement, as detailed on that schedule. Each such "must carry" election shall be deemed a "right" hereunder, and each such "retransmission consent" agreement shall be deemed a Contract hereunder. Except as identified on Schedule 1.1(a), Seller has elected and received "must carry" status on each DBS system and each cable television system in the DMA for which it is entitled to receive such carriage. No cable system has notified Seller of any signal quality deficiency or copyright indemnity or other prerequisite to cable carriage of the Station's signals, and no cable system has notified Seller that it 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. To Seller's knowledge, there is no valid factual or legal basis for any assertion of a copyright indemnity by any cable system or DBS system owner against Seller or the Station.

#### 6.4 Tangible Personal Property.

(a) Schedule 1.1(b) hereto contains a true and complete list of the Tangible Personal Property. The Tangible Personal Property which is leased is identified as such on Schedule 1.1(b). The Tangible Personal Property is all of the tangible personal property necessary to operate the Station in the manner in which it is presently operated. Seller (i) is the lawful owner of all of the Tangible Personal Property it purports to own, (ii) has valid leasehold interests in the Tangible Personal Property it purports to lease, and (iii) has valid license rights (whether as a licensor or licensee) in the Tangible Personal Property it purports to license, in all cases free and clear of any Liens, except for Liens disclosed in Schedule 1.1(b) attached hereto, which shall be discharged at Closing as to all owned Tangible Personal Property, and except for Permitted Liens. Seller has delivered to Buyer a true, accurate and complete copy of each lease, license or sublicense regarding any Tangible Personal Property leased, licensed or sublicensed by Seller.

(b) Except as set forth on Schedule 1.1(b), as of the date hereof, each item of Tangible Personal Property owned by Seller is in good repair and condition, ordinary wear and tear excepted, has been maintained in accordance with industry practice, and is available for immediate use in the business and operations of the Station.

6.5 Contracts. Schedule 1.1(c) hereto contains a true and complete list of all Contracts that are to be conveyed to Buyer at the Closing. Seller is not in violation or breach of, nor has Seller received in writing any claim or threat that it has breached any of the terms and conditions of, any Contract. Neither Seller nor, to Seller's knowledge, any other party to any Contract is in default thereunder or breach thereof. Seller has delivered to Buyer a true, accurate and complete copy of each Contract, including all amendments, supplements or modifications thereto or waivers thereunder. Except as set forth on Schedule 1.1(c) attached hereto, neither the execution and delivery by Seller of this Agreement nor the consummation by Seller of the transactions contemplated under this Agreement requires the consent of any party to a Contract or any other agreement or obligation of Seller, whether or not such agreement or obligation is to be assigned to or assumed by Buyer, and any material Contract requiring consent to assignment by a third party is identified on Schedule 1.1(c) with an asterisk.

#### 6.6 Employee and Labor Relations.

(a) Attached hereto as Schedule 6.6 is a true and complete list of all persons employed by Seller at the Station, their respective job titles, hire dates, and a description of all compensation including bonus arrangement and employee benefit plans or arrangements applicable to such employees as of January 1, 2004. Except as set forth in Schedule 6.6, since January 1, 2004, Seller has not made and shall not, without the Buyer's consent (which shall not be unreasonably withheld or delayed), make any changes in compensation, including bonus arrangements and employee benefit plans, or arrangements applicable to any agreement, written or oral, with salaried or non-salaried employees.

(b) Seller is not a party to any contract with any labor organization, nor has Seller agreed to recognize any union or other collective bargaining unit, nor has any union or other collective bargaining unit been certified as representing any of Seller's employees. There

are no organizational efforts currently being made or threatened by or on behalf of any labor union with respect to employees of Seller. There are no present or threatened work stoppages or labor difficulties relating to the employees of Seller.

6.7 Compliance With Law. The Station Assets and the operation of the Station are in material compliance with all applicable material statutes, laws, ordinances, regulations, rules or orders of any federal, state or local government, department or agency, including, without limitation, energy, environmental, public utility, zoning, building code, health, and employee safety agencies.

6.8 Brokers. There is no broker or finder or other person who would have any valid claim for a commission or brokerage payable by Buyer in connection with this Agreement or the transactions contemplated hereby as a result of any agreement, understanding or action by Seller.

6.9 Litigation. Seller is not subject to any judgment, award, order, writ, injunction, arbitration decision or decree with respect to or affecting the Station or Station Assets. There is no third party claim, litigation, proceeding or investigation pending or, to the best of Seller's knowledge, threatened against Seller with respect to the Station in any federal, state or local court, or before any administrative agency, arbitrator or other tribunal authorized to resolve disputes which might have a material adverse effect upon the business, assets or condition, financial or otherwise, of the Station or which seeks to enjoin or prohibit, or otherwise questions the validity of, any action taken or to be taken in connection with this Agreement.

6.10 Financial Statements; No Undisclosed Liabilities.

(a) Seller has made available to Buyer audited financial statements for the Station at, and for the year ended, December 31, 2003 and has provided or shall provide unaudited interim income statements and balance sheets at, and for each month in 2004 through the month ended prior to the month in which the Effective Date of the LMA falls (the "Seller Financial Statements"). The Seller Financial Statements have been prepared consistently for all periods presented, consistent with past practices of Seller and in accordance with GAAP (except, in the case of unaudited interim financials statements, for the absence of footnotes and customary year-end adjustments). The Seller Financial Statements fairly present the financial condition, operating results and cash flows of the Station as of the dates and during the periods indicated therein, subject, in the case of the interim statements, to normal year-end adjustments.

(b) Other than trade payables arising in the ordinary course of business which shall be paid and discharged by Seller within thirty (30) days after the Closing Date, and except as set forth on Schedule 6.10 hereof, on the balance sheet contained in the May 31, 2004 Seller Financial Statements or disclosed on any other Schedule to this Agreement, Seller has no debt, liability, or obligation of any kind, whether accrued, absolute, contingent, inchoate or otherwise, and all such debts, liabilities or obligations disclosed on any Schedule to this Agreement shall be either: (i) an express Assumed Liability of Buyer pursuant to this Agreement, or (ii) paid and discharged by Seller on or before the Closing Date.

6.11 Real Properties

(a) Seller does not own any Real Property.

(b) Seller has valid leasehold interests in each of the leases (the "Real Property Leases") pursuant to which Seller holds a leasehold estate in, or is granted the right to use or occupy the Leased Real Property (assuming proper authorization and execution of such Real Property Lease by the other parties thereto and subject to the application of general principles of bankruptcy or other creditors' rights laws), free and clear of all Liens, except for (i) Liens for taxes not yet due and payable, mechanics' liens and similar liens incurred in the ordinary course of business which do not interfere in any material respect with the operation of the Station, matters that would be disclosed by an accurate survey or inspection of the property, such easements, covenants and non-monetary encumbrances granted in the ordinary course of business which do not interfere in any material respect with the operation of the Station, and covenants, conditions and restrictions set forth in the Contracts (collectively, "Permitted Liens"); (ii) rights of sublessees which are identified on Schedule 1.1(e), and (iii) other Liens described in Schedule 1.1(e) attached hereto, and any Liens with respect to indebtedness for borrowed money shall be discharged at Closing. Seller enjoys peaceful and undisturbed possession under the Real Property Leases. To the knowledge of Seller, no other party to a Real Property Lease is in default thereunder or breach thereof, or is subject to a pending bankruptcy proceeding, and the Real Property Lease is in full force and effect.

(c) To Seller's knowledge, none of the Real Property lies in an area which is, or, will be, subject to zoning, use, or building code restrictions which would prohibit the continued use of such Real Property in the television broadcasting business. No Real Property lacks dedicated access from a public right of way or to necessary utilities.

(d) To Seller's knowledge, any and all buildings, structures, fixtures, or other improvements located on the Real Property and used in the operation of the Station: (i) are structurally sound and free of material defect; (ii) have been regularly maintained and are in good condition and repair, ordinary wear and tear excepted; (iii) are equipped with all necessary mechanical, electrical and sanitary facilities, and such equipment and facilities are in good working order, condition and repair; and (iv) are located entirely within the boundaries of such Real Property.

#### 6.12 Environmental Matters

(a) The term "Hazardous Materials" shall mean any substance, material, liquid or gas defined or designated as hazardous or toxic (or by any similar term) under any Environmental Law, including, without limitation, petroleum products and friable materials containing more than one percent (1.0%) asbestos by weight.

(b) "Environmental Law" shall mean any federal, state, or local law, ordinance, order, rule, or regulation relating to pollution, protection of the environment, or actual or threatened releases, discharges, or emissions into the environment.

(c) The term "Environmental Condition" shall refer to any contamination or damage to the environment caused by or relating to the use, handling, storage, treatment, recycling, generation, transportation, release, spilling, leaking, pumping, pouring, emptying, discharging, injection, escaping, leaching, disposal, dumping or threatened release of Hazardous

Materials by Seller. With respect to claims by employees, Environmental Condition also includes the exposure of persons to Hazardous Materials at a work place of Seller.

(d) The term "Environmental Noncompliance" shall mean any violation of any Environmental Law.

(e) There are no investigations, inquiries, administrative proceedings, actions, suits, claims, legal proceedings or any other proceedings pending or, to the best knowledge of Seller, threatened against Seller that involve, or relate to, Environmental Conditions caused by Seller, Environmental Noncompliance by Seller or the release, use or disposal of any Hazardous Materials by Seller on any Real Property.

(f) There are no Hazardous Materials being released, stored, used or otherwise held on, under or about the Real Property by Seller, and, to the best of Seller's knowledge, there are no underground storage tanks located on or under the Real Property.

#### 6.13 Taxes.

(a) Seller has paid all Taxes (as hereinafter defined) required to be paid by Seller.

(b) There are no pending or, to the best knowledge of Seller, threatened, investigations or claims against Seller for or relating to any liability in respect of Taxes.

(c) All Taxes required to be withheld by Seller on or before the date hereof have been withheld and paid (or will be paid) when due to the appropriate agency or authority.

(d) For the purposes of this Agreement, "Taxes" and "Tax" shall mean all taxes and any tax, including without limitation, all foreign, federal, state, county and local income, sales, employment, profit, payroll, use, trade, capital, occupation, property, excise, value added, unitary, withholding, stamp, transfer, registration, recordation and license tax, taxes measured on or imposed by net worth, and other taxes, levies, imposts, duties, deficiencies and assessments, together with all interest, penalties and additions imposed with respect thereto, including any transferee liability for taxes.

6.14 Insurance. Schedule 6.14 attached hereto sets forth a list of all of the insurance policies that insure the Station Assets, the scope and amounts of coverage for each such policy, and the date of renewal or expiration.

6.15 No Other Agreements to Sell the Station. Seller has no legal obligation, absolute or contingent, to any other person or firm to sell, assign, or transfer the Station Assets (whether through a merger, reorganization or sale of stock or otherwise) or to enter into any agreement with respect thereto.

6.16 Disclosure. The representations and warranties of Seller herein or in any document, exhibit, statement, certificate or schedule furnished by or on behalf of Seller to Buyer as required by this Agreement do not contain nor will contain any untrue statement of a material fact or omit or will omit to state any material fact necessary in order to make the statements

herein or therein, in light of the circumstances under which they were made, not misleading in any material respect.

6.17 Disclaimer of Other Express and Implied Warranties. Except for the representations and warranties set forth above in this ARTICLE 6, Seller and the GP make no other representations or warranties, express or implied, and in particular, without limitation, sale of the Station Assets hereunder is not subject to the provisions of Article 2 of the Uniform Commercial Code or any other express or implied warranty created by statute or common law.

## **ARTICLE 7. REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller as follows:

7.1 Organization, Standing and Power. Each Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and, as of the Effective Date of the LMA, shall be qualified to do business in the State of New Mexico and the State of Texas as a foreign corporation unless the absence of such qualification would not have a material adverse effect on Buyer, the Station, Buyer's performance of the LMA, or Buyer's ability to perform its obligations under this Agreement, and each Buyer has the necessary corporate power to carry on its business as it is now being conducted and as it is currently contemplated to be conducted as of and immediately following the Closing.

### 7.2 Authority.

(a) Each Buyer has all necessary power and authority to enter into this Agreement and all other agreements, documents, certificates and instruments delivered or to be delivered hereunder by such Buyer (this Agreement and such other agreements, documents, certificates and instruments are referred to herein collectively as the "Buyer Documents"), to perform its obligations thereunder and to consummate the transactions contemplated thereby. The execution and delivery of the Buyer Documents by each Buyer and the consummation by such Buyer of the transactions contemplated thereby have been duly authorized by all necessary corporate action on the part of such Buyer. Each of the Buyer Documents has been, or will be at or prior to the Closing, as the case may be, duly executed and delivered by the appropriate Buyer and constitutes, or will constitute at the Closing, as the case may be, a valid and binding obligation of such Buyer, enforceable against Buyer in accordance with their respective terms.

(b) The execution and delivery by each Buyer of the Buyer Documents does not or will not, and the consummation of the transactions contemplated thereby will not: (i) conflict with, or result in a violation of, any provision of the Certificate of Incorporation, bylaws or other organizational documents of such Buyer; (ii) giving effect to the Commitment Letter with the Senior Lender, constitute or result in a breach of or default (or an event which with notice or lapse of time, or both, would constitute a default) under, or result in the termination or suspension of, or accelerate the performance required by, or result in a right of termination, cancellation or acceleration of any material contract, agreement, indenture, covenant, instrument, license or permit by which such Buyer is bound; (iii) create any Lien upon any of Buyer's assets (other than the Lien to be granted to the Senior Lender at Closing); or (iv)

constitute, or result in, a violation of any judgment, ruling, order, writ, injunction, decree, statute, law, rule or regulation applicable to either Buyer.

(c) Except for the FCC Consent, no consent, approval, order or authorization of, notice to, or registration, declaration or filing with, any governmental entity is necessary in connection with the execution and delivery of any of the Buyer Documents by Buyer or the consummation by Buyer of the transactions contemplated thereby, except for filings with the FCC.

7.3 Litigation. There is no third party claim, litigation, proceeding or investigation pending or, to the best of Buyer's knowledge, threatened against Buyer in any federal, state or local court, or before any administrative agency, arbitrator or other tribunal authorized to resolve disputes which might have a material adverse effect upon the business, assets or condition, financial or otherwise, of Buyer, or which seeks to enjoin or prohibit, or otherwise questions the validity of, any action taken or to be taken in connection with this Agreement.

7.4 Qualification. Buyer is qualified to be the assignee of the Station's FCC Licenses under the Act and the existing FCC Rules.

7.5 Brokers. There is no broker or finder or other person who would have any valid claim for a commission or brokerage payable by Seller in connection with this Agreement or the transactions contemplated hereby as a result of any agreement, understanding or action by Buyer.

7.6 Financial Statements; No Undisclosed Liabilities.

(a) ZGS Parent has made available to Seller the audited consolidated financial statements of ZGS Parent and its subsidiaries at, and for the years ended, December 31, 2002 and 2003 and has provided or shall provide unaudited interim income statements and balance sheets at, and for each month in 2004 through the month ended prior to the month in which the Effective Date of the LMA falls (the "Buyer Financial Statements"). The Buyer Financial Statements have been prepared consistently for all periods presented, consistent with past practices of Buyer and in accordance with GAAP (except, in the case of unaudited monthly interim financials statements, which are prepared as Buyer customarily prepares such statements internally). The Buyer Financial Statements fairly present the financial condition, operating results and cash flows of Buyer and its subsidiaries as of the dates and during the periods indicated therein, subject, in the case of the interim statements, to normal year-end adjustments.

(b) Other than trade payables arising in the ordinary course of business, and except as set forth on Schedule 7.6 hereof or on the balance sheet of Buyer contained in the Buyer Financial Statements as of December 31, 2003, Buyer has no debt, liability, or obligation of any kind, whether accrued, absolute, contingent, inchoate or otherwise.

7.7 Buyer Financing. Buyer has entered into the commitment letter attached hereto as Exhibit E (the "Commitment Letter"). Buyer has furnished and shall furnish to Seller accurate and complete copies of all documents and instruments relating to the financing contemplated by the Commitment Letter.



7.8 Disclosure. The representations and warranties of Buyer herein or in any document, exhibit, statement, certificate or schedule furnished by or on behalf of Buyer to Seller as required by this Agreement do not contain nor will contain any untrue statement of a material fact or omit or will omit to state any material fact necessary in order to make the statements herein or therein, in light of the circumstances under which they were made, not misleading in any material respect.

## **ARTICLE 8. COVENANTS**

8.1 Operation of Business. Between the date of this Agreement and the Closing Date, and subject to the provisions of the LMA, Seller shall:

(a) use commercially reasonable efforts to preserve and protect all of the Station Assets in good repair and condition, normal wear and tear excepted, and maintain such Station Assets according to industry standards, good engineering practices and all applicable FCC Rules;

(b) maintain the Station's books of account and records in the usual and ordinary manner;

(c) without Buyer's consent, not enter into any material agreement with respect to the Station, the Station Assets or Seller, including any option or agreement to sell, assign or transfer the Station or control of Seller to any other party;

(d) not take or, to the extent in Seller's control, permit any other action inconsistent with Seller's obligations hereunder and the consummation of the transactions contemplated hereby;

(e) maintain the insurance policies listed on Schedule 6.14 in full force and effect, with policy limits and scope of coverage not less than is currently provided;

(f) use commercially reasonable efforts to preserve the current business and operation of the Station intact, including relations with the Station's customers, suppliers and employees, and conduct the financial affairs of the Station, including sales, credit and collection policies in accordance with past practice;

(g) maintain and preserve Seller's rights under the FCC Licenses, operate the Station in accordance with the Act, the FCC Rules and the FCC Licenses, timely file and prosecute any required extensions of outstanding construction permits, applications or authorizations which may expire prior to the Closing Date, and maintain or renew "must carry" status or "retransmission consent" agreements with cable television and DBS Systems in the DMA; and

(h) conduct the Station's business in the ordinary course consistent with past practices or as required by this Agreement. By way of amplification and not limitation, without the prior written consent of Buyer, which shall not be unreasonably withheld, between the date of this Agreement and the Closing Date, Seller shall not:

- (i) enter into any agreement, contract or lease with an aggregate liability of more than \$10,000, unless cancelable without penalty prior to the Closing Date;
- (ii) place or allow to be placed on any of the Station Assets any Lien other than a Permitted Lien;
- (iii) sell or otherwise dispose of any Station Asset except in accordance with Section 1.1;
- (iv) commit any act or omit to do any act which will cause a breach of any material Contract or terminate or fail to renew any material Contract;
- (v) violate in any material respect any law, statute, rule, governmental regulation or order of any court or governmental or regulatory authority (whether Federal, State or local);
- (vi) cause or permit by any act, or failure to act, any of the FCC Licenses to expire, be surrendered, adversely modified, or otherwise terminated, or the FCC to institute any proceedings for the suspension, revocation or adverse modification of any of the FCC Licenses, or fail to prosecute with due diligence any pending applications to the FCC; or
- (vii) increase the salary, benefits or other compensation payable to any Seller employee, except to the extent consistent with existing practice, or with the written approval of Buyer (which shall not be unreasonably withheld or delayed).

8.2 No Other Bids. Seller shall not, and shall not authorize or permit any officer, director or employee of Seller, or any investment banker, attorney, accountant or other advisor or representative retained by Seller to, solicit, initiate, encourage (including by way of furnishing information), endorse or enter into any agreement with respect to, or take any other action to facilitate, any inquiries or the making of any proposal that constitutes, or may reasonably be expected to lead to, any proposal to purchase, directly or indirectly, the Station. Upon a violation of this Section, in addition to any other remedies available hereunder or at law, Buyer shall be entitled to injunctive relief.

8.3 Access to Information. From the date hereof to the Closing Date, Seller shall afford, and shall cause its respective officers, directors, employees and agents to afford, to Buyer and the officers, employees and agents of Buyer complete access during normal business hours, and in a manner so as not to interfere with the normal business operations of Seller, to Seller's officers, employees, independent contractors, agents, properties, books, records and contracts, and shall furnish Buyer all existing financial, operating and other data and information as Buyer, through its respective officers, employees or agents, may reasonably request.

#### 8.4 Confidentiality.

(a) Each party shall hold, and shall cause its officers, employees, agents and representatives, including, without limitation, its attorneys, accountants, consultants and financial advisors who obtain such information to hold, in confidence, and shall not disclose to any third party or use for any purpose other than evaluating the transactions contemplated by this Agreement, any confidential information of the other party obtained in connection with the transactions contemplated hereby, which for the purposes hereof shall not include any information which (i) is or becomes generally available to the public other than as a result of disclosure in contravention of this Section, (ii) becomes available to a party on a nonconfidential basis from a source, other than the party which alleges the information is confidential or its affiliates, which has represented that such source is entitled to disclose it, or (iii) was known to a party on a nonconfidential basis prior to its disclosure to such party hereunder. If this Agreement is terminated, each party shall deliver, and cause its officers, employees, agents, and representatives, including, without limitation, attorneys, accountants, consultants and financial advisors who obtain confidential information of another party pursuant to investigations permitted hereunder to deliver to such other party all such confidential information that is written (including copies or extracts thereof), whether such confidential information was obtained before or after the execution hereof. Notwithstanding any other provision of this Agreement, the obligations set forth herein shall survive the Closing or termination of this Agreement for the full period of the statute of limitations applicable to this Agreement.

(b) If a party or a person to whom a party transmits confidential information of another party is requested or becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoena, criminal or civil investigative demand or similar process) to disclose any of such confidential information, such party or person will provide the other applicable party with prompt written notice so that such party may seek a protective order or other appropriate remedy or waive compliance with Section 8.4(a). If such protective order or other remedy is not obtained, or if the applicable party waives compliance with Section 8.4(a), the party subject to the request will furnish only that portion of such confidential information which is legally required and will exercise its best efforts to obtain reliable assurance that confidential treatment will be accorded such confidential information.

(c) The provisions of this Section 8.4 shall survive a termination of this Agreement pursuant to Section 13.1.

#### 8.5 Notification of Certain Matters.

(a) Seller shall give prompt notice to Buyer, and Buyer shall give prompt notice to Seller, of: (i) any material inaccuracy in any representation or warranty made by such party in its respective Article of this Agreement, i.e. ARTICLE 6 as to Seller, and ARTICLE 7 as to Buyer, or (ii) any failure of the party to comply with or satisfy any material covenant, condition or agreement to be complied with or satisfied by such party under this Agreement; *provided, however*, that, except as set forth in subsection (b) below, no such notification or failure to give notice shall affect the representations or warranties or covenants or agreements of the parties or the conditions to the obligations of the parties hereunder.

(b) Unless Buyer has timely terminated this Agreement for reason of a Seller's Breach, , the written notice from Seller pursuant to subsection (a)(i) above will, if it relates to an inaccuracy that did not exist at the date of this Agreement and if such inaccuracy is caused by an event or circumstance beyond the reasonable control of the Seller, be deemed to have amended and qualified the representations and warranties contained in ARTICLE 6 above, and to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by reason of the development. Unless Seller has timely terminated this Agreement for reason of a Buyer's Breach, the written notice from Buyer pursuant to subsection (a)(i) above will, if it relates to an inaccuracy that did not exist at the date of this Agreement and such inaccuracy is caused by an event or circumstance beyond the reasonable control of Buyer, be deemed to have amended and qualified the representations and warranties contained in ARTICLE 7 above, and to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by reason of the development.

8.6 Consents and Approvals. Seller shall use commercially reasonable efforts to obtain any and all consents, transfers, authorizations, or approvals required for the consummation of the transactions contemplated by this Agreement. Buyer will cooperate with Seller in obtaining, and providing all information necessary to obtain, such consents.

8.7 Employees. Seller hereby covenants that all employees of the Station shall be terminable, without liability to Buyer, on and as of the Closing Date, and that Buyer will have no liability to any present or past employee of the Station for retirement, pension, bonus, termination, severance, vacation, sick leave or other pay, or for hospitalization, major medical, life or other insurance or other employee benefits.

8.8 Control of Station. Buyer shall not, directly or indirectly at any time prior to the Closing Date, control, supervise or direct the operation of the Station. Subject to the covenants of Seller contained herein, such operation, including complete control and supervision of all Station programs, employees and policies, shall be the sole responsibility of Seller.

8.9 News Releases. Prior to the Closing Date, and except as required by law, any news releases pertaining to the transactions contemplated hereby shall be reviewed and approved by Buyer and Seller, or their respective representatives, and shall be acceptable to them prior to the dissemination thereof.

8.10 Completion of Financing. From the date hereof until the Closing, Buyer shall use its diligent and commercially reasonable efforts to complete the financing contemplated by the Commitment Letter on substantially the terms set forth therein.

## **ARTICLE 9. CONDITIONS**

9.1 Conditions Precedent to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions, except to the extent Buyer shall have waived in writing satisfaction of such condition:

(a) The representations and warranties made by Seller and the GP in this Agreement shall be true and correct in all material respects as of the date of this Agreement and on the Closing Date as though such representations and warranties were made on such date.

(b) Seller shall have performed and complied in all material respects with all covenants, agreements, conditions and undertakings required by this Agreement to be performed or complied with by Seller prior to the Closing.

(c) No action, suit or proceeding before any court or any governmental or regulatory authority shall have been commenced, and no investigation by any governmental or regulatory authority shall have been commenced, seeking to restrain, enjoin, rescind, prevent or change the transactions contemplated hereby or questioning the validity or legality of any of such transactions or seeking damages in connection with any of such transactions.

(d) Seller shall have delivered to Buyer all of the documents required by Section 10.1 hereof.

(e) The FCC Consent shall have been issued and placed on public notice by the FCC, provided that the FCC Application was not the subject of a timely filed petition to deny prior to the issuance of the FCC Consent. If the FCC Application was the subject of a timely filed petition to deny, at Buyer's sole election, the FCC Consent shall have become a Final Order.

(f) Seller shall have obtained and delivered to Buyer all required third-party consents to the assignment of all material Contracts (as identified on Schedule 1.1(c)) and Real Property Leases (as identified on Schedule 1.1(e) hereto) to be conveyed, which consents shall not have as a condition thereof any modifications to the terms thereof or any payment by Buyer to consummate the assignment, and Seller shall have exercised commercially reasonable efforts to obtain any consent to assignment required by Contracts which are not material.

(g) There shall not be any Liens on the Station Assets (other than Permitted Liens) or any financing statements of record with respect to Seller or the Station Assets except those to be released at the Closing, and Buyer shall have obtained lien search reports (the "Lien Search"), in form and substance satisfactory to Buyer and dated no earlier than ten (10) days prior to the Closing, reflecting the results of UCC, tax and judgment lien searches conducted at Secretary of State offices of the State of Texas and the State of New Mexico, and the county clerk of El Paso County, Texas, and Dona Ana County, New Mexico, provided, that the cost of such Lien Search shall be shared equally by Buyer and Seller as an adjustment to the Purchase Price at Closing as further set forth in Section 3.4 hereof.

(h) Buyer's Senior Lender shall have funded or stand ready to fund the cash portion of the Purchase Price; Buyer's obligations hereunder are expressly contingent on the Senior Lender providing loan funds for the cash portion of the Purchase Price on the terms contemplated by the Commitment Letter.

(i) Buyer shall have entered into an affiliation agreement with the Telemundo Network with respect to the Station on terms satisfactory to Buyer in its sole discretion.

9.2 Conditions Precedent to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions, except to the extent Seller shall have waived in writing satisfaction of such condition:

(a) The representations and warranties made by Buyer in this Agreement shall be true and correct in all material respects as of the date of this Agreement and on the Closing Date as though such representations and warranties were made on such date.

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

(c) No action, suit or proceeding before any court or any governmental or regulatory authority shall have been commenced, no investigation by any governmental or regulatory authority shall have been commenced, seeking to restrain, enjoin, rescind, prevent or change the transactions contemplated hereby or questioning the validity or legality of any such transactions or seeking damages in connection with any of such transactions.

(d) The FCC Consent shall have been placed on public notice by the FCC.

(e) Buyer shall have delivered to Seller all of the documents required by Section 10.2 hereof.

## **ARTICLE 10. CLOSING DELIVERIES**

10.1 Seller's Deliveries. At the Closing, Seller shall deliver or cause to be delivered to Buyer the following:

- (a) (i) a Bill of Sale for the Tangible Personal Property and Intellectual Property, in form and substance reasonably satisfactory to Buyer and Seller;
- (ii) an Assignment and Assumption of the FCC Licenses, in form and substance reasonably satisfactory to Buyer and Seller;
- (iii) an Assignment and Assumption of Contracts, in form and substance reasonably satisfactory to Buyer and Seller;
- (iv) executed third party written consents to assignment of each material Contract to be assumed by Buyer for which such consent is required thereunder, and such other consents as Seller has obtained;
- (v) an Assignment and Assumption of the each Real Property Lease in form and substance reasonably satisfactory to Buyer and Seller;

- (vi) an Estoppel Certificate and Consent, if required, executed by the landlord of each Real Property Lease, in customary form and acceptable to Buyer;
- (vii) written consents or pay off letters from any party that is a Secured Party identified on any UCC-1 Financing Statement of record with respect to Seller, the Station or Station Assets, agreeing to amendment or termination of the Liens evidenced thereby upon conditions set forth in such consent;
- (viii) payoff letters from each lienholder of record, and such instruments of amendment, termination or release of Liens, all in form and substance reasonably satisfactory to counsel for Buyer, as are necessary to vest in Buyer good and marketable title in and to the Station Assets; and
- (ix) a Joint Notice to Escrow Agent to release the Earnest Money Deposit to Seller as payment of a portion of the Purchase Price, executed by Seller; and
- (x) the Security Agreement and the Subordination Agreement.

(b) A certificate, executed by an officer of the GP on behalf of Seller certifying to the fulfillment or satisfaction of the conditions set forth in Sections 9.1(a) and 9.1(b). The delivery of such certificate shall constitute a representation and warranty of the GP and Seller as to the statements set forth therein as of the Closing Date.

(c) Updated Schedules to the Agreement reflecting any changes necessary to render the certification contained in such certificate true and accurate on the Closing Date.

(d) Resolutions of the members of the GP and the members of the limited partner of Seller (CTC VI Lim-Par, L.L.C.) authorizing the execution, delivery and performance of the Seller Documents by Seller, a certificate of good standing from the State of Texas, and a certificate of good standing as a foreign entity qualified to do business in the State of New Mexico from the Secretary of State of New Mexico.

(e) A certificate of incumbency with respect to any party executing a Seller Document on behalf of Seller or the GP.

(f) An opinion of counsel to Seller in the form of Exhibit F hereto.

(g) Originals or copies of all program, operations, transmissions, or maintenance logs and any other records required to be maintained by the FCC with respect to the Station, including the Station's public file, that are located at the Station shall be left at the Station and thereby delivered to Buyer.

10.2 Buyer's Deliveries. At the Closing, Buyer shall deliver or cause to be delivered to Seller the following:

- (a) The Purchase Price required under Section 3.1 hereof, including the cash payment, the Note, the Security Agreement, the Subordination Agreement and the Guaranty.
- (b) The Assignment and Assumption of FCC Licenses.
- (c) The Assignment and Assumption of Contracts .
- (d) The Assignment and Assumption of Leases, for each Real Property Lease.
- (e) The Joint Notice to Escrow Agent, executed by Buyer.
- (f) A certificate, executed by an officer of Buyer, certifying to the fulfillment or satisfaction by Buyer of the conditions set forth in Sections 9.2(a) and 9.2(b). The delivery of such certificate shall constitute a representation and warranty of Buyer as to the statements set forth therein as of the Closing Date.
- (g) Resolutions of the Board of Directors of Buyer authorizing the execution, delivery and performance of the Buyer Documents by Buyer, certified by the secretary of Buyer, a certificate of good standing from the State of Delaware, a certificate of good standing as a foreign entity qualified to do business in the State of Texas from the Secretary of State of Texas, and a certificate of good standing as a foreign entity qualified to do business in the State of New Mexico from the Secretary of State of New Mexico.
- (h) A certificate of incumbency with respect to any party executing a Buyer Document on behalf of Buyer.
- (i) An opinion of counsel to Buyer in the form of Exhibit G hereto.

## **ARTICLE 11.**

### **TRANSFER TAXES, FEES AND EXPENSES**

11.1 Expenses. Except as set forth in Section 11.2 and 11.3 hereof, each party hereto shall be solely responsible for all costs and expense incurred by it in connection with the negotiation and preparation of the Agreement and the transactions contemplated hereby.

11.2 Transfer Taxes and Similar Charges. Buyer and Seller shall share equally all fees for recordation, transfer and documentary taxes, and any excise, sales or use taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with or imposed by reason of the consummation of the transactions contemplated by this Agreement. Seller will, at its own expense, file all necessary tax returns and other documentation with respect to all such taxes, fees and charges, and, if required by applicable law, Buyer will join in the execution of any such tax returns and other documentation.

11.3 Governmental Filing or Grant Fees. The FCC Application fee and any other filing or grant fees imposed by any governmental authority the consent of which is required to the transactions contemplated hereby shall be borne equally by Buyer and Seller.



## ARTICLE 12. INDEMNIFICATION

12.1 Survival of Representations and Warranties. All representations and warranties made in this Agreement shall survive the Closing for a period of eighteen months from the Closing Date; *provided, however*, that the representations and warranties set forth in Sections 6.2(a) and 7.2(a) (regarding Authority) and Section 6.13 (regarding Tax matters) shall survive the Closing Date until the expiration of all applicable statutes of limitations. The right of any party to recover Damages (as defined in Section 12.2 hereof) on any claim shall not be affected by the termination of any representations and warranties as set forth above provided that notice of the existence of such claim has been given by the Indemnified Party (as hereinafter defined) to the Indemnifying Party (as hereinafter defined) prior to such termination.

12.2 Indemnification of Buyer by Seller. From and after the Closing, Seller shall indemnify and hold Buyer and its attorneys, affiliates, representatives, agents, partners, successors or permitted assigns (collectively, the "Buyer Indemnified Parties") harmless from and against any liability, loss, cost, expense, judgment, order, settlement, obligation, deficiency, claim, suit, proceeding (whether formal or informal), investigation, Lien or other damage, including, without limitation, attorney's fees and expenses, (all of the foregoing items for purposes of this Agreement are referred to as "Damages" and are not limited to matters asserted by third-parties against a party, but includes Damages incurred or sustained by a party caused by breach or default by the other party), resulting from, arising out of or incurred with respect to:

(a) A breach of any representation, warranty, covenant or agreement of Seller contained herein, subject to notice of a claim being given before the expiration of the applicable period specified in Section 12.1 hereof with respect to the representations or warranties by Seller contained herein; *provided, however*, that (A) Seller shall not have any obligation to indemnify the Buyer Indemnified Parties from and against any Damages resulting from, arising out of, relating to, in the nature of, or caused by the breach of any representation or warranty of Seller or the GP contained in this Agreement (other than those representations and warranties set forth in Sections 6.2(a), 6.8 and 6.13) until the Buyer Indemnified Parties have suffered Damages by reason of all such breaches in excess of a \$50,000 aggregate threshold (after which point Seller will be obligated to indemnify the Buyer Indemnified Parties for the entire amount of such Damages, without regard to the threshold amount) and (B) there will be a \$1,180,000 aggregate ceiling on the obligation of Seller to indemnify the Buyer Indemnified Parties from and against Damages resulting from, arising out of, relating to, in the nature of, or caused by breaches of the representations and warranties of Seller or the GP contained in this Agreement (other than those representations and warranties set forth in Sections 6.2(a), 6.3(a), 6.8 and 6.13, as to which the Seller's aggregate ceiling on such indemnification obligations to the Buyer Indemnified Parties shall be no greater than, and exercised solely as a set-off against, the original principal amount of the Note), after which point Seller will have no obligation to indemnify the Buyer Indemnified Parties from and against further such Damages;

(b) The Retained Liabilities; and

(c) One-half of the out-of-pocket expenses reasonably incurred by Buyer in connection with Buyer's participation in the proceeding referred to on Schedule 1.1(a) hereto, during the 12 months following the Closing Date.

(d) Liability arising with respect to the operation of the Station before the Closing Date, subject to Buyer's obligations under the LMA, and provided that Buyer shall perform all obligations arising after the Closing Date under the Assumed Liabilities.

12.3 Indemnification of Seller by Buyer. From and after the Closing, Buyer shall indemnify and hold Seller and its respective attorneys, affiliates, representatives, agents, officers, directors, successors or assigns, harmless from and against any Damages resulting from, arising out of, or incurred with respect to:

(a) A breach of any representation, warranty, covenant or agreement of Buyer contained herein, subject to notice of a claim being given before the expiration of the applicable period specified in Section 12.1 hereof with respect to the representations and warranties made by Buyer herein;

(b) The Assumed Liabilities; and

(c) Any and all claims, liabilities or obligations of any nature, absolute or contingent, relating to the business and operation of the Station as conducted by Buyer on and after the Closing Date.

12.4 Procedures.

(a) Promptly after the receipt by any party (the "Indemnified Party") of notice of (a) any claim or (b) the commencement of any action or proceeding which may entitle such party to indemnification under this Section, such party shall give the other party (the "Indemnifying Party") written notice of such claim or the commencement of such action or proceeding and shall permit the Indemnifying Party to assume the defense of any such claim, or any litigation or proceeding resulting from such claim. The failure to give the Indemnifying Party timely notice under this subsection shall not preclude the Indemnified Party from seeking indemnification from the Indemnifying Party unless, and then only to the extent, such failure has materially prejudiced the Indemnifying Party's ability to defend the claim, litigation or proceeding. If such claim does not arise from the claim of a third party, the Indemnifying Party shall have 30 days after such notice to cure the conditions giving rise to such claim to the Indemnified Party's satisfaction. The Indemnifying Party shall assume the defense of any such claim, litigation or proceeding by a third party within 30 days after receipt of notice thereof from the Indemnified Party (or notify the Indemnified Party why it refuses to assume such defense), with counsel of its choice reasonably satisfactory to the Indemnified Party; *provided, however*, that the Indemnifying Party must conduct the defense of such claim, litigation or proceeding actively and diligently thereafter in order to preserve its rights in this regard; and *provided further* that the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of such claim, litigation or proceeding, provided that the Indemnifying Party shall direct and control the defense of such claim, litigation or proceeding.

(b) So long as the Indemnifying Party has assumed and is conducting the defense of any such claim, litigation or proceeding resulting therefrom (A) the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement with respect to such claim, litigation or proceeding without the prior written consent of the Indemnified Party (not to be withheld unreasonably) unless the judgment or proposed settlement involves only the payment of money damages by one or more of the Indemnifying Parties, does not impose an injunction or other equitable relief upon the Indemnified Party, and provides a release for the benefit of the Indemnified Party; and (B) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to such claim, litigation or proceeding without the prior written consent of the Indemnifying Party (not to be withheld unreasonably). The Indemnified Party shall cooperate and make available all books and records reasonably necessary and useful in connection with the defense.

(c) If the Indemnifying Party shall not assume the defense of any such claim, litigation or proceeding resulting therefrom, the Indemnified Party may, but shall have no obligation to, defend against such claim, litigation or proceeding in such manner as it may deem appropriate; *provided*, that the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to such claim, litigation or proceeding without the prior written consent of the Indemnifying Party (not to be withheld unreasonably).

### **ARTICLE 13. TERMINATION RIGHTS**

13.1 Termination. This Agreement may be terminated, by written notice given by any party (provided such party is not then in material breach of any of its representations, warranties, covenants or duties hereunder) to the other party hereto, at any time prior to the Closing Date as follows, and in no other manner.

(a) By mutual written consent of the parties;

(b) By either Buyer or Seller if a court of competent jurisdiction or governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action, in each case permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable;

(c) By Buyer, if Seller fails to perform or breaches in any material respect any of its representations, warranties, covenants or duties under this Agreement, and Seller has not cured such failure to perform or breach within thirty (30) days after delivery of written notice from Buyer ("Seller's Breach");

(d) By Buyer, as specifically provided in Sections 14.1 and 14.2 hereof;

(e) By Seller, if Buyer fails to perform or breaches in any material respect any of its obligations, representations, warranties, covenants or duties under this Agreement, and Buyer has not cured such failure to perform or breach within thirty (30) days after delivery of written notice from Seller ("Buyer's Breach"), or as specifically provided in Section 14.1 hereof;

(f) By Seller, if either of the conditions set forth in Section 9.1(h) or 9.1(i), respectively, has not been satisfied or waived by Buyer as of or prior to the date that would otherwise be the Closing Date (if such conditions were satisfied);

(g) By any party, if the FCC denies the FCC Application, or if the FCC Application is designated for a hearing; or

(h) By any party, if the Closing has not occurred within one (1) year of the filing of the FCC Application, or if the satisfaction of a condition to the terminating party's obligations to consummate the transactions contemplated by this Agreement shall become reasonably impracticable; *provided, however*, that a party may not terminate this Agreement under this subsection if such party's breach, misrepresentation or failure to fulfill any material obligation under this Agreement is the cause of, or has resulted in, the failure of the Closing to occur or the condition being reasonably impracticable to satisfy.

13.2 Liability of Buyer. Upon a termination of this Agreement (except for reason of a Buyer's Breach or as otherwise provided in Section 13.4) Buyer shall have no further liability hereunder and shall be entitled to immediate return of the Earnest Money Deposit from the Escrow Agent, and Seller shall immediately execute a Joint Notice to Escrow Agent and deliver such notice to Escrow Agent.

13.3 Liability of Seller. Upon termination of this Agreement (except for reason of a Seller's Breach), Seller shall not have any liability or obligation hereunder, except that Seller shall immediately execute a Joint Notice to Escrow Agent and deliver such notice to Escrow Agent.

13.4 Liquidated Damages for Buyer's Breach and Certain other Terminations.

(a) Buyer and Seller agree that if the Closing does not occur due to a Buyer's Breach as described in the provisions of Section 13.1(e), then Seller's sole and exclusive remedy under Section 13.1(e) shall be the right of Seller to claim and be paid the Earnest Money Deposit, and upon any such event, Buyer shall execute a Joint Notice to Escrow Agent and deliver such notice to Escrow Agent, directing the Escrow Agent to pay the Earnest Money Deposit to Seller.

(b) If Seller terminates this Agreement pursuant to Section 13.1(f) above, Seller shall be entitled to liquidated damages in the amount of One Hundred Thousand Dollars (\$100,000), payable from the Earnest Money Deposit, as the sole remedy for Buyer's failure to satisfy such conditions and the termination of this Agreement as provided herein, and upon any such event, Buyer and Seller shall execute a Joint Notice to Escrow Agent and deliver such notice to Escrow Agent, directing the Escrow Agent to pay \$100,000 of the Earnest Money Deposit to Seller and the remainder to Buyer.

(c) The parties agree that the liquidated damages provided in this Section are intended to limit the claims that Seller may have against Buyer in the circumstances described herein, and that the liquidated damages provided herein bear a reasonable relationship to the anticipated harm which would be caused by a Buyer's Breach. The parties further acknowledge and agree that the amount of actual loss caused by Buyer's Breach is difficult to estimate with

precision and that Seller would not have a convenient and adequate alternative to liquidated damages hereunder.

13.5 Specific Performance as Remedy for Seller's Breach. Seller acknowledges and agrees that the Station Assets are unique assets not readily available on the open market, and if the Closing does not occur due to a Seller's Breach as described in the provisions of Section 13.1(c), money damages alone cannot adequately compensate Buyer for its injury. In such event, Buyer shall be entitled to specific performance of this Agreement and of Seller's obligation to consummate the transactions contemplated hereby, and Seller shall waive any and all defenses that Buyer has an adequate remedy at law.

#### **ARTICLE 14. DAMAGE TO STATION ASSETS**

14.1 Risk of Loss. The risk of loss to any of the Station Assets prior to the Closing shall be upon Seller. Seller shall use all commercially reasonable efforts to repair or replace any damaged or lost Station Assets in excess of \$10,000, *provided, however*, that in the event that Station Assets with a value of greater than Five Hundred Thousand Dollars (\$500,000) are damaged or lost as of the date otherwise scheduled for Closing, Buyer may, at its option, either (i) postpone Closing for a period of up to sixty (60) days while Seller repairs or replaces such Station Assets, or (ii) elect to close with the Assets in their current condition, in which case Seller shall assign all proceeds from insurance on such lost or damaged Station Assets to Buyer, and Buyer shall assume the responsibility to repair or replace the Station Assets thereafter; or (iii) Buyer may terminate this Agreement. Seller shall have no responsibility to repair or replace damaged or destroyed Station Assets if the cost of such repair (to the extent not covered by insurance) is less than Ten Thousand Dollars (\$10,000) or exceeds Five Hundred Thousand Dollars (\$500,000); if the extent of damage not covered by insurance exceeds Five Hundred Thousand Dollars (\$500,000), Seller may terminate this Agreement without penalty upon written notice to Buyer, *provided, however*, that Buyer may, upon receipt of such notice, waive Seller's responsibility for any repair cost above the amount of applicable insurance coverage plus \$500,000, and proceed to Closing, assuming the cost of all additional repairs.

14.2 Transmission Default. Should the Analog Station or the Translator (i) not operate for any period in excess of forty eight (48) consecutive hours, or (ii) not operate at more than 90% of their maximum authorized power for a period of ten (10) consecutive days before the Closing, or shall not be operating at more than 90% of their maximum authorized power as of the scheduled Closing Date (provided, that the Analog Station shall be deemed to satisfy this requirement if it is broadcasting at the parameters authorized under FCC File No. BSTA-200300703ACP or successor authority), or (iii) the DTV Station shall not be operating (including pursuant to the DTV STA) as of the scheduled Closing Date (any of (i) to (iii), a "Transmission Default"), and it is reasonably expected that the Transmission Default could be remedied within a reasonable time, Buyer may postpone the Closing for a period of up to sixty (60) days while Seller attempts to cure the Transmission Default condition, and if such cure occurs within such sixty (60) day period, then the parties shall consummate the transaction at the earliest practicable date thereafter, subject to satisfaction or waiver of the conditions set forth in ARTICLE 9.

**ARTICLE 15.**  
**MISCELLANEOUS PROVISIONS**

15.1 Benefit and Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. No party may voluntarily or involuntarily assign this Agreement or any right or obligation hereunder without the prior written consent of the other party, except that (a) Buyer contemplates that ZGS EP may form and act as the general partner of a Texas limited partnership (the "Texas LP"), and that the assets and licenses conveyed hereunder may be assigned in whole or in part to and operated by the Texas LP, without the consent of Seller, *provided*, that Buyer and the Texas LP shall remain jointly and severally liable for the performance of each of Buyer's and the Texas LP's obligations hereunder and (b) after the Closing, Seller may assign its rights and obligations under this Agreement to Council Tree Communications VI, L.L.C. without the consent of Buyer.

15.2 Headings. The headings set forth in this Agreement are for convenience only and will not control or affect the meaning or construction of the provisions of this Agreement.

15.3 Governing Law; Jurisdiction; Venue. This Agreement and the rights of the parties hereto shall be governed, construed and interpreted in accordance with the internal laws of the State of New York, without giving effect to the choice of law principles thereof. Jurisdiction and venue for any action arising from or in relation to this Agreement or any provision hereof shall be exclusively in a federal court sitting in Washington, D.C., and each party hereby submits to the jurisdiction of and venue in any such court as the agreed exclusive jurisdiction and venue for any such action.

15.4 Amendment. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

15.5 Severability. In the event that any one or more of the provisions contained in this Agreement or in any other instrument referred to herein, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, then to the maximum extent permitted by law, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such instrument.

15.6 Construction. The language used in this Agreement will be deemed to be language chosen by the parties to express their mutual intent. In the event an ambiguity or question of intent arises, this Agreement will be construed as if drafted jointly by the parties, and no presumption or burden of proof will arise favoring or disfavoring any person or entity by virtue of the authorship of any of the provisions of this Agreement.

15.7 Attorneys' Fees. Should any party hereto institute any action or proceeding at law or in equity to enforce any provision of this Agreement, including an action for declaratory relief, or for damages by reason of an alleged breach of any provision of this Agreement, or otherwise in connection with this Agreement, or any provision hereof, the prevailing party shall be entitled to recover from the losing party or parties reasonable attorneys' fees and costs for services rendered to the prevailing party in such action or proceeding.

15.8 Notices. Unless applicable law requires a different method of giving notice, any and all notices, demands or other communications required or desired to be given hereunder by any party shall be in writing. Assuming that the contents of a notice meet the requirements of the specific Section of this Agreement which mandates the giving of that notice, a notice shall be validly given or made to another party if served either personally or if deposited in the United States mail, certified or registered, postage prepaid, or if transmitted by telegraph, telecopy or other electronic written transmission device or if sent by overnight courier service, and if addressed to the applicable party as set forth below. If such notice, demand or other communication is served personally, service shall be conclusively deemed given at the time of such personal service. If such notice, demand or other communication is given by mail, service shall be conclusively deemed given seventy-two (72) hours after the deposit thereof in the United States mail. If such notice, demand or other communication is given by overnight courier, or electronic transmission, service shall be conclusively deemed given at the time of confirmation of delivery. The addresses for the parties are as follows:

If to Buyer to:

Ronald Gordon  
ZGS Broadcasting Holdings, Inc.  
2000 N. 14<sup>th</sup> Street, Suite 400  
Arlington, VA 22201  
Fax: 703-526-0879

With a copy, which shall not constitute notice, to:

Bryan T. McGinnis, Esq.  
Shaw Pittman LLP  
2300 N Street NW  
Washington, D.C. 20037  
Fax: 202-663-8345

If to Seller to:

Council Tree Communications VI, LP  
c/o Council Tree Communications, Inc.  
110 North Rubey Drive, Suite 201  
Golden, CO 80403  
Attn: Michael Brendzel  
Fax: 303-678-1859

With copies, which shall not constitute notice, to:

Kirkland & Ellis LLP  
153 East 53<sup>rd</sup> Street  
New York, NY 10022  
Attn: Michael A. Brosse

Fax: 212-446-6460

And

Hogan & Hartson, L.L.P.  
555 13th Street, NW  
Washington, D.C. 20004-1109  
Attn: Mace J. Rosenstein  
Fax: 202-637-5910

Any party hereto may change its or his address for the purpose of receiving notices, demands and other communications as herein provided, by a written notice given in the aforesaid manner to the other parties hereto.

15.9 Entire Agreement. This Agreement, the Schedules and Exhibits attached hereto and the ancillary documents provided for herein, constitute the entire agreement and understanding of the parties hereto relating to the matters provided for herein and supersede any and all prior agreements, arrangements, negotiations, discussions and understandings relating to the matters provided for herein (including without limitation that certain letter agreement dated March 24, 2004 by and between Seller and ZGS Parent). All Exhibits and Schedules attached hereto or to be delivered in connection herewith are incorporated herein by this reference.

15.10 Waivers. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

15.11 No 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 or permitted assigns, any rights or remedies under or by reason of this Agreement.


15.12 Counterparts. This Agreement and any ancillary document hereto may be executed in counterpart signature pages, and each such counterpart signature page shall constitute one and the same original signature page.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]




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

**ZGS BROADCASTING HOLDINGS, INC.**

By:   
Its: President

**ZGS EL PASO, INC.**

By:   
Its: President

**COUNCIL TREE COMMUNICATIONS VI, LP**

By: CTC VI GEN-PAR, L.L.C., its general partner

By: \_\_\_\_\_  
Its: \_\_\_\_\_

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

**ZGS BROADCASTING HOLDINGS, INC.**

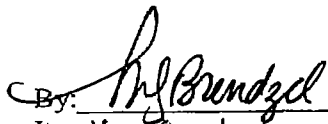
By: \_\_\_\_\_  
Its: \_\_\_\_\_

**ZGS EL PASO, INC.**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**COUNCIL TREE COMMUNICATIONS VI, LP**

By: CTC VI GEN-PAR, L.L.C., its general partner

By:  \_\_\_\_\_  
Its: Vice President \_\_\_\_\_

## EXHIBIT A

This Full Recourse Secured Subordinated Promissory Note is subject to an Intercreditor and Subordination Agreement dated as of \_\_\_\_\_, 2004, among ZGS Broadcasting Holdings, Inc., ZGS El Paso, Inc., certain of its Affiliates, Council Tree Communications VI, L.L.C., and Wells Fargo Foothill, Inc., individually and as Agent for certain Lenders. By its acceptance of this Note, the holder hereof agrees to be bound by the provisions of such Intercreditor and Subordination Agreement to the same extent that the Subordinated Lender (as defined therein) is bound.

### FULL RECOURSE SECURED SUBORDINATED PROMISSORY NOTE

\$[5,800,000.00] \_\_\_\_\_, 2004

FOR VALUE RECEIVED, ZGS EL PASO, INC., a Delaware corporation ("Maker"), promises to pay to the order of COUNCIL TREE COMMUNICATIONS VI, L.L.C., a Delaware limited liability company (collectively with successors and assigns, "Holder"), the principal sum of [Five Million Eight Hundred Thousand Dollars (\$5,800,000.00)], together with interest as set out herein, at 110 North Rubey Drive, Suite 201, Golden, CO 80403 or such other place as Holder may designate in writing, or by wire transfer to Holder's designated bank account. This Full Recourse Secured Subordinated Promissory Note (this "Note") shall be a recourse obligation of Maker with respect to 100% of the principal amount and 100% of any accrued interest on this Note. The Collateral (as defined in Section 11 below) shall serve as collateral security with respect to this Note. Capitalized terms used in this Note and not otherwise defined have the meanings given to them in Section 17 below.

1. The Note. This Note has been issued under the terms of an Asset Purchase Agreement dated June 28, 2004 between ZGS Broadcasting Holdings, Inc. ("ZGS Parent"), Maker and Council Tree Communications VI, LP (the "Purchase Agreement") with respect to the purchase by ZGS Parent and Maker of substantially all of the assets and FCC licenses of television station KTYO-TV, Las Cruces, New Mexico (the "Station"), as further described in the Purchase Agreement, and evidences the obligation of Maker to repay this Note made pursuant to the Purchase Agreement.

2. Interest. Interest shall accrue on the unpaid principal amount of this Note from and after the date hereof on a daily basis at a rate equal to seven per cent (7%) per annum, or, if lower, the highest rate permitted by applicable law. Payments of interest shall be made quarterly, in arrears, with payments commencing on the date that is three months after the date of this Note, and shall continue on each date that is three months after the immediately prior payment date (each date, an "Interest Payment Date"). Interest shall be calculated on the basis of the actual number of days

elapsed and a year of 365 days. All accrued and unpaid interest not paid on the applicable or any subsequent Interest Payment Date shall become due and payable in full on the Maturity Date.

3. Principal Payments. The entire unpaid principal balance of this Note (together with all accrued and unpaid interest thereon) shall become due and payable in full on the fourth anniversary date of this Note (the "Maturity Date"); provided, that if Maker (or any Affiliate of Maker) sells, assigns or otherwise transfers the Station (whether by an asset sale, stock sale, assignment, merger or otherwise) to any Person that is not an Affiliate of Maker prior to the fourth anniversary date of this Note, then the Maturity Date shall be the date on which such sale is consummated. Mandatory principal payments shall also be made as follows: (i) \$150,000 on the second anniversary date of this Note; and (ii) \$350,000 on the third anniversary date of this Note (the "Mandatory Principal Payments").

4. Maker's Rights under the Purchase Agreement. Maker, as Buyer under the Purchase Agreement, has certain rights of indemnification with respect to Council Tree Communications VI, LP (the "Seller") thereunder, and Holder acknowledges and agrees that it has received and holds this Note as an Affiliate of and in place of Seller, and pursuant to the provisions of the Purchase Agreement, and Holder therefore agrees that any obligation of Seller to Maker under the Purchase Agreement shall constitute a setoff or counter-claim with respect to the principal amount due to Holder by Maker under this Note.

5. Prepayment. This Note may be pre-paid by Maker in whole or in part at any time without penalty, provided, that Maker shall continue to make payments of interest and principal in the amounts set forth in Sections 2 and 3 above, until the entire principal balance and interest due thereon is paid in full.

6. Default. The entire outstanding principal amount of this Note, together with all accrued and unpaid interest thereon, shall become due and payable, if not previously paid in full or brought to maturity by other provisions herein, upon the occurrence of any of the following (each, an "Event of Default"):

- (a) if Maker fails to pay when due any interest then due and payable on this Note, and does not cure such default within five (5) business days after written notice from Holder that such payment is past due;
- (b) if Maker fails to pay when due any Mandatory Principal Payment then due and payable on this Note, and does not cure such default within five (5) business days after written notice from Holder that such payment is past due;
- (c) if Maker fails to pay the entire principal and interest amount then due on the Maturity Date, for which no cure period shall be permitted, and the Event of Default shall be immediate;

- (d) if (i) Maker shall institute a voluntary case seeking liquidation or reorganization under Title 11, U.S. Code or any similar federal or state law relating to bankruptcy, insolvency, reorganization, or for the relief of debtors ("Bankruptcy Law"), or shall consent to the institution of an involuntary case thereunder against it; (ii) Maker shall file a petition or consent or shall otherwise institute any similar proceeding under any other applicable Bankruptcy Law, or shall consent thereto; (iii) Maker shall apply for, or by consent there shall be an appointment of, a receiver, liquidator, sequestrator, trustee or other officer with similar powers for itself or any substantial part of its assets; (iv) Maker shall make an assignment for the benefit of its creditors; (v) Maker shall admit in writing its inability to pay its debts generally as they become due; (vi) an involuntary case shall be commenced seeking liquidation or reorganization of Maker under Bankruptcy Law or any similar proceedings shall be commenced against Maker under Bankruptcy Law and (1) the petition commencing the involuntary case is not dismissed within 60 days of its filing, (2) an interim trustee is appointed to take possession of all or a portion of the property, and/or to operate all or any part of the business of Maker and such appointment is not vacated within 60 days, or (3) an order for relief shall have been issued or entered therein; (vii) a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee or other officer having similar powers of Maker or all or a part of its property shall have been entered; or (viii) any other similar relief shall be granted against Maker under any Bankruptcy Law;
- (e) if an Event of Default shall have occurred under Section 3 of the Security Agreement (as defined below) and such default shall not be cured within the time permitted in Section 4 therein;
- (f) if the representations and warranties of Maker contained in Section 14 hereof are not true in any material respect on the date hereof;
- (g) the (i) acceleration of the Senior Indebtedness, unless Maker has entered into a Forbearance Agreement with respect to such acceleration within sixty (60) days after notice that acceleration has occurred, or (ii) commencement of judicial enforcement of any rights and remedies under the Senior Indebtedness Documents or applicable law with respect to the Senior Indebtedness or the Senior Indebtedness Documents or the initiation or participation with others by the Agent in any suit, action, or proceeding to collect the whole or any part of the Senior Indebtedness; or
- (h) if Maker fails to deliver the Compliance Certificate when due, and does not cure such default within five (5) business days after written notice from Holder that such delivery is past due.

7. Default Rate of Interest. Upon the occurrence and during the continuance of an Event of Default, the outstanding principal balance of this Note, together with all unpaid interest thereon, shall bear interest at a rate of interest equal to the greater of (a) the then prevailing prime rate as stated in the Wall Street Journal on the first business day of the calendar quarter during which such payment is due, or for subsequent quarters if the payment remains outstanding, plus four per cent (4%) per annum and (b) eleven per cent (11%), or, if lower, the highest rate permitted by applicable law.

8. Other Payment Provisions. Maker shall make each payment hereunder not later than 3:00 P.M. (Eastern time) on the day when due, in lawful money of the United States of America to the Holder or its order at the address shown above (or at such other place as the holder hereof shall notify Maker in writing, including by a wire transfer of immediately available funds), or to the permitted legal holder of this Note or such holder's order. All payments will be applied first to costs and fees owing hereunder, second to the payment of interest accrued through the date of payment and third to the payment of principal. If the date for any payment or prepayment hereunder falls on a day which is not a business day, then for all purposes of this Note the same shall be deemed timely if received by Holder on the next business day; provided, that interest shall continue to accrue through the date payment is actually made.

9. Costs of Enforcement; Waiver of Presentment, Demand and Dishonor. Maker agrees, jointly and severally, to pay, all liabilities, obligations, claims, damages, actions, penalties, causes of action, losses, judgments, suits, costs, expenses and disbursements, including, without limitation, reasonable attorneys' fees, incurred or arising in connection with the enforcement by the Holder of its rights under this Note ("Costs"). Maker hereby waives presentment for payment, protest, demand, notice of protest, notice of nonpayment and diligence with respect to this Note, and waives and renounces all rights to the benefits of any statute of limitations or any moratorium, appraisement, exemption, or homestead now provided or that hereafter may be provided by any federal or applicable state statute, including but not limited to exemptions provided by or allowed under the Bankruptcy Code of 1978, as amended, to the extent waivable, both as to Maker and as to all of Maker's property, whether real or personal, against the enforcement and collection of the obligations evidenced by this Note and any and all extensions, renewals, and modifications hereof. In the event that, for any reason, the Holder is required to turn over, remit or disgorge any portion of principal which has been repaid, interest which has been paid or reimbursement for Costs which has been made to any person for any reason (including, without limitation, in connection with any bankruptcy or insolvency proceeding or in accordance with any applicable law or order of any court of competent jurisdiction), such amounts shall be immediately and automatically reinstated and shall be due and payable obligations of Maker.

10. Amendment; Non-Waiver. Except as otherwise expressly provided herein, the provisions of this Note may be amended and Maker may take any action herein prohibited, or omit to perform any act herein required to be performed by Maker, only if Maker has obtained the written

consent of the Holder, which may be given or withheld in its sole and absolute discretion. No course of dealing between the Holder and any other party hereto or any failure or delay on the part of the Holder in exercising any rights or remedies hereunder shall operate as a waiver of any rights or remedies of the Holder under this or any other applicable instrument. No single or partial exercise of any rights or remedies hereunder shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder. No failure on the part of any holder of this Note to exercise any right or remedy hereunder with respect to Maker, whether before or after the happening of an Event of Default, shall constitute waiver of any such Event of Default or of any other Event of Default by such holder or on behalf of any other holder. No failure to accelerate the debt of Maker evidenced hereby by reason of an Event of Default or indulgence granted from time to time shall be construed to be a waiver of the right to insist upon prompt payment thereafter; or shall be deemed to be a novation of this Note or a reinstatement of such debt evidenced hereby or a waiver of such right of acceleration or any other right, or be construed so as to preclude the exercise of any right any holder of this Note may have, whether by the laws of the jurisdiction governing this Note, by agreement or otherwise; and each Maker hereby expressly waives the benefit of any statute or rule of law or equity that would produce a result contrary to or in conflict with the foregoing. Each Maker's obligations hereunder shall be binding upon its successors and assigns; provided that no assignment (including, without limitation, by operation of law or otherwise) shall relieve Maker from its obligations hereunder, which shall remain the primary obligations of each Maker.

11. Security and Subordination. The obligations of Maker under this Note and Maker's performance thereof are secured (with a second priority lien) by a certain Security Agreement and a certain Guaranty of ZGS Parent, each of even date herewith and, as further set forth therein, the Station assets acquired from Holder are the collateral (the "Collateral") thereunder, provided, that this Note, the Security Agreement and all obligations thereunder are subject to an Intercreditor and Subordination Agreement dated as of \_\_\_\_\_, 2004 (the "Subordination Agreement"), among ZGS Parent, certain of its Affiliates, Maker, Council Tree Communications VI, L.L.C., and Wells Fargo Foothill, Inc., individually and as Agent for certain Lenders.

12. [Assignment. Holder acknowledges that Maker is contemplating formation of a Texas limited partnership (the "Texas LP"), of which Maker is to be general partner, and that some or all of the Collateral may be assigned by Maker to and operated by the Texas LP, without Holder's consent, provided, that the Texas LP shall be jointly and severally liable with Maker for any and all of Maker's obligations under this Note, shall join this Note as a Maker, and shall join and be deemed to be a Grantor of the liens granted under the Security Agreement with respect to any Collateral assigned to the Texas LP.]

13. Choice of Law; Jurisdiction. This Note shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the laws of the State of New York, without giving effect to the choice of law principles thereof. Each of Maker and the Holder agrees that any legal action or proceeding with respect to this Note shall be brought in a federal court sitting in Washington, D.C. and, by execution and delivery of this Note, each of Maker and the Holder hereby irrevocably submits itself in respect of its property, generally and unconditionally, to the

exclusive jurisdiction of the aforesaid courts in any legal action or proceeding arising out of this Note. Each of Maker and the Holder hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Note brought in the courts referred to in the preceding sentence.

14. Representations and Warranties of Maker. Maker represents and warrants to Holder as of the date hereof that:

- (a) Organization and Good Standing. Maker is a corporation, duly organized, validly existing and in good standing, under the laws of the State of Delaware, and is qualified as a foreign corporation to do business in the State of Texas and the State of New Mexico, except to the extent the failure to so qualify will not have a material adverse effect on its ability to perform its obligations under this Note. Maker has full power and authority to carry on its business as such business is currently conducted, to own, lease or operate its assets and properties, and to enter into and perform this Note according to its terms.
- (b) Duly Authorized. Maker has all requisite power and authority to enter into this Note. The execution, delivery and performance by Maker of and under the Note is within the powers and authority of Maker and has been duly authorized by all necessary action on the part of Maker. This Note constitutes the valid and binding obligation of Maker and is enforceable against Maker in accordance with its terms, subject to applicable Bankruptcy Law or similar laws affecting the enforceability of creditor's rights generally, and by equitable principles (whether enforcement is sought in a proceeding in law or in equity).
- (c) No Conflict or Violation. The execution, delivery and performance by Maker of this Note will not: (a) violate or conflict with any provision of the Certificate of Incorporation, bylaws or other organizational documents of Maker; (b) violate in any material respect any provision or requirement of any federal, state or local law, statute, judgment, order, writ, injunction, decree, award, rule, or regulation of any Governmental Entity applicable to Maker; (c) violate in any material respect, result in a material breach of, constitute (with due notice or lapse of time or both) a material default or cause any material obligation, penalty, premium or right of termination to arise or accrue under, any contract or agreement to which Maker is a party or (d) result in the creation or imposition of any material encumbrance of any kind whatsoever upon any of the properties or assets of Maker.
- (d) Consents. No filing with or notice to, and no permit, authorization, consent or approval of, any Governmental Entity or any other Person is necessary for the execution and delivery by either Maker of this Note.



15. Compliance Certificate. So long as any principal, interest or other amounts due under this Note are outstanding and unpaid, Maker shall furnish or cause to be furnished to Holder on each Interest Payment Date a certificate (the "Compliance Certificate") of the president or other senior executive officer of Maker stating that no event specified in Section 6 (each, a "Default"), regardless of whether there shall have occurred any passage of time or giving of notice, or both, that would be necessary in order to constitute such event an Event of Default, has occurred, or, if a Default has occurred, disclosing each such Default and its nature, when it occurred, whether it is continuing and the steps being taken by Maker, if any, with respect to such Default; provided that, for so long as any Senior Indebtedness is outstanding, Maker shall deliver the Compliance Certificate to Holder on the same dates as the quarterly compliance certificate, if any, is due under the Senior Indebtedness Documents (as long as such certificate is due at least quarterly); provided, further, that if no such quarterly certificate is required to be delivered under the Senior Indebtedness Documents, then Maker shall deliver the Compliance Certificate to Holder on each Interest Payment Date.

16. Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Note shall be in writing and shall be deemed to have been given or made when (a) delivered personally to the recipient, (b) telecopied to the recipient (with hard copy sent to the recipient by reputable overnight courier service (charges prepaid) that same day) if telecopied before 5:00 p.m. New York time on a business day, and otherwise on the next business day, or (c) one (1) business day after being sent to the recipient by reputable overnight courier service (charges prepaid). Such notices, demands and other communications shall be sent to the address for such recipient set forth below, or to such other address or to the attention of such other Person as the recipient party has specified by prior written notice to the sending party:

To Maker:

C/o ZGS Broadcasting Holdings, Inc.  
2000 N. 14<sup>th</sup> Street, Suite 400  
Arlington, VA 22201  
Attention: Ronald Gordon  
Fax: 703-526-0879

With a copy, which shall not constitute notice, to:

Shaw Pittman LLP  
2300 N Street NW  
Washington, D.C. 20037  
Attention: Bryan T. McGinnis, Esq.  
Fax: 202-663-8345

To Holder:

c/o Council Tree Communications, Inc.  
110 North Rubey Drive, Suite 201  
Golden, CO 80403  
Attention: Steve Hillard  
Fax: 303-678-1859

With a copy, which shall not constitute notice, to:

Kirkland & Ellis LLP  
153 East 53rd Street  
New York, NY 10022  
Attention: Michael Brosse  
Fax: 212-446-6460

17. Certain Defined Terms. As used in this Note, the following terms have the following meanings:

"Affiliate" means, with respect to Maker, any Person controlling, controlled by or under common control with Maker, where "control" means the possession, directly or indirectly, of the power to direct the management and policies of a Person.

"Governmental Entity" means the United States of America or any other nation, any state or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Person" means an individual, a partnership (including a limited partnership), a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, association or other entity or a Governmental Entity.

"Senior Indebtedness" shall have the meaning given to such term in the Subordination Agreement.

"Senior Indebtedness Documents" means the Credit Agreement (as defined in the Subordination Agreement) and any and all agreements and documents related thereto (including without limitation any related security agreements, guarantees, notes, fee letters, etc.).

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**INTERCREDITOR AND SUBORDINATION AGREEMENT**

THIS AGREEMENT is dated as of the \_\_\_\_ day of \_\_\_\_\_, 2004, by and among:

**ZGS EL PASO, INC.**, a Delaware corporation (the "Borrower"), and certain of its Affiliates who are joining with the Borrower in executing and delivering this Agreement (the Borrower and such Affiliates are herein sometimes referred to collectively as the "Companies" and individually as a "Company");

**COUNCIL TREE COMMUNICATIONS VI, LLC**, a Delaware limited liability company (the "Subordinated Lender"); and

**WELLS FARGO FOOTHILL, INC.** (formerly known as Foothill Capital Corporation), a California corporation, as assignee of Textron Financial Corporation pursuant to that certain Assignment and Acceptance dated December 27, 2002 ("Foothill"), and the various other financial institutions which are now or hereafter may become Lenders (collectively with Foothill, the "Senior Lenders") as defined in the Credit Agreement (as hereinafter defined), and **WELLS FARGO FOOTHILL, INC.**, as **Agent** for the Senior Lenders (in such capacity, the "Agent").

**WITNESSETH THAT:**

In order to induce the Senior Lenders to make financial accommodations to the Companies, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Companies and the Subordinated Lender hereby agree with the Senior Lenders and the Agent that, so long as any Senior Indebtedness (as hereinafter defined) is outstanding or committed to be advanced, each such party will comply with such of the following provisions as are applicable to it:

1. Certain Definitions.

1.1 Senior Indebtedness. The term "Senior Indebtedness" shall mean:

(a) any and all loans, advances, extensions of credit to, and all other indebtedness, obligations and liabilities, whether now existing or hereafter arising, direct or contingent, of the Borrower and/or the other Companies, or any of them, now or hereafter owing to the Senior Lenders and the Agent, or any of them, outstanding from time to time, whether pursuant to:

(i) that certain Credit Agreement dated as of August 5, 2002, by and among the Companies, the Senior Lenders and the Agent, as amended by that certain First Amendment to Credit Agreement dated as of February 24, 2003, and that certain Second Amendment to Credit Agreement, dated as of \_\_\_\_\_, 2004, as affected by a certain Assignment and Acceptance dated December 27, 2002 by and between Textron Financial Corporation and Foothill (as the same may be amended, restated, supplemented, renewed, replaced or extended from time to time, the "Credit Agreement"),

(ii) that certain Amended and Restated Secured Reducing Revolving Credit Note dated \_\_\_\_\_, 2004, in the original aggregate principal amount of up to \$17,000,000.00, issued by the Companies, payable to the order of the Senior Lenders, pursuant to the Credit Agreement, as the same may be amended, restated, supplemented, renewed, replaced or extended from time to time (the "Notes"),

(iii) that certain Fee Letter dated \_\_\_\_\_, 2004, of the Companies executed in favor of the Agent (the "Fee Letter"), or

(iv) otherwise, including, without limitation, any and all indebtedness to the Senior Lenders in respect of any and all future loans or advances or extensions of credit made to the Borrower or the other Companies by the Senior Lenders, or any of them, prior to, during or following any proceeding in respect of any Reorganization (as defined in Section 3.2 hereof); and

(b) all interest thereon and all fees, expenses and other amounts (including costs of collection and reasonable attorneys' fees) at any time owing to the Senior Lenders or the Agent, whether arising in connection with the Credit Agreement, the Notes or such other indebtedness (regardless of the extent to which the Credit Agreement, the Notes or such other indebtedness is enforceable against the Companies and regardless of the extent to which such amounts are allowed as claims against the Companies in any Reorganization, and including any interest thereon accruing after the commencement of any Reorganization and any other interest that would have accrued thereon but for the commencement of such Reorganization).

For the purposes hereof, the term "Senior Lenders" shall mean Wells Fargo Foothill, Inc., and its successors and assigns, and all financial institutions who are now or hereafter may become "Lenders" or an "Agent" under the Credit Agreement. All Senior Indebtedness shall be entitled to the benefits of this Agreement without notice thereof being given to the Subordinated Lenders.

1.2 Subordinated Indebtedness. The term "Subordinated Indebtedness" shall mean all existing and hereafter arising indebtedness, obligations and liabilities of the Borrower, to the Subordinated Lender, whether direct or contingent, and all claims, rights, causes of action, judgments and decrees in respect of the foregoing, including, without limitation:

(a) all indebtedness and obligations under the Subordinated Promissory Note dated \_\_\_\_\_ issued by the Borrower to the Subordinated Lender in the original principal amount of \$[5,800,000.00] (the "Subordinated Note"); and

(b) the obligations of each party (other than the Subordinated Lender) to, under or in respect of any agreement or instrument securing any of the Borrower's obligations to the Subordinated Lender under the Subordinated Note (the "Subordinated Security Documents") (the Subordinated Note and the Subordinated Security Documents and any other agreement evidencing or relating

to Subordinated Indebtedness being hereinafter collectively referred to as the "Subordinated Agreements").

For the purposes hereof, the term "Subordinated Lender" shall mean the Subordinated Lender named in the preamble to this Agreement, its successors and assigns, and any and all assignees or holders of Subordinated Indebtedness.

1.3 Collection Action. The term "Collection Action" shall mean (a) to demand, sue for, take or receive (other than as permitted hereunder) from or on behalf of Borrower by set-off or in any other manner, the whole or any part of any moneys which may now or hereafter be owing by Borrower with respect to the Subordinated Indebtedness, (b) to initiate or participate with others in any suit, action or proceeding against Borrower to (i) enforce payment of or to collect the whole or any part of the Subordinated Indebtedness or (ii) commence judicial enforcement of any of the rights and remedies under the Subordinated Indebtedness Documents or applicable law with respect to the Subordinated Indebtedness or the Subordinated Indebtedness Documents, (c) to accelerate any Subordinated Indebtedness or (d) to foreclose or otherwise realize on any security given by the Companies or any other Person to secure the Subordinated Indebtedness.

1.4 Other Capitalized Terms. Except as otherwise specified herein, capitalized terms used in this Agreement which are defined in the Credit Agreement have the same meanings herein as therein.

## 2. Representations and Warranties.

2.1 Representations and Warranties of the Subordinated Lender and the Borrower. The Subordinated Lender and the Borrower each hereby, severally and not jointly, represents and warrants to the Senior Lenders and the Agent that:

(a) At the date hereof, the total outstanding and unpaid Subordinated Indebtedness owing by the Companies to the Subordinated Lender pursuant to the Subordinated Agreements is \$[5,800,000.00];

(b) There is no default in respect of the Subordinated Indebtedness;

(c) The Subordinated Lender is the holder of the Subordinated Agreements free and clear of all liens, claims and encumbrances, and the Subordinated Lender is not subject to any contractual limitation or restriction which would impair in any way its ability to execute or perform its obligations under this Agreement; and

(d) True, accurate and complete copies of the Subordinated Agreements are attached hereto as Exhibit A.

2.2 Agent's Representations and Warranties. As of the date of this Agreement, Agent hereby represents and warrants to Subordinated Lender as follows:

(a) Agent is a corporation duly organized, validly existing and in good standing under the laws of the State of California.

(b) Agent has full corporate power and authority to enter into, execute, deliver and carry out the terms of this Agreement, all of which have been duly authorized by all proper and necessary corporate action and are not prohibited by its certificate of incorporation or by-laws.

(c) This Agreement, when executed and delivered, will constitute the valid and legally binding obligation of Agent, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by equitable principles.

(d) No provisions of any mortgage, indenture, contract, agreement, statute, rule, regulation, judgment, decree or order binding on Agent conflicts with, or requires any consent that has not already been obtained under, or would in any way prevent the execution, delivery or performance of the terms of this Agreement by Agent. No pending or, to the best of Agent's knowledge, threatened litigation, arbitration or other proceedings if adversely determined would in any way prevent the performance of the terms of this Agreement by Agent.

(e) Agent, on behalf of the Senior Lenders, is the current owner and holder of the Senior Indebtedness.

(f) To the knowledge of Agent, no Senior Default exists under or with respect to the Senior Indebtedness Documents.

### 3. Terms of Subordination.

3.1 No Transfer. The Subordinated Lender will not sell or otherwise dispose of any of the Subordinated Indebtedness, including, without limitation, the Subordinated Note, to an unaffiliated entity except with the prior written consent of the Agent (which consent shall not be unreasonably withheld) and except to a person who agrees in advance in writing, pursuant to an agreement in form reasonably acceptable to the Agent, to become a party hereto. The Subordinated Lender shall give the Agent at least fifteen (15) days' prior written notice of any such proposed transfer stating the identity of the transferee and providing such other information as the Agent shall reasonably require.

3.2 Payment Subordinated. Anything in the Subordinated Agreements to the contrary notwithstanding, to the extent and in the manner set forth herein, the payment of the Subordinated Indebtedness is and shall be expressly subordinate and junior in right of payment and exercise of remedies to the prior and indefeasible payment in full in cash of the Senior Indebtedness to the extent and in the manner provided herein, and the Subordinated Indebtedness is hereby subordinated as a claim against the Borrower and the other Companies or any of the assets of, or ownership interests in, the Borrower and the other Companies whether such claim be in the event of any distribution of the assets of any Company upon any voluntary or involuntary dissolution, winding-up, total or partial liquidation or reorganization, or bankruptcy, insolvency, receivership or other statutory or common law proceedings or arrangements involving any Company or the readjustment of the liabilities of any Company or any assignment

for the benefit of creditors or any marshaling of the assets or liabilities of any Company (collectively called a "Reorganization"), or otherwise. In furtherance of the foregoing, except as otherwise provided in Section 3.6 hereof, the Borrower and the other Companies will not make, and the Subordinated Lender will not accept or receive, any payment of Subordinated Indebtedness until all the Senior Indebtedness has been paid in full in cash.

3.3 Distributions in Reorganization. Except as otherwise provided in Section 24 hereof, in the event of any Reorganization relative to the Borrower or its property, all of the Senior Indebtedness shall first be paid in full in cash before any payment on account of principal, premium or interest or otherwise is made upon or in respect of the Subordinated Indebtedness, and in any such proceedings any payment or distribution of any kind or character, whether in cash or property or securities which may be payable or deliverable in respect of the Subordinated Indebtedness shall be paid or delivered directly to the Agent for application in payment of the Senior Indebtedness, unless and until all such Senior Indebtedness shall have been indefeasibly paid and satisfied in full in cash. The Subordinated Lender does hereby irrevocably authorize the Agent to prove and vote any and all claims in such proceedings on the Subordinated Indebtedness, and to accept and receive any payment or distribution, and to do any and all things and to execute all instruments necessary to effectuate the foregoing.<sup>1</sup> Except as otherwise provided in Section 24 hereof, in the event that, notwithstanding the foregoing, upon any such Reorganization, any payment or distribution of assets of the Borrower of any kind or character, whether in cash, property or securities, shall be received by the Subordinated Lender before all Senior Indebtedness is paid in full in cash, such payment or distribution shall be immediately paid over to the Agent, for application to the payment of all Senior Indebtedness remaining unpaid until all such Senior Indebtedness shall have been paid in full in cash, after giving effect to any concurrent payment or distribution to the Agent.

3.4 Effect of Provisions. The provisions hereof as to subordination are solely for the purpose of defining the relative rights of the Senior Lenders and the Agent, on the one hand, and the Subordinated Lender, on the other hand, and none of such provisions shall impair, as between the Companies and the Subordinated Lender, the obligations of the Borrower, which are unconditional and absolute, to pay to the Subordinated Lender in accordance with the terms thereof, nor, except as provided in Section 8 below, shall any such provisions prevent the Subordinated Lender from exercising all remedies otherwise permitted by applicable law or under the terms of such Subordinated Indebtedness upon a default thereunder, subject to the rights, if any, of the Senior Lenders and the Agent under the provisions of this Agreement.

3.5 Subrogation, etc. Upon the prior indefeasible payment in full in cash of all Senior Indebtedness, the Subordinated Lender shall be subrogated to the Senior Lenders' and the Agent's rights in respect of payments or distributions of assets of, or ownership interests in, the Borrower made on the Senior Indebtedness.

3.6 Permitted Payments of Subordinated Indebtedness. (a) The Borrower may, from time to time, pay or cause to be paid to the Subordinated Lender, and the Subordinated

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<sup>1</sup> This sentence is subject to the parties agreeing to language allowing Subordinated Lender to review any Reorganization plan and to arrange for the separate sale of the KTYO Assets if it is not satisfied with the valuation ascribed to such assets in such plan.



Lender may accept and retain, regularly scheduled payments of principal and interest as and at the times when due and payable under the Subordinated Note, as originally executed and delivered; provided, however, that, except as provided in Section 24 hereof, no such payment shall be made or retained if, at the time of such payment, or after giving effect thereto, (i) there exists any Event of Default or Default (as defined in the Credit Agreement), (ii) Agent shall have sent notice of such Default or Event of Default to the Subordinated Lender, and (iii) not more than two hundred seventy (270) days shall have elapsed since such notice was sent.

(b) So long as such payments are not otherwise prohibited under this Section 3.6, the Borrower may resume payments (including all payments missed) in respect of the Subordinated Indebtedness or any judgment with respect thereto upon the earlier to occur of (i) a cure or waiver of such Default or Event of Default in accordance with the terms of the Senior Indebtedness Documents or (ii) the expiration of such period of 270 days.

4. Agreement to Hold in Trust. If the Subordinated Lender shall receive any payment on account of the Subordinated Indebtedness in violation of this Agreement, it shall hold such payment in trust for the benefit of the Senior Lenders and the Agent and, promptly upon discovery or notice of such violation, pay it over to the Agent for the benefit of the Senior Lenders for application in payment of the Senior Indebtedness.

5. Amendments to Subordinated Agreements/Liens on Collateral. The Subordinated Lender covenants and agrees that, unless the Agent otherwise consents thereto in writing, it will not amend or modify any provision of any of the Subordinated Agreements which (i) increases the maximum principal amount of the Subordinated Indebtedness or rate of interest on any of the Subordinated Indebtedness (it being understood that the imposition of a default rate of interest contained in the Subordinated Indebtedness Documents as in effect on the date hereof shall not be restricted by this clause (i)), (ii) accelerates the dates (including maturity dates) upon which payments of principal or interest on the Subordinated Indebtedness are due, (iii) makes more restrictive or adds any event of default or any covenant with respect to the Subordinated Indebtedness, (iv) changes the redemption or prepayment provisions of the Subordinated Indebtedness, (v) alters the subordination provisions with respect to the Subordinated Indebtedness, including, without limitation, subordinating the Subordinated Indebtedness to any other debt, (vi) grants any liens or security interests in any assets of the Borrower or any other assets securing the Senior Indebtedness other than the KTYO Assets (as defined in Section 24 hereof) or (vii) changes or amends any other term of the Subordinated Indebtedness Documents if such change or amendment would materially increase the obligations of the Companies or confer additional material rights on Subordinated Lender or any other holder of the Subordinated Indebtedness in a manner adverse to the Agent.

6. Requirement of Notice. The Subordinated Lender agrees to notify the Agent immediately upon the happening of any of the following:

(a) The occurrence of any default under any of the Subordinated Agreements or any event which, upon notice or lapse of time or both, would constitute such a default;

(b) The waiver by the Subordinated Lender of any default under any of the Subordinated Agreements; and

(c) Acceleration of the Subordinated Indebtedness.

7. Legend. The Companies and the Subordinated Lender covenant to cause each agreement and instrument representing or evidencing any of the Subordinated Indebtedness issued or executed by the Companies and held by the Subordinated Lender to have affixed upon it a legend which reads substantially as follows:

"This instrument/agreement is subject to an Intercreditor and Subordination Agreement dated as of \_\_\_\_\_, 2004, among ZGS El Paso, Inc., certain of its Affiliates, Council Tree Communications VI, LLC, and Wells Fargo Foothill, Inc., individually and as Agent for certain Lenders. By its acceptance of this instrument/agreement, the holder hereof agrees to be bound by the provisions of such Intercreditor and Subordination Agreement to the same extent that the Subordinated Lender (as defined therein) is bound."

8. Limit on Right of Action. (a) The Subordinated Lender agrees for the benefit of the Senior Lenders and the Agent and all future holders of the Senior Indebtedness that so long as the Senior Indebtedness remains outstanding or committed to be advanced, the Subordinated Lender will not, directly or indirectly, take any Collection Action, any action to exercise any of its remedies in respect of the Subordinated Indebtedness or any guarantee of payment thereof, any action to initiate any Reorganization of, or litigation against, any Company or any guarantor of the Subordinated Indebtedness, or any action to foreclose or otherwise realize on any security given by the Companies or any other person to secure the Subordinated Indebtedness prior to the payment in full in cash of all Senior Indebtedness; provided, that the Subordinated Lender may take Collection Action with respect to the Borrower on or after two hundred seventy (270) days after sending notice to Agent of the Subordinated Lender's acceleration of the Subordinated Indebtedness and the Subordinated Lender may take enforcement actions against any guarantor of the Subordinated Indebtedness on or after three hundred sixty-five (365) days after sending notice to Agent of the Subordinated Lender's acceleration of the Subordinated Indebtedness.

(b) The foregoing provisions of this Section 8 are solely for the purpose of defining the relative rights of the Senior Lenders and the Agent, on the one hand, and the Subordinated Lender, on the other, and shall not otherwise limit or affect any rights which the Subordinated Lender may have against the Borrower under the terms of the Subordinated Agreements.

9. The Subordinated Lender's Junior Security. (a) Agent, on behalf of the Senior Lenders, hereby acknowledges that Subordinated Lender has been granted Liens upon all of the KTYO Assets pursuant to the Subordinated Agreements to secure the Subordinated Indebtedness. Subordinated Lender hereby acknowledges that Lender has been granted Liens upon the KTYO Assets and other Collateral (as defined below) pursuant to the Credit Agreement and related agreements to secure the Senior Indebtedness.

(b) Subject to the provisions of Section 24 hereof, the Subordinated Lender hereby confirms that, regardless of the relative times and method of attachment or perfection thereof (or

any failure to perfect) or the order of filing of financing statements, mortgages or other security agreements or documents, or anything in the Subordinated Agreements or this Agreement to the contrary, the security interests and liens granted or to be granted from time to time to secure the Senior Indebtedness, shall in all respects be first and senior security interests and liens, superior to any security interests and liens granted or to be granted to the Subordinated Lender in assets of, or ownership interests in, the Borrower or any other person pursuant to the Subordinated Agreements or otherwise, it being the express intention of the parties that, notwithstanding anything in this Agreement to the contrary, all liens and security interests granted to the Senior Lenders or to the Agent for the benefit of the Senior Lenders from time to time shall be prior and superior to any liens or security interests granted to the Subordinated Lender. In foreclosing on the Senior Lenders' or the Agent's security interests and liens in the collateral (the "Collateral") described in or covered by any of the Security Documents as defined in the Credit Agreement (collectively, the "Security Agreements"), so long as the Agent proceeds in a commercially reasonable manner, the Agent, on behalf of the Senior Lenders, may proceed to foreclose on the Senior Lenders' or the Agent's security interests and liens in any manner which the Agent, in its sole discretion, chooses, even though a higher price might have been realized if the Agent had proceeded to foreclose on the Senior Lenders' or the Agent's security interests and liens in another manner.

(c) The priorities of the Liens provided in Section 9(b) shall not be altered or otherwise affected by any amendment, modification, supplement, extension, renewal, restatement, replacement or refinancing of the Senior Indebtedness or the Subordinated Indebtedness, nor by any action or inaction which any of the Senior Lenders may take or fail to take in respect of the Collateral. Agent, on behalf of the Senior Lenders, their successors and assigns, agrees not to subordinate its Lien in the KTYO Assets to the Lien, indebtedness or claim of any other creditor of the Borrower, without the prior written consent of Subordinated Lender; provided, that such agreement shall not preclude any assignment by the Agent or any Senior Lender of any portion of the Senior Indebtedness or such Lien or any release of such Lien by the Agent or any Senior Lender.

10. Marshaling. The Subordinated Lender hereby expressly waives any right that it otherwise might have to require the Agent or any Senior Lender to marshal any of the property of Borrower or any of the other Companies, to resort to Collateral in any particular order or manner, whether provided for by common law or statute, or to enforce any guaranty or any Lien given by any of the Companies as a condition precedent or concurrent to the exercise of any of their remedies.

11. Release of Collateral. Subject to distribution of proceeds in accordance with Section 24 hereof, without limiting any of the rights (including any of the foreclosure rights) of the Senior Lenders and the Agent under the Credit Agreement, the Security Documents or the Notes, or any documents delivered to secure the obligations of the Companies to Senior Lenders or the Agent in connection therewith or under the provisions of any applicable law, and without placing any obligation on the part of the Agent to follow any of the following provisions in order to retain its priority status hereunder, in the event that the Senior Lenders or the Agent releases or discharges their or its security interests in, or liens upon, any Collateral which is subject to a lien or security interest in favor of the Subordinated Lender, such Collateral shall thereupon be deemed to have been released from all such liens and security interests in favor of the

Subordinated Lenders, provided that the Agent believes in good faith that any such released or discharged Collateral is being sold or transferred either (a) in the ordinary course of a Company's business or (b) following the occurrence and during the continuance of an Event of Default under the Senior Indebtedness and the giving of ten (10) days' prior written notice of any such proposed release to the Subordinated Lender, for consideration believed by the Agent to be reasonably equivalent to the fair value of such Collateral, under circumstances in which the seller of such Collateral shall have agreed that the net proceeds of any such sale under this clause (b) shall be applied to the payment of the Senior Indebtedness and the Subordinated Indebtedness in the order of priority provided in this Agreement. The Subordinated Lender agrees that within ten (10) days following the Agent's written request therefor, it will execute, deliver and file any and all such termination statements, lien releases and other agreements and instruments as the Agent reasonably deems necessary or appropriate in order to give effect to the preceding sentence. The Subordinated Lender hereby irrevocably appoints the Agent the true and lawful attorney of the Subordinated Lender for the purpose of effecting any such executions, deliveries and filings. Without limiting the foregoing, and without implying that the Senior Lender is obligated to undertake any special investigation with respect to its good faith belief as to the fair value of any property, the parties hereto agree to be bound as to the fair value of any property as determined by any independent appraisal of such property that may be conducted by a reputable independent appraiser with experience in the valuation of broadcasting stations, at the Agent's request. The cost of any such appraisal shall be borne by the Companies and, if funded by the Senior Lenders, shall constitute Senior Indebtedness.

12. Additional Rights of the Senior Lenders and the Agent. If the Subordinated Lender, in violation of this Agreement, shall commence, prosecute or participate in any suit, action or proceeding against any Company, such Company may interpose as a defense or plea the making of this Agreement and the Agent may intervene and interpose such defense or plea in the Senior Lenders' name or in the name of the Company. If the Subordinated Lender, in violation of this Agreement, shall attempt to enforce any security agreement, real estate mortgage, deed of trust, guaranty or any lien instrument or other encumbrance, the Agent may by virtue of this Agreement restrain the enforcement thereof in the Senior Lenders' name or in the name of the Company. Subject to Section 24 hereof, if the Subordinated Lender obtains any assets of any Company as a result of any administrative, legal or equitable action, or otherwise, the Subordinated Lender agrees forthwith to pay, deliver and assign to Agent any such assets for application to the Senior Indebtedness.

13. Companies' Additional Agreement. Each Company agrees that it will not, without the Agent's prior written consent, execute or deliver any negotiable instrument as evidence of the Subordinated Indebtedness or any part thereof, except as otherwise permitted by this Agreement.

14. Rights of the Senior Lenders and the Agent to Amend Loan Documents and Discontinue Senior Indebtedness. The Senior Lenders and the Agent hereby reserve the right, in their sole discretion, and without notice to the Subordinated Lender, to modify, amend, waive or release any of the terms of the Credit Agreement, the Notes, the Security Documents, or any other document or agreement at any time executed by the Companies, or any of them, or any other person evidencing or securing the Senior Indebtedness or any other document executed in connection with the Senior Indebtedness or of any other document relative thereto and to

exercise or refrain from exercising any powers, remedies or rights which the Senior Lenders or the Agent may have thereunder, and such modification, amendment, waiver, release, exercise or failure to exercise shall not affect any of the Senior Lenders' or the Agent's rights under this Agreement. The Subordinated Lender hereby agrees that the Senior Lenders or the Agent may from time to time in the Senior Lenders' or the Agent's sole discretion amend the instrument and agreements evidencing the Senior Indebtedness, grant extensions of time of payment or performance and make compromises and settlements with the Companies or other creditors of the Companies, without affecting the agreements of the Subordinated Lender or Companies hereunder. If at any time hereafter, the Senior Lenders or the Agent shall, in their own judgment, determine to discontinue the extension of credit to the Companies or demand payment of the Senior Indebtedness, they may do so without notice to the Subordinated Lender. The Senior Lenders' or the Agent's failure to insist upon the strict performance of any term, condition or other provision of this Agreement, the Notes or any agreement evidencing, securing payment of, or relating to the Senior Indebtedness (collectively, the "Transaction Documents"), or to exercise any right or remedy hereunder or thereunder, shall not affect or alter this Agreement, the Notes or any of the other Transaction Documents, and each and every term, condition and other provision of this Agreement, the Credit Agreement, the Notes, the Security Documents and other Transaction Documents shall, in such event, continue in full force and effect and shall be operative with respect to any other then existing or subsequent default or event of default in connection therewith.

15. Further Assurances. Each Company and the Subordinated Lender covenant to execute and deliver to the Agent such further instruments and documents and take such further actions as the Agent may from time to time reasonably request, and the Companies and the Senior Lenders agree to execute and deliver to the Subordinated Lender such further instruments and documents and take such further actions as the Subordinated Lender may from time to time reasonably request, in each case for the purpose of carrying out the provisions and intent of this Agreement. Without limiting the foregoing, in the event that all or part of the Senior Indebtedness is hereafter refinanced through the Senior Lenders and/or any other lender(s), the Subordinated Lender agrees to enter into one or more new agreements with the Senior Lender and/or such lender or lenders providing for the subordination of the Subordinated Indebtedness to at least the same extent, and upon substantially similar terms, as provided in this Agreement.

16. Notices. All notices, requests, demands and other communications hereunder shall be in writing and either mailed, sent by nationally recognized overnight courier service, by telecopy with a copy to be given within one (1) Business Day thereof by another means permitted hereunder, or delivered to the applicable party, at the respective addresses indicated below:

if to the Companies, to the following address:

c/o ZGS Broadcasting Holdings, Inc.  
2000 North 14<sup>th</sup> Street, Suite 400  
Arlington, Virginia 22201  
Attention: Ronald J. Gordon, President  
Telecopy No.: (703) 526-0879

with a copy (which shall not constitute notice) to:

Akin, Gump, Strauss, Hauer & Feld, L.L.P.  
590 Madison Avenue  
New York, NY 10022  
Attention: Patrick J. Dooley  
Telecopy No.: (212) 872-1002

if to the Senior Lenders or the Agent, to the following address:

Wells Fargo Foothill, Inc.  
2450 Colorado Avenue, Suite 3000 West  
Santa Monica, California 90404  
Attention: Group Credit Manager - Specialty Finance  
Telecopy: (310) 453-7442

and a copy (which shall not constitute notice) to:

Hughes & Luce, L.L.P.  
1717 Main Street, Suite 2800  
Dallas, Texas 75201  
Attention: Gary G. Null, Esq.  
Telecopy: (214) 939-5849

if to the Subordinated Lender, to the following address:

Council Tree Communications VI, LLC  
110 North Rubey Drive, Suite 201  
Golden, CO 80403  
Attention: Michael Brendzel  
Telecopy No.: (303) 678-1859

and a copy (which shall not constitute notice) to:

Kirkland & Ellis LLP  
Citigroup Center  
153 East 53rd Street  
New York, NY 10022-4675  
Attention: Michael Brosse, Esq.  
Telecopy: (212) 446-6460

or, as to each party, at such other address as shall be designated by such party in a written notice to the other parties complying as to delivery with the terms of this Section. All such notices, requests, demands and other communication shall be deemed given upon the earliest to occur of (a) the third day following deposit thereof in the United States mail, (b) twelve noon local time on the first business day following timely deposit thereof with a nationally recognized overnight courier service with effective instructions to such courier to make delivery on the next business

day, or (c) receipt by the party to whom such notice is directed (with following written confirmation in accordance herewith in the case of telecopy notice).

17. Successors; Continuing Effect; Etc. This Agreement is being entered into for the benefit of the holders of the Senior Indebtedness and the Subordinated Indebtedness, and their respective successors and assigns. This Agreement shall be a continuing agreement and shall be irrevocable and shall remain in full force and effect until all Senior Indebtedness has been paid in full in cash. The liability and obligations of the Subordinated Lender hereunder shall be reinstated and revived, and the Senior Lenders' and the Agent's rights shall continue, with respect to any amount at any time paid on account of the Senior Indebtedness which shall thereafter be required to be restored or returned by the Senior Lenders or the Agent in any Reorganization (including, without limitation, any repayment made pursuant to any provision of Chapter 5 of Title 11, United States Code), or with respect to any fraudulent transfer or conveyance law, all as though such amount had not been paid.

18. Entire Agreement; Amendment. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof, and no modification or waiver of any provision of this Agreement shall in any event be effective unless the same shall be in writing signed by the Agent, on behalf of the Senior Lenders, and the Subordinated Lender (unless such amendment or modification shall impose any additional obligations upon the Companies, in which case such amendment or modification shall also require execution by the Companies).

19. Consent to Jurisdiction, Waiver of Jury Trial. (a) Each of the Companies and the Subordinated Lender, to the extent that it may lawfully do so, hereby consents to the jurisdiction of the state and federal courts located in the States of California and of each state where the Borrower is located (the "Borrower States"), as well as to the jurisdiction of all courts from which an appeal may be taken from such courts, for the purpose of any suit, action or other proceeding arising out of any of its obligations arising hereunder transactions contemplated hereby, and expressly waives any and all objections it may have as to venue in any of such courts.

(b) EACH OF THE PARTIES HERETO HEREBY WAIVES TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT. NEITHER THE COMPANIES, THE SUBORDINATED LENDER NOR ANY ASSIGNEE OF OR SUCCESSOR THERETO, NOR ANY AGENT OR SENIOR LENDER SHALL SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER LITIGATION OR PROCEDURE BASED UPON, OR ARISING OUT OF, THIS AGREEMENT, OR ANY OF THE OTHER DOCUMENTS, INSTRUMENTS AND AGREEMENTS ENTERED INTO IN CONNECTION HEREWITH. NO PARTY WILL SEEK TO CONSOLIDATE ANY SUCH ACTION, IN WHICH A JURY TRIAL HAS BEEN WAIVED, WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

20. Miscellaneous. THIS AGREEMENT SHALL TAKE EFFECT AS A SEALED INSTRUMENT AND SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be

ineffective to the extent of such prohibition or unenforceability without validating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. The headings in this Agreement are for convenience of reference only and shall not alter or otherwise affect the meaning hereof. In the event of any conflict between the provisions of the Agreement and the provisions of any of the Loan Documents or any of the Subordinated Agreements, the provisions of this Agreement shall control. The Subordinated Lender shall reimburse the Senior Lenders and the Agent upon demand for all reasonable costs and expenses (including reasonable attorney's fees and disbursements) paid or incurred by the Senior Lenders and the Agent, as applicable, in connection with any enforcement of this Agreement against the Subordinated Lender, except to the extent that a non-appealable judicial determination is made that the Senior Lenders or the Agent, as applicable, are not entitled to take such enforcement action.

21. Counterparts. This Agreement may be executed by the parties hereto in several counterparts hereof and by different parties hereto on separate counterparts hereof, each of which shall be an original and all of which counterparts shall together constitute one and the same agreement. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as an in-hand delivery of an original executed counterpart thereof.

22. Agency. The parties hereto acknowledge that the Agent has been appointed to act as agent for the Senior Lenders hereunder, pursuant to the terms of the Credit Agreement, and that the Agent, to the extent it may so act hereunder, shall exercise all of the rights and remedies hereunder on behalf of, and as agent for the benefit of, the Senior Lenders and each of them. Without limiting the generality of the foregoing, the Agent is authorized to execute and deliver, from time to time, on behalf of the Senior Lenders, any and all amendments and modifications to this Agreement and any and all waivers to any conditions herein.

23. Additional Companies. Each additional Subsidiary formed or acquired after the date hereof (hereinafter referred to as a "New Company"), if any, with the consent of the Senior Lenders under the Credit Agreement, may become a party to this Agreement as a "Company" hereunder by executing and delivering to the Agent a Joinder Agreement in form acceptable to the Agent (and without necessity for execution thereof by any of the original Companies), together with any and all further documents and instruments as shall be reasonably required to effect the purposes of this Agreement and to secure to the Agent and the Senior Lenders, and to all persons and entities which may from time to time hold any of the Senior Indebtedness, the benefits of all rights, authorities and remedies conferred upon the Agent and the Senior Lenders by the terms of this Agreement.

24. Distribution of Proceeds from Disposition of KTYO Assets. (a) Notwithstanding anything contained herein to the contrary, in the event of the sale (whether by the Borrower, by Agent, on behalf of the Senior Lenders, pursuant to a foreclosure or other exercise of remedies, or by the Subordinated Lender, pursuant to a foreclosure or other exercise of remedies) of all, or substantially all, of the assets related to radio station KTYO(TV) and KTYO-DT licensed to Las Cruces, New Mexico, and K481K, licensed to El Paso, Texas (collectively, the "KTYO Assets"), other than in connection with a Reorganization, all cash proceeds from such sale and all cash proceeds realized from non-cash proceeds from such sale, if, as and when received, shall be



delivered to the Agent and such cash proceeds shall be distributed as follows as soon as reasonably practicable:

- (i) first, to pay all expenses, if any, of the Agent relating to such sale;
- (ii) second, to the Agent, for the ratable benefit of the Senior Lenders, an amount equal to the least of (A) \$6,000,000, (B) the unpaid balance of the Senior Indebtedness, or (C) the remaining cash proceeds from such sale;
- (iii) third, to the Subordinated Lender, an amount equal to the lesser of (A) the unpaid balance of the Subordinated Note, as certified by the Subordinated Lender to Agent, or (B) the remaining cash proceeds from such sale;
- (iv) fourth, to pay all expenses of the Borrower relating to such sale, to the extent determined by Agent to be reasonable;
- (v) fifth, to the Agent, for the ratable benefit of the Senior Lenders, an amount equal to the lesser of (A) the unpaid balance of the Senior Indebtedness, or (B) the remaining proceeds from such sale; and
- (vi) sixth, to the Borrower or other Person(s) legally entitled thereto.

(b) In the event of a disposition of the KTYO Assets in connection with a Reorganization, all cash proceeds from such disposition and all cash proceeds realized from non-cash proceeds from such disposition, if, as and when received, shall be delivered to the Agent and such cash proceeds shall be distributed as follows:

- (i) first, to pay all expenses of the Agent relating to such disposition, subject to the approval of any applicable authority in such Reorganization;
- (ii) second, to the Agent, for the ratable benefit of the Senior Lenders, an amount equal to the least of (A) \$6,000,000, (B) the unpaid balance of the Senior Indebtedness, or (C) the remaining cash proceeds from such disposition;
- (iii) third, to the Subordinated Lender, an amount equal to the lesser of (A) the unpaid balance of the Subordinated Note, or (B) the remaining cash proceeds from such disposition;
- (iv) fourth, to the Agent, for the ratable benefit of the Senior Lenders, an amount equal to the lesser of (A) the unpaid balance of the Senior Indebtedness, or (B) the remaining cash proceeds from such disposition; and
- (v) fifth, to the Persons legally entitled thereto, as determined in the Reorganization.

The receipt of any item of cash proceeds by Agent shall not be considered available for distribution unless such item is a wire transfer of immediately available federal funds made to the Agent's account or unless and until such item is honored when presented for payment.

25. Reinstatement. The obligations of Subordinated Lender under this Agreement shall continue to be effective, or be reinstated, as the case may be, if at any time any payment in respect of any Senior Indebtedness is rescinded or must otherwise be restored or returned by Agent or Senior Lenders by reason of any bankruptcy, reorganization, arrangement, composition or similar proceeding or as a result of the appointment of a receiver, intervener or conservator of, or trustee or similar officer for, any of the Companies or any substantial part of any of their property, or otherwise, all as though such payment had not been made.

26. Effect of Bankruptcy. This Agreement is intended to be enforceable as a subordination agreement under Bankruptcy Code section 510 notwithstanding the commencement of any bankruptcy or other insolvency proceeding by or against any of the Companies and, to the full extent permitted by law, shall apply with full force and effect to any indebtedness arising pursuant to debtor-in-possession financing arrangements or pursuant to financing arrangements entered into in connection with the confirmation of a plan of reorganization under Chapter 11 of the Bankruptcy Code.

27. No Third Party Beneficiaries. This Agreement is solely for the benefit of the Agent, the Senior Lenders, and the other holders of Senior Indebtedness, the Subordinated Lender, and their respective successors and assigns, and neither the Borrower nor any other Person is intended to be a third party beneficiary hereunder or to have any right, benefit, priority or interest under, or because of the existence of, or to have any right to enforce, this Agreement. The Agent, the Senior Lenders and the Subordinated Lender shall have the right to modify or terminate this Agreement at any time without notice to or approval of the Borrower or any other Person. Nothing in this Agreement is intended to or shall impair, as between the Borrower and the Subordinated Lenders, the obligation of the Borrower, which is absolute and unconditional, to pay the Subordinated Indebtedness as and when the same shall become due and payable in accordance with its terms, or affect the relative rights of the Subordinated Lender and creditors of the Borrower other than the Agent and the other holders of Senior Indebtedness.

(The Next Page is the Signature Page)

IN WITNESS WHEREOF, each of the undersigned has executed this Intercreditor and Subordination Agreement or caused this Agreement to be executed by its duly authorized officer, partner or representative, as applicable, as of the day and year first above written.

**COUNCIL TREE COMMUNICATIONS VI,  
LLC, a Delaware limited liability company**

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

**ZGS EL PASO, INC., a Delaware  
corporation**

By: \_\_\_\_\_  
Ronald J. Gordon  
President and Treasurer

**WELLS FARGO FOOTHILL, INC.**  
as Agent and Senior Lender

By: \_\_\_\_\_  
\_\_\_\_\_, Vice President

**\*Signatures continued on next page\***

**[Foothill/ZGS/ Intercreditor and Subordination Agreement]**

The undersigned Companies agree to observe those obligations contained in the foregoing Agreement which are applicable to the Companies.

Companies:

**ZGS BROADCASTING HOLDINGS, INC.  
ZGS TELEVISION OF TAMPA, INC.  
ZGS BROADCASTING OF TAMPA, INC.  
ZGS BROADCASTING OF ORLANDO,  
INC.  
ZGS PROVIDENCE, INC.  
ZGS HARTFORD, INC.  
ZGS BOSTON, INC.  
ZGS RADIO, INC.  
WAMA, INC.  
ONDA CAPITAL, INC.  
ZGS FORT MYERS-NAPLES, INC.**

By \_\_\_\_\_  
Ronald J. Gordon,  
President and Treasurer of each

**[Foothill/ZGS/ Intercreditor and Subordination Agreement]**

**EXHIBIT A**

**Copies of Subordinated Agreements**

## EXHIBIT C

This Security Agreement is subject to an Intercreditor and Subordination Agreement (the "Subordination Agreement") dated as of \_\_\_\_\_, 2004, among ZGS Broadcasting Holdings, Inc., ZGS El Paso, Inc., certain of its Affiliates, Council Tree Communications VI, LLC, and Wells Fargo Foothill, Inc., individually and as Agent for certain Lenders (the "Senior Lender"). By its acceptance of this Security Agreement, the Secured Party hereunder agrees to be bound by the provisions of such Subordination Agreement to the same extent that the Subordinated Lender (as defined therein) is bound.

### SECURITY AGREEMENT

**THIS SECURITY AGREEMENT** ("Security Agreement"), made as of this \_\_\_\_ day of \_\_\_\_\_, 2004, by and between (i) COUNCIL TREE COMMUNICATIONS VI, L.L.C., a Delaware limited liability company (the "Secured Party"), and (ii) ZGS EL PASO, INC., a Delaware corporation ("Grantor").

### WITNESSETH:

This Security Agreement is entered into by the parties in connection with a loan made from Secured Party to Grantor pursuant to a Full Recourse Secured Subordinated Promissory Note dated \_\_\_\_\_, (the "Note") in the aggregate principal amount of [Five Million Eight Hundred Thousand Dollars (\$5,800,000)] issued by the Grantor to the Secured Party in partial payment of the purchase price for the FCC licenses and other assets used or useful in the operation of television station KTYO-TV, Las Cruces, New Mexico (the "Station"), all pursuant to an Asset Purchase Agreement between Grantor and the Secured Party dated June 28, 2004 (the "Purchase Agreement"). Grantor hereby authorizes the filing of financing statements by Secured Party on the terms and conditions set forth in this Security Agreement.

#### 1. GRANT OF SECURITY INTEREST.

To secure repayment of all amounts due under the Note and any other indebtedness or liability of the Grantor to Secured Party, due or to become due or now existing or hereafter created or arising between Grantor and Secured Party including, without limitation, under this Security Agreement, (all of the foregoing being herein collectively referred to as the "Obligations"), the Grantor hereby grants and conveys to the Secured Party a second priority subordinated security interest in:

The personal property and assets, tangible and intangible, and all other rights and interests described hereunder with respect to and used or held for use in the business or operations of the Station (the "Station Assets"), and any such or like property related to the Station acquired after the date hereof, including, without limitation:

(a) all machinery, equipment, transmitting towers, broadcast studio equipment, transmitters, antennas, furnishings, microphones, audio equipment, video equipment, tape recorders, tools, and furniture and all merchandise, inventory, raw materials, work in process,

finished goods, and supplies, whether now owned or hereafter acquired by the Grantor or in which the Grantor may now have or hereafter acquire an interest ("Equipment");

(b) All Grantor's rights under any present or future asset purchase agreements, local marketing agreements, time brokerage agreements, or any contracts for the sale or other disposition of air or advertising time, or for the delivery of services related thereto, now in existence or hereafter arising;

(c) All contract rights, instruments, certificates, securities (certificated or uncertificated), cash, franchises, leases, rents, chattel paper, instruments, deposits, choses-in-action, patents, trademarks, copyrights, service marks, trade secrets, trade names, literary rights, rights to performance, call letters and general intangibles, all re-issues, divisions, renewals, extensions, continuations and continuations-in-part thereof, and goodwill associated with any of the foregoing, now in force or hereafter acquired ("General Intangibles");

(d) All books, records, ledgers, customer lists, correspondence, computer hardware and software, and magnetic or other data storage media pertaining to any of the above-referenced items, whether in the possession of the Grantor or otherwise;

(e) All cash and noncash proceeds and products, including insurance proceeds of, and any indemnity or warranty payable by reason of damage to or loss of, any of the foregoing (the "Proceeds");

(f) All licenses, franchises, permits and authorizations heretofore or hereafter granted or issued to the Grantor under federal, state or local laws (excluding, however, any licenses, franchises, permits and authorizations issued by the Federal Communications Commission ("FCC") with respect to the Station (the "FCC Licenses")) to the extent, and only to the extent, it is unlawful to grant a security interest in such licenses, franchises, permits and authorizations, but including without limitation, to the maximum extent permitted by law, the right to receive all proceeds derived or arising from or in connection with the sale or assignment of such licenses, franchises, permits and authorizations) which permit or pertain to the business of the Grantor with respect to the Station; and

(g) All Proceeds, accounts receivable ("Receivables"), substitutions or replacements, of, for and to (a) through (f) above, ((a) through (f) and (g) being herein collectively referred to as the "Collateral").

## 2. COVENANTS.

Grantor covenants and agrees with Secured Party, for the benefit of Secured Party that from and after the date of this Security Agreement and until the Termination Date:

(a) Grantor shall pay and perform all of the Obligations according to their terms;

(b) Grantor shall defend title to the Collateral against all persons and all claims and demands whatsoever, which Collateral, except for the security interest granted to the Senior Lender, as defined herein, and granted hereby, is lawfully owned by the Grantor and is free and

clear of any and all liens, security interests, claims, charges, encumbrances, taxes and assessments, other than those which secure the Senior Lender and the Secured Party;

(c) Unless otherwise required by the Secured Party, Grantor shall retain possession of the Collateral during the existence of this Security Agreement and Grantor shall not to sell, exchange, assign, loan, deliver, lease or otherwise dispose of the Collateral without the prior written consent of the Secured Party;

(d) Grantor shall keep the Collateral free and clear of all material liens, charges, encumbrances, taxes and assessments, except as provided herein;

(e) Grantor shall pay or cause to be paid when due all taxes, franchise fees and payments, assessments and license fees in any way relating to the Collateral;

(f) The Secured Party, and any officer or agent of the Secured Party is hereby constituted and appointed as true and lawful attorney-in-fact of the Grantor with full power at any time, if the Grantor be in default under this or any other agreement, to file financing statements and continuation statements covering the Collateral on behalf of the Grantor, as applicable. This power of attorney is coupled with an interest and shall be irrevocable as long as any of the indebtedness secured hereby shall remain outstanding, and shall not terminate on disability of the Grantor;

(g) Grantor shall comply with all federal, state and local laws and regulations applicable to its business, whether now in effect or hereinafter enacted, and upon request of the Secured Party, will furnish to the Secured Party evidence of compliance therewith; and

(h) This Security Agreement is effective to create a valid and continuing Lien, and a perfected Lien in favor of Secured Party, for itself, on the Collateral with respect to which a Lien may be perfected by filing pursuant to the Code. Such Lien is prior to all other Liens (other than those arising (or permitted) under the Senior Indebtedness Documents (as defined in the Note)), and is enforceable as such as against any and all creditors of Grantor.

(i) Further Assurances: Pledge of Instruments; Chattel Paper.

(i) At any time and from time to time, upon the written request of Secured Party and at the sole expense of Grantor, Grantor shall promptly and duly execute and deliver any and all such further instruments and documents and take such further actions as Secured Party may reasonably deem desirable to obtain the full benefits of this Security Agreement and of the rights and powers herein granted, including (A) using commercially reasonable efforts to secure all consents and approvals necessary or appropriate for the assignment to or for the benefit of Secured Party of any license or contract held by such Grantor and to enforce the security interests granted hereunder; and (B) filing any financing or continuation statements under the Code with respect to the Liens granted hereunder or under the Note as to those jurisdictions that are not Uniform Commercial Code jurisdictions.

(ii) If requested by Secured Party, Grantor shall deliver to Senior Lender (or, after the occurrence of the "Termination Date" under and as defined in the Subordination



Agreement, to Secured Lender) all Collateral consisting of negotiable documents, certificated securities, chattel paper and instruments (in each case, accompanied by stock powers, allonges or other instruments of transfer executed in blank) promptly after Debtor receives the same.

(iii) If Grantor is or becomes the beneficiary of a letter of credit, Grantor shall promptly, and in any event within ten (10) business days after becoming a beneficiary, notify Secured Party thereof and enter into a tri-party agreement with Secured Party and the issuer and/or confirmation bank with respect to letter-of-credit rights assigning such letter-of-credit rights to Secured Party all in form and substance reasonably satisfactory to Secured Party.

(iv) If requested by Secured Party, Grantor shall take all steps necessary to grant Secured Party control of all electronic chattel paper in accordance with the Code and all "transferable records" as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.

(v) Grantor hereby irrevocably authorizes Secured Party at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of such Grantor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Code or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the Code for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether Grantor is an organization, the type of organization and any organization identification number issued to Grantor, and (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Grantor agrees to furnish any such information to Secured Party promptly upon request. Grantor also ratifies its authorization for Secured Party to have filed in any Uniform Commercial Code jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(j) Maintenance of Records. Grantor shall keep and maintain, at its own cost and expense, satisfactory and complete records of the Collateral, including a record of any and all payments received and any and all credits granted with respect to the Collateral and all other dealings with the Collateral.

(k) Notices. Grantor will advise Secured Party promptly, in reasonable detail, of any Lien (other than Liens arising (or permitted) under the Senior Indebtedness Documents) or claim made or asserted against any of the Collateral of which Grantor is aware.

(l) Good Standing Certificates. If requested by Secured Party, but not more frequently than once during each calendar year, Grantor shall provide to Secured Party a certificate of good standing from its state of incorporation or organization.

(m) No Reincorporation. Grantor shall not reincorporate or reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is incorporated or organized as of the date hereof without the prior written consent of Secured Party.

(n) Terminations; Amendments Not Authorized. Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement evidencing a Lien granted hereunder without the prior written consent of Secured party and agrees that it will not do so without the prior written consent of Secured Party, subject to Grantor's rights under Section 9-509(d)(2) of the Code.

### 3. EVENTS OF DEFAULT.

For the purposes of this Security Agreement, each of the following shall constitute an "Event of Default" hereunder:

(a) An Event of Default shall have occurred under the Note and the applicable cure period stated therein shall have expired without such cure being accomplished;

(b) If the Grantor fails to comply with or perform any material provision of this Security Agreement, provided, that there shall be a cure period of thirty (30) days after notice from Secured Party to Grantor with respect to such failure to comply or perform, only if, during such period, Grantor uses reasonable efforts to attempt to cure such failure to comply or perform, and if such failure to comply or perform is by its nature reasonably capable of being cured;

(c) If any material representation, warranty or covenant made or given by the Grantor hereunder shall prove to have been incorrect or misleading or breached in any material respect (a "Breach") on or as of the date when made (or remade), provided, that there shall be a cure period of thirty (30) days after notice from Secured Party to Grantor with respect to such Breach, only if, during such period, Grantor uses reasonable efforts to attempt to cure such Breach, and if such Breach is by its nature reasonably capable of being cured; or

(d) If all or any material part of the Collateral is subject to levy of execution or other judicial process, and such action is not dismissed or discharged within thirty (30) days thereafter.

### 4. CERTAIN REMEDIES UPON DEFAULT.

Subject in all cases to the provisions of the Subordination Agreement, upon the occurrence of an Event of Default, at the option of the Secured Party:

(a) The Obligations shall immediately become due and payable in full without notice or demand, and the Secured Party shall have all of the rights, remedies and privileges with respect to repossession, retention and sale of the Collateral and disposition of the proceeds as are accorded to the Secured Party by the applicable sections of the Uniform Commercial Code in the applicable jurisdiction (as the same may be amended from time to time, the "UCC").

(b) Without limiting the provisions of the foregoing clause (a), the Secured Party may also (i) enter upon the Grantor's premises, peaceably by the Secured Party's own means or with legal process, and take possession of the Collateral, or dispose of the Collateral on such premises, and the Grantor agrees not to resist or interfere; and (ii) require the Grantor to assemble the Collateral (to the extent that it is movable) and make it available to the Secured Party at a place to be designated by the Secured Party. The Secured Party will give the Grantor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice will be met if such notice is mailed, postage prepaid, to the appropriate person at the address shown above, at least ten (10) days before the time of sale or disposition. The proceeds of any sale of, or other realization upon, all or any part of the Collateral shall be applied in the following order of priorities:

(i) first, payment to the Senior Lender of all outstanding obligations of Grantor to the Senior Lender with respect to the Station, up to the amount of \$6,000,000;

(ii) second, to pay the expenses of such sale or other realization, including reasonable commissions of Secured Party and its agent and counsel, and all expenses, liabilities and advances incurred or made by the Secured Party in connection therewith, and any other unreimbursed expenses for which the Secured Party is to be reimbursed pursuant to this Agreement;

(iii) third, to the payment of the Obligations; and

(iv) finally, to pay the Grantor or its successors or assigns, or as a court of competent jurisdiction may direct, any surplus then remaining from such proceeds.

(c) The Secured Party shall be entitled, in its own name or in the name of the Grantor, or otherwise, but at the expense and cost of the Grantor, to collect, demand, receive, sue for and/or compromise any and all of the Receivables, and to give good and sufficient releases therefor, to endorse any checks, drafts or other orders for the payment of monies payable in payment thereof and, in its discretion, to file any claims or take any action or proceeding, either in its own name or in the name of the Grantor, or otherwise, which the Secured Party may deem necessary or advisable. It is expressly understood and agreed, however, that the Secured Party shall not be required or obligated in any manner to make any inquiries as to the nature or sufficiency of any payment received by it or to present or file any claims or take any other action to collect or enforce a payment of any amounts which may have been assigned to it or to which it may be entitled hereunder at any time or times.

(d) Upon any default hereunder, the Secured Party's reasonable attorney's fees and the legal and other expenses of pursuing, searching for, receiving, taking, keeping, storing, advertising and selling the Collateral shall be chargeable to the Grantor.

(e) If the Grantor shall default in the performance of any of the provisions of this Security Agreement on its part to be performed, the Secured Party may perform the same for the

Grantor's account, and any monies expended in so doing shall be chargeable with interest to the Grantor and added to the indebtedness secured hereby.

(f) Waiver of or acquiescence in any default by the Grantor, or failure of the Secured Party to insist upon strict performance by the Grantor of any warranties or agreements in this Security Agreement, shall not constitute a waiver of any subsequent or other default or failure.

(g) Grantor shall take any action that Secured Party may reasonably request in order to enable Secured Party to obtain and enjoy the full rights and benefits granted to Secured Party hereunder, including without limitation, all rights necessary to obtain, use, sell, assign or otherwise transfer control of the FCC Licenses. Without limiting the generality of the foregoing, upon the occurrence of an Event of Default, at the written request of Secured Party and at Grantor's sole cost and expense, Grantor shall (i) assist Secured Party in obtaining any required FCC approval for any action or transaction contemplated hereby, including preparing, signing and filing with the FCC and/or any other governmental body with jurisdiction thereover, the assignor's or transferor's portion of any application or applications for consent to the assignment of license necessary or appropriate under the Act or the rules and regulations of the FCC or any other governmental body for approval of any sale, assignment or transfer to Secured Party or any other person or entity of any or all Collateral (including without limitation any FCC Licenses), and (ii) execute all applications and other documents and take all other actions requested by Secured Party to enable Secured Party, its designee, any receiver, trustee, or similar official or any purchaser of all or any part of the Collateral to obtain from the FCC or any other governmental body any required authority necessary to operate the broadcasting business of Grantor.

##### 5. SECURED PARTY'S RIGHTS: LIMITATIONS ON SECURED PARTY'S OBLIGATIONS.

(a) The Secured Party shall not have any obligation or liability under any contract between Grantor and any third party by reason of or arising out of this Security Agreement or the granting herein of a Lien thereon or the receipt by Secured Party of any payment relating to any contract pursuant hereto. The Secured Party shall not be required or obligated in any manner to perform or fulfill any of the obligations of Grantor under or pursuant to any contract, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any contract, or to present or file any claims, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) Secured Party may at any time after an Event of Default has occurred and is continuing without prior notice to Grantor, notify account debtors and other persons obligated on the Collateral that Secured Party has a security interest therein, and that payments shall be made directly to Secured Party. Furthermore, if Secured Party determines that account debtor's contra-accounts or set-off rights may cause an Event of Default, Secured Party may notify account debtor that Secured Party has a security interest therein, and that payments shall be made directly to Secured Party. In such circumstances and upon the request of Secured Party, Grantor shall so notify account debtors and other persons obligated on Collateral. Once any such notice has been given to any account debtor or other person obligated on the Collateral, the Grantor shall not

give any contrary instructions to such account debtor or other person without Secured Party's prior written consent.

(c) Secured Party may at any time in Secured Party's own name, in the name of a nominee of Secured Party or in the name of Grantor communicate (by mail, telephone, facsimile or otherwise) with account debtors, parties to contracts and obligors in respect of instruments to verify with such persons, to Secured Party's satisfaction, the existence, amount terms of, and any other matter relating to, accounts, instruments, chattel paper and/or payment intangibles. If an Event of Default shall have occurred and be continuing, Grantor, at its own expense, shall cause the independent certified public accountants then engaged by such Grantor to prepare and deliver to Secured Party at any time and from time to time promptly upon Secured Party's reasonable request the following reports with respect to Grantor: (i) a reconciliation of all accounts; (ii) an aging of all accounts; (iii) trial balances; and (iv) a test verification of such accounts as Secured Party may reasonably request. Grantor, at its own expense, shall deliver to Secured Party the results of each physical verification, if any, which Grantor may in its discretion have made, or caused any other person to have made on its behalf, of all or any portion of its assets.

6. ADDITIONAL RIGHT OF THE SECURED PARTY TO USE AND OPERATE COLLATERAL. Upon the occurrence of any Event of Default hereunder, subject to the provisions of the Subordination Agreement, and subject to the UCC, any required prior approval of the FCC, and any other applicable law, the Secured Party shall have the right and power to take possession of all or any part of the Collateral and to exclude the Grantor and all persons claiming under the Grantor wholly or partly therefrom, to the extent necessary, thereafter to hold, store and/or use, operate, manage and control the Collateral. Upon any such taking of possession, the Secured Party may, from time to time, at the expense of the Grantor, make all such repairs, replacements, alterations, additions and improvements to and of the Collateral as the Secured Party may deem proper. In any such case, subject to the prior approval of the FCC, to the extent necessary, the Secured Party shall have the right to manage and control the Collateral and to carry on the business and exercise all rights and powers of the Grantor respecting the Collateral, all as the Secured Party shall deem best, including the right to enter into any and all such agreements with respect to the leasing and/or operation of the Collateral or any part thereof as the Secured Party may see fit; and the Secured Party shall be entitled to collect and receive all rents, issues, profits, fees, revenues and other income of the same and every part thereof. Such rents, issues, profits, fees, revenues and other income shall be applied to pay the expenses incurred in (i) holding and operating the Collateral; (ii) performing all maintenance, repairs, replacements, alterations, additions and improvements which the Secured Party may be required or elect to make, if any; and (iii) paying all taxes, assessments, insurance and other charges upon the Collateral or any part thereof, and all other payments, which the Secured Party may be required or authorized or elect to make (including legal costs and attorneys' fees). Any remaining rents, issues, profits, fees, revenues and other income shall be applied to the payment of the Obligations.

7. LIMITATION ON SECURED PARTY'S DUTY IN RESPECT OF COLLATERAL. Secured Party shall use reasonable care with respect to the Collateral in its possession or under its control. Secured Party shall not have any other duty to Grantor as to any Collateral in its possession or control or in the possession or control of any Secured Party or nominee of Secured

Party, or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto.

8. FCC APPROVAL. Notwithstanding anything to the contrary contained herein, the Secured Party will not take any action pursuant to this Security Agreement which would constitute or result in any assignment of an FCC License or any change of control of the ownership or management of the Station if such assignment of FCC License or change of control would require under then existing law (including the written rules and regulations promulgated by the FCC), the prior approval of the FCC, without first obtaining such approval of the FCC. The Grantor agrees to take any action which the Secured Party may reasonably request in order to obtain and enjoy the full rights and benefits granted to the Secured Party by this Security Agreement and each other agreement, instrument and document delivered to the Secured Party in connection herewith or in any document evidencing or securing the Collateral, including specifically, at the Grantor's own cost and expense, the use of its best efforts to assist in obtaining approval of the FCC for any action or transaction contemplated by this Security Agreement which is then required by law.

9. SUBORDINATION. This Security Agreement and all rights of Secured Party hereunder are expressly subject to the provisions of the Subordination Agreement.

10. ASSIGNMENT. The Secured Party may not assign its interests in this Security Agreement without the express written consent of Grantor, except to an entity controlled by, under the control of, or under common control with, the Secured Party. [Notwithstanding any other provision of this Agreement, Secured Party acknowledges that Grantor is contemplating formation of a Texas limited partnership (the "Texas LP"), of which Grantor is to be general partner, and Secured Party agrees that some or all of the Collateral may be assigned by Grantor to and operated by the Texas LP, without Secured Party's consent, provided, that the Texas LP shall be deemed a Grantor hereunder, shall be jointly and severally liable with Grantor for any and all of Grantor's covenants and obligations under this Security Agreement, and shall join this Security Agreement as a Grantor by an instrument reasonably acceptable to Secured Party.]

11. NO ASSUMPTION OF DUTIES. The rights and powers granted to the Secured Party hereunder are being granted in order to preserve and protect the Secured Party's security interest in and to the Collateral granted hereby and shall not be interpreted to, and shall not, impose any duties on the Secured Party in connection therewith.

12. INDEMNIFICATION. In any suit, proceeding or action brought by Secured Party relating to any Collateral for any sum owing with respect thereto or to enforce any rights or claims with respect thereto, Grantor will save, indemnify and keep Secured Party harmless from and against all expense (including reasonable attorneys' fees and expenses), loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the account debtor or other person obligated on the Collateral, arising out of a breach by Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to, or in favor of, such obligor or its successors from Grantor, except in the case of Secured Party to the extent such expense, loss, or damage is attributable solely to the gross negligence or willful misconduct of Secured Party as finally determined by a court of competent jurisdiction. All such obligations of Grantor shall be and

remain enforceable against and only against Grantor and shall not be enforceable against Secured Party.

13. MISCELLANEOUS. Captions used herein are inserted only as a matter of convenience and for reference, and in no way define, limit or describe the scope of this Security Agreement or the intent of any provision hereof. The gender and number used in this Security Agreement are used as reference terms only and shall apply with the same effect whether the parties are of the masculine or feminine gender, corporate or other form, and the singular shall likewise include the plural.

14. BINDING EFFECT. The terms, warranties and agreements herein contained shall bind and inure to the benefit of the respective parties hereto, and their respective legal representatives, successors and assigns. The terms and conditions of this Security Agreement may not be waived, modified or amended orally, but may be waived, modified or amended only by an agreement in writing signed by the parties against whom any waiver, modification or amendment is sought. Any provisions in this Security Agreement which are or are declared invalid under any law shall not invalidate any other provision of this Security Agreement.

15. CHOICE OF LAW; VENUE AND JURISDICTION; SERVICE OF PROCESS. This Security Agreement shall be interpreted, and the rights and liabilities of the parties hereto determined, in accordance with the laws of the State of New York, without regard to its principals of conflicts of law. Venue for any adjudication hereof shall be only in the Federal District Court for the District of Columbia, to the jurisdiction of which court each Grantor hereby submits, as the agreement of such party, as not inconvenient. Any notice, or service of any summons and/or complaint hereunder and any other process which may be served on the Grantor in any action in respect hereto, may be made by registered mail or by delivering a copy of such process to the address specified in the Purchase Agreement among the parties hereto. The Grantor agrees that this submission to jurisdiction and consent to service of process are reasonable and made for the express benefit of the Secured Party.

16. SUCCESSORS AND ASSIGNS. This Security Agreement and all Obligations of Grantor hereunder shall be binding upon the successors and assigns of Grantor (including any debtor-in-possession on behalf of Grantor) and shall, together with the rights and remedies of Secured Party, for the benefit of Secured Party, hereunder, inure to the benefit of Secured Party, all future holders of any instrument evidencing any of the Obligations and their respective successors and assigns. No sales of participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Obligations or any portion thereof or interest therein shall in any manner impair the Lien granted to Secured Party, for the benefit of Secured Party, hereunder. Grantor may not assign, sell, hypothecate or otherwise transfer any interest in or Obligation under this Security Agreement.

17. COUNTERPARTS. This Security Agreement may be authenticated in any number of separate counterparts, each of which shall collectively and separately constitute one agreement. This Security Agreement may be authenticated by manual signature, facsimile or, if approved in writing by Secured Party, electronic means, all of which shall be equally valid.

18. NO WAIVER; CUMULATIVE REMEDIES. Secured Party shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by Secured Party and then only to the extent therein set forth. A waiver by Secured Party of any right or remedy hereunder on anyone occasion shall not be construed as a bar to any right or remedy which Secured Party would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of Secured Party, any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law. None of the terms or provisions of this security agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Secured Party and Grantor.

19. REINSTATEMENT. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or reorganization, should Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

20. WAIVER OF JURY TRIAL. THE GRANTOR WAIVES ALL RIGHT TO TRIAL BY JURY OF ALL CLAIMS, DEFENSES, COUNTERCLAIMS AND SUITS OF ANY KIND DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS INSTRUMENT OR THE DEALINGS OF THE PARTIES IN RESPECT HERETO. THE GRANTOR ACKNOWLEDGES THAT THIS IS A WAIVER OF A LEGAL RIGHT AND THAT IT MAKES THIS WAIVER VOLUNTARILY AND KNOWINGLY AFTER CONSULTATION WITH, OR THE OPPORTUNITY TO CONSULT WITH, COUNSEL OF ITS CHOICE. THE GRANTOR AGREES THAT ALL SUCH CLAIMS, DEFENSES, COUNTERCLAIMS AND SUITS SHALL BE TRIED BEFORE A JUDGE, WITHOUT A JURY.



**IN WITNESS WHEREOF**, the parties have executed this Security Agreement on the day and year first above written.

GRANTOR:

**ZGS EL PASO, INC.**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

SECURED PARTY:

**COUNCIL TREE COMMUNICATIONS VI,  
L.L.C.**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

## EXHIBIT D

This Guaranty is subject to an Intercreditor and Subordination Agreement dated as of \_\_\_\_\_, 2004, among ZGS Broadcasting Holdings, Inc., ZGS El Paso, Inc., certain of its Affiliates, Council Tree Communications VI, L.L.C., and Wells Fargo Foothill, Inc., individually and as Agent for certain Lenders (the "Subordination Agreement"). By its acceptance of this Guaranty, the holder hereof agrees to be bound by the provisions of the Subordination Agreement to the same extent that the Subordinated Lender (as defined therein) is bound.

### GUARANTY

THIS GUARANTY is made as of this \_\_\_\_ day of \_\_\_\_\_, 2004 by ZGS BROADCASTING HOLDINGS, INC., a Delaware corporation ("Guarantor"), to and for the benefit of COUNCIL TREE COMMUNICATIONS VI, L.L.C. (referred to herein as "CTCVILLC").

### R E C I T A L S:

WHEREAS, Guarantor and ZGS El Paso, Inc., a Delaware corporation ("Buyer") and a wholly owned subsidiary of Guarantor, have entered into a certain Asset Purchase Agreement (the "Purchase Agreement") dated June 28, 2004 to acquire from Council Tree Communications VI, LP (the "Seller"), an affiliate of CTCVILLC, substantially all of the assets and licenses used and useful in the operation of television station KTYO(TV), El Paso, Texas (the "Acquisition"); and

WHEREAS, in connection with the financing of the Acquisition, Buyer and CTCVILLC have entered into certain agreements, by and between them, including a Promissory Note (the "Note") pursuant to which Buyer will become indebted to CTCVILLC for the sum of \$[5,800,000] that would otherwise be payable to Seller in cash at the closing, and a Security Agreement (the "Security Agreement" and together with the Note the "Documents") with respect to Buyer's performance of its obligations under the Note; and

WHEREAS, as the sole shareholder of Buyer, Guarantor will benefit from the issuance of the Note in lieu of cash payment to Seller; and

NOW, THEREFORE, in view of the foregoing and in consideration of CTCVILLC's entry into the Note, as well as for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Guarantor hereby covenants and agrees as follows:

1. Guaranty. Guarantor, as primary obligor and not merely as surety, hereby unconditionally guarantees full and prompt payment and performance in full when due and payable (whether upon demand, at maturity or by reason of acceleration or otherwise) and at all times thereafter) of any and all of the obligations set forth in the Note and the Security Agreement (the "Guaranteed Obligations"). If any default shall be made in the payment of any of the Guaranteed Obligations when due (whether at stated maturity, by acceleration or otherwise), Guarantor shall pay the same in full: (i) without deduction by reason of any setoff, defense (other than payment in cash)

or counterclaim of the Buyer or any other guarantor; (ii) without requiring presentment, protest or notice of nonpayment or notice of default to Guarantor, to the Buyer or to any other Person; (iii) without demand upon the Buyer for payment or proof of such demand or filing of claims with a court in the event of receivership, bankruptcy or reorganization of the Buyer; (iv) without requiring CTCVILLC to resort to the Buyer (this Guaranty being a guaranty of payment and not of collection), any other guarantor or to any other guaranty or any collateral which CTCVILLC may hold; (v) without requiring notice of acceptance hereof or assent hereto by CTCVILLC; and (vi) without requiring notice that any of the Guaranteed Obligations has been incurred, extended or continued or of the reliance by any of CTCVILLC upon this Guaranty all of which Guarantor hereby waives. Every provision for the benefit of CTCVILLC contained in this Guaranty shall apply to this guaranty of performance. Additionally, Guarantor, unconditionally and irrevocably, guarantees the payment of any and all Guaranteed Obligations to CTCVILLC, whether or not due or payable by the Buyer, upon the occurrence and during the continuance in respect of the Buyer or any other guarantor of any of the Events of Default specified in the Note, and unconditionally and irrevocably promises to pay such Guaranteed Obligations to CTCVILLC, or its order, on demand, in lawful money of the United States. This Guaranty shall constitute a guaranty of payment, and not of collection.

2. All payments under this Guaranty shall be made on the same basis as payments by the Buyer provided for in the Note.

3. With respect to Guarantor, the term "Guaranteed Obligations" shall mean, collectively, (i) all liabilities, obligations (including obligations which, but for the automatic stay under Section 362(a) of the United States Bankruptcy Code, 11 U.S.G. 101 et seq., would become due) and indebtedness (whether joint or several, actual or contingent, whether for the payment of money and if for the payment of money, whether for principal, interest (including, without limitation, any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law), premium, fees, expenses, indemnities or otherwise, and whether primary, secondary, direct, indirect or otherwise of the Buyer to CTCVILLC now existing or hereafter incurred under or in connection with the Note, this Guaranty, and each of the Documents, together with any and all extensions, renewals, refinancings or refundings thereof, in whole or in part, without notice to or further assent from Guarantor, and the due performance and compliance with the terms of each of the Documents, and (ii) all reasonable costs and expenses (including, without limitation, to the extent permitted by law, reasonable attorneys' fees and other reasonable legal expenses) incurred by each Holder of the Note in the enforcement and collection of any of the liabilities, obligations or indebtedness referred to in clause (i) above.

4. The liability of Guarantor hereunder is exclusive and independent of any security for or other guaranty of the indebtedness of the Buyer whether executed by Guarantor, any other guarantor or by any other party, and the liability of Guarantor hereunder shall not be affected or impaired by (i) any direction as to application of payment by the Buyer or by any other party, (ii) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the indebtedness of the Buyer, (iii) any payment on or in reduction of any such other guaranty or undertaking, (iv) any dissolution, termination or increase, decrease or change in personnel by the Buyer, (v) any payment made to CTCVILLC which CTCVILLC repays to Buyer, pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor

relief proceeding, and Guarantor waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding, (vi) any action or inaction by CTCVILLC, as contemplated in Section 5 hereof, or (vii) any invalidity, irregularity or unenforceability of all or part of the Guaranteed Obligations or of any security therefor.

5. Rights of CTCVILLC. (a) CTCVILLC may, in its sole and absolute discretion, without notice to or further assent from Guarantor, and without in any way releasing, affecting or impairing the obligations and liabilities of Guarantor hereunder (i) waive compliance with or otherwise excuse any default or breach under the Documents; (ii) agree to the modification or amendment of any of the provisions of the Documents; (iii) effect any release, compromise or settlement in connection with the Documents; (iv) assign or otherwise transfer CTCVILLC's rights under the Documents, including, without limitation, this Guaranty or any interest therein; and (v) deal in all respects with Buyer as if this Guaranty were not in effect. The obligations of Guarantor under this Guaranty shall be absolute, unconditional, and irrevocable, regardless of the genuineness, validity, regularity, enforceability or priority of the Documents or any circumstance which might otherwise constitute a legal or equitable discharge of a surety or guarantor.

(b) CTCVILLC may at any time and from time to time without the consent of, or notice to, demand, or any reservation of rights against Guarantor, without incurring responsibility to Guarantor, without impairing or releasing the obligations of Guarantor hereunder, upon or without any terms or conditions and in whole or in part:

(i) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew, increase, accelerate or alter, or grant other indulgences with respect to, any of the Guaranteed Obligations, any security therefor, or any liability incurred directly or indirectly in respect thereof, and the guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed, increased, accelerated or altered;

(ii) accept and hold, sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset there against;

(iii) exercise or refrain from exercising any rights against the Buyer, any other guarantor or others or otherwise act or refrain from acting;

(iv) settle or compromise any of the Guaranteed Obligations, any security thereof or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of the Buyer or any other guarantor to creditors of the Buyer or any other guarantor;

(v) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of the Buyer or any other guarantor to CTCVILLC regardless of what liabilities of the Buyer or any other guarantor remain unpaid;

(vi) release or substitute any one or more endorsers, guarantors, the Buyer or any other guarantor or other obligors;

(vii) consent to or waive any breach of, or any act, omission or default under, any of the Documents or any of the instruments or agreements referred to therein, or otherwise amend, modify or supplement any of the Documents or any of such other instruments or agreements;

(viii) act or fail to act in any manner referred to in this Guaranty which may deprive Guarantor of its right to subrogation against the Buyer or any other guarantor to recover full indemnity for any payments made pursuant to this Guaranty;

(ix) accept and hold any endorsement or guaranty of payment of the Guaranteed Obligations or any part thereof, and to discharge, release or substitute any such obligation of any such endorser or guarantor, or any other Person in any way obligated to pay the Guaranteed Obligations or any part thereof, and to enforce or refrain from enforcing, or compromise or modify, the terms of any obligation of any such endorser, guarantor, or Person;

(x) determine the manner, amount and time of application of payments and credits, if any, to be made on all or any part of any component or components of the Guaranteed Obligations (whether principal, interest, fees, costs, and expenses or otherwise) including, without limitation, the application of payments received from any source to the payment; and/or

(xi) accept or make or refrain from accepting or making any compromises or arrangements when and in such manner as CTCVILLC, in its sole discretion, may deem appropriate and generally do or refrain from doing any act or thing which might otherwise, at law or in equity, release the liability of Guarantor as a guarantor or surety in part.

6. Guarantor's Primary Liability. Guarantor's liability under this Guaranty shall be primary, direct and immediate. No exercise or non-exercise by CTCVILLC of any right given to it hereunder or under the Documents, and no change, impairment or suspension of any right or remedy of CTCVILLC, shall in any way affect any of Guarantor's obligations under this Agreement. Without limiting the generality of the foregoing, CTCVILLC shall not be required to make any demands on Buyer or any other party, or otherwise pursue or exhaust CTCVILLC's remedies against Buyer or any other party, before, simultaneously with, or after, enforcing CTCVILLC's rights and remedies hereunder against Guarantor. Any one or more successive and/or concurrent actions may be brought by CTCVILLC against Guarantor.

7. Waiver of Notice. Guarantor hereby expressly waives (a) diligence, presentment and demand for payment and protest of non-payment of any obligation to which Guarantor is liable; (b) notice of acceptance of this Guaranty and of presentment, demand, dishonor and protest; (c) notice of any default hereunder or any breach by CTCVILLC under the Documents; (d) demand for observance or performance of, or enforcement of, any terms or provisions of this Guaranty or the Documents; (e) all other notices and demands otherwise required by law which Guarantor may lawfully waive; (f) all rights of subrogation, reimbursement or contribution against CTCVILLC which might otherwise arise by reason of Guarantor's execution, performance or payment under this Guaranty; (g) the benefit of all other principles or provisions of law, statutory or otherwise, which are or might be in conflict with Guarantor's obligations under this Guaranty; and (h) Guarantor hereby waives the benefit of all valuation, appraisal and exemption laws.

8. No Release. The obligations of Guarantor to make payment in accordance with the terms of this Guaranty shall not be impaired, modified, changed, released or limited in any

manner whatsoever by any impairment, modification, change, release or limitation of the liability of Buyer in bankruptcy or reorganization under any federal, state or local law concerning bankruptcy or receivership. In the event any amounts owed to CTCVILLC under the Documents are paid in whole or in part by Buyer or by Guarantor, Guarantor's liability hereunder shall continue and remain in full force and effect in the event that all or any part of such payment is recovered from Buyer as a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

9. Subordination. Notwithstanding any other provision hereof, CTCVILLC's rights under this Guaranty are expressly subordinated to the rights of Wells Fargo Foothill, Inc. as further set forth in the Subordination Agreement.

10. Governing Law. This Agreement shall be governed and construed under the laws of the State of New York without giving effect to its conflicts of law provisions.

11. Legal Fees. In the event that CTCVILLC prevails in any lawsuit or other formal legal action to enforce its rights hereunder, Guarantor shall be responsible for all reasonable costs of such lawsuit or other action, including reasonable attorney fees

12. No invalidity, irregularity or unenforceability of all or any part of the Guaranteed Obligations or of any security therefor shall affect, impair or be a defense to this Guaranty, and this Guaranty shall be primary, absolute and unconditional notwithstanding the occurrence of any event or the existence of any other circumstances which might constitute a legal or equitable discharge of a surety or guarantor except, with respect to Guarantor, payment in full in cash of the Guaranteed Obligations.

13. This Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No failure or delay on the part of CTCVILLC in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly specified are cumulative and not exclusive of any rights or remedies which CTCVILLC would otherwise have. A waiver by CTCVILLC of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which CTCVILLC would otherwise have on any further occasion. No notice to or demand on Guarantor in any case shall entitle Guarantor to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of CTCVILLC to any other or further action in any circumstances without notice or demand. It is not necessary for CTCVILLC to inquire into the capacity or powers of Guarantor, the Buyer or any of their respective subsidiaries or the officers, directors, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

14. Any indebtedness of the Buyer now or hereafter held by Guarantor is hereby subordinated to the indebtedness of the Buyer to CTCVILLC; and such indebtedness of the Buyer to Guarantor, while an Event of Default exists, shall be collected, enforced and received by Guarantor as trustee for CTCVILLC and be paid over to CTCVILLC on account of the indebtedness of the

Buyer to CTCVILLC, but without affecting or impairing in any manner the liability of Guarantor under the other provisions of this Guaranty; provided that Guarantor shall be entitled to receive and retain (a) payments made in shares of equity securities of Buyer, (b) debt securities of Buyer distributed to Guarantor in any bankruptcy, reorganization or similar proceeding involving Buyer, the payment of which is subordinated to the full and final payment of all Guaranteed Obligations at the time outstanding on the same basis as this Section 14 and (c) payments of intercompany amounts owing from time to time from Buyer to Guarantor so long as at the time of such payment no Default or Event of Default shall have occurred and be continuing under the Documents or would result from such payment. Except as provided in the immediately preceding sentence, Guarantor shall not take any action to enforce any indebtedness, liabilities or obligations of the Buyer to Guarantor prior to the Guaranteed Obligations being paid in full; provided that in the event of the bankruptcy or insolvency of the Buyer, CTCVILLC shall be entitled, notwithstanding the foregoing, to file in the name of Guarantor a claim for any and all indebtedness, liabilities and obligations owing to Guarantor by the Buyer, if Guarantor shall not have duly filed such claim at least 10 days prior to the final eligibility date for filing of such claim and to receive and apply the proceeds (other than (i) equity securities of Buyer and (ii) debt securities of Buyer distributed to Guarantor in any bankruptcy, reorganization or similar proceeding involving Buyer, the payment of which is subordinated to the full and final payment of all Guaranteed Obligations at the time outstanding on the same basis as this Section 14) of any such claim to the Guaranteed Obligations until the Guaranteed Obligations are indefeasibly paid in full in cash. Prior to the transfer by Guarantor of any note or negotiable instrument evidencing any indebtedness of the Buyer to Guarantor, Guarantor shall mark such note or negotiable instrument with a legend that the same is subject to this subordination. This assignment and postponement shall remain in full force and effect until the Guaranteed Obligations are indefeasibly paid in full in cash.

15. Guarantor acknowledges that valuable consideration supports this Guaranty (including, without limitation, the consideration set forth in the recitals above as well as any extension of credit or other financial accommodation, whether heretofore or hereafter made by CTCVILLC to the Buyer, any extension, renewal or replacement of any of the Guaranteed Obligations, any forbearance with respect to any of the Guaranteed Obligations or otherwise, and any other valuable consideration).

16. Guarantor, without duplication, shall pay on demand, if not paid by the Buyer, all reasonable costs and expenses of every kind incurred by CTCVILLC (i) in enforcing this Guaranty, (ii) in collecting any of the Guaranteed Obligations from the Buyer or Guarantor, (iii) in realizing upon or protecting any collateral for this Guaranty or for payment of any of the Guaranteed Obligations or (iv) in connection with any amendment, waiver or consent relating to this Guaranty. "Costs and expenses" as used in this Section 16 shall include, without limitation, reasonable attorneys' fees incurred by CTCVILLC in retaining counsel for advice, suit, appeal, any insolvency or other proceedings under the Bankruptcy Code, or otherwise, or for any purpose specified in this Section 16.

17. Except for a right of contribution which Guarantor hereby waives until the final indefeasible payment in full in cash of the Guaranteed Obligations, Guarantor recognizes and agrees that it shall have no right to exercise and hereby waives any right of subrogation, indemnification, contribution, reimbursement or other payment, whether arising by contract or

operation of law (including, without limitation, any such right arising under the Bankruptcy Code), with respect to any payments made by Guarantor hereunder, and Guarantor hereby waives (until the final indefeasible payment in full in cash of the Guaranteed Obligations) any benefit of, and any right to participate in, any security or collateral given to CTCVILLC to secure payment of the Guaranteed Obligations.

18. This Guaranty shall not be changed or affected by any representation, oral agreement, act or thing whatsoever, except as herein provided. This Guaranty is intended by Guarantor to be the final, complete and exclusive expression of the guaranty agreement between Guarantor and CTCVILLC.

19. If at any time all or any part of any payment theretofore applied by CTCVILLC to any of the Guaranteed Obligations is subsequently invalidated, declared to be fraudulent or preferential, set aside or is or must be rescinded or returned by CTCVILLC for any reason whatsoever (including, without limitation, the insolvency, bankruptcy or reorganization of the Buyer or any other guarantor), such Guaranteed Obligations shall, for the purposes of this Guaranty, to the extent that such payment is or must be set aside, rescinded or returned, be deemed to have continued in existence, notwithstanding such application by CTCVILLC, and this Guaranty shall continue to be effective or be automatically reinstated, as the case may be, as to such Guaranteed Obligations, all as though such application by CTCVILLC had not been made notwithstanding any contrary action that may have been taken by CTCVILLC in reliance upon such payment, and any such contrary action so taken shall be without prejudice to such CTCVILLC's rights under this Guaranty and shall be deemed to have been conditioned upon such payment having become final and irrevocable.

20. Guarantor's obligation hereunder shall not be affected by any of the following, all of which Guarantor hereby waives: (i) any defense (other than payment in cash) arising by reason of the cessation from any cause whatsoever of liability of the Buyer or any other guarantor (including, without limitation, any failure, negligence or omission by CTCVILLC in enforcing its claims against the Buyer or any other guarantor); (ii) the invalidity or unenforceability of any of the Guaranteed Obligations; (iii) any change of ownership of the Buyer or any other guarantor or the insolvency, bankruptcy or any other change in the legal status of the Buyer or any other guarantor; (iv) any change in, or the imposition of, any law, decree, regulation or other governmental act which does or might impair, delay or in any way affect the validity, enforceability or the payment when due of the Guaranteed Obligations; (v) the existence of any claim, setoff or other right that Guarantor may have at any time against CTCVILLC or the Buyer or any other guarantor in connection herewith or any unrelated transaction; (vi) CTCVILLC election, in any case instituted under chapter 11 of the Bankruptcy Code, of the application of section 1111 (b)(2) of the Bankruptcy Code; (vii) any borrowing, use of cash collateral or grant of a security interest by the Buyer or any other guarantor, as debtors in possession, under sections 363 or 364 of the Bankruptcy Code; (viii) the disallowance of all or any portion of any of CTCVILLC claims for repayment of the Guaranteed Obligations under sections 502 or 506 of the Bankruptcy Code or otherwise; or (ix) any other fact or circumstance which might otherwise constitute grounds at law in equity for the discharge or release of Guarantor from its obligations hereunder except arising from the defense of payment in cash, all whether Guarantor shall have had notice or knowledge of any act or omission referred to in the foregoing clauses (i) through (viii) of this Section.



21. The Guaranteed Obligations shall be paid strictly in accordance with their respective terms regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of CTCVILLC with respect thereto. Without limiting the generality of the foregoing, Guarantor's obligations hereunder with respect to any Guaranteed Obligations shall not be discharged by a payment in U.S. Dollars (the "Obligation Currency") whether pursuant to a judgment or otherwise, to the extent that the amount so paid on conversion to the Obligation Currency does not yield the amount of Obligation Currency due thereunder. If the amount of the Obligation Currency so purchased is less than the sum originally due to CTCVILLC in the Obligation Currency, Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify CTCVILLC or the Person to whom such obligation was owing against such loss.

22. All payments hereunder shall be made without any counterclaim or setoff, free and clear of, and without reduction by reason of, any taxes, levies, imposts, charges and withholdings, restrictions or conditions of any nature other than any income, franchise or similar taxes imposed on CTCVILLC ("Taxes"), which are now or may hereafter be imposed, levied or assessed by any country, political subdivision or taxing authority, all of which will be for the account of and paid by Guarantor. If for any reason, any such reduction is made or any Taxes are paid by CTCVILLC on payments made by Guarantor hereunder, Guarantor shall, pay to CTCVILLC such additional amounts as may be necessary to ensure that CTCVILLC receives the same net amount which it would have received had no reduction been made or Taxes paid.

23. Guarantor waives any right (except as shall be required by applicable law and cannot be waived) to require CTCVILLC to (i) proceed against the Buyer, Guarantor, any other guarantor or any other party, (ii) proceed against or exhaust any security held from the Buyer, Guarantor, any other guarantor or any other party or (iii) pursue any other remedy in CTCVILLC power whatsoever. CTCVILLC may, at its election, foreclose on any security held by it by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy CTCVILLC may have against the Buyer, Guarantor or any other party, or any security, without affecting or impairing in any way the liability of Guarantor hereunder except to the extent the respective Guaranteed Obligations have been indefensibly paid in full in cash. Guarantor waives any defense arising out of any such election by CTCVILLC, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of Guarantor against the Buyer, Guarantor or any other party or any security.

25. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated except with the written consent of CTCVILLC and Guarantor.

26. Guarantor recognizes and acknowledges that the rights to contribution arising hereunder shall constitute an asset in favor of the party entitled to such contribution. In this connection, Guarantor has the right to waive its contribution right against the Buyer until final indefeasible payment in cash of the Guaranteed Obligations, each other Guarantor and any other guarantor to the extent that after giving effect to such waiver Guarantor would remain solvent.

27. In any action or proceeding involving Guarantor under any state corporate law,

or any state or federal or other applicable bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of Guarantor under Section 1 hereof would otherwise be held or determined to be void, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under said Section 1, then, notwithstanding any other provision hereof to the contrary, the amount of such liability shall, without any further action by Guarantor, the Buyer, CTCVILLC or any other Person, be automatically limited and reduced to the highest amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

28. Notices. All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and shall be deemed to have been duly made and received when personally served, or when delivered by Federal Express or a similar overnight courier service, expenses prepaid, or by certified mail-return receipt requested, postage prepaid, addressed as set forth below:

To Guarantor:

Mr. Ronald J. Gordon  
ZGS Broadcasting Holdings, Inc.  
2000 North 14th St., Suite 400  
Arlington, VA 22202  
(Phone: 703-258-5656)  
(Fax: 703-258-6566)

with copy (which shall not constitute notice) to:

Bryan T. McGinnis, Esq.  
Shaw Pittman LLP  
2300 N Street NW  
Washington, D.C. 20037  
Fax: 202-663-8345

If to CTCVILLC to:

Council Tree Communications VI, L.L.C.  
c/o Council Tree Communications, Inc.  
110 North Rubey Drive, Suite 201  
Golden, CO 80403  
Attn: Michael Brendzel  
Fax: 303-678-1859

With a copy (which shall not constitute notice) to:

Kirkland & Ellis LLP  
153 East 53<sup>rd</sup> Street

New York, NY 10022  
Attn: Michael A. Brosse  
Fax: 212-446-6460

Each party shall be responsible for notifying the other parties to this Agreement of any change in address. Time periods shall commence, unless specifically stated otherwise herein, on the date of receipt of any notice.

29. Successors and Assigns. This Guaranty shall inure to the benefit of and be enforceable by CTCVILLC and its permitted successors and assigns, and shall be binding upon and enforceable against Guarantor and Guarantor's permitted successors and assigns.

30. Severability. If any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Guaranty shall be construed as if such invalid, illegal or unenforceable provision had never been included.

31. Entire Agreement. This Guaranty, as well as the Agreements and documents referenced therein, constitutes the entire understanding of Guarantor with respect to Guarantor's obligations to CTCVILLC under the Note and the Security Agreement.

IN WITNESS WHEREOF, the Guarantor executes this Guaranty as of the day and year first above written.

**ZGS BROADCASTING HOLDINGS, INC.**

By: \_\_\_\_\_  
Ronald Gordon, President

JUN-14-04 11:37 FROM-

T-782 P.02/04 F-853

WELLS  
FARGO

Wells Fargo Foothill  
2450 Colorado Avenue  
Suite 3000 West  
Santa Monica, CA 90404  
310 453-7900  
www.wffoothill.com

June 3, 2004

ZGS Broadcasting  
2000 North 14th Street, Suite 400  
Arlington, VA 22201  
Attn: Ronald Gordon, President/CEO

**PROPOSAL LETTER**  
**\$19 MILLION SENIOR SECURED CREDIT FACILITY**

Dear Mr. Gordon:

As we, Wells Fargo Foothill ("*Foothill*"), understand, ZGS Broadcasting ("the "Company") and each of its wholly-owned subsidiaries (collectively, "*Borrower*") are desirous of obtaining financing in order to (a) acquire other station properties (the "*Transaction*"), (b) provide for the ongoing working capital needs of Borrower, and (c) provide for other general corporate purposes of Borrower.

This letter establishes terms under which we propose to provide to Borrower an amended \$19,000,000 senior secured credit facility (the "*Facility*"). Based upon information known to us today concerning the Transaction, we are pleased to provide you with this proposal, as further described in the Attachment A.

This letter is a proposal, to be used as a basis for continued discussions, and does not constitute a commitment of Foothill, or an agreement to deliver such a commitment. If delivered, such a commitment would be subject to complete due diligence by Foothill.

Please note, moreover, that the terms and conditions of the proposed Facility are not limited to those set forth herein or in Attachment A. Those matters that are not covered or made clear herein or in Attachment A are subject to mutual agreement of the parties. The terms and conditions of this letter may be modified only in writing. All terms not expressly mentioned below will remain unchanged from the existing facility.

JUN-14-04 11:27 FROM-

T-782 P.03/04 F-953

ZGS Broadcasting  
June 3, 2004  
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### ***Costs and Expenses***

In further consideration of the proposal of Foothill and recognizing that in connection herewith Foothill is incurring costs and expenses (including, without limitation, reasonable fees and disbursements of counsel, filing and recording fees, costs and expenses of due diligence, transportation, duplication, messenger, appraisal, audit, and consultant costs and expenses), you hereby agree to pay, or reimburse Foothill for all such costs and expenses, regardless of whether any of the transactions contemplated hereby are consummated. You also agree to pay all costs and expenses of Foothill (including, without limitation, reasonable fees and disbursements of counsel) incurred in connection with the enforcement of any of its rights and remedies hereunder.

Upon accepting this proposal letter, you agree to pay to Foothill an expense deposit and work fee of \$25,000 (the "*Deposit*") which amount shall be applied to the payment of costs and expenses payable by you pursuant to the preceding paragraph. Foothill will retain the Deposit regardless of whether a commitment letter consistent with the terms of this proposal letter is issued or the Facility is consummated; *provided, however*, that if either (a) Borrower closes the proposed financing with Foothill, or (b) Foothill notifies you in writing that it is no longer willing to pursue the proposed financing any unapplied balance of the Deposit will be refunded to you. If you agree, the expenses incurred hereunder may be charged to your existing credit facility pursuant to the Credit Agreement dated August 5, 2002, as amended.

### ***Confidentiality***

By accepting this proposal letter, you agree that this proposal letter (including Attachment A) is for your confidential use only and that neither its existence nor the terms hereof will be disclosed by you to any person other than your officers, directors, employees, accountants, attorneys and other advisors, and then only on a "*need-to-know*" basis in connection with the transactions contemplated hereby and on a confidential basis. The foregoing notwithstanding, following your acceptance of the provisions hereof as provided below and your return of an executed counterpart of this proposal letter to us, you (i) may file a copy of this letter in any public record in which it is required by law to be filed, and (ii) may make such other public disclosures of the terms and conditions hereto as you are required by law, in the opinion of your counsel, to make.

### ***Information***

In issuing this proposal letter, Foothill is relying on the accuracy of the information furnished to it by or on behalf of Borrower and its affiliates, without independent verification thereof.

### ***Governing Law, Etc.***

This proposal letter shall be governed by, and construed in accordance with, the law of the State of California. This proposal letter sets forth the entire agreement between the parties with respect to the matters addressed herein and supersedes all prior communications, written or oral, with respect hereto. This proposal letter may be executed in any number of counterparts, each of

JUN-14-04 11:38 FROM-

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June 3, 2004  
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which, when so executed, shall be deemed to be an original and all of which, taken together, shall constitute one and the same letter. Delivery of an executed counterpart of a signature page to this letter by telecopier shall be as effective as delivery of a manually executed counterpart of this letter. Your obligations under the paragraphs captioned "*Costs and Expenses*", and "*Confidentiality*" shall survive the expiration or termination of this letter.

***Waiver of Jury Trial***

Each party hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this letter or the transactions contemplated by this letter or the actions of Foothill or any of its affiliates in the negotiation, performance, or enforcement of this letter.

Please indicate your acceptance of the provisions hereof by signing the enclosed copy of this letter and returning it, together with the Deposit, to Specialty Finance, Wells Fargo Foothill, 2450 Colorado Avenue, Suite 3000 West, Santa Monica, California 90404 (telecopier: ((310) 453-7442) at or before 5:00 p.m. (pacific standard time) on June 15, 2004. If you elect to deliver this letter by telecopier, please arrange for the executed original to follow by next-day courier.

Very truly yours,

**WELLS FARGO FOOTHILL**By: 

Name: James K. Downey  
Title: Vice President

ACCEPTED AND AGREED TO  
this 6 day of JUNE, 2004

**ZGS BROADCASTING**By: 

Name: Ronald S. Conrad  
Title: President

**Form of Opinion of Counsel to Seller**

FCC

(a) Seller holds the FCC licenses, permits and authorizations relating to the Station listed on Attachment 1 hereto (the "FCC Licenses").

(b) The FCC Licenses are in full force and effect with expiration dates as set forth on Attachment 1 hereto.

(c) To our knowledge, the FCC Licenses constitute the only licenses, permits, and authorizations issued by the FCC required for the existing operation of the Station.

(d) The FCC Consent was (i) granted by action of the FCC or its staff and (ii) is in full force and effect. [The time within which any party in interest other than the FCC may seek administrative or judicial reconsideration or review of the FCC Consent under the FCC Rules has not expired and the time within which the FCC may review the FCC Consent on its own motion has not expired.] [The time within which any party in interest other than the FCC may seek administrative or judicial reconsideration or review of the FCC Consent under the FCC Rules has expired, and to our knowledge no petition for such reconsideration or review was timely filed with the FCC or with the appropriate court, and the time within which the FCC may review the FCC Consent on its own motion has expired, and to our knowledge the FCC has not undertaken such review.]

(e) To our knowledge, there is no unsatisfied or adverse FCC order, decree or ruling outstanding against the Seller with respect to the Station, and there is no proceeding, complaint or investigation against the Seller with respect to the Station pending or overtly threatened in writing by or before the FCC, other than rulemaking proceedings affecting the television broadcast industry generally, which, if determined adversely to the Seller, could reasonably be expected to result in a revocation or adverse modification of any of the FCC Licenses.

Corporate

(a) The Seller is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Texas, and is qualified to do business in the State of New Mexico as a foreign limited partnership. Seller has all necessary limited partnership power and authority to carry on its business as it is now being conducted.

(b) Seller has all necessary limited partnership power and authority to enter into the Asset Purchase Agreement and [all other agreements, documents, certificates and instruments delivered hereunder by Seller] [the agreements will be specifically listed] (the Asset Purchase Agreement and such other agreements, documents, certificates and instruments are referred to herein collectively as the "Seller Documents"), to perform its obligations thereunder, and to consummate the transactions contemplated thereby.

## EXHIBIT F

(c) The execution and delivery of the Seller Documents by the GP on behalf of Seller and the consummation by Seller of the transactions contemplated thereby have been duly authorized by all necessary partnership action on the part of the Seller.

(d) The GP is a limited liability company, validly existing and in good standing under the laws of the State of Delaware, and is qualified to do business in the State of New Mexico and the State of Texas as a foreign limited liability company.

(e) The GP has all necessary limited liability company power and authority to carry on its business as it is now being conducted.

(f) The execution and delivery by the GP of the Seller Documents to which it is a party have been duly authorized by all necessary company action on the part of the GP.

(g) Each of the Seller Documents has been duly executed and delivered by the GP on behalf of Seller and constitutes a valid and binding obligation of Seller, enforceable against Seller in accordance with their respective terms, except as the enforceability of the Seller Documents may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.



Form of Opinion of Counsel to Buyer

1. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is qualified to do business in the State of New Mexico and the State of Texas as a foreign corporation, [based solely on a certificate from the Secretary of State thereof]. The Parent is a corporation validly existing and in good standing under the laws of the State of Delaware. Buyer and the Parent each have all necessary corporate power and authority, as applicable, to carry on its business of television broadcasting in Texas as it is now being conducted.
2. Buyer and the Parent each have all necessary corporate power and authority to enter into this Agreement [and all other agreements, documents, certificates and instruments delivered hereunder by Buyer or the Parent documents to be specified in the opinion], as the case may be (this Agreement and such other agreements, documents, certificates and instruments are referred to herein collectively as the "Buyer Documents"), to perform its obligations thereunder, and to consummate the transactions contemplated thereby.
3. The execution and delivery of the Buyer Documents by Buyer and the Parent as the case may be and the consummation by Buyer and the Parent of the transactions contemplated thereby have been duly authorized by all necessary company action on the part of Buyer and the Parent.
4. Each of the Buyer Documents has been duly executed and delivered by Buyer and/or the Parent and constitutes a valid and binding obligation of Buyer or the Parent, as the case may be, enforceable against them in accordance with their respective terms, except as the enforceability of the Buyer Documents may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies, [and other customary exceptions to enforceability opinions].