

## **PUT AND CALL OPTION AGREEMENT**

**PUT AND CALL OPTION AGREEMENT** dated as of [\_\_\_\_], 2006 (this “**Agreement**”) by and among Mystic Television of Tallahassee LLC, a Delaware limited liability company (“**Mystic**”), Mystic Television Broadcast Group, Inc., a Delaware corporation (“**MBG**” and together with Mystic, the “**Seller Parties**”), and Pegasus Broadcast Television, Inc., a Delaware corporation (“**Buyer**”).

### **RECITALS**

**WHEREAS**, the Seller Parties own and operate television station WTLF-DT, Channel 24, Tallahassee, Florida, and its auxiliary facilities (the “**Station**”), including all of the Station Assets (as defined below), pursuant to licenses issued by the Federal Communications Commission (“**FCC**”); and

**WHEREAS**, Buyer provided certain funding to Mystic and the Station (the “**Loan**”);

**WHEREAS**, Buyer and Seller Parties have entered into several agreements relating to the management and operation of the Station;

**WHEREAS**, Seller Parties have agreed to grant Buyer an option to acquire all of the Seller Parties’ right, title and interest in, to and under the Station Assets in accordance with the terms and conditions set forth herein; and

**WHEREAS**, in connection with and as a condition to the grant of the Call Option (as defined below), Buyer has agreed to grant Mystic an option to require Buyer to purchase all of the Seller Parties’ right, title and interest in, to and under the Station Assets in accordance with the terms and conditions set forth herein; and

**NOW, THEREFORE**, in consideration of the mutual premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

### **ARTICLE I**

#### **GRANT OF OPTION; GENERAL TERMS OF SALE**

##### **1.1 Option Grant.**

(a) **Call Option.** Upon the terms and subject to the conditions of this Agreement, including without limitation those conditions set forth in Section 1.4 of this Agreement, the Seller Parties hereby grant to Buyer, and Buyer hereby accepts, the irrevocable option (the “**Call Option**”) to acquire from the Seller Parties, at any time on or before the tenth anniversary of the date hereof (the “**Expiration Date**”), all of the right, title and interest of the Seller Parties in, to and under the Station Assets on the terms set forth herein.

(b) **Put Option.** Upon the terms and subject to the conditions of this Agreement, including without limitation those conditions set forth in Section 1.4 of this

Agreement, Buyer hereby grants to Mystic, and Mystic hereby accepts, the irrevocable option (the “**Put Option**”) to require Buyer to purchase from the Seller Parties, at any time on or before the Expiration Date, all of the right, title and interest of the Seller Parties in, to and under the Station Assets on the terms set forth herein.

1.2 Assets Covered. Upon and subject to the terms and conditions stated in this Agreement, on the Closing Date, the Seller Parties shall convey, transfer, and deliver to Buyer, and Buyer shall acquire from the Seller Parties, all of the Seller Parties’ rights in, to and under the assets and properties of the Seller Parties, real and personal, tangible and intangible, of every kind and description which are used or useful in connection with the business and operations of the Station, as a going concern, including, without limitation, rights under contracts and leases, real and personal property, plant and equipment, inventories, intangibles, licenses and goodwill, including any such assets or rights acquired or contracts entered into prior to the Closing Date in accordance with this Agreement, but excluding all such assets and properties that constitute Excluded Assets. The rights, assets, property, and business of the Seller Parties with respect to the Station to be transferred to Buyer pursuant to this Section 1.2 in connection with the exercise of the Option are referred to as the “**Station Assets**,” and the purchase and sale of the Station Assets pursuant to this Agreement in connection with the exercise of the Option is referred to as the “**Sale**.” Subject to Section 1.3, the Station Assets include, without limitation, the Seller Parties’ rights in, to and under the following, in each case if and to the extent in existence and held by the Seller Parties immediately prior to the Closing:

(a) FCC Authorizations. All licenses, construction permits and authorizations issued by the FCC to the Seller Parties with respect to the Station (the “**FCC Authorizations**”), and all applications therefor, together with any renewals, extensions, or modifications thereof and additions thereto.

(b) Tangible Personal Property and Warranty Rights. All equipment, vehicles, furniture, fixtures, transmitting towers, antennas, transmitters, satellite earth stations, office materials and supplies, spare parts and other tangible personal property of every kind and description used in connection with the business and operations of the Station, and all rights of any Seller Party relating to or arising out of or under express or implied warranties from suppliers of any such tangible property.

(c) Real Property. All real property interests held by the Seller Parties and all buildings, structures, towers, and improvements thereon used in the business and operations of the Station, and all other rights under any Contracts relating to real property (the “**Realty Contracts**”); provided, that, in the event of destruction of or damage to any such real property interest, any improvement thereon or any property described in Section 1.2(b) which is not repaired or restored prior to the Closing Date, then at the Closing the Seller Parties shall assign to Buyer all of the Seller Parties’ interest, if any, in the proceeds (the “**Proceeds**”) of any insurance covering such damage or destruction.

(d) Agreements for Sale of Time. All orders, agreements and other Contracts for the sale of advertising time (including Trade Agreements) on the Station (collectively, the “**Time Sales Contracts**”), to the extent unperformed as of the Closing Date.

(e) Program Contracts. All program licenses and other Contracts under which the Seller Parties are authorized to broadcast film product or programs on the Station (collectively, the “**Program Contracts**”).

(f) Other Contracts. All affiliation agreements and other Contracts relating to the Station to which any of the Seller Parties is a party with respect to the Station (other than any Contract described in Section 1.2(c), 1.2(d) or 1.2(e) hereof) (collectively, the “**Other Assumed Contracts**”).

(g) Trademarks, etc. All trademarks, service marks, trade names, jingles, slogans, logotypes, the goodwill associated with the foregoing, and patents, owned and used by the Seller Parties in connection with the business and operations of the Station, including, without limitation, all of the Seller Parties’ rights to use the call letters “WTLF(TV)” and any related or other call letters, names and phrases used in connection with the Station.

(h) Programming Copyrights. All program and programming materials and elements of whatever form or nature owned by the Seller Parties and used solely in connection with the business and operations of the Station, whether recorded on tape or any other substance or intended for live performance, and whether completed or in production, and all related common law and statutory copyrights owned by or licensed to the Seller Parties and used in connection with the business and operations of the Station.

(i) FCC Records. Subject to Section 10.12, all FCC logs and other compliance records of the Seller Parties that relate to the operations of the Station.

(j) Files and Records. Subject to Section 10.12, all files and other records of the Seller Parties relating to the business and operations of the Station prior to the Closing Date, including, without limitation, all books, records, accounts, checks, payment records, tax records (including, without limitation, payroll, unemployment, real estate, and other tax records), and other such similar books and records of the Seller Parties, for five (5) fiscal years immediately preceding the Closing Date (collectively, the “**Recent Station Records**”).

(k) Goodwill. All of the Seller Parties’ goodwill in, and going concern value of, the Station.

(l) Prepaid Items. All prepaid expenses relating to the Station.

(m) Cash. All cash, cash equivalents, and cash items of any kind whatsoever, certificates of deposit, money market instruments, bank balances, and rights in and to bank accounts, marketable and other securities held by the Seller Parties.

(n) Receivables and Other Claims. All notes and accounts receivable and other receivables of the Seller Parties relating to or arising out of the operation of the Station prior to the Closing, all security, insurance, and similar deposits, and all other claims of the Seller Parties with respect to transactions or other conduct of the business of the Station prior to the Closing, including, without limitation, claims for tax refunds and claims of the Seller Parties under all Contracts with respect to events for the period prior to the Closing.

(o) Causes of Action. All causes of action, judgments, claims, demands and other rights of any Seller Party of every kind or nature to the extent the same relate to the business and operation of the Station except to the extent that such causes of action, judgments, claims, demands or other rights relate to the Excluded Assets.

1.3 Excluded Assets. There shall be excluded from the Station Assets and, to the extent in existence on the Closing Date, retained by the Seller Parties, the following assets (the “*Excluded Assets*”):

(a) Insurance. Subject to Section 1.2(c), all contracts of insurance and all insurance plans and the assets thereof, together with all rights and claims thereunder.

(b) Name. All of the Seller Parties’ rights to use the name “Mystic Television,” any variation thereof, or any related logo, name or phrase.

(c) Certain Contracts and Assets. All Realty Contracts, Time Sales Contracts, Program Contracts and Other Assumed Contracts which expire and are not renewed, or which otherwise terminate, on or prior to the Closing Date, and all assets that constitute Station Assets that are sold by any of the Seller Parties prior to the Closing Date in accordance with this Agreement.

(d) Corporate Books and Records. Subject to Section 10.12, all account books of original entry other than duplicate copies of such files and records, if any, that are maintained at any executive office of the Seller Parties or the offices of any Seller Party’s direct or indirect equity owners, and all materials of the Seller Parties which constitute attorney work product or contain information which is protected by attorney-client privilege, wherever located, relating to matters at or prior to the Closing; provided, that, the Seller Parties will provide Buyer with access to such work product or privileged information to the extent necessary for Buyer to defend any claim brought against Buyer by a Person which is not, or is not an Affiliate of, a party to this Agreement.

(e) Transaction Documents. All rights of the Seller Parties, or any successor to any of the Seller Parties, pursuant to any Transaction Document.

1.4 Option Exercise. Each exercise of the Option will be permitted solely in accordance in all respects with the Communications Act and all applicable rules, regulations and policies of the FCC.

(a) Call Option. In order to exercise the Call Option, Buyer must deliver to Mystic (prior to the Expiration Date) written notice (an “*Exercise Notice*”) of Buyer’s intention to do so. Buyer may withdraw any Exercise Notice prior to the Closing by written notice to that effect to Mystic. No such withdrawal (and no withdrawal of any subsequent Exercise Notice) will affect Buyer’s right subsequently to exercise the Call Option by delivering to Mystic (prior to the Expiration Date) one or more other Exercise Notices, subject in all events to the condition that such Option exercise and ownership interests that result therefrom are in compliance and accordance in all respects with the Communications Act and all applicable rules, regulations and policies of the FCC. Upon its withdrawal of any Exercise Notice, Buyer shall reimburse Mystic

for all reasonable out-of-pocket expenses (including reasonable attorneys' fees) incurred by Mystic in connection with its compliance with Section 6.2 with respect to such Exercise Notice.

(b) Put Option. In order to exercise the Put Option, Mystic must deliver to Buyer (prior to the Expiration Date) an Exercise Notice of Mystic's intention to do so. Mystic may withdraw any Exercise Notice prior to the Closing by written notice to that effect to Buyer. No such withdrawal (and no withdrawal of any subsequent Exercise Notice) will affect Mystic's right subsequently to exercise the Put Option by delivering to Buyer (prior to the Expiration Date) one or more other Exercise Notices, subject in all events to the condition that such Option exercise and ownership interests that result therefrom are in compliance and accordance in all respects with the Communications Act and all applicable rules, regulations and policies of the FCC. Upon its withdrawal of any Exercise Notice, Mystic shall reimburse Buyer for all reasonable out-of-pocket expenses (including reasonable attorneys' fees) incurred by Buyer in connection with its preparations for the Closing as a result of Mystic's delivery of an Exercise Notice.

## 1.5 Liabilities.

(a) Permitted Encumbrances. At the Closing, after the application of the Exercise Price as may be required to repay the Existing Station Indebtedness not assumed by Buyer at the Closing, the Station Assets shall be sold and conveyed to Buyer (or its designee, as determined by Buyer in its sole discretion) free and clear of all Liens (including all Liens which secure the repayment of Existing Station Indebtedness), other than (i) Liens for current taxes in respect of the Station and the Station Assets and other amounts which are not then due and payable and which arise by operation of law, (ii) Liens on the Station Assets which are in existence on the date of this Agreement and which do not secure indebtedness or borrowed money, (iii) Liens on the Station Assets arising by operation of law or in the ordinary course of the Seller Parties' business after the date of this Agreement and not securing indebtedness for borrowed money, and (iv) Liens on the Station Assets which, in the aggregate, would not be expected to have a material effect on the Station Assets after the Sale.

(b) Assumption of Liabilities Generally. The "***Assumed Liabilities***" will be all permitted liabilities and obligations of the Seller Parties relating to the operation of the Station or the ownership or operation of the Station Assets, in each case as of the Closing Date, whether contingent or absolute, known or unknown, accrued or not accrued, or matured or unmatured, including all liabilities and obligations pursuant to any Realty Contract, Time Sales Contract, Program Contract or Other Assumed Contract (collectively, the "***Assumed Contracts***") in effect on the Closing Date, excluding Existing Station Indebtedness, and taxes incurred by the Seller Parties as a result of the Sale, excluding any taxes owed by Seller Parties on actual cash received pursuant to such Sale. On the Closing Date, Buyer (or its designee, as determined by Buyer in its sole discretion) will assume and agree to pay, satisfy, perform and discharge all Assumed Liabilities. From and after the Closing, Buyer (or such designee) will discharge and reimburse and hold harmless the Seller Parties against, and the Seller Parties will not be responsible or otherwise liable for, any Assumed Liability. The revenues, expenses and liabilities of the Seller Parties or attributable to the Station and the Station Assets will not be prorated between Buyer, on the one hand, and the Seller Parties, on the other hand, in connection with the Sale.

1.6 Indemnification. Buyer shall indemnify and hold harmless Mystic for any income tax liabilities directly resulting from such Option exercise, excluding any tax liability incurred on actual net cash received after payment of any indebtedness securing the assets being acquired. In the event that Buyer determines, in its sole and absolute discretion, that at the time of the exercise of the Option that such indemnity would be less costly to Buyer if Buyer were to purchase all issued and outstanding shares of Mystic or MBG, Buyer shall be entitled to elect on 5 days prior written notice to Seller Parties, to purchase all the issued and outstanding shares of (a) Mystic, or (b) MBG.

## ARTICLE II

### CLOSING

#### 2.1 Exercise Price.

(a) Payment. In consideration of the transfer and delivery of the Station Assets to Buyer at the Closing, (i) Buyer will pay to Mystic an amount ("***Exercise Price***") equal to the Cash Purchase Price less: (x) all then Existing Station Indebtedness assumed by Buyer at the Closing, (y) any amounts previously unpaid or then due to Buyer as of the Closing Date under the Shared Services Agreement, the Advertising Representation Agreement or otherwise, and (z) the amount of any Assumed Liabilities assumed pursuant to clause (ii) below; and (ii) Buyer (or its designee, as determined by Buyer in its sole discretion) will assume the Assumed Liabilities and, in the case where the Exercise Price is determined by Section 2.1(a)(i)(B), the Existing Station Indebtedness. The Exercise Price shall be paid by Buyer to Mystic on the Closing Date by, at Buyer's discretion: (1) wire transfer of immediately available funds to such bank account(s) as Mystic may designate on or prior to the Closing Date; (2) offset of any amounts owed by Mystic to Buyer; or (3) any combination of the consideration specified in clauses (1) and (2).

(b) Definition of Cash Purchase Price. The "***Cash Purchase Price***" shall be as described on the attached Schedule 2.1.

(c) Allocation of Exercise Price After Sale. Buyer and Mystic will allocate the Exercise Price among the Station Assets in accordance with a report of such allocation prepared in good faith by Buyer based upon the valuation report of an independent appraiser retained by Buyer and in accordance with all applicable provisions of the Internal Revenue Code of 1986, as in effect from time to time. Buyer will submit such reports of Buyer and such independent appraiser to Mystic prior to the Closing of the Sale. Buyer and Mystic agree to file (at such times and in such manner as may be required by applicable Legal Requirements) all relevant returns and reports (including, without limitation, Forms 8594, Asset Acquisition Statements, and all income and other tax returns) on the basis of such allocations.

2.2 The Closing. Subject to Section 10.1 and except as otherwise mutually agreed upon by the Seller Parties and Buyer, the closing of the Sale, the assumption of the Assumed Liabilities (the "***Assumption***"), and the consummation of all related transactions to be consummated contemporaneously therewith pursuant to this Agreement (collectively, the "***Closing***"), shall take place within 30 Business Days after the satisfaction of all conditions

precedent. The Closing shall be held at the time and location and on the date as Mystic and Buyer may agree in writing.

2.3 Deliveries at Closing. All actions at the Closing shall be deemed to occur simultaneously, and no document or payment to be delivered or made at the Closing shall be deemed to be delivered or made until all such documents and payments are delivered or made to the reasonable satisfaction of Buyer, Mystic and their respective counsel.

(a) Deliveries by Seller Parties. At the Closing, Seller Parties shall deliver to Buyer such instruments of conveyance and other customary documentation as shall in form and substance be reasonably satisfactory to Buyer and its counsel in order to effect the Sale and the Assumption, including, without limitation, the following:

(i) one or more bills of sale or other instruments (including assignments of FCC Authorizations, call letters, service marks, leases and other contracts) conveying the Station Assets;

(ii) any releases of Liens that are necessary in order to transfer the Station Assets in the manner contemplated by Section 1.5(a);

(iii) a certified copy of the resolutions or proceedings of each Seller Party's board of directors and stockholders (or similar Persons) authorizing such Seller Party's consummation of the Sale;

(iv) a certificate as to the existence and/or good standing of each of the Seller Parties issued by the Secretary of State of each state under the laws of which each Seller Party is incorporated, organized, formed or authorized to do business (including, with respect to the Seller, the state in which the Station is located), in each case dated on or after the fifth Business Day prior to the Closing Date, certifying as to the good standing and/or qualification of such Seller Party in such jurisdiction;

(v) a certificate of each Seller Party dated the Closing Date to the effect that the conditions set forth in Section 8.2 have been fulfilled;

(vi) a receipt for the Exercise Price;

(vii) all Consents received by the Seller Parties through the Closing Date;

(viii) a certificate of each Seller Party to the effect that, except as set forth in such certificate, each of the representations and warranties of each Seller Party contained in this Agreement is true and accurate in all material respects (except to the extent changes are permitted or contemplated pursuant to this Agreement) as if made on and as of the Closing Date; and

(ix) such other documents as Buyer may reasonably request.

(b) Deliveries by Buyer. At the Closing, Buyer shall deliver to Mystic the Exercise Price as provided in Section 2.1 and such instruments of assumption and other customary documentation as shall in form and substance be reasonably satisfactory to Mystic and its counsel in order to effect the Sale and the Assumption, including, without limitation, the following:

- (i) the payment of the Exercise Price;
- (ii) a certificate of Buyer dated the Closing Date to the effect that the conditions set forth in Section 8.1 have been fulfilled;
- (iii) one or more assignment and assumption agreements; and
- (iv) such other documents as Mystic may reasonably request.

### **ARTICLE III**

#### **REPRESENTATIONS AND WARRANTIES OF MYSTIC**

Mystic represents and warrants to Buyer as follows:

3.1 Formation; Power. Mystic is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware and in good standing under the laws of the State of Delaware. Mystic has the corporate power to enter into and consummate the transactions contemplated by this Agreement. MBG is the beneficial and record owner of all of the issued and outstanding membership interests of Mystic, and there are not outstanding any Equity Securities of Mystic (other than its membership interests of which MBG is the beneficial and record owner).

3.2 Corporate Action. All actions necessary to be taken by or on the part of Mystic in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby to be consummated and presently necessary to make the same effective have been duly and validly taken. This Agreement has been duly and validly authorized, executed, and delivered by Mystic and constitutes a valid and binding agreement, enforceable against Mystic in accordance with and subject to its terms.

3.3 No Defaults. On the Closing Date (after giving effect to all Consents which have been obtained), neither the execution and delivery by Mystic of this Agreement, nor the consummation by Mystic of the transactions contemplated by this Agreement to be consummated on or prior to the Closing Date, will constitute, or, with the giving of notice or the passage of time or both, would constitute, a material violation of or would conflict in any material respect with or result in any material breach of or any material default under, any of the terms, conditions, or provisions of any Legal Requirement to which Mystic is subject, or of the certificate of formation or limited liability company agreement or similar organizational documents of Mystic, or of any material contract, agreement, or instrument to which Mystic is a party or by which Mystic is bound.



3.4 Brokers. There is no broker or finder or other Person who would have any valid claim against Mystic for a commission or brokerage fee in connection with this Agreement or the transactions contemplated hereby as a result of any agreement or understanding of or action taken by Mystic or any Affiliate of Mystic.

## **ARTICLE IV**

### **REPRESENTATIONS AND WARRANTIES OF MBG**

MBG represents and warrants to Buyer as follows:

4.1 Formation; Power. MBG is a corporation duly organized, validly existing, and in good standing under the laws of Delaware, and MBG has the corporate or other power to enter into and consummate the transactions contemplated by this Agreement.

4.2 Action. All actions necessary to be taken by or on the part of MBG in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby to be consummated and presently necessary to make the same effective have been duly and validly taken. This Agreement has been duly and validly authorized by MBG and has been duly executed and delivered by MBG, and constitutes a valid and binding agreement that is enforceable against MBG in accordance with and subject to its terms.

4.3 No Defaults. On the Closing Date (after giving effect to all Consents which have been obtained), neither the execution and delivery by MBG of this Agreement, nor the consummation by MBG of the transactions contemplated by this Agreement to be consummated on or prior to the Closing Date, will constitute, or, with the giving of notice or the passage of time or both, would constitute, a material violation of or would conflict in any material respect with or result in any material breach of or any material default under, any of the terms, conditions, or provisions of any Legal Requirement to which MBG is subject, or its certificate of incorporation or bylaws, or of any material contract, agreement, or instrument to which MBG is a party or by which MBG is bound.

4.4 Brokers. There is no broker or finder or other Person who would have any valid claim against any Seller Party or Buyer for a commission or brokerage fee in connection with this Agreement or the transactions contemplated hereby as a result of any agreement or understanding of or action taken by any Seller Party or any Affiliate of any Seller Party.

4.5 Capitalization. Schedule 4.5 sets forth the capitalization of MBG and the record and beneficial owners thereof.

4.6 Tax Certification. Mystic is treated as a flow-through entity for U.S. federal income tax purposes.

## ARTICLE V

### **REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller Parties as follows:

5.1 Incorporation. Buyer is a corporation duly organized or constituted, validly existing, and in good standing under the laws of the state of Delaware, and Buyer has the corporate or other power to enter into and consummate the transactions contemplated by this Agreement.

5.2 Action. All actions necessary to be taken by or on the part of Buyer in connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby to be consummated and presently necessary to make the same effective have been duly and validly taken. This Agreement has been duly and validly authorized, executed and delivered by Buyer and constitutes a valid and binding agreement, enforceable against Buyer in accordance with and subject to its terms.

5.3 No Defaults. On the Closing Date (after giving effect to all approvals and consents which have been obtained), neither the execution and delivery by Buyer of this Agreement, nor the consummation by Buyer of the transactions contemplated by this Agreement to be consummated on or prior to the Closing Date, will constitute, or, with the giving of notice or the passage of time or both, would constitute, a material violation of or would conflict in any material respect with or result in any material breach of or any material default under, any of the terms, conditions, or provisions of any Legal Requirement to which Buyer is subject, or of Buyer's certificate of incorporation or by-laws or similar organizational documents, if any, or of any material contract, agreement, or instrument to which Buyer is a party or by which Buyer is bound.

5.4 Brokers. There is no broker or finder or other Person who would have any valid claim against any Seller Party for a commission or brokerage fee in connection with this Agreement or the transactions contemplated hereby as a result of any agreement or understanding of or action taken by Buyer or any Affiliate of Buyer.

## ARTICLE VI

### **COVENANTS OF SELLER PARTIES**

6.1 Covenants of Seller Parties Generally. Each Seller Party covenants and agrees from the date of this Agreement until the Closing, except as Buyer may otherwise consent, to act or refrain from acting as follows:

(a) FCC Authorizations and Other Matters. Each Seller Party will comply in all material respects with all rules and regulations of the FCC pertaining to the operation of the Station and all other applicable laws, rules, ordinances and regulations pertaining to the operation of the Station, and each Seller Party will promptly execute any necessary applications for renewal of FCC Authorizations necessary for the operation of the Station as presently conducted and will use reasonable efforts to cooperate with Buyer in any other respect in which

Buyer may reasonably request in order to enhance, protect, preserve or maintain the Station Assets and/or the business and operation of the Station.

(b) Restrictions. Each Seller Party will not (to the extent the following restrictions are permitted by the FCC and all other applicable Legal Requirements), and MBG will not cause or permit Mystic to:

(i) other than in the ordinary course of business, sell, lease (as lessor), transfer, or agree to sell, lease (as lessor), or transfer any material Station Assets (other than in the ordinary course of its business) without replacement thereof with functionally equivalent or superior assets;

(ii) apply to the FCC for any construction permit that would materially restrict the Station's present operations or make any material adverse change in the buildings or leasehold improvements owned by Mystic;

(iii) redeem, retire, purchase or otherwise acquire, directly or indirectly, for consideration, or pay any distributions to or dividends on any shares of any class or other Equity Securities outstanding or limited liability company interests of Mystic;

(iv) enter into any arrangement or contract with MBG or its affiliates, other than the Management Services Agreement;

(v) operate the Station other than in accordance with the monthly budgets for the Station agreed to from time to time by the Parties, without the consent of Buyer;

(vi) incur, or suffer or permit to exist, any Lien on any Station Asset(s), other than under or pursuant to the Existing Station Indebtedness, such that, after any application of the Exercise Price that may be necessary at the time of the Closing to repay Existing Station Indebtedness, the Station Assets could not be conveyed as described in Section 1.5(a) or otherwise incur any indebtedness other than pursuant to the Existing Note;

provided that the foregoing does not disrupt or interfere with the business and operations of any Seller Party or the Station.

(c) Reports; Access to Facilities, Files, and Records. From time to time, at the request of Buyer, each Seller Party shall give or cause to be given to the officers, employees, accountants, counsel, and representatives of Buyer:

(i) access, upon reasonable prior notice, during normal business hours, to all facilities, property, accounts, books, deeds, title papers, insurance policies, licenses, agreements, contracts, commitments, records, equipment, machinery, fixtures, furniture, vehicles, accounts payable and receivable, and inventories of the Seller Parties related to the Station, and

(ii) all such other information in any Seller Party's possession concerning the affairs of the Station as Buyer may reasonably request,

provided that the foregoing does not disrupt or interfere with the business and operations of any Seller Party or the Station.

(d) Notice of Proceedings. Each Seller Party will promptly notify Buyer in writing upon becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of the Sale and Assumption, or upon receiving any notice from any governmental department, court, agency, or commission of its intention to institute an investigation into or institute a suit or proceeding to restrain or enjoin the consummation of the Sale and Assumption, or to nullify or render ineffective this Agreement (or the Sale and Assumption, if consummated).

(e) Notice of Certain Developments. Each Seller Party shall give prompt written notice to Buyer, promptly after it becomes aware of the same, (i) if the Station Assets shall have suffered damage on account of fire, explosion, or other cause of any nature which is sufficient to prevent operation of the Station in any material respect for more than ten (10) consecutive days, or (ii) if the regular broadcast transmission of the Station in the normal and usual manner in which it heretofore has been operating is interrupted in a material manner for a period of more than ten (10) consecutive days.

(f) Issuance or other Transfer of Stock or Equivalents. Mystic will not issue any shares or any other Equity Security of Mystic, and MBG will not sell or otherwise transfer or dispose of any Equity Security of Mystic, to any Person, unless (i) such Person is a party to this Agreement or thereupon becomes a party to this Agreement with respect to all Equity Securities of Mystic that such Person holds by executing and delivering to Buyer a counterpart of this Agreement by which such Person agrees to be bound by the provisions hereof by which MBG is bound to the same extent and effect as MBG and (ii) each applicable representation or warranty set forth in Article IV is true and correct in all respects with respect to such Person. The execution of any such counterpart of this Agreement by any such Person will be deemed to constitute a representation and warranty of such Person to the effect that all applicable representations and warranties set forth in Article IV are true and correct with respect to such Person in all respects; provided, that, this Section 6.1(f) shall not apply to any transfer or disposal of Equity Securities of Mystic pursuant to any pledge agreement entered into by Mystic or MBG to secure any Existing Station Indebtedness.

(g) No Premature Assumption of Control. Nothing contained in this Section 6.1 shall give Buyer any right to control the programming, operations, or any other matter relating to the Station prior to the Closing Date, and Seller shall have complete control of the programming, operations, and all other matters relating to the Station up to the time of the Closing.

(h) Tax Classification. None of the Seller Parties will take any action or fail to take any action that cause Mystic not to be treated as a flow-through entity for U.S. federal income tax purposes.

6.2 Covenants of Seller Parties during the Exercise Period. Each Seller Party covenants and agrees that, after its receipt or delivery, as applicable, of each and every Exercise

Notice and until either the Closing occurs or such Exercise Notice is withdrawn pursuant to Section 1.4:

(a) Application for Commission Consent. As promptly as practicable, but in no event later than 10 Business Days after the receipt of the Exercise Notice, each Seller Party, as applicable, will complete such Seller Party's or transferor's portion of all necessary applications to the FCC requesting the Required FCC Consents (if any) and, upon receipt of Buyer's portion of such applications, will file such applications with the FCC jointly with Buyer. Each Seller Party will diligently take or cooperate in the taking of all reasonable steps that are necessary, proper, or desirable to expedite the preparation of such applications (including withdrawal and/or re-filing, or any amendment or supplement thereto, which Buyer may request) and their prosecution to a final grant. The parties shall thereafter use their commercially reasonable efforts to obtain the Required FCC Consent as expeditiously as possible. If the Required FCC Consent imposes any condition on a party hereto, such party shall use commercially reasonable efforts to comply with such condition. 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. Notwithstanding the foregoing, nothing in this Section 6.2(a) shall be interpreted as requiring any party hereto to take any action which could have a material adverse effect on the results of operations of such party or any affiliated entity. Each Seller Party will promptly provide Buyer with a copy of any pleading, order, or other document served on such Seller Party relating to such applications.

(b) Consents. Each Seller Party will use reasonable efforts (without being required to make any payment not specifically required by the terms of any licenses, leases, and other contracts) to (i) obtain or cause to be obtained prior to the Closing Date all Consents or, in the absence of any Consent, one or more replacement agreements which would be effective on or prior to the Closing and would grant Buyer (after the Closing) substantially the same benefits with respect to the Station as Seller enjoys with respect to the Station immediately prior to the Closing under the replaced Contract(s), and (ii) cause each Consent or replacement agreement to become effective as of the Closing Date (whether it is granted or entered into prior to or after the Closing).

(c) Consummation of Sale. Subject to the provisions of Article VIII and Section 10.1, each Seller Party shall use reasonable efforts to fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement and to cause the conditions set forth in Article VIII to be fulfilled and cause the Sale and the Assumption to be consummated.

(d) Hart-Scott-Rodino. As and when Buyer reasonably requests, each Seller Party shall prepare and file such documents with the Federal Trade Commission and the United States Department of Justice as may be required to comply with the Hart-Scott-Rodino Act in connection with the Sale and the Assumption, and shall promptly furnish all materials thereafter requested by any of the regulatory agencies having jurisdiction over such filings in connection with the Sale and the Assumption. Each Seller Party will take all reasonable actions, and will file and use reasonable efforts to have declared effective or approved all such documents and notifications with any governmental or regulatory bodies, as may be necessary or may

reasonably be requested under federal antitrust laws for the consummation of the Sale and the Assumption.

## **ARTICLE VII**

### **COVENANTS OF BUYER**

7.1 Covenants of Buyer Generally. Buyer covenants and agrees that Buyer will promptly notify Mystic in writing upon becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of the Sale or the Assumption, or upon receiving any notice from any governmental department, court, agency, or commission of its intention to institute an investigation into or institute a suit or proceeding to restrain or enjoin the consummation of the Sale or the Assumption, or to nullify or render ineffective this Agreement or the Sale or the Assumption if consummated.

7.2 Covenants of Buyer during Exercise Period. Buyer covenants and agrees that, after it gives or receives, as applicable, any Exercise Notice and unless and until such Exercise Notice is withdrawn pursuant to Section 1.4, Buyer will use reasonable efforts (both prior to and after the Closing Date) jointly with Mystic to obtain or cause to be obtained prior to the Closing Date all Consents and to execute such assumption instruments as may be required or requested in connection with obtaining any Consent (or, in the alternative, to enter into one or more replacement agreements that would be effective on or prior to the Closing and would grant Buyer substantially the same benefits with respect to the Station as Mystic enjoys with respect to the Station under the replaced Contract(s) immediately prior to the Closing).

## **ARTICLE VIII**

### **CONDITIONS PRECEDENT TO EACH SELLER PARTY'S AND BUYER'S OBLIGATIONS**

8.1 Conditions to Each Seller Party's Obligations. The obligation of each Seller Party to consummate the Sale and the Assumption on the Closing Date is, at Mystic's option, subject to the fulfillment of the following conditions at or prior to the time of the Closing:

(a) Representations, Warranties, Covenants. (i) Each of the representations and warranties of Buyer contained in this Agreement shall be true and accurate in all material respects (except to the extent changes are permitted or contemplated pursuant to this Agreement) as if made on and as of the Closing Date; and (ii) Buyer shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement to be performed or complied with by it prior to or at the Closing (including the delivery of the Exercise Price).

(b) Proceedings. (i) No action or proceeding shall have been instituted and be pending before any court or governmental body to restrain or prohibit, or to obtain a material amount of damages in respect of, the consummation of the Sale or the Assumption that, in the reasonable opinion of Mystic, may reasonably be expected to result in a preliminary or permanent injunction against such consummation or, if the Sale or the Assumption were

consummated, an order to nullify or render ineffective this Agreement or the Sale or the Assumption or for the recovery against Mystic of a material amount of damages; and (ii) none of the parties to this Agreement shall have received written notice from any governmental body of (A) such governmental body's intention to institute any action or proceeding to restrain or enjoin or nullify this Agreement or the Sale or the Assumption, or to commence any investigation (other than a routine letter of inquiry, including, without limitation, a routine Civil Investigative Demand) into the consummation of the Sale or the Assumption, or (B) the actual commencement of such an investigation, in each case which remains pending or open.

(c) FCC Authorization. The FCC Approval Date shall have occurred with respect to all Required FCC Consents, and all Required FCC Consents shall be in full force and effect.

(d) Hart-Scott-Rodino. Any applicable waiting period under the Hart-Scott-Rodino Act shall have expired or been terminated.

(e) Other Instruments. Buyer shall have delivered, or shall stand ready to deliver, to Mystic such instruments, documents, and certificates as are contemplated by Section 2.3(b).

8.2 Conditions to Buyer's Obligations. The obligation of Buyer to consummate the Sale and the Assumption on the Closing Date is, at Buyer's option, subject to the fulfillment of the following conditions at or prior to the time of the Closing:

(a) Representations, Warranties, Covenants. (i) Each of the representations and warranties of each Seller Party contained in this Agreement shall be true and accurate in all material respects (except to the extent changes are permitted or contemplated pursuant to this Agreement) as if made on and as of the Closing Date; and (ii) each Seller Party shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement to be performed or complied with by it prior to or at the Closing.

(b) Proceedings. (i) No action or proceeding shall have been instituted and be pending before any court or governmental body to restrain or prohibit, or to obtain a material amount of damages in respect of, the consummation of the Sale or the Assumption that, in the reasonable opinion of Buyer, may reasonably be expected to result in a preliminary or permanent injunction against such consummation or, if the Sale or the Assumption were consummated, an order to nullify or render ineffective this Agreement or the Sale or the Assumption or for the recovery against Buyer of a material amount of damages; and (ii) none of the parties to this Agreement shall have received written notice from any governmental body of (A) such governmental body's intention to institute any action or proceeding to restrain or enjoin or nullify this Agreement or the Sale or the Assumption, or to commence any investigation (other than a routine letter of inquiry, including, without limitation, a routine Civil Investigative Demand) into the consummation of the Sale or the Assumption, or (B) the actual commencement of such an investigation, in each case which remains pending or open.

(c) FCC Authorization. The FCC Approval Date shall have occurred with respect to all Required FCC Consents, and the Required FCC Consents shall have become a Final Order.

(d) Hart-Scott-Rodino. Any applicable waiting period under the Hart-Scott-Rodino Act shall have expired or been terminated.

(e) Other Instruments. Each Seller Party shall have delivered, or shall stand ready to deliver, to Buyer such instruments, documents, and certificates as are contemplated by Section 2.3(a).

## ARTICLE IX

### REMEDIES

9.1 Bulk Sales Indemnity. Buyer and Mystic have jointly determined that there will be no attempt to comply with the notice provisions of any bulk sales law which may apply to the purchase and sale of the Station Assets pursuant to this Agreement. Buyer will indemnify and hold Mystic harmless from and against any and all damages, claims, losses, expenses, costs, obligations, and liabilities, including, without limiting the generality of the foregoing, liabilities for reasonable attorneys' fees and expenses, suffered directly or indirectly by Mystic by reason of or arising out of non-compliance with any such bulk sales law.

9.2 Acknowledgment by Buyer. Buyer has conducted, to its satisfaction, an independent investigation and verification of the financial condition, results of operations, assets, liabilities, properties and projected operations of the Station and the Station Assets. In determining to proceed with the transactions contemplated by this Agreement, Buyer has relied, and will rely, on the representations, warranties and covenants of each Seller Party set forth in this Agreement and the results of such independent investigation and verification. **NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN ANY OTHER PROVISIONS OF THIS AGREEMENT, IT IS THE EXPLICIT INTENT OF EACH PARTY HERETO THAT THE SELLER PARTIES ARE NOT MAKING ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, AT COMMON LAW, STATUTORY OR OTHERWISE IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY OTHER THAN AS EXPRESSLY SET FORTH IN THIS AGREEMENT. SUBJECT TO SUCH REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, BUYER TAKES THE STATION ASSETS "AS IS AND WHERE IS." WITHOUT LIMITING THE IMMEDIATELY PRECEDING TWO SENTENCES, THE SELLER PARTIES HEREBY EXPRESSLY DISCLAIM AND NEGATE (AND BUYER UNDERSTANDS, ACKNOWLEDGES AND AGREES WITH SUCH DISCLAIMERS AND NEGATION) ANY REPRESENTATION OR WARRANTY, EXPRESS, IMPLIED, AT COMMON LAW, STATUTORY OR OTHERWISE, RELATING TO (A) THE CONDITION OF THE REAL OR TANGIBLE PERSONAL PROPERTIES (INCLUDING ANY IMPLIED OR EXPRESS WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR OF CONFORMITY TO MODELS OR SAMPLES OR MATERIALS); (B) ANY INFRINGEMENT BY THE SELLER PARTIES OR ANY OF THEIR AFFILIATES OF**



**ANY PATENT, INTELLECTUAL PROPERTY OR PROPRIETARY RIGHT OF ANY THIRD PARTY; AND (3) THE ACCURACY, COMPLETENESS OR MATERIALITY OF ANY ESTIMATES, PROJECTIONS AND EVALUATIONS, INCLUDING, WITHOUT LIMITATION, THE PROJECTED, FUTURE OR HISTORICAL FINANCIAL CONDITION, RESULTS OR OPERATIONS, ASSETS OR LIABILITIES RELATING TO THE STATION.**

## **ARTICLE X**

### **TERMINATION; MISCELLANEOUS**

10.1 Termination of Agreement Prior to the Closing Date. This Agreement may be terminated by either Party, on the Expiration Date, unless renewed for an additional ten-year period by either party prior thereto. None of Buyer nor any Seller Party shall have any liability to any of the other of them for costs, expenses, damages (consequential or otherwise), loss of anticipated profits, or otherwise as a result of a termination pursuant to this Section 10.1. This Article X will survive the termination of this Agreement pursuant to this Section 10.1.

10.2 Remedies. In the event of a breach of any Seller Party's obligations under this Agreement, Buyer, in addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, will be entitled to specific performance of such Seller Party's obligations under this Agreement. The parties hereto agree that monetary damages would not be adequate compensation for any loss incurred by reason of a breach of any such obligations of any Seller Party.

10.3 Expenses. Except as otherwise expressly provided in this Agreement, each of Mystic, MBG and Buyer shall bear all of its expenses incurred in connection with the transactions contemplated by this Agreement, including, without limitation, accounting and legal fees incurred in connection herewith; provided, that, (a) Buyer will pay all filing fees associated with any filing contemplated by Section 6.2(a).

10.4 Assignments; Exercise in Part. This Agreement shall not be assigned by any Seller Party without the prior written consent of Buyer; provided, that Buyer may assign its rights under this Agreement to any successor to all or substantially all the assets and business of Pegasus in the Tallahassee, Florida-Thomasville, Georgia designated market area; provided, further, that after the Closing, each Seller Party may assign its rights pursuant to this Agreement to any other Person in connection with the dissolution, liquidation or winding up or administration of its affairs. Except as otherwise set forth herein, any attempt by any Seller Party to assign this Agreement without first obtaining the consent of Buyer shall be void. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may be assigned in whole or in part by Buyer without the prior written consent of any Seller Party to any Person, and Buyer will inform each Seller Party of any such assignment. Any assignee of Buyer will be deemed to be "Buyer" for purposes of this Agreement as to the rights assigned to such assignee.

10.5 Further Assurances. From time to time prior to, at, and after the Closing Date, each party hereto will execute all such instruments and take all such actions as another party

hereto, being advised by counsel, shall reasonably request in connection with carrying out and effectuating the intent and purpose hereof and all transactions and things contemplated by this Agreement, including, without limitation, the execution and delivery of any and all confirmatory and other instruments, in addition to those to be delivered on the Closing Date, and any and all actions which may reasonably be necessary to complete the transactions contemplated hereby.

10.6 Notices. All notices, demands, and other communications which may or are required to be given hereunder or with respect hereto shall be in writing, shall be delivered personally or sent by nationally recognized overnight delivery service, charges prepaid, or by registered or certified mail, return-receipt requested, and shall be deemed to have been given or made when personally delivered, the next business day after delivery to such overnight delivery service, three (3) days after deposited in the mail, first class postage prepaid, as the case may be, addressed as follows:

(a) If to any Seller Party:

Mystic Television Broadcast Group, Inc.  
701 Kersey Road  
Silver Spring, MD 20902  
Telephone: (301) 592-8255  
Fax: (301) 592-8819

with a copy (which will not constitute  
notice to any Seller Party) to:

Wolf, Block, Schorr & Solis-Choen, LLP  
250 Park Avenue  
Suite 1000  
New York, New York 10177  
Attention: Stuart A. Shoreinstein  
Telephone: (212) 883-4923  
Fax: (212) 986-0604

or to such other address and/or with such other copies as any Seller Party may from time to time designate by notice to Buyer given in accordance with this Section 10.6; and

(b) If to Buyer:

Pegasus Broadcast Television, Inc.  
225 City Line Avenue  
Suite 102  
Bala Cynwyd, PA 19004  
Attention: General Counsel  
Telephone: (610) 664-2631 ext. 105  
Fax: (610) 664-2873

with a copy (which will not constitute  
notice to Buyer) to:

Akin Gump Strauss Hauer & Feld LLP  
1333 New Hampshire Avenue, N.W.  
Washington, DC 20036  
Attention: Russell W. Parks, Jr.  
Telephone: (202) 887-4000  
Fax: (202) 887-4288

or to such other address and/or with such other copies as Buyer may from time to time designate by notice to Mystic given in accordance with this Section 10.6.

10.7 Captions. The captions of the Articles and Sections of this Agreement are for convenience only, and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

10.8 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, CONSTRUED, AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICT OF LAWS, EXCEPT TO THE EXTENT THAT THE FEDERAL LAW OF THE UNITED STATES GOVERNS THE TRANSACTIONS CONTEMPLATED HEREBY.

10.9 Waiver of Provisions. The terms, covenants, representations, warranties, and conditions of this Agreement may be waived only by a written instrument executed by the Person waiving compliance. The failure of any party hereto at any time or times to require performance of any provision of this Agreement shall in no manner affect such party's right at a later date to enforce the same provision or any other provision. No waiver by any party hereto of any condition or of the breach of any provision, term, covenant, representation, or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver by such party of any such condition or of the breach of any other provision, term, covenant, representation, or warranty of this Agreement.

10.10 Counterparts. This Agreement may be executed in two or more counterparts, and all counterparts so executed shall constitute one agreement binding on all of the parties hereto, notwithstanding that all the parties hereto are not signatory to the same counterpart.

10.11 Entire Agreement/Amendments. This Agreement (including the Schedules hereto) constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes any and all prior and contemporaneous agreements, understandings, negotiations, and discussions, whether oral or written, between them relating to the subject matter hereof. No amendment to any provision of this Agreement shall be binding unless executed in writing by the party to be bound thereby. The parties intend that this Agreement be in full compliance with all published rules, policies and orders of the FCC. If the FCC orders that the parties change any term of this Agreement, then the parties will attempt to do so, consistent with said FCC order and the overall intent of this Agreement.

10.12 Access to Books and Records.

(a) Buyer shall preserve for not less than seven (7) years after the Closing Date all books and records included in the Station Assets. After such seven-year period, Buyer will not destroy any books or records relating to the conduct of business of the Station prior to the Closing unless Buyer first offers to transfer such books and records to MBG, and if Buyer is requested to do so, Buyer will transfer such books or records to MBG.

(b) After the Closing, none of the Seller Parties will destroy any books or records relating to the conduct of business of the Station prior to the Closing Date unless MBG first offers to transfer such books and records to Buyer, and if MBG is requested to do so, MBG shall transfer such books or records to Buyer.

(c) At the request of any other party to this Agreement, Buyer, Mystic, and MBG will permit each other (including such other party's officers, employees, accountants, and counsel) any access, upon reasonable prior written notice during normal business hours, to all of its property, accounts, books, contracts, records, accounts payable and receivable, records of employees, FCC logs and other information concerning the affairs or operation of the Station as such other party to this Agreement may reasonably request for any reasonable purpose, and to make extracts or copies from the foregoing at the requesting party's expense.

10.13 Public Announcements. Prior to the Closing, no party to this Agreement shall, except by mutual agreement with all other parties to this Agreement (including agreement as to content, text and method or distribution or release), make any press release or other public announcement or disclosure concerning the transactions contemplated by this Agreement, except as may be required by any Legal Requirement; provided, that, prior to making any such announcement or disclosure required by any Legal Requirement, to the extent practicable, the disclosing Person gives each other party to this Agreement prior written notice of the text and content of, the method of distribution or release of, and all other material facts concerning, such disclosure. After the Closing, none of the Seller Parties will, except with Buyer's prior written consent (including agreement as to content, text and method or distribution or release), make any press release or other public announcement or disclosure concerning the transactions contemplated by this Agreement, except as may be required by any Legal Requirement; provided that, prior to making any such announcement or disclosure required by any Legal Requirement, to the extent practicable, Mystic or MBG (as the case may be) gives Buyer prior written notice of the text and content of, the method of distribution or release of, and all other material facts concerning, such disclosure.

#### 10.14 Definitional Provisions.

(a) Terms Defined in Appendix. Each capitalized term which is used and not otherwise defined in this Agreement or any Schedule to this Agreement has the meaning which is specified for such term in the Appendix which is attached to this Agreement.

(b) Gender and Number. Words used in this Agreement, regardless of the gender and number specifically used, will be deemed and construed to include any other gender, masculine, feminine or neuter, and any other number, singular or plural, as the context requires.

10.15 Consent to Jurisdiction. Each of the parties hereto hereby consents to the exclusive jurisdiction and venue of the courts of the State of New York located in the County of New York and the United States District Court for the Southern District of New York with respect to any matter relating to this Agreement and performance of the parties' obligations hereunder, the documents and instruments executed and delivered concurrently herewith or pursuant hereto and the performance of the parties' obligations thereunder, and each of the parties hereto hereby consents to the personal jurisdiction of such courts and shall subject itself to such personal jurisdiction. Any action, suit or proceeding relating to such matters shall be commenced, pursued, defended and resolved only in such courts and in any appropriate appellate court having jurisdiction to hear an appeal from any judgment entered in such courts. Service of process in any action, suit or proceeding relating to such matters may be made and served within or outside the State of New York, County of New York or the Southern District of New York by registered or certified mail to the parties and their representatives at their respective addresses specified in Section 10.6 hereof, provided that a reasonable time, not less than 30 days, is allowed for response. Service of process may also be made in such other manner as may be permissible under the applicable court rules.

*[signature page follows]*

**IN WITNESS WHEREOF**, the parties have caused this Agreement to be duly executed by their duly authorized officers, all as of the day and year first above written.

MYSTIC TELEVISION BROADCAST GROUP, INC.

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

MYSTIC TELEVISION OF TALLAHASSEE LLC

By: Mystic Television Broadcast Group, Inc.  
managing member

By: \_\_\_\_\_  
Name: Daniel J. Duman  
Title: President

PEGASUS BROADCAST TELEVISION, INC.

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

## **APPENDIX**

The following capitalized terms have the following meaning when used in this Agreement and the Schedules attached to this Agreement:

***“Advertising Representation Agreement”*** means that certain Advertising Representation Agreement executed between Mystic and Pegasus Broadcast Television, Inc. dated as of the date hereof.

***“Affiliate”*** (and, with a correlative meaning, ***“Affiliated”***) means, with respect to any Person, any other Person that directly, or through one or more intermediaries, controls or is controlled by or is under common control with such first Person, and, if such a Person is an individual, any member of the immediate family (including parents, spouse and children) of such individual and any trust whose principal beneficiary is such individual or one or more members of such immediate family and any Person who is controlled by any such member or trust. As used in this definition, ***“control”*** (including, with correlative meanings, ***“controlled by”*** and ***“under common control with”***) means possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise).

***“Agreement”*** has the meaning set forth in the Recitals to this Agreement.

***“Assumed Contracts”*** has the meaning set forth in Section 1.5(b).

***“Assumed Liabilities”*** has the meaning set forth in Section 1.5(b).

***“Assumption”*** has the meaning set forth in Section 2.2.

***“Business Day”*** means any day other than a Saturday, Sunday or other day upon which banks in Philadelphia are not open for business.

***“Buyer”*** has the meaning set forth in the Recitals to this Agreement.

***“Call Option”*** has the meaning set forth in Section 1.1(a).

***“Cash Flow”*** means the gross revenues received by Mystic from operations of the Station minus the aggregate amount of all amounts paid or payable by Mystic in respect of the reasonable operating and business expenses of the Station, including, but not limited to, expenditures for: (i) programming, (ii) salaries and benefits for Mystic’s officers and employees, (iii) utilities, insurance, rent, taxes, professional fees and FCC fees, (iv) equipment repairs, maintenance and replacements, (v) lease payments, (vi) payments accrued or unpaid under the Management Services Agreement, (vii) payments made to Mystic, as previously agreed with Buyer, and (viii) amounts paid or accrued during such period to Buyer or its affiliates under the Shared Services Agreement, the Advertising Representation Agreement and any other amounts paid or accrued during such period to Buyer or its Affiliates from Mystic or its Affiliates relating to the Station.

***“Cash Purchase Price”*** has the meaning set forth in Section 2.1(b).

**“Closing”** has the meaning set forth in Section 2.2.

**“Closing Date”** means the date on which the Closing occurs.

**“Communications Act”** means the Communications Act of 1934, as in effect from time to time, and any successor statute thereto.

**“Consent,”** with respect to any Contract, means any consent or approval of any Person other than any party to this Agreement that is required pursuant to the terms of such Contract prior to or in connection with the consummation of the Sale or the Assumption.

**“Contract”** means any agreement, lease, arrangement, commitment, or understanding to which any Seller Party, with respect to the Station, is a party.

**“Equity Securities”** of any Person means (i) any of such Person’s capital stock, partnership, membership, joint venture or other ownership or equity interest, participation or securities (whether voting or non-voting, whether preferred, common or otherwise, and including any stock appreciation, contingent interest or similar right) and (ii) any option, warrant, security or other right (including debt securities) directly or indirectly convertible into or exercisable or exchangeable for, or otherwise to acquire directly or indirectly, any stock, interest, participation or security described in clause (i) of this definition.

**“Excluded Assets”** has the meaning set forth in Section 1.3.

**“Exercise Notice”** has the meaning set forth in Section 1.4(a).

**“Exercise Price”** has the meaning set forth in Section 2.1(a).

**“Existing Station Indebtedness”** means (i) the principal of and interest on all Indebtedness of any Seller Party, arising out of or relating to the purchase or operation of the Station, whether now or hereafter existing or arising, due or to become due to, or held or to be held by, Buyer pursuant to that certain promissory note and security agreement dated as of the date hereof, as amended, supplemented and otherwise modified from time to time, including, without limitation, all permitted extensions, renewals, restatements, rearrangements and refundings thereof (the **“Existing Note”**), and any and all other amounts payable in connection therewith or in connection with the Existing Note, whether on account of fees, indemnities, costs, expenses or otherwise; and (ii) the principal of and interest on any Indebtedness, hereafter existing or arising under any permitted amendment, restatement, supplement, renewal, extension, rearrangement and substitution, in whole or in part, of any obligation described in the preceding clause (i) or this clause (ii).

**“Expiration Date”** has the meaning set forth in Section 1.1(a).

**“FCC”** has the meaning set forth in the Recitals to this Agreement.

**“FCC Approval Date”** means the first day upon which all of the Required FCC Consents required for the consummation of the Sale and Assumption are effective.



**“FCC Authorizations”** has the meaning set forth in Section 1.2(a).

**“Final Order”** means that an action taken by the FCC (including action duly taken by the FCC’s staff pursuant to delegated authority) which shall not have been reversed, stayed, enjoined, set aside, annulled or suspended, with respect to which no timely request for stay, petition for rehearing, appeal or certiorari or sua sponte action of the FCC with comparable effect shall be pending and as to which the time for filing any such petition, appeal, certiorari or for the taking of any such sua sponte action by the FCC shall have expired or otherwise terminated.

**“Hart-Scott-Rodino Act”** means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as in effect from time to time.

**“Indebtedness”** means, without duplication, (i) any indebtedness for borrowed money or issued in substitution for or exchange of indebtedness for borrowed money, (ii) any indebtedness evidenced by any note, bond, debenture or other debt security, (iii) any indebtedness for the deferred purchase price of property or services with respect to which a Person is liable, contingently or otherwise, as obligor or otherwise (other than trade payables and other current liabilities incurred in the ordinary course of business which are not more than six months past due), (iv) any commitment by which a Person assures a creditor against loss (including, without limitation, contingent reimbursement obligations with respect to letters of credit), (v) any indebtedness guaranteed in any manner by a Person (including, without limitation, guarantees in the form of an agreement to repurchase or reimburse), (vi) any obligations under capitalized leases with respect to which a Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or with respect to which obligations a Person assures a creditor against loss, (vii) any indebtedness secured by a Lien on a Person’s assets and (viii) any unsatisfied obligation for “withdrawal liability” to a “multiemployer plan” as such terms are defined under ERISA.

**“Legal Requirements”** means the Communications Act, the rules, regulations and published policies of the FCC, and all other federal, state and local laws, rules, regulations, ordinances, judgments, orders and decrees.

**“Lien”** means any mortgage, pledge, hypothecation, encumbrance, lien (statutory or otherwise), preference, priority or other security agreement of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any lease having substantially the same effect as any of the foregoing and any assignment or deposit arrangement in the nature of a security device).

**“Management Services Agreement”** means that certain agreement dated as of [\_\_\_\_\_] by and between Mystic and York Street Capital, LP.

**“MBG”** has the meaning set forth in the Recitals to this Agreement.

**“Mystic”** has the meaning set forth in the Recitals to this Agreement.

**“Option”** means the Put Option or the Call Option, or both, as the context requires.

**“Other Assumed Contracts”** has the meaning set forth in Section 1.2(f).

**“Person”** means any individual, partnership, joint venture, corporation, limited liability company, trust, unincorporated association or government or department thereof.

**“Proceeds”** has the meaning set forth in Section 1.2(c).

**“Program Contracts”** has the meaning set forth in Section 1.2(e).

**“Put Option”** has the meaning set forth in Section 1.1(b).

**“Realty Contracts”** has the meaning set forth in Section 1.2(c).

**“Recent Station Records”** has the meaning set forth in Section 1.2(j).

**“Required FCC Consent”** means any action or order by the FCC granting its consent to the consummation of a Sale pursuant to this Agreement without any condition which in the reasonable judgment of Buyer is adverse to Buyer, in any material respect.

**“Sale”** has the meaning set forth in Section 1.2.

**“Seller Parties”** has the meaning set forth in the Recitals to this Agreement.

**“Shared Services Agreement”** means that certain Shared Services Agreement executed between Pegasus Broadcast Television, Inc. and Mystic dated as of the date hereof.

**“Station”** has the meaning set forth in the Recitals to this Agreement.

**“Station Assets”** has the meaning set forth in Section 1.2.

**“Time Sales Contracts”** has the meaning set forth in Section 1.2(d).

**“Transaction Documents”** means this Agreement and all other documents executed and delivered in connection herewith, in each case as in effect from time to time.

## **Schedule 2.1**

### **Cash Purchase Price**

The “*Cash Purchase Price*” will be an amount equal to the greater of:

- (a) six (6) times the Cash Flow (as defined in this Agreement) of the Station during the twelve most recent full months prior to the date on which the relevant Exercise Notice was delivered, unless there have not been twelve full months of operations since the date of this Agreement, in which case an annualized twelve month period shall be utilized based on the average monthly Cash Flow during the full months that have been completed since the date of this Agreement; or
- (b) the aggregate amount of the Existing Station Indebtedness.