

PAPPAS TELECASTING COMPANIES

September 25, 2003

Ms. Caroline K. Powley
9279 Dutch Hill Road
West Valley, NY 14171

Re: Letter Agreement for the Purchase of Construction Permit for Commercial Television
Broadcast Station to operate on DTV Ch. 56, Des Moines, Iowa

Dear Ms. Powley:

This agreement ("Agreement") contains the terms and conditions upon which Pappas Telecasting Companies, a Nevada corporation, or its assignee, (the "Buyer") agrees to acquire the outstanding construction permit and any existing assets used or useful in the operation of a commercial television broadcast station to operate on DTV Ch. 56 at Des Moines, Iowa (the "Station") from Caroline K. Powley (the "Seller"), pursuant to the terms and conditions stated herein.

1. **Definitions:**

"Acquired Assets" means all right, title, and interest in and to any and all of the assets held by Seller, other than Retained Assets, that are used or useful in the construction, business or proposed operation of the Station, *including* (a) Tangible Personal Property; (b) Intellectual Property; (c) Assumed Contracts; (d) claims, deposits, prepayments, refunds, causes of action, chose in action, rights of recovery (including rights under policies of insurance), rights of set off, and rights of recoupment of Seller relating to Seller's ownership of the Station; (e) Authorizations; and (f) any related engineering documentation, FCC logs and records and all other books, records, documents, and other printed or written materials of Seller relating to Seller's right to the Construction Permit or other intangible assets of Seller relating to the Station.

"Assignment Application" has the meaning set forth in Section 2(k).

"Assumed Contracts" means the contracts to which Seller is a party and are used or useful in the business and operations of the Station and which are listed in Section 3(h) of the Disclosure Schedule.

"Assumed Liabilities" means obligations of Seller under the Assumed Contracts which accrue and relate to the period of time after the Closing Date and any other Liabilities of Seller which are expressly assumed by Buyer in writing.

"Authorizations" means the Construction Permit and all other governmental consents (including approval of the Settlement Agreement), licenses, franchises, approvals, certificates, authorizations and rights of Seller with respect to the construction, business or operations of the Station and all applications therefore, together with any renewals, extensions or modifications thereof and additions thereto.

“Buyer” has the meaning set forth in the preface, above.

“Closing” has the meaning set forth in Section 2(e).

“Closing Date” has the meaning set forth in Section 2(e).

“Construction Permit” means the construction permit for a new commercial television station DTV Channel 56 at Des Moines, Iowa and including any modifications, extensions, or renewals thereof, and any waivers or special temporary authorizations, issued by the FCC to Seller in connection with the Station.

“Disclosure Schedule” means the Disclosure Schedule prepared by Seller and attached to this Agreement.

“FCC” means the Federal Communications Commission.

“FCC Consent” means the FCC’s consent to the assignment of the Construction Permit from Seller to Buyer as contemplated by the Assignment Application.

“Final Order” means an action by the FCC as to which: (a) no request for stay by the FCC is pending, no such stay is in effect, and any deadline for filing a request for any such stay has passed; (b) no appeal, petition for rehearing or reconsideration, or application for review is pending before the FCC and the deadline for filing any such appeal, petition or application has passed; (c) the FCC has not initiated reconsideration or review on its own motion and the time in which such reconsideration or review is permitted has passed; and (d) no appeal to a court, or request for stay by a court, of the FCC’s action is pending or in effect, and the deadline for filing any such appeal or request has passed.

“Indemnified Party” has the meaning set forth in Section 9(c).

“Indemnifying Party” has the meaning set forth in Section 9(c).

“Initial Payment” has the meaning set forth in Section 2(b).

“Intellectual Property” means any (a) patents, trademarks, service marks, call letters, logos, and corporate names and registrations and applications for registration thereof, (b) any programs, programming materials, copyrights and registrations and applications for registration thereof, (c) computer software, data, and documentation, (d) trade secrets and confidential business information, and (e) other similar intellectual property rights held by Seller or under which Seller is licensed that are used in the business or operation of the Station and which are listed in Section 3(g) of the Disclosure Schedule, and the goodwill of the Station, if any.

“JSA” has the meaning set forth in Section 6(d).

“Knowledge” means actual knowledge after reasonable investigation.

“Liability” means any obligation or liability (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated, and whether due or to become due), including any liability for taxes.

“Party” means a party to this Agreement.

“Retained Assets” means (a) any of the rights of Seller under this Agreement; (b) accounts, notes and other receivables of Seller; (c) cash and cash equivalents.

“**Seller**” has the meaning set forth in the preface, above.

“**Settlement Agreement**” has the meaning set forth in Section 7(b).

“**Station**” means new commercial television broadcast station to operate on DTV Channel 56 at Des Moines, Iowa.

“**Tangible Personal Property**” means the tangible assets, equipment, furniture and machinery owned or leased by Seller and used in the business and operation of the Station and which are listed in Section 3(j) of the Disclosure Schedule.

“**TBA**” has the meaning set forth in Section 6(d).

2. Purchase and Sale of Assets

(a) **Asset Sale.** On and subject to the terms and conditions of this Agreement, Seller agrees to sell, transfer, convey and deliver to Buyer all of the Acquired Assets. Such sale shall take place at the Closing for the consideration specified below in this Section 2.

(b) **Purchase Price.** The total purchase price for the Acquired Assets (the “Purchase Price”) will be One Million Dollars (\$1,000,000.00) and shall be payable by Buyer to Seller in immediately available funds delivered by wire transfer to an account specified by Seller as follows: (i) Six Hundred Thousand Dollars (\$600,000.00) shall be paid within five (5) business days of the date on which the FCC grant of the DTV Channel 56 construction permit to Seller becomes a Final Order (“Initial Payment”); and (ii) the remaining balance shall be paid at the Closing.

(c) **Assumption of Liabilities and Obligations.** Buyer shall not assume or otherwise be responsible for, and Seller shall retain and discharge when due, any and all liabilities and obligations of Seller, whether relating to the Acquired Assets or otherwise.

(d) **Allocation.** Within 30 days after the Closing Date, Seller and Buyer shall negotiate in good faith an allocation of the Purchase Price among the Acquired Assets that complies with Section 1060 of the Internal Revenue Code.

(e) **Closing.** The closing of the transactions contemplated by this Agreement (the “Closing”) shall take place at the offices of Fletcher Heald & Hildreth, PLC, 1300 N. 17th Street, Arlington, VA 22209, counsel to Buyer, commencing at 9:00 a.m. local time on a date agreed upon by the Parties, which date shall be within 10 business days after the FCC Consent has become a Final Order, unless Buyer determines to close on an earlier date following the FCC Consent, subject to satisfaction of all other conditions to the obligations of the Parties to consummate the transactions contemplated hereby, or on such other date as the Parties may mutually determine (the “Closing Date”).

(f) **Prorations.** In the event the Parties enter in to a TBA, any and all real estate, personal property and employment taxes for any Seller employees employed at the Station, deposits (including lease deposits), utility charges, rights and obligations under the Assumed Contracts, payments and expenses under the TBA, and income and operating expenses of the Station shall be prorated between Buyer and Seller as of the effective date of the TBA. Insofar as feasible, prorations under this paragraph shall be determined and paid on the Closing Date, with a final accounting of prorated items, and the sum due from one party to another pursuant to this proration paid, within sixty (60) days after the Closing Date. All amounts payable by either Party under the TBA will be paid as part of the prorations provided for in this Section 2(f), which will be

a final and binding settlement with respect to such amounts, and neither Party shall have liability with respect to amounts to be paid under the TBA thereafter.

(g) Deliveries at the Closing. At the Closing, (i) Seller will deliver to Buyer the various certificates, instruments, and documents referred to in Section 7; (ii) Buyer will deliver to Seller the various certificates, instruments, and documents referred to in Section 8; (iii) Seller will execute and deliver to Buyer (A) assignments (including Assumed Contract assignments and Intellectual Property transfer documents) and bills of sale in form and substance reasonably acceptable to Buyer, and (B) such other instruments of sale, transfer, conveyance, and assignment as Buyer and its counsel reasonably may request; (iv) Buyer will execute and deliver to Seller instruments of assumption in form and substance reasonably acceptable to Seller; and (v) Buyer will deliver to Seller the Purchase Price in accordance with Section 2(b).

(h) Assignment Application. Seller and Buyer will jointly file with the FCC an application for assignment of the Construction Permit from Seller to Buyer (the "Assignment Application") ten (10) days after the execution of this agreement (the "Filing Date"); provided, however, that (i) if the grant of the Construction Permit is not yet a Final Order, then the parties shall delay filing the Assignment Application until two (2) business days after the date on which the grant becomes a Final Order; or (ii) unless the Buyer assigns its rights hereunder and under the Construction Agreement to a party which may purchase the Construction Permit under the existing rules of the FCC, if the rules regarding local television multiple ownership adopted by the FCC on June 2, 2003 are not in effect on the Filing Date, Buyer may postpone the filing of the Assignment Application until such later date as it may elect, but not later than two (2) business days after such rules become effective. The FCC filing fees in connection with the Assignment Application shall be divided equally between the Parties. Each party shall pay its own attorneys' fees in connection with the preparation of such Party's portion of the Assignment Application. Seller and Buyer shall thereafter prosecute the Assignment Application with all reasonable diligence and otherwise use commercially reasonable efforts to obtain the grant of the Assignment Application as expeditiously as practicable, but neither Seller nor Buyer shall have any obligation to satisfy complainants or the FCC by taking any steps which would have a material adverse effect upon such party, or any affiliate thereof. If the FCC imposes any condition on either party to the Assignment Application, such party shall use commercially reasonable efforts to comply with such condition, provided that neither party shall be required hereunder to comply with any condition that would have a material adverse effect upon such party (or any affiliate thereof) or the Station. Seller and Buyer shall jointly oppose any petition to deny, or requests for reconsideration or judicial review of the FCC Consent and shall jointly request from the FCC extension of the effective period of the FCC Consent if the Closing shall not have occurred prior to the expiration of the original effective period of the FCC Consent. Seller shall co-operate with Buyer and support Buyer in filing any amendments to the Assignment Application which Buyer deems necessary or desirable to accomplish the transactions contemplated by this Agreement. Without limiting the foregoing, Seller agrees that Buyer shall not be required to divest its interest in any other television station in order to obtain the grant by the FCC of the Assignment Application.

3. Representations and Warranties of Seller. Except as otherwise disclosed on the Disclosure Schedule, Seller hereby represents and warrants to Buyer as follows:

(a) Authority to Enter Agreement; Binding Nature of Agreement. Seller is an individual resident in the State of Florida. Seller has all necessary power and authority to execute and deliver this Agreement and the other documents to be executed and delivered by her in connection herewith and to consummate the transactions contemplated hereby and thereby. Seller's execution, delivery and performance of this Agreement and the documents to be executed in connection with the consummation hereof, assuming the due execution and delivery thereof by Buyer, constitute or will constitute the valid and binding obligations of Seller, enforceable against

her in accordance with their respective terms, except as may be limited by laws affecting creditors' rights or equitable principles generally.

(b) No Conflict or Default. The execution and delivery of this Agreement and the consummation of this transaction do not conflict with or result in a breach of any of the terms, provisions or conditions of any statute, regulation or court or administrative order or process, or any agreement or instrument to which Seller is a party, or by which Seller or the Assets are bound or which would constitute a default thereunder, including but not limited to the Settlement Agreement.

(c) Governmental Authorization. The execution and delivery of this Agreement by Seller does not require the consent of any governmental entity or third party which has not been obtained, will not conflict with or violate the provisions of any applicable law or any judgment, order or ruling of any governmental authority having jurisdiction over Seller, will not, directly or indirectly, conflict with or constitute a breach or default under any agreement, license or permit to which Seller is a party or is subject, and will not result in the creation of any lien or encumbrance on the Acquired Assets. The Parties acknowledge that the Closing shall be conditioned upon the grant of the FCC Consent.

(d) Authorizations. Seller duly and validly holds the Authorizations, including the Construction Permit and the Authorization is in full force and effect and, except as stated on the face of the Authorization, is not subject to any restrictions or conditions limiting or restricting the operation of the Station. Except as disclosed on Section 3(c) of the Disclosure Schedule, there are no pending nor, to the Knowledge of Seller, threatened, proceedings which could result in the revocation, modification or nonrenewal of any of the Authorizations and, assuming timely construction in accordance with the Construction Permit, Seller has no reason to believe that any FCC license to cover will not be granted or renewed in its ordinary course. To the Knowledge of Seller, there are no facts which would disqualify Seller as the assignor of any Authorizations. Section 3(c) of the Disclosure Schedule contains a true and complete list of all of the Authorizations.

(e) Compliance with Laws. Seller is in material compliance with all laws, regulations, rules and governmental orders applicable to the Station and the Acquired Assets.

(f) Litigation. Seller is not subject to any judgment, injunction, order or arbitration decision relating to the Acquired Assets or the operation of the Station and there is no litigation or administrative proceeding pending or, to Seller's Knowledge, threatened, against Seller or relating to the Acquired Assets which would reasonably be expected to adversely affect the Acquired Assets or Seller's ability to perform its obligations hereunder.

(g) Title to Acquired Assets. Seller has good and marketable title to the Acquired Assets, free and clear of all liens and encumbrances, except for liens for taxes not yet due and payable.

(h) Rights to Intellectual Property. All Intellectual Property is licensed to or owned by Seller and Seller's rights thereto shall be assignable to Buyer on the Closing Date. Seller's rights pertaining to such Intellectual Property are valid and uncontested and Seller has received no notice of infringements or unlawful use of such Intellectual Property. Section 3(g) of the Disclosure Schedule contains a list of all Intellectual Property.

(i) Contracts. Section 3(h) of the Disclosure Schedule lists all of the Assumed Contracts. Each of the Assumed Contracts is listed in Section 3(h) of the Disclosure Schedule, is

in full force and effect, and neither Seller nor, to Seller's Knowledge any other party thereto, is in material default or breach thereunder.

(j) **Brokers**. There is no broker, finder or other intermediary authorized to act on behalf of Seller who may be entitled to any commission or other fee from Buyer upon consummation of the transactions contemplated by the Agreement.

(k) **Tangible Personal Property**. The Tangible Personal Property is listed on Section 3(j) of the Disclosure Schedule.

(l) **Taxes**. Seller has filed any and all federal, state, county and local income, excise, property, sales, use, franchise and other tax returns required to have been filed by hereunder applicable law, and has paid all taxes which have become due and payable by her pursuant to such returns, or to any assessments, or otherwise.

4. **Representations and Warranties of Buyer**. Buyer represents and warrants to Seller as follows:

(a) **Existence and Power**. Buyer is a corporation duly formed, validly existing and in good standing under the laws of Nevada and has all necessary power and authority to execute and deliver this Agreement and the documents to be executed and delivered by it in connection herewith and to consummate the transactions contemplated hereby and thereby.

(b) **Authorization**. Buyer's execution, delivery and performance of this Agreement and the documents to be executed in connection with the consummation hereof have been or will be duly and validly authorized by all necessary action on its part and, assuming the due execution and delivery by Seller, constitute or will constitute the valid and binding obligations of Buyer, enforceable against it in accordance with their respective terms, except as limited by laws affecting creditors' rights or equitable principles generally.

(c) **Governmental Authorization**. The execution and delivery of this Agreement by Buyer does not require the consent of any governmental entity or third party which has not been obtained, will not conflict with or violate the provisions of Buyer's operating agreement or any applicable law or any judgment, order or ruling of any governmental authority having jurisdiction over Buyer, and will not, directly or indirectly, conflict with or constitute a breach or default under any agreement, license or permit to which Buyer is party or is subject. The Parties acknowledge that the Closing shall be conditioned upon grant of the FCC Consent.

(d) **Brokers**. There is no broker, finder or other intermediary authorized to act on behalf of Buyers who may be entitled to any commission or other fee from Seller upon consummation of the transactions contemplated by this Agreement.

(e) **FCC Qualification**. Following effectiveness of the rules adopted by the FCC on June 2, 2003, with respect to local television multiple ownership, Buyer will be qualified under the Communications Act of 1934, as amended, and the rules of the FCC to hold the Construction Permit.

5. **Covenants of Seller**. Seller hereby makes the following covenants to Buyer:

(a) **Accuracy of Representations and Warranties**. Seller shall not take any action which would cause any representation or warranty contained herein to become false, inaccurate, misleading or invalid in any material respect, and Seller shall promptly notify Buyer of any material change in any representation or warranty contained herein. The Parties agree that such notice shall not serve to operate to cure any breach of such representation or warranty.

(b) **Full Access and Consultation.** From the date hereof until the Closing, Seller will permit representatives of Buyer to have full access at all reasonable times to all premises, properties, books, records, contracts, and documents of or pertaining to Seller in connection with the Construction Permit and any applications and engineering pertaining to the Station.

6. **Covenants of Buyer and Seller.** Each Party hereby makes the following covenants to the other Party:

(a) **Confidentiality.** Each Party shall keep confidential all information not otherwise available to the public obtained by it with respect to the other Party in connection with this Agreement and the transactions contemplated hereby, and will use such information solely in connection with the transactions contemplated hereunder and shall promptly return all such information to the other Party if such transactions are not consummated for any reason; provided, however, that a Party may disclose such confidential information to its representatives if such representatives agree to similarly maintain the confidentiality of such information, and provided further, that a Party may disclose such confidential information to the extent required by law.

(b) **Cooperation.** Buyer and Seller agree to use their commercially reasonable efforts to cooperate with one another in taking any actions necessary or helpful to accomplish the consummation of the transactions contemplated hereby, including actions to obtain required consents from the FCC or any third party, provided, however, that no Party shall be required to take any action which would have a material adverse effect upon it or its affiliates.

(c) **Bulk Sales.** Buyer and Seller agree to waive compliance with all "bulk sales" or similar laws that may be applicable to the transactions contemplated hereunder.

(d) **TBA or JSA.** Buyer and Seller agree that, if the Station is constructed pursuant to the Construction Permit, as provided in that certain Construction Agreement entered in to between the parties on like date herewith or as soon as practical hereafter, prior to the Closing of this Agreement, they will enter into either a Time Brokerage Agreement ("TBA") if permitted by then existing FCC rules and regulations, or a Joint Sales Agreement ("JSA") on commercially reasonable and customary terms. Pursuant to any TBA between the parties, Seller will allow Buyer to provide programming to be aired on the Station in return for payment of Seller's expenses of the Station. Pursuant to any JSA entered in to between the parties as provided above, Seller will allow Buyer to sell all of the time of Station as a standalone or in combination with any of Buyer's other stations. Under any TBA or JSA, in addition to expense reimbursement as expressly set forth in such agreement, the base consideration due from Buyer to Seller would be \$50,000.00 per year in years one and two, \$75,000.00 in year three and \$100,000.00 per year thereafter.

7. **Conditions to Buyer's Obligations.** The Parties agree that Buyer's obligations hereunder are specifically conditioned upon the prior occurrence, or waiver by Buyer in its sole discretion, of the following:

(a) **FCC Consent.** The FCC Consent shall have been granted and be in full force and effect on the Closing Date (Buyer may not waive this condition), and shall have become a Final Order.

(b) **Final FCC Approval of Settlement Agreement and Compliance.** The Amended and Restated Settlement Agreement dated May 2, 2003 by and between Seller and each of the other parties/applicants for the Station ("Settlement Agreement") shall have been approved by the FCC pursuant to a Final Order and Seller shall have complied with all terms of that certain Settlement Agreement.

(c) **Opinion of Seller's Counsel.** Buyer shall have received a written opinion of Seller's counsel as to matters under the Communications Act of 1934, as amended, and the rules and regulations of the FCC thereunder, dated as of the Closing Date, in form and substance reasonably acceptable to Buyer.

(d) **Instruments of Conveyance.** Buyer shall have received all instruments of conveyance and transfer and other documents to affect the sale, transfer and conveyance of the Acquired Assets to Buyer, and such instruments shall be reasonably satisfactory in form and substance to Buyer.

(e) **Consents to Assignment.** Buyer shall have received consents to the assignment of each Assumed Contract requiring such a consent, and each such consent shall be satisfactory in form and substance to Buyer.

(f) **No Litigation.** No litigation or administrative proceeding or investigation (whether formal or informal) shall be pending or threatened against any Party pertaining to this Agreement, the Settlement Agreement, the Construction Permit or the Station, and no law, judgment or order shall be in effect, the results or existence of which, in any such case, could materially impair the Acquired Assets or the consummation of the transactions contemplated hereunder.

(g) **Accuracy of Representations and Warranties and Performance of Covenants.** The representations and warranties made by Seller hereunder shall have been true, complete and accurate, in all material reports, when made and shall be true, complete and accurate, in all material reports, as of the Closing Date, and Seller shall have performed and complied with, in all material respects, all covenants and agreements contained in this Agreement and to be performed or complied with by Seller prior to the Closing.

(h) **Compliance Certificate.** Buyers shall have received a certificate, signed on behalf of Seller, as to the matters set forth in Section 7(f) and 7(g).

8. **Conditions to Seller's Obligations.** The Parties agree that Seller's obligations hereunder are specifically conditioned upon the prior occurrence, or waiver by Seller in its sole discretion, of the following:

(a) **Accuracy of Representations and Warranties and Performance of Covenants.** The representations and warranties made by Buyer hereunder shall have been true, complete and accurate, in all material respects, when made and shall be true, complete and accurate, in all material respects, as of the Closing Date, and Buyer shall have performed and complied with, in all material respects, all covenants and agreements contained in this Agreement and to be performed or complied with by Buyer prior to the Closing.

(b) **FCC Consent.** The FCC Consent shall have been granted (Seller may not waive this condition), have become a Final Order (unless waived by Buyer), and be in full force and effect on the Closing Date.

(c) **Compliance Certificate.** Seller shall have received a certificate, signed on behalf of Buyers, as to the matters set forth in Section 8(a).

(d) **Instruments of Assumption.** Seller shall have received all instruments of assumption to effect the assumption by Buyer of the Assumed Liabilities, and such instruments shall be reasonably satisfactory in form and substance to Seller.

(e) **No Litigation.** No litigation or administrative proceeding or investigation (whether formal or informal) shall be pending or threatened against Party pertaining to this Agreement, the Settlement Agreement, the Construction Permit or the Station, and no law, judgment or order shall be in effect, the results or existence of which, in any such case, could materially impair the consummation of the transaction contemplated hereunder.

9. Remedies for Breach.

(a) **Survival.** All of the representations and warranties contained in this Agreement shall survive the Closing and continue in full force and effect for a period of one (1) year following Closing.

(b) Indemnification.

(i) Seller hereby indemnifies Buyer and its affiliates against, and agrees to hold each of them harmless from, any and all Liability (including, reasonable attorneys' fees and expenses) incurred or suffered by Buyer or any of its affiliates arising out of any misrepresentation or breach of warranty, covenant or agreement made or to be performed by Seller pursuant to this Agreement.

(ii) Buyer hereby indemnifies Seller and its affiliates against, and agrees to hold each of them harmless from, any and all Liability (including reasonable attorneys' fees and expenses) incurred or suffered by Seller or any of its affiliates arising out of any misrepresentation or breach of warranty, covenant or agreement made or to be performed by Buyer pursuant to this Agreement, or the failure of Buyer to perform any Assumed Liabilities.

(c) **Procedures.** The party seeking indemnification under Section 9(b) (the "Indemnified Party") agrees to give prompt notice to the party against whom indemnity is sought (the "Indemnifying Party") of the assertion of any claim, or the commencement of any suit, action or proceeding in respect of which indemnity may be sought under such Section. The Indemnifying Party may, and at the request of the Indemnified Party shall, participate in and control the defense. The Indemnifying Party shall not be liable under Section 9(b) for any settlement effected without its consent of any claim, litigation or proceeding in respect of which indemnity may be sought hereunder.

(d) **Limitations on Indemnification.** No party shall be entitled to indemnification hereunder unless and until the amount for which indemnification is owned exceeds Twenty-Five Thousand Dollars (\$25,000.00) in the aggregate for all such matters in the Indemnifying Party shall be liable to the Indemnified Party for only that amount in excess of Twenty-Five Thousand Dollars (\$25,000.00), provided that no party shall be entitled to indemnification hereunder for any amount in excess of Three Hundred Thousand Dollars (\$300,000.00) for all such matters.

(e) **Specific Performance.** Seller acknowledges and agrees that Buyer would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are materially breached. Accordingly, Seller agrees that Buyer shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the Parties and the matter, in addition to any other remedy to which it may be entitled, at law or in equity. Each Party acknowledges and agrees that money damages would not be an adequate remedy for Buyer for a material breach of any provision of this Agreement.

10. Termination.

(a) Termination of Agreement. The Parties may terminate this Agreement, as provided below:

(i) Buyer and Seller may terminate this Agreement by mutual written consent at any time prior to the Closing; or

(ii) either Party may terminate this Agreement by giving written notice to the other Party at any time prior to the Closing in the event such other Party is in material breach of any representation, warranty, or covenant contained in this Agreement; provided, however, that if such breach is capable of being cured and upon notice of such breach, such breach also remains uncured for sixty (60) days after notice of breach is received by the breaching Party; or

(iii) Buyer or Seller may terminate this Agreement if the Assignment Application has not been granted by the FCC within eighteen (18) months of the date of the FCC public notice of the acceptance of the Assignment Application, provided that a Party then in breach or default of its representations, warranties, or covenants contained in this Agreement shall not be entitled to terminate this Agreement pursuant to this Section 10(a)(iii).

(b) Effect of Termination. (i) If either Party terminates this Agreement pursuant to Section 10(a)(i) above, all obligations of the Parties hereunder shall terminate without any Liability of either Party to the other Party hereunder (except that the initial Six Hundred Thousand Dollar (\$600,000.00) payment by Buyer toward the Purchase Price shall be returned to Buyer); (ii) If Buyer terminates this Agreement pursuant to Section 10(a)(ii) or (iii) above due to a breach of Seller or due to delay in grant of the Assignment Application caused by questions, inquiries or defects in Seller's qualifications to assign the Construction Permit, then Seller shall return to Buyer the Six Hundred Thousand Dollar (\$600,000.00) initial payment by Buyer toward the Purchase Price, and neither Party shall have any further Liability to the other Party hereunder; (iii) If Seller terminates this Agreement pursuant to Section 10(a)(ii) or (iii) above due to a breach of Buyer or due to delay in grant of the Assignment Application caused by questions, inquiries or defects in Buyer's qualifications to acquire the Construction Permit and become the permittee or licensee (unless such defect arises from the local television multiple ownership rules), then Seller shall return to Buyer Four Hundred Thousand Dollars (\$400,000.00) of the Six Hundred Thousand Dollar (\$600,000.00) initial payment paid by Buyer pursuant to Section 2(b), and shall be entitled to retain Two Hundred Thousand Dollars (\$200,000.00) of the Initial Payment, which shall serve as liquidated damages to Seller, and neither Party shall have any further Liability to the other Party hereunder.

11. Miscellaneous.

(a) Notices. All notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be (i) in writing, (ii) delivered by personal delivery or sent by commercial delivery service or certified mail, return receipt requested, (iii) deemed to have been given on the date of personal delivery, the date set forth in the records of the delivery service or on the return receipt, and (iv) addressed as follows:

If to Seller, to:

Caroline K. Powley
9279 Dutch Hill Road
West Valley, NY 14171
Telecopy: 850-939-9495

With a copy to:

Fletcher Heald & Hildreth, PLC
1300 N. 17th Street, Suite 1100
Arlington, VA 22209
Telecopy: (703) 812-0486
Vincent J. Curtis, Jr., Esq.

If to Buyer, to:

Pappas Telecasting Companies
500 S. Chinowth Road
Visalia, CA 93277
Telecopy: (559) 733-7878
Attn: Harry J. Pappas

With a copy to:

Fletcher Heald & Hildreth, PLC
1300 N. 17th Street, Suite 1100
Arlington, VA 22209
Telecopy: (703) 812-0486
Attn: Kathleen Victory, Esq.

(b) Amendments, No Waivers. Any provision of this Agreement may be amended or waived prior to the Closing Date if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Buyer and Seller, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by either party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any other rights or remedies provided by law.

(c) Expenses. Except as otherwise provided herein, each Party shall be responsible for all costs and expenses incurred in connection with the preparation and consummation of this Agreement and the transactions contemplated hereby.

(d) Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and assigns, provided, however, that neither Party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, it is agreed and acknowledged that Buyer may, without the prior consent of Seller, transfer the whole or part of its rights and obligations hereunder to an entity that is legally, financially and otherwise qualified to

be an FCC licensee. In the event of an assignment by Buyer of its rights and obligations hereunder to a third party, Seller shall co-operate with Buyer and join in the filing of an amendment to the Assignment Application or, if required, a new Assignment Application, requesting the FCC's consent to the assignment of the FCC Licenses to such assignee.

(e) **Dispute Resolution.** If a dispute arises out of or relates to this Agreement or breach thereof, and the parties are unable to resolve the dispute through negotiation, the parties agree to submit the dispute to a sole independent, disinterested, arbitrator in Washington, D.C. selected by the parties within thirty (30) days after either party delivers in writing to the other party a notice of intent to seek arbitration. The arbitrator need not be a professional arbitrator, and persons such as lawyers shall be acceptable. (In the absence of agreement on such selection, a request shall be submitted to the American Arbitration Association for appointment of an arbitrator.) Before undertaking to resolve a dispute, the arbitrator shall be duly sworn faithfully and fairly to hear and examine the matters in controversy and to make a just award according to the best of his or her understanding. The arbitration hearing shall be conducted in Washington, D.C., in accordance with the commercial arbitration rules of the American Arbitration Association. The written decision of the arbitrator shall be final and binding on the parties to this Agreement. Such decision may be entered as a judgment in any court of competent jurisdiction. Each party will bear its own attorneys' fees associated with the arbitration and will pay all other costs and expenses of the mediation and arbitration as the rules of the AAA provide.

(f) **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of California, without regard to the conflicts of law rules of such state.

(g) **Counterparts.** This Agreement may be signed in any number of counterpart signatures, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received the counterpart signatures of the other parties hereto. This Agreement may be executed and exchanged by facsimile transmission, with the same legal effect as if the signatures had appeared in original handwriting on the same physical document.

(h) **Entire Agreement.** This Agreement and the documents contemplated hereby constitute the entire agreement among the Parties hereto with respect to the subject matter hereof and supersede all prior agreements, understandings and negotiations, both written and oral, between the Parties with respect to the subject matter hereof. No representation, inducement, promise, understanding, condition or warranty not set forth herein has been made or relied upon by either party, other than as disclosed herein. Neither this Agreement nor any provision hereof is intended to confer upon any person or entity other than the Parties hereto any rights or remedies hereunder.

(i) **Time of the Essence.** Time is deemed to be of the essence with respect to this Agreement and the performance of each and every provision hereof.

(j) **Captions.** The captions used herein are included for the sake of convenience of reference only and shall be ignored in the construction or interpretation hereof.

(k) **Severability.** Buyer and Seller agree that if one or more provisions contained in this Agreement shall be deemed to be invalid, illegal or unenforceable in any respect under any applicable law, this Agreement shall be construed with the invalid, illegal or unenforceable provision deleted, and the validity, legality and enforceability of the remaining provisions contained herein shall not be affected or impaired thereby.

(l) **Further Actions**. After the Closing Date, Seller shall execute and deliver such other certificates, agreements, conveyances and other documents, and take such other action as may be reasonably requested by Buyer in order to transfer and assign to, and vest in, Buyer the Acquired Assets conveyed hereunder.

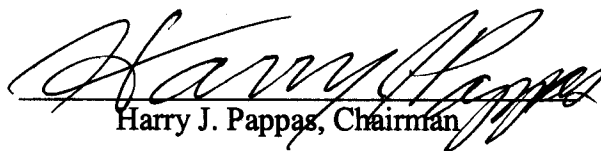
(m) **Disclosure Schedule**. The Disclosure Schedule is divided into sections which correspond to specific sections of this Agreement. Any matter disclosed in a section of the Disclosure Schedule shall be deemed to affect only the section of this Agreement to which it relates.

[Remainder of page intentionally left blank]

Kindly sign where indicated below to indicate your acceptance of this Agreement with the terms set forth above.

Sincerely,

PAPPAS TELECASTING COMPANIES


Harry J. Pappas, Chairman

Accepted and agreed to this ___ day of September 2003.

CAROLINE K. POWLEY

Date: _____

I, William M. Smith, certify that, as of the date set forth below, I am legally married to Caroline K. Powley. I hereby acknowledge that the Station is held solely in the name of Caroline K. Powley. Nonetheless, to the extent required or necessary under local, state or federal law, I hereby agree to and consent to the terms of the foregoing Agreement.

WILLIAM M. SMITH

Date: _____

Kindly sign where indicated below to indicate your acceptance of this Agreement with the terms set forth above.

Sincerely,

PAPPAS TELECASTING COMPANIES

Harry J. Pappas, Chairman

Accepted and agreed to this __ day of September 2003.

CAROLINE K. POWLEY

Caroline K. Powley
Date: 9/29/03

I, William M. Smith, certify that, as of the date set forth below, I am legally married to Caroline K. Powley. I hereby acknowledge that the Station is held solely in the name of Caroline K. Powley. Nonetheless, to the extent required or necessary under local, state or federal law, I hereby agree to and consent to the terms of the foregoing Agreement.

WILLIAM M. SMITH

William M. Smith
Date: 9/29/2003