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**[WPME]**

**ASSET PURCHASE AGREEMENT**

**Dated as of June 15, 2006**

**by and among**

**BLUENOSE TELEVISION OF PORTLAND LLC**

**and**

**PEGASUS BROADCAST TELEVISION, INC.**

**HMW, INC.**

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## **ASSET PURCHASE AGREEMENT**

**ASSET PURCHASE AGREEMENT** dated as of June 15, 2006 (this "Agreement"), by and among Pegasus Broadcast Television, Inc., a Pennsylvania corporation ("PBT"), HMW, Inc. a Delaware corporation ("HWM"; collectively, with PBT "Sellers" and individually each a "Seller"), and Bluenose Television of Portland LLC, a Delaware limited liability company ("Buyer").

### **WITNESSETH:**

**WHEREAS**, certain Sellers hold Authorizations (as defined herein) issued by the FCC;

**WHEREAS**, Sellers hold certain other assets used and useful to operate television station WPME, Lewiston, ME (the "Station");

**WHEREAS**, certain Sellers and certain of their direct and indirect Subsidiaries each commenced a case under chapter 11 of title 11 of the United States Code (as now in effect or hereafter amended, the "Bankruptcy Code") on June 2, 2004 by filing respective voluntary petitions with the United States Bankruptcy Court for the District of Maine (the "Bankruptcy Court"), which cases are being jointly administered under Chapter 11 Case No. 04-20878 (collectively, the "Chapter 11 Case");

**WHEREAS**, Sellers presently conduct the Business; and

**WHEREAS**, Sellers desire to sell, transfer and assign to Buyer, and Buyer desires to acquire and assume from Sellers, pursuant to Sections 363 and 365 of the Bankruptcy Code, all of the Purchased Assets and Assumed Liabilities, all on the terms and subject to the conditions set forth herein.

**NOW, THEREFORE**, in consideration of the foregoing and the mutual covenants, agreements, representations and warranties hereinafter set forth, the parties hereto hereby agree as follows:

### **ARTICLE 1 PURCHASE AND SALE OF ASSETS**

1.1 Purchase and Sale of Assets. On and subject to the terms and conditions of this Agreement, at the Closing Buyer shall purchase, acquire and accept from Sellers, and Sellers shall sell, transfer, assign, convey and deliver to Buyer, all of Sellers' right, title and interest in, to and under the Purchased Assets, free and clear of all Liens (other than Permitted Encumbrances) to the extent permissible under Section 363(f) of the Bankruptcy Code, for the consideration specified in Article 2 below. The sale of the Purchased Assets shall be on an "as is, where is" basis and without representations or warranties of any kind or nature, except as are expressly set forth herein.

1.2 Excluded Assets. The Purchased Assets shall not include any of Sellers' right, title or interest in or to, any assets or properties of Sellers that are Excluded Assets. Nothing

herein contained shall be deemed to transfer, assign or convey the Excluded Assets to Buyer, and Sellers shall retain all right, title and interest to, in and under the Excluded Assets.

1.3 Assumed Liabilities. On and subject to the terms and conditions of this Agreement, Buyer shall assume and become responsible for all of the Assumed Liabilities at the Closing, effective as of the Closing.

1.4 Excluded Liabilities. Notwithstanding anything in this Agreement to the contrary, Buyer shall not assume, and shall be deemed not to have assumed, the Excluded Liabilities, and Sellers and their Affiliates shall be solely and exclusively liable with respect to all such Excluded Liabilities.

1.5 Further Conveyances and Assumptions.

(a) Subject to Applicable Law, from time to time following the Closing, Sellers shall, or shall cause their Affiliates to, make available to Buyer such non-confidential data in personnel records of Transferred Employees as is reasonably necessary for Buyer to transition such employees into Buyer's records.

(b) From time to time following the Closing, Sellers and Buyer shall, and shall cause their respective Affiliates to, execute, acknowledge and deliver all such further conveyances, notices, assumptions, releases and acquaintances and such other instruments, and shall take such further actions, as may be necessary or appropriate to assure fully to Buyer and its respective successors or permitted assigns, all of the properties, rights, titles, interests, estates, remedies, powers and privileges intended to be conveyed to Buyer under this Agreement and the Ancillary Documents and to assure fully to Sellers and their Affiliates and their successors and permitted assigns, the assumption of the liabilities and obligations intended to be assumed by Buyer under this Agreement and the Ancillary Documents, and to otherwise make effective the transactions contemplated hereby and thereby; all to the extent provided in and in accordance with this Agreement.

## **ARTICLE 2 CONSIDERATION**

2.1 Consideration. The aggregate consideration for the Purchased Assets (the "Purchase Price") shall be (a) an amount in cash equal to \$4,000,000, subject to adjustment as provided in Schedule 2.1 hereto, and (b) the assumption of the Assumed Liabilities.

2.2 Payment of Purchase Price. On the Closing Date, Buyer shall pay the Purchase Price by wire transfer of immediately available funds pursuant to wire instructions delivered by Sellers to Buyer at least two (2) Business Days prior to the Closing Date.

2.3 Risk of Loss. The risk of all Events of Loss prior to the Effective Time shall be upon Sellers and the risk of all Events of Loss subsequent to the Effective Time shall be upon Buyer.

2.4 Substitution Where Not Transferable. If Sellers shall be unable, on or prior to the Closing, to obtain a consent necessary for the assignment of the applicable Seller's title to,

interest in and rights under any Contract to be assigned hereunder, then Sellers and Buyer will use commercially reasonable efforts (a) to enter into a reasonable arrangement designed to enable the applicable Seller to perform its obligations thereunder and to provide for the assignment and assumption by Buyer of the benefits, risks and burdens of, any such Contract, including enforcement at the cost and for the account of Buyer of any and all rights of the applicable Seller against the other party thereto arising out of the future cancellation thereof after the Closing by such other party and (b) to obtain or cause to be obtained, as expeditiously as possible, the written consent of the other parties to such Contract for the assignment or, if required, novation thereof to Buyer or, alternatively, written confirmation from such parties that such consent is not required. As and when after the Closing Date, title to, interest in and rights under any such Contract become transferable, the assignment to Buyer by the applicable Seller of any title to, interest in and rights under such Contract shall be deemed effective at the time such consent or approval is effective, without any further action by Buyer or Sellers. Notwithstanding anything to the contrary contained in this Agreement, (a) the sole Closing condition relating to obtaining any particular consent, approval or authorization of third parties (other than Governmental Authorities) is contained in Section 8.1(d) hereof and (b) nothing in this Section 2.4 shall be deemed to restrict Buyer's right in its sole discretion not to close the transactions in the event such Closing condition is not satisfied or waived.

### **ARTICLE 3 GOVERNMENTAL CONSENTS**

#### **3.1    FCC Consent.**

(a)    It is specifically understood and agreed by Buyer and Sellers that consummation of the transactions contemplated hereby is expressly conditioned on and is subject to the prior consent of the Federal Communications Commission (the "FCC") of the assignment of the Authorizations from Sellers to Buyer without the imposition of any conditions which would reasonably be expected to have a material adverse effect on either party ("FCC Consent"), as provided in Section 8.1(b).

(b)    As soon as practicable but in no event later than ten (10) days after execution of this Agreement, the parties shall file with the FCC one or more applications along with such other documents required to be filed by the Communications Laws or the FCC with respect to the assignment of the Authorizations from Sellers to Buyer (collectively, the "FCC Application"). The parties shall cooperate in the preparation of the FCC Application (including the furnishing to each other of copies of such FCC Application) and will diligently take, or cooperate in the taking of, all commercially reasonable steps, provide any additional information reasonably required by the Communications Laws or requested by the FCC staff and otherwise use their commercially reasonable efforts to prosecute the FCC Application, and to obtain promptly the FCC Consent. Buyer, on one hand, and Sellers, on the other hand, shall each pay fifty percent (50%) of all FCC filing fees in connection with the FCC Application. The parties shall make available to one another, promptly after the filing thereof, true and complete copies of all correspondence and other written communications to or from the FCC with respect to the FCC Application, including any amendments thereto. Each party shall notify the other parties in the event it becomes aware of any facts, actions, communications or occurrences that, directly or indirectly, are reasonably likely to materially and adversely affect obtaining the FCC Consent.



The parties shall use all commercially reasonable efforts to obtain the FCC Consent as expeditiously as practicable. Buyer and Sellers shall oppose any petition to deny or other objection filed with respect to the FCC Application to the extent that such petition or objection relates to such party; provided, however, that neither Buyer nor Sellers shall have any obligation to participate in an evidentiary hearing on the FCC Application. If the FCC imposes any condition on a party hereto, such party shall use commercially reasonable efforts to comply with such condition; provided, however, that such party shall not be required to comply with a condition if it would reasonably be expected to have a material adverse effect on such party or any affiliate of such party under common control. If reconsideration or judicial review is sought with respect to the FCC Consent, the party affected shall use commercially reasonable efforts to oppose such efforts for reconsideration or judicial review. Neither Buyer nor Sellers shall intentionally take or fail to take any action that it knows or has reason to know will cause the FCC to deny, delay or fail to approve the FCC Application or cause the FCC Consent not to be granted. If the Bankruptcy Court approves an Alternative Transaction, the parties shall file with the FCC a request for a waiver of the FCC's rules regarding inconsistent or conflicting applications to enable the pending FCC Application to remain on file with the FCC or, if the FCC Consent has been obtained, to retain the FCC Consent during the pendency of the application(s) seeking FCC consent to assign the Authorizations pursuant to such Alternative Transaction. The parties shall file with the FCC a request to withdraw and dismiss without prejudice the FCC Application, whether or not the FCC Consent has been obtained, if the FCC denies the waiver request or the FCC staff informally advises Sellers that the FCC staff will not process the assignment application for the Alternative Transaction unless the FCC Application is dismissed.

(c) Nothing in this Section 3.1 shall be construed to limit a party's right to terminate this Agreement pursuant to Section 11.1.

### 3.2 Bankruptcy Matters.

3.2.1 Bidding Procedures. This Agreement is subject to approval by the Bankruptcy Court and the consideration by Sellers of higher or better competing bids (each an "Alternative Transaction"). Prior to seeking approval of the sale of the Purchased Assets, Sellers shall seek the Bankruptcy Court's approval of the Bidding Procedures Order, which shall include the procedures and overbid protections for the submission and consideration of qualified bids, under the Other PSC Agreement.

### 3.2.2 Non-Solicitation Period.

(a) From the time of Sellers' and Buyer's execution and delivery of this Agreement until the Bankruptcy Court's entry or denial of the Bidding Procedures Order (the "Non-Solicitation Period"), Sellers shall not, nor shall they authorize or permit any Affiliate of Sellers to, nor shall they authorize or permit any officer, director, manager or employee of, or any investment banker, attorney or other advisor, agent or representative of, Sellers (collectively, "Seller Representatives") to solicit or otherwise proactively encourage any entity with respect to the submission of an Alternative Transaction or negotiate the terms of an Alternative Transaction; provided, however, that Sellers shall not execute any Alternative Transaction prior to the Bankruptcy Court's entry of the Bidding Procedures Order. In the event Sellers receive an

Alternative Transaction during the Non-Solicitation Period, Sellers shall as promptly as practicable (and in any event within 2 Business Days after receipt) advise Buyer in writing of the details of such Alternative Transaction and the identity of the entity submitting the Alternative Transaction and, to the extent known by the Sellers, the principals who are backing such entity.

(b) Following entry of the Bidding Procedures Order until the Bid Deadline, Sellers and Seller Representatives shall not be subject to any restrictions with respect to the solicitation or encouragement of any entity concerning the potential or actual submission of a Qualified Bid; provided, however, that within 2 Business Days after Sellers' receipt of any Qualified Bid, Sellers must deliver to Buyer by facsimile transmission or send by courier service for delivery to Buyer true and complete copies of any documentation in respect of such Alternative Transaction, and Sellers shall keep Buyer reasonably informed of the status of any financial or other material modifications to such Alternative Transaction, including by delivering a copy to Buyer of all such modifications that are in writing promptly following the receipt thereof by any Seller.

3.2.3 The Sale Order. If Buyer is the winning bidder, Sellers shall use their commercially reasonable efforts to cause the Bankruptcy Court to enter a Sale Order which contains, among other provisions reasonably requested by Buyer, the following provisions (it being understood that certain of such provisions may be contained in either the findings of fact or conclusions of law to be made by the Bankruptcy Court as part of the Sale Order):

(a) the sale and transfer of the Purchased Assets by Sellers to Buyer (A) are or will be legal, valid and effective transfers of the Purchased Assets; (B) vest or will vest Buyer with all right, title and interest of Sellers to the Purchased Assets free and clear of all Liens (other than Permitted Encumbrances) and claims pursuant to Section 363(f) of the Bankruptcy Code, to the extent applicable (other than Liens created by Buyer); and (C) constitute transfers for reasonably equivalent value and fair consideration under the Bankruptcy Code and the laws of the states in which Sellers are incorporated and any other applicable non-bankruptcy laws;

(b) all amounts to be paid to Buyer pursuant to this Agreement constitute administrative expenses under Sections 503(b) and 507(a)(1) of the Bankruptcy Code and are immediately payable if and when the obligations of Sellers arise under this Agreement, without any further order of the Bankruptcy Court;

(c) Buyer is not acquiring or assuming any of Sellers' or any other Person's Liabilities except as expressly provided in this Agreement and in no event shall Buyer have any Liability or responsibility for any Liability of Sellers not included in the definition of Assumed Liabilities;

(d) all Persons are enjoined from taking any actions against Buyer or any Affiliates of Buyer (as they existed immediately prior to the Closing) to recover any claim which such Person has solely against a Seller or its Affiliates (other than as to Assumed Liabilities);

(e) pursuant to Section 1146(a) of the Bankruptcy Code, to the extent applicable, the transactions contemplated by this Agreement shall be exempt from Transfer Taxes and the transactions contemplated herein shall be deemed to be under or in contemplation of a plan to be confirmed under Section 1129 of the Code;

(f) obligations of Sellers relating to Taxes, other than Assumed Liabilities, whether arising under law, by this Agreement, or otherwise, shall be fulfilled by the Sellers;

(g) the provisions of the Sale Order are non-severable and mutually dependent;

(h) Buyer shall not have any successor or transferee liability, or otherwise be derivatively liable, for liabilities of any Seller or any Subsidiary of a Seller (whether under federal or state law or otherwise) as a result of the sale, purchase, transfer or assignment of the Purchased Assets, other than Assumed Liabilities, and shall be exempt from any so-called "bulk-sale" laws in all applicable jurisdictions;

(i) Buyer has acted in good faith within the meaning of Section 363(m) of the Bankruptcy Code, the transactions contemplated by this Agreement are undertaken by Buyer and Sellers at arm's length, without collusion and in good faith within the meaning of Section 363(m) of the Bankruptcy Code, and such parties are entitled to the protections of Section 363(m) of the Bankruptcy Code;

(j) all Assumed Contracts shall be assigned to Buyer, pursuant to Section 365 of the Bankruptcy Code, if applicable, and, as required by this Agreement, and Sellers shall have no Liability for any obligations under the Assumed Contracts upon and after the Closing, other than with respect to the Liabilities not included in Net Working Capital occurring prior to the Closing;

(k) except as otherwise set forth in this Agreement to the contrary with respect to the Purchase Price adjustments set forth in Section 2.4 and Section 2.5 of the Other PSC Agreement, the Bankruptcy Court retains exclusive jurisdiction to interpret and enforce the provisions of this Agreement, the Bidding Procedures Order and the Sale Order in all respects; provided, however, that in the event the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction with respect to any matter provided for in this clause or is without jurisdiction, such abstention, refusal or lack of jurisdiction shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction of any other court having competent jurisdiction with respect to any such matter; and

(l) such other provisions as Sellers and Buyer may agree to.

#### 3.2.4 Bankruptcy Court Approval.

(a) As promptly as practicable after the date of this Agreement, but in no event later than the date the Bidding Procedures Motion is filed, Sellers shall file, in a form reasonably satisfactory to Buyer, the Sale Motion (which may be incorporated into the Bidding Procedures Motion). At least twenty (20) days prior to the hearing approving the Sales Order,

Sellers shall serve a copy of the Sale Motion (along with a copy at the proposed Sale Order and the Bidding Procedures Order) on all Taxing Authorities and Governmental Authorities having jurisdiction over the Purchased Assets, the attorneys general of all states in which the Purchased Assets are located, and all parties to Assumed Contracts.

(b) Sellers shall use commercially reasonable efforts to obtain entry by the Bankruptcy Court of the Sale Order no later than one hundred (100) days after the date hereof.

(c) Sellers shall cooperate with Buyer and its representatives in connection with the Sale Order, the Bidding Procedures Order and the bankruptcy proceedings in connection therewith. Such cooperation shall include, but not be limited to, consulting with Buyer at Buyer's reasonable request concerning the status of such proceedings and providing Buyer with copies of requested pleadings, notices, proposed orders and other documents relating to such proceedings as soon as reasonably practicable prior to any submission thereof to the Bankruptcy Court. Sellers further covenant and agree that the terms of their confirmed Chapter 11 Plan do not conflict with, supersede, abrogate, nullify or restrict the terms of this Agreement, or in any way prevent or interfere with the consummation or performance of the transactions contemplated by this Agreement, including, without limitation, any transaction contemplated by or approved pursuant to the Sale Order or the Bidding Procedures Order.

3.2.5 Cooperation. Buyer shall cooperate with Sellers with respect to Sellers' obtaining and implementing the Bidding Procedures Order and Sale Order, including furnishing affidavits, testimony or other documents or information reasonably requested by Sellers. Sellers shall use commercially reasonable efforts to cause the hearing for the approval of the (a) Bidding Procedures Order to occur on or before June 30, 2006 and (b) Sale Order to occur within 75 days of the date of this Agreement.

## **ARTICLE 4 CLOSING**

4.1 Closing. Except as otherwise mutually agreed upon by Sellers and Buyer, the consummation of the transactions contemplated herein (the "Closing") shall take place at the offices of Akin Gump Strauss Hauer & Feld LLP, 590 Madison Avenue, New York, New York, 10022, commencing at 10:00 am on the second business day following the satisfaction or waiver (by the party entitled to waive a condition) of all conditions to the obligations of the parties to consummate the purchase and sale of the Purchased Assets (other than conditions that by their nature are to be satisfied at or prior to Closing (but subject to the satisfaction or waiver of such conditions) or such other date and location as Buyer and Sellers may mutually determine. The date on which the Closing occurs is referred to in this Agreement as the "Closing Date". Unless otherwise agreed by the parties in writing, the Closing shall be deemed effective and all right, title and interest of Sellers to be acquired by Buyer hereunder shall be considered to have passed to Buyer as of 12:01 a.m. (New York City time) on the Closing Date (the "Effective Time").

## **ARTICLE 5**

### **REPRESENTATIONS AND WARRANTIES OF SELLERS**

Subject to the exceptions, disclaimers and other matters set forth in this Article 5 and the matters as may be set forth on the Schedules to this Agreement (it being agreed that any matter disclosed on the Schedules to any Section of this Agreement shall be deemed to have been disclosed with respect to all other Schedules contemplated by Sections of this Agreement if the relevance of the matter to such other Sections, if read in the context of such other Sections, is reasonably apparent from the information disclosed), Sellers hereby jointly and severally represent and warrant to Buyer, as of the date of this Agreement (except with respect to those representations and warranties that speak as to a particular date or time, which need only be true and correct as of such date or time), as follows:

5.1 Organization, Standing and Authority. Each Seller is duly organized, validly existing, and in good standing under the laws of its state of its formation or incorporation. Each Seller is duly qualified or authorized to do business as a foreign entity and is in good standing under the laws of each jurisdiction in which it owns or leases real property and each other jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification or authorization, except where the failure to be so qualified, authorized or in good standing would not have a Material Adverse Effect. Each Seller has all requisite power and authority to conduct the Business of such Seller and to own, lease and operate its properties. Sellers have delivered to Buyer true, complete and correct copies of their certificate of incorporation and by-laws or comparable organizational documents as in effect on the date hereof. Except as set forth on Schedule 5.1, no Seller has any Subsidiary that is not a Seller. The execution, delivery and, subject to the entry of the Sale Order, performance by each Seller of this Agreement and the other agreements, instruments and documents contemplated by this Agreement (each, an “Ancillary Document” and collectively, the “Ancillary Documents”) to which a Seller is or will be a party are within the corporate powers of such Seller.

5.2 Authorization and Binding Obligation. Subject to the entry of the Sale Order, the execution, delivery, and performance of this Agreement and the Ancillary Documents have been (or, with respect to such other documents, will prior to the Closing be) duly authorized by all necessary actions on the part of each Seller. This Agreement has been, and the Ancillary Documents have been or will prior to the Closing be, duly executed and delivered by each Seller and, assuming the due authorization, execution and delivery by all the other parties to this Agreement, constitute the legal, valid and binding obligation of each Seller, enforceable against Sellers in accordance with their terms except as the enforceability of this Agreement may be affected by bankruptcy, insolvency, or similar laws affecting creditors’ rights generally, and by judicial discretion in the enforcement of equitable remedies.

5.3 Conflicts; Consents of Third Parties. Subject to entry of the Bidding Procedures Order and the Sale Order:

(a) None of the execution, delivery and performance by Sellers of this Agreement and any Ancillary Document and the consummation of the transactions contemplated hereby or thereby, or the compliance by Sellers with any of the provisions hereof or thereof will conflict with or result in any violation or default under or give rise to a right of termination,

cancellation or acceleration (whether after the giving of notice or the lapse of time or both) of any obligation or loss of a material benefit under, or give rise to any obligation of Sellers to make any payment under, or to the increased, additional, accelerated or guaranteed rights or entitlements of any Person under, or result in the creation of any Liens upon any of the properties or assets of Sellers under any provision of (i) the certificate of incorporation or by-laws (or comparable organizational documents) of Sellers, (ii) subject to obtaining the consents and waivers listed on, and taking the actions on, Schedule 5.3(a), any Material Contract or Permit to which any Seller are a party or by which any Seller or its properties or assets are bound, (iii) any Order applicable to any Seller or any of its properties or assets or (iv) any Applicable Law.

(b) Except as set forth on Schedule 5.3(a), no consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Person or Governmental Authority is required on the part of Sellers (A) in connection with the execution and delivery of this Agreement or the Ancillary Documents or the consummation of the transactions contemplated hereby or thereby or (B) the continuing validity and effectiveness immediately following the Closing of any Contract or Permit of Sellers, except for (i) the FCC Consent, (ii) the Bidding Procedures Order, (iii) the Sale Order and (iv) such other consents, waivers, approvals, Orders, Permits, authorizations, declarations, filings and notifications, the failure of which to be obtained or made would not reasonably be expected to have a Material Adverse Effect on the ability of each Seller to perform its obligations hereunder or to consummate the transactions contemplated hereby.

5.4 Purchased Assets. The Purchased Assets include all of the assets, properties and rights of every type and description, real, personal and mixed, tangible and intangible, that are necessary for, used or useable in the conduct of the Business in the manner in which that business is conducted, except for the Excluded Assets, and, together with the assets of the Other Stations, are sufficient for Buyer to conduct the Business from and after the Closing Date (subject to completion of the “Digital Capital Projects”, as defined in the Other PSC Agreement) without interruption as it has been conducted by Sellers.

5.5 Title to Purchased Assets; Liens and Encumbrances. Except as set forth on Schedule 5.5, Sellers own good and marketable title to or have valid leasehold interests in all of the Purchased Assets free and clear of any and all Liens (other than Permitted Encumbrances), and at the Closing, Sellers shall convey each of the Purchased Assets free and clear of all Liens (other than Permitted Encumbrances).

5.6 **[Intentionally Omitted.]**

5.7 Authorizations. Schedule 5.7 includes a true and complete list of all Authorizations. The Authorizations set forth on Schedule 5.7 are valid and in full force and effect and are all of the licenses, permits, or other authorizations issued by the FCC which are required under the Communications Laws or other Applicable Law to operate the Station in the same manner operated as of the date hereof in all material respects. None of the Authorizations listed on Schedule 5.7 is subject to any condition except those set forth on the face of the Authorizations or those conditions applicable to television stations or facilities of the same type and class as the Station or the facilities for which the Authorizations have been issued. Except as set forth on Schedule 5.7, no investigation, application, complaint, action, petition, objection, or

other proceeding is pending with respect to any of the Sellers, the Station, or the Authorizations, and, to Sellers' Knowledge, no investigation, application, complaint, action, petition, objection, or other proceeding is threatened with respect to Sellers, the Station, or the Authorizations (in each case other than proceedings of general applicability to the television industry). Assuming receipt of the FCC Consent, Sellers are and will be qualified under the Communications Laws to assign the Authorizations to Buyer. Sellers have no reason to believe that the FCC Application is reasonably likely to be challenged or is reasonably likely not to be granted by the FCC in the ordinary course due to any fact or circumstance relating to Sellers or Sellers' operation of any or all of the Station or any of their Affiliates.

5.8 Compliance with FCC Requirements. Except as set forth on Schedule 5.8:

(a) The Station, its physical facilities, electrical and mechanical systems and studio equipment, have been operated in all material respects in accordance with the Communications Laws.

(b) The Station is in compliance in all material respects with all requirements of the FCC applicable to antenna support structure lessees with respect to the construction and/or alteration of the Station's antenna support structures, and, where required, "no hazard" determinations for each antenna structure have been obtained, and where required by Applicable Law, including the Communications Laws, each antenna structure has been registered with the FCC, and, to Sellers' knowledge, such antenna structures comply in all material respects with all other requirements of the FCC.

(c) All material reports and other filings required by the Communications Laws and other applicable Law, with respect to the Station, including, without limitation, all regulatory fee payments and all materials required to be placed in the Station's public inspection file, have been timely and properly filed and/or paid, as applicable, and are complete and accurate in all material respects.

(d) There is not now issued or outstanding, or pending or, to Sellers' Knowledge, threatened, by or before the FCC, any order to show cause, notice of violation, notice of apparent liability, notice of forfeiture or complaint relating to any Station.

(e) The Station is not currently broadcasting in digital or operating a DTV facility. The Station did not construct a DTV "checklist" facility as required by the FCC's Report and Order released on September 7, 2004 in MB Docket No. 03-15. On August 4, 2005, the Station requested from the FCC a waiver of this requirement and supplemented its waiver request in a filing submitted on September 23, 2005. The waiver request, as supplemented, remains pending with the FCC. The Station's application for a construction permit for a DTV "checklist" facility was granted by the FCC on May 24, 2006. The Station has ordered the equipment necessary to construct a DTV "checklist" facility in accordance with its digital construction permit and will use commercially reasonable efforts to complete construction of the DTV "checklist" facility by July 1, 2006.

5.9 Digital Television. The Station has been assigned a channel by the FCC for the provision of digital television ("DTV") service. There are no pending petitions for rulemaking or

notices of proposed rulemaking to reallocate the DTV allotment of any Station or, to Sellers' Knowledge, to reallocate the digital or analog television allotment of any other station that would reasonably be expected to have a material adverse effect on any Station. The Station is or has been authorized under a construction permit issued by the FCC to construct DTV facilities. Except as set forth in Schedule 5.9, there is no pending application before the FCC for the Station to modify its Authorizations for DTV service or to change the Station's DTV allotment. Except as set forth in Schedule 5.9, the Station has an Authorization (construction permit or license) from the FCC to operate DTV facilities that are predicted to at least replicate the area and population coverage of the Station's analog facilities.

5.10 MVPD Matters. Except as set forth on Schedule 5.10, the Station's signal is carried on all of the cable systems with at least 5,000 subscribers serving the Designated Market Areas ("DMA") (as such term is defined in Section 76.55(e)(2) of the FCC's rules and regulations) for the Station pursuant to must-carry notices or retransmission consent notices or retransmission consent agreements that are listed on Schedule 5.10, and Sellers have no Liability to any Person arising under or in respect of their performance of the Station's cable or satellite carriage agreements, including, without limitation, copyright royalties (except as listed on Schedule 5.10). Each such notice or agreement is in full force and effect, and Sellers have no Knowledge of any reason that a cable system operator or satellite program service provider may terminate such carriage during its current term. Except as set forth on Schedule 5.10 and except with respect to cable television systems (i) that are parties to the retransmission consent agreements listed on Schedule 5.10 or (ii) with whom the Station is currently negotiating a retransmission consent agreement, the Station has made a must-carry election (by default or otherwise) with respect to each cable system located within the Station's DMA with respect to the period commencing January 1, 2006. Schedule 5.10 includes a list of satellite carriers that are presently carrying the signals of the Station pursuant to Applicable Law or a retransmission consent agreement. Except as set forth in Schedule 5.10, no MVPD has notified Seller or the Station in writing of any signal quality deficiency or copyright indemnity or other prerequisite to carriage of any or all of the Station's signals, and no MVPD has declined or threatened to decline such carriage or failed to respond to a request for carriage or sought any form of relief from carriage at the FCC. Schedule 5.10 contains a true and complete list, including channel positions, of all cable television systems with at least 5,000 subscribers in the Station's DMA on which the Station's signal is presently carried.

5.11 Compliance With Law.

(a) Except as set forth on Schedule 5.11 (other than the Communications Laws which are addressed in other Sections hereof): (i) Sellers are in compliance in all material respects with all Laws applicable to the Business; (ii) no Seller has received any written or other notice of or been charged with the violation of any Applicable Laws relating to the Business; and (iii) to Sellers' Knowledge, no Seller is under investigation with respect to the violation of any Applicable Laws relating to the Business.

(b) Schedule 5.11 contains a list of all material Permits which are required for the operation of the Station as presently conducted and as presently intended to be conducted. Except as set forth on Schedule 5.11: (i) Sellers currently have all material Permits which are required for the operation of the Station as presently conducted; and (ii) no Seller is in



default or violation, and no event has occurred which, with notice or the lapse of time or both, would constitute a default or violation, in any material respect of any term, condition or provision of any material Permit to which it is a party, to which the Station is subject or by which its properties or assets are bound.

5.12 Litigation. Except for the Chapter 11 Case and any FCC rulemaking proceedings generally affecting the broadcasting industry or as listed on Schedule 5.12, there are no claims, actions, suits, litigation, labor disputes, arbitrations, proceeding, or investigations (“Legal Proceedings”) pending or, to Sellers’ Knowledge, threatened against, relating to, or affecting Sellers, the Business or the transactions contemplated by this Agreement (or to Sellers’ Knowledge, pending or threatened, against any of the officers, directors or key employees of Sellers with respect to their business activities on behalf of Sellers), or to which any Seller is otherwise a party, that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Other than the Chapter 11 Case or as listed on Schedule 5.12, no Seller is subject to any Order of any Governmental Authority except to the extent the same could not reasonably be expected to have a Material Adverse Effect and no Seller is engaged in any legal action to recover monies due it or for damages sustained by it.

5.13 Tax Matters. Except as set forth on Schedule 5.13:

(a) Except as set forth on Schedule 5.13: (i) all Tax Returns required to be filed by or on behalf of a Seller or any affiliated group that filed or was required to file an affiliated, consolidated, combined or unitary Tax Return (“Affiliated Group”) of which a Seller is or was a member have been duly and timely filed with the appropriate Taxing Authority in all jurisdictions in which such Tax Returns are required to be filed (after giving effect to any valid extensions of time in which to make such filings), and all such Tax Returns are true, complete and correct in all material respects; and (ii) all Taxes payable by or on behalf of a Seller or any Affiliated Group of which a Seller is or was a member have been fully and timely paid except such Taxes for which payment was and continues to be prohibited due to the pendency of the Chapter 11 Case.

(b) All deficiencies asserted or assessments made as a result of any examinations by any Taxing Authority of the Tax Returns of Sellers related to the Purchased Assets or the Business have been fully paid. No Seller has received any notice from any Taxing Authority that it intends to conduct such an audit or investigation related to the Purchased Assets or the Business nor has any Seller received any notice of any proposed reassessments by any Taxing Authority of any of the Purchased Assets (such as for property tax purposes) and, to each Sellers’ knowledge, no such notice has been received by any other person.

(c) No written claim has been made by a Taxing Authority in a jurisdiction in which a Seller does not currently file a Tax Return such that such Seller is or may be subject to taxation by that jurisdiction.

(d) Each Seller has complied with all Applicable Laws relating to the payment and withholding of Taxes and has duly and timely withheld and paid over to the appropriate Taxing Authorities all amounts required to be so withheld and paid over under all Applicable Laws.

(e) No agreement, waiver or other document or arrangement (not including any effects relating to the bankruptcy proceedings) is currently in force extending or having the effect of extending the period for assessment or collection of Taxes (including, but not limited to, any applicable statute of limitation) or the period for filing any Tax Return by or on behalf of any Seller.

(f) There are no Liens for Taxes upon the Purchased Assets, except for Liens arising as a matter of Law relating to current Taxes not yet due.

(g) No Seller is a foreign person within the meaning of Section 1445 of the Code.

(h) None of the Purchased Assets is (i) property required to be treated as being owned by another Person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately prior to the enactment of the Tax Reform Act of 1986, (ii) “tax-exempt use property” within the meaning of Section 168(h)(1) of the Code, (iii) “tax-exempt bond financed property” within the meaning of Section 168(g)(5) of the Code, (iv) “limited use property” within the meaning of Rev. Proc. 2001-28, (v) subject to Section 168(g)(1)(A) of the Code, (vi) subject to a “section 467 rental agreement” as defined in Section 467 of the Code or (vii) an interest (other than indebtedness within the meaning of Section 163 of the Code) in an entity treated for U.S. federal income tax purposes as a corporation, partnership, trust, REMIC or a disregarded entity.

(i) No power of attorney has been granted by Sellers with respect to any Tax matter is currently in force with respect to the Purchased Assets or the Business that would, in any manner, bind, obligate, or restrict Buyer. There are no Tax sharing, Tax indemnification or similar agreements (or portions of any agreements), whether or not written, with respect to (or which relate to) the Business or the Purchased Assets that would, in any manner, bind, obligate or restrict Buyer.

(j) No Seller has executed or entered into any agreement with, or obtained any consents or clearances from, any Taxing Authority, or has been subject to any ruling guidance specific to one or more Sellers, that would be binding on Buyer for any taxable period (or portion thereof) ending after the Closing Date.

5.14 Contracts. Schedule 5.14 sets forth all of the following Contracts to which any Seller is a party or by which it is bound relating to the Business other than Excluded Contracts (collectively, the “Material Contracts”):

(a) Contracts with any Affiliate or current or former officer, director, stockholder or Affiliate of Sellers;

(b) Contracts with any labor union or association representing any employees of Sellers;

(c) Contracts for the sale of any of the assets of Sellers other than in the Ordinary Course of Business or for the grant to any person of any preferential rights to purchase any of their assets;

(d) Contracts for joint ventures, strategic alliances, partnerships, time brokerage agreements, local marketing agreements, joint sales agreements, outsourcing agreements, news sharing agreements, management services agreements, or similar arrangements;

(e) Network Affiliation Contracts;

(f) Contracts for national sales representation;

(g) Contracts for retransmission consent with MVPDs, including cable systems with five thousand (5,000) or more subscribers;

(h) Contracts containing covenants of Sellers not to compete in any line of business or with any Person or covenants of any other Person not to compete with Sellers in any line of business in any geographical area;

(i) Contracts relating to the acquisition by Sellers of any operating business or the capital stock of any other person;

(j) Contracts relating to incurrence, assumption or guarantee of any Indebtedness or imposing a Lien on any of its assets;

(k) Contracts under which Sellers have made advances or loans to any other Person;

(l) Contracts of employment and Contracts providing for severance, retention, change in control or similar payments;

(m) outstanding agreements of guaranty, surety or indemnification, direct or indirect, by Sellers;

(n) Contracts (or a group of related contracts), including Contracts for Program Rights, which involve the expenditure of more than \$25,000 annually or require performance by any party more than one year from the date hereof having cumulative future expenditures of more than \$25,000;

(o) confidentiality agreements that would bind Buyer and/or any of its Affiliates after Closing; or

(p) Contracts that are otherwise material to the Business, the Purchased Assets and the Other Stations, taken as a whole.

5.15 Status of Contracts. Except as set forth on Schedule 5.15, each of the Material Contracts is in full force and effect and is the legal, valid and binding obligation of Sellers, enforceable against them in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). No Seller is in default under any

Material Contract, nor, to Sellers' Knowledge, is any other party to any Material Contract in breach or default thereunder, and no event has occurred that with the passage of time or the giving of notice or both, would constitute a default thereunder. No party to any of the Material Contracts has exercised any termination rights with respect thereto. Subject to entry of the Sale Order and receipt of the consents listed on Schedule 5.3(a), Sellers have, and will transfer to Buyer at the Closing, good and valid title to the Assumed Contracts, free and clear of all Liens (other than Permitted Encumbrances), other than those Contracts which by their terms will expire prior to the Closing Date or are otherwise terminated prior to the Closing Date in accordance with their respective terms (subject to the terms of this Agreement). Sellers have delivered or otherwise made available to Buyer true, correct and complete copies of all of the Material Contracts, together with all amendments, modifications or supplements thereto presently in effect.

5.16 Intellectual Property. Except as disclosed on Schedule 5.16: (a) the applicable Seller owns, or otherwise has the right to use the Purchased Intellectual Property, (b) the use of the Purchased Intellectual Property by the applicable Seller does not infringe on or otherwise violate the rights of any third party, and is in accordance with the applicable license pursuant to which such Seller acquired the right to use such intellectual property, (c) to Sellers' Knowledge, no third party is challenging, infringing on or otherwise violating any right of the applicable Seller with respect to any Purchased Intellectual Property, (d) the applicable Seller has not granted, nor is obligated to grant, any license, sub-license, or assignment of any Purchased Intellectual Property, (e) the applicable Seller has not received any notice from any third party regarding a pending claim with respect to any Purchased Intellectual Property, and (f) to Sellers' Knowledge, no Purchased Intellectual Property is being used or enforced by the applicable Seller in a manner that would reasonably be expected to result in the abandonment, cancellation or unenforceability of any Purchased Intellectual Property.

5.17 No Material Changes. Except as set forth on Schedule 5.17: since December 31, 2005 (a) each Seller has conducted its Business in the Ordinary Course of Business, other than pursuant to or as contemplated by this Agreement, and (b) there has not been any Material Adverse Effect and, to Sellers' Knowledge, there is no condition of any kind currently in existence that would reasonably be expected to have a Material Adverse Effect.

5.18 Personnel. Except as set forth on Schedule 5.18:

(a) No Seller has any written contract of employment with any of its Employees. No Seller is a party to any labor or collective bargaining agreement and there are no labor or collective bargaining agreements which pertain to Employees.

(b) No Employees are represented by any labor organization. No labor organization or group of Employees has made a pending demand for recognition, and there are no representation proceedings or petitions seeking a representation proceeding presently pending or, to Sellers' Knowledge, threatened to be brought or filed, with the National Labor Relations Board or other labor relations tribunal. There is no organizing activity involving Sellers pending or, to Sellers' Knowledge, threatened by any labor organization or group of Employees.

(c) There are no (i) strikes, work stoppages, slowdowns, lockouts or arbitrations or (ii) material grievances or other labor disputes pending or, to Sellers' Knowledge, threatened against or involving Sellers. There are no unfair labor practice charges, grievances or complaints pending or, to Sellers' Knowledge, threatened by or on behalf of any Employee or group of Employees.

(d) There are no complaints, charges or claims against Sellers pending or, to Sellers' Knowledge, threatened that could be brought or filed, with any Governmental Authority or based on, arising out of, in connection with or otherwise relating to the employment or termination of employment or failure to employ by Sellers of any individual. With respect to the Business, the Sellers are in compliance with all Applicable Laws relating to the employment of labor, including all such Laws relating to wages, hours, WARN and any similar state or local "mass layoff" or "plant closing" Law, collective bargaining, discrimination, civil rights, safety and health, workers' compensation and the collection and payment of withholding and/or social security taxes and any similar tax except for immaterial non-compliance. There has been no "mass layoff" or "plant closing" (as defined by WARN) with respect to Sellers relating to the Business within the six months prior to Closing.

#### 5.19 Real Property and Real Property Leases.

(a) Schedule 5.19 sets forth as to the Business a complete list of (i) all real property owned in fee by Sellers (individually, an "Owned Property" and collectively, the "Owned Properties"), and (ii) all real property leased by Sellers as lessee (or sublessee) or lessor (or sublessor) (individually, a "Real Property Lease" and the real properties specified in such leases, together with the Owned Properties, being referred to herein individually as a "Seller Property" and collectively as the "Seller Properties"). Sellers have good and marketable fee title to all Owned Property, free and clear of all Liens of any nature whatsoever, except Permitted Encumbrances. The Seller Properties constitute all interests in real property currently used or currently held for use in connection with the Business by Sellers and which are necessary for the continued operation of the Business by Sellers as the Business is currently conducted. All of the Owned Property, buildings, fixtures and improvements thereon owned or leased by Sellers are in good operating condition and repair (subject to normal wear and tear). To the extent available to or in any Sellers possession, Sellers have delivered or otherwise made available to Buyer true, correct and complete copies of (i) all deeds, title reports and surveys for the Owned Properties and (ii) the Real Property Leases, together with all amendments, modifications or supplements thereto. Except as set forth on Schedule 5.19, no Seller owns or holds, or is obligated under or a party to, any option, right of first refusal or other Contract to purchase, acquire, sell, assign or dispose of any of the Seller Properties.

(b) Sellers have a valid and enforceable leasehold interest under each of the Real Property Leases, subject to the Permitted Encumbrances, the rights of the fee owner under such Real Property Leases and applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). Each of the Real Property Leases is in full force and effect, and no Seller has received or given any notice of any default or event that with notice or lapse of time, or both, would constitute a default by Sellers under any of the Real Property Leases and, to

Sellers' Knowledge, no other party is in default thereof, and no party to any of the Real Property Leases has exercised any termination rights with respect thereto. Except as set forth on Schedule 5.3(a), no consent or approval from any other party to any Real Property Lease is required by the transfer of each Real Property Lease pursuant to the provisions of this Agreement.

(c) Schedule 5.19 hereto contains a true, correct and complete statement in respect of each Real Property Lease of the following information: (i) the proper legal name of the owner of record thereof; (ii) a description of the property or street address; and (iii) a brief description of the use of such Real Property Lease.

(d) Except as set forth on Schedule 5.19 hereto, all components of all improvements included within any Seller Property (collectively, the "Improvements") including, without limitation, the roofs and structural elements thereof and the heating, ventilation, air conditioning, plumbing, electrical, mechanical, sewer, waste water, storm water, paving and parking equipment, systems and facilities included therein, (i) in the case of any Owned Property, are or (ii) in the case of any property subject to a Real Property Lease, (A) to the extent required to be maintained, repaired or replaced by Sellers under the related lease, are or (B) to the extent not so required to be maintained, repaired or replaced, to Sellers' Knowledge, are, in each case, in good working order and repair (ordinary wear and tear excepted).

(e) Except as set forth on Schedule 5.19 hereto, since December 31, 2005 no portion of any Seller Property has suffered any damage by fire or other casualty which has not heretofore been completely repaired and restored to its original condition.

(f) Except as set forth in Schedule 5.19 hereto, Sellers have adequate rights of ingress to and egress from all Seller Property.

(g) Sellers have all material certificates of occupancy and Permits of any Governmental Authority necessary or useful for the current use and operation by such Seller of its Seller Property, and Sellers has received no notice alleging non-compliance with any material conditions of the Permits applicable to them. No default or violation, or event that with the lapse of time or giving of notice or both would become a default or violation, has occurred in the due observance of any Seller Permit, with respect to any Seller Property.

(h) There does not exist any actual or, to Sellers' Knowledge, threatened condemnation or eminent domain proceedings that affect any Owned Property or any part thereof, and Sellers have not received any written notice of the intention of any Governmental Authority or other Person to take or use all or any part thereof.

(i) No Seller has received any notice from any insurance company that has issued a policy with respect to any Owned Property requiring performance of any structural or other repairs or alterations to such Owned Property.

(j) Except as set forth on Schedule 5.19, with respect to the Business no Seller owns or holds, and is not obligated under or a party to, any option, right of first refusal or other contractual right to purchase, acquire, sell, assign or dispose of any real estate or any portion thereof or interest therein.

(k) There are presently in existence dedicated public access roads, telephone lines, electrical lines, and water lines to or on, or valid easements appurtenant to, Owned Property that are sufficient to service adequately the current operations of each building as well as the fixtures located on Owned Property, except in such instances where the failure thereof would not cause a Material Adverse Effect. There are no encroachments upon any of the parcels of Owned Property or adjoining parcels by buildings, structures or improvements that could reasonably prevent, interfere with or adversely affect the use and enjoyment of each such parcel of Owned Property as it is currently used.

5.20 Brokers. Except as set forth on Schedule 5.20, none of Sellers or any of their Affiliates has paid or agreed to pay, or received any claim with respect to, any brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated hereby and no Person is entitled to any fee or commission or like payment in respect thereof.

5.21 No Undisclosed Liabilities. Except as set forth on Schedule 5.21, Sellers have no Indebtedness, obligations or Liabilities of any kind relating to the Business that are required to be reflected on a balance sheet of the Business in accordance with GAAP other than those (i) fully reflected in, reserved against or otherwise described in the Balance Sheet (as defined in the Other PSC Agreement) or the notes thereto, (ii) incurred in the Ordinary Course of Business since December 31, 2005, or (iii) Liabilities reflected in the terms of Contracts (including future film and programming commitments) disclosed to Buyer prior to the date hereof and not resulting from any breach by any Seller of any such Contract.

5.22 Employee Benefits.

(a) Schedule 5.22 sets forth a complete and correct list of: (i) all "employee benefit plans" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) and (ii) all other employee benefit plans, policies, agreements and policies and payroll practices, including bonus or other incentive compensation, stock purchase, equity or equity-based compensation, deferred compensation, change in control, retention, severance, sick leave, vacation, health, life insurance and educational assistance plan, policies, or agreements maintained or contributed to by Sellers since May 5, 2005 or to which Sellers presently have any obligation or liability (the "Employee Benefit Plans"). Except as set forth on Schedule 5.22, none of the Employee Benefit Plans is subject to Title IV of ERISA or is a multiemployer plan as defined in Section 3(37) of ERISA.

(b) There will be no successor liability for Buyer under any Employee Benefit Plan.

(c) Since May 5, 2005, the Sellers, their Subsidiaries and any trade or business (whether or not incorporated) which are under common control, or which are treated as a single employer, with Sellers and their Subsidiaries under Section 414(b), (c), (m) or (o) of the Code which maintains a "group health plan" within the meaning of Section 5000(b)(1) of the Code have complied with the notice and continuation requirements of Section 4980B of the Code, COBRA, Part 6 of Subtitle B of Title I of ERISA and the regulations thereunder.

(d) Except as set forth on Schedule 5.22, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will (i) result in any payment becoming due to any Transferred Employee; or (ii) increase any benefits otherwise payable under any Employee Benefit Plan.

(e) With respect to any Employee Benefit Plan that is intended to be a qualified defined contribution plan (the “Sellers Defined Contribution Plans”):

(i) Correct and complete copies of the following documents have been delivered to Buyer by the Sellers: (i) any plan documents and related trust documents, insurance contracts or other funding arrangements, and all amendments thereto; (ii) the most recent Form 5500 and all schedules thereto, (iii) the most recent IRS determination letter; and (iv) the most recent summary plan description.

(ii) The Sellers Defined Contribution Plans have been maintained, in all material respects, in accordance with their terms and with all applicable provisions of ERISA, the Code and other Applicable Laws. All contributions required to have been made under any of the Sellers Defined Contribution Plans have been timely made.

(iii) The Sellers Defined Contribution Plans intended to qualify under Section 401 of the Code have received a determination from the IRS that they are so qualified, and any related trusts intended to be exempt from federal income taxation under the Code are so exempt and nothing has occurred with respect to the operation of the Sellers Defined Contribution Plans that could reasonably be expected to cause the loss of such qualification or exemption, or the imposition of any liability, penalty or tax under ERISA or the Code.

#### 5.23 Tangible Personal Property.

(a) Sellers have good and marketable title to all of the items of tangible personal property included in the Purchased Assets and/or reflected on the Balance Sheet (except as sold or disposed of subsequent to the date thereof in the Ordinary Course of Business), free and clear of any and all Liens (other than Permitted Encumbrances). Except as set forth on Schedule 5.23, all such items of tangible personal property which, individually or in the aggregate, are material to the operation of the Business are in good condition and in a state of good maintenance and repair (ordinary wear and tear excepted) and are suitable for the purposes used.

(b) Schedule 5.23 sets forth all leases of personal property (“Personal Property Leases”) involving annual payments in excess of \$25,000 relating to personal property used by Sellers in the Business or to which any Seller is a party or by which the properties or assets of any Seller is bound. All of the items of personal property under the Personal Property Leases are in good condition and repair (ordinary wear and tear excepted) and are suitable for the purposes used, and such property has been maintained by Sellers in all material respects in such condition as is required of Sellers as to such property by the terms of the lease applicable thereto during the term of the lease. To the extent available to or in Sellers’ possession, Sellers have delivered or otherwise made available to the Buyer true, correct and complete copies of the Personal Property Leases, together with all amendments, modifications or supplements thereto.



(c) Sellers have a valid and enforceable leasehold interest under each of the Personal Property Leases under which it is a lessee, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity). Each of the Personal Property Leases is in full force and effect, and no Seller has received or given any notice of any default or event that with notice or lapse of time, or both, would constitute a default by Sellers under any of the Personal Property Leases and, to Sellers' Knowledge, no other party is in default thereof, and no party to any of the Personal Property Leases has exercised any termination rights with respect thereto. Subject to obtaining the consents and waivers and taking the actions on Schedule 5.3(a) and entry of the Sale Order, no consent or approval from any other party to any Personal Property Lease is required by the transfer of each Personal Property Lease pursuant to the provisions of this Agreement.

5.24 Environmental Matters. This Section 5.24 of this Agreement sets forth the sole and exclusive representations and warranties with respect to environmental matters, and all such representations and warranties relate solely to the Business. Except as set forth on Schedule 5.24 hereto:

(a) the operations of Sellers, with respect to the Business, are and have been in compliance with all applicable Environmental Laws, which compliance includes obtaining, maintaining in good standing and complying with all Environmental Permits necessary to operate the Business and no action or proceeding is pending or, to Sellers' Knowledge, threatened, to revoke, modify or terminate any such Environmental Permit, and, to the Knowledge of Sellers, no facts, circumstances or conditions currently exist that could adversely affect such continued compliance with Environmental Laws and Environmental Permits or require currently unbudgeted capital expenditures to achieve or maintain such continued compliance with Environmental Laws and Environmental Permits;

(b) with respect to the Business, no Seller has received any outstanding written Order from any Governmental Authority respecting (i) any actual violation of Environmental Laws, (ii) any Remedial Action or (iii) any Release or threatened Release of a Hazardous Material by Seller or involving any Owned Property or, to Sellers' Knowledge, any Real Property Lease;

(c) no claim has been made and is pending or to Sellers' Knowledge, threatened against any Seller, alleging, with respect to the Business, that any Seller may be in violation of any Environmental Law or any Environmental Permit or may have any Liability under any Environmental Law;

(d) no facts, circumstances or conditions exist with respect to the Business or any Owned Property or, to Sellers' Knowledge, any Real Property Lease or at any property to which Sellers arranged for the disposal or treatment of Hazardous Materials that could reasonably be expected to result in the Business incurring unbudgeted Environmental Costs or Liabilities;

(e) to Sellers' Knowledge, there are no investigations of the Business, or currently or to Sellers' Knowledge, previously owned, operated or leased property of Sellers pending, or to Sellers' Knowledge, threatened which could lead to the imposition against Sellers of any Environmental Costs or Liabilities or Liens under Environmental Law;

(f) the transactions contemplated hereunder do not require the consent of or filings with any Governmental Authority with jurisdiction over Sellers and environmental matters in advance of the Closing which would be material to the Business, and none of the Owned Property or Real Property Leases is located in New Jersey, Indiana or Connecticut;

(g) there is not located at any of the Owned Property or, to Sellers' Knowledge, Real Property Leases any (i) underground storage tanks, (ii) landfill, (iii) surface impoundment, (iv) asbestos-containing material or (v) equipment containing polychlorinated biphenyls; and

(h) to Sellers' Knowledge, Sellers have provided to Buyer all environmentally related audits, studies, reports, analyses, and results of investigations that have been performed with respect to any currently or previously owned, leased or operated properties of Sellers.

5.25 Insurance. Sellers have insurance policies in full force and effect for such amounts as are sufficient for all requirements of Applicable Law and all agreements relating to the Business to which any Seller is a party or by which it is bound. Set forth in Schedule 5.25 is a list of all insurance held by or applicable to Sellers relating to the Business setting forth, in respect of each such policy, the policy name, policy number, carrier, term and type of coverage. Excluding insurance policies that have expired and been replaced in the Ordinary Course of Business, as of the date hereof no notice of termination or cancellation has been received with respect to any such insurance policy and, to Sellers' Knowledge, no threat has been made to cancel any insurance policy of Sellers during such period.

5.26 No Other Representations or Warranties. Except for the representations and warranties contained in the Article 5 (as modified by the Schedules), neither Sellers nor any other Person makes any other express or implied representation or warranty with respect to Sellers, its Subsidiaries, the Business, the Purchased Assets, or the transactions contemplated by this Agreement, and Sellers disclaim any other representations or warranties.

## **ARTICLE 6**

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

Subject to the exceptions, disclaimers and other matters set forth in this Article 6, Buyer hereby represents and warrants to Sellers as of the date of this Agreement (except with respect to those representations and warranties that speak as to a particular date or time, which need only be true and correct as of such date or time) as follows:

6.1 Organization and Standing. Buyer is a limited liability company duly formed, validly existing, and in good standing under the laws of the State of Delaware. Buyer is duly qualified or authorized to do business as a foreign limited liability company and is in good standing under the laws of each jurisdiction in which it owns or leases real property and each

other jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification or authorization, except where the failure to be so qualified, authorized or in good standing would not have a Material Adverse Effect. Buyer has all requisite power and authority to conduct its business as now conducted and to own, lease and operate its properties. Buyer has delivered to Sellers true, complete and correct copies of its certificate of formation and limited liability company agreement as in effect on the date hereof. The execution, delivery and performance by Buyer of this Agreement and each Ancillary Document to which Buyer is or will be a party are within the limited liability company powers of Buyer.

6.2 Authorization and Binding Obligation. The execution, delivery, and performance of this Agreement by Buyer, and the execution, delivery and performance of each Ancillary Document to be delivered or executed in connection with this Agreement to which Buyer is or will be a party and the transactions contemplated hereby and thereby have been (or, with respect to such Ancillary Documents, will prior to the Closing be) duly authorized by all necessary actions on the part of Buyer. This Agreement has been, and all such Ancillary Documents to which Buyer is or will be a party will prior to the Closing be, duly executed and delivered by Buyer and constitute the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with their terms except as the enforceability of this Agreement may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally, and by judicial discretion in the enforcement of equitable remedies.

6.3 Litigation. There are no claims, actions, suits, litigation, labor disputes, arbitrations, proceedings, or investigations pending or, to the Buyer's knowledge, threatened against, relating to or affecting Buyer that are reasonably likely to prohibit or restrain the ability of Buyer to enter into this Agreement or consummate the transactions contemplated hereby.

6.4 Conflicts; Consents of Third Parties.

(a) None of the execution, delivery and performance by Buyer of this Agreement or the consummation of the transactions contemplated hereby, or the compliance by Buyer with any of the provisions hereof will conflict with or result in any violation or default under or give rise to a right of termination, cancellation or acceleration (whether after the giving of notice or the lapse of time or both) of any obligation under (i) the organizational documents of Buyer, (ii) any contract or permit to which Buyer is a party or by which Buyer or its properties or assets are bound, (iii) any order applicable to Buyer or any of its properties or assets or (iv) any Applicable Law, except, in the case of clauses (ii), (iii) and (iv), for such violations, breaches, defaults, terminations, cancellations or accelerations as would not reasonably be expected to have a material adverse effect on the ability of Buyer to perform its obligations under this Agreement or to consummate the transactions contemplated hereby.

(b) No consent, waiver, approval, order, permit or authorization of, or declaration or filing with, or notification to, any person or Governmental Authority is required on the part of Buyer in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for (i) the FCC Consent, (ii) the Bidding Procedures Order, (iii) the Sale Order and (iv) such other consents, waivers, approvals, orders, permits, authorizations, declarations, filings and notifications, the failure of which to be obtained or made would not reasonably be expected to have a material adverse effect on the

ability of Buyer to perform its obligations under this Agreement or to consummate the transactions contemplated hereby.

6.5 Qualifications; Consents. Buyer is an entity legally and financially qualified under the Communications Act to hold the Authorizations. Buyer is not taking and has not taken any action that would reasonably be expected to disqualify it from holding such Authorizations. Buyer has no reason to believe that the FCC Application is reasonably likely to be challenged or is reasonably likely not to be granted by the FCC in the ordinary course due to any fact or circumstance relating to Buyer's qualifications to hold the Authorizations.

6.6 Buyer's Financing. Buyer acknowledges and agrees that the Closing is not contingent upon Buyer obtaining financing to pay the Purchase Price.

6.7 Brokers. None of Buyer or any of its Affiliates has paid or agreed to pay, or received any claim with respect to, any brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated hereby.

## **ARTICLE 7 COVENANTS**

7.1 Operation of Business. Except as set forth on Schedule 7.1:

(a) Between the date of this Agreement and the Closing Date, Sellers shall, except as expressly set forth in this Agreement, or except with prior written consent of Buyer:

(i) use their commercially reasonable efforts to maintain, preserve and protect the Purchased Assets in good repair and condition, normal wear and tear excepted, and maintain insurance upon the Purchased Assets in such amounts and of such kinds comparable to that in effect on the date of this Agreement;

(ii) (A) maintain its books of account and records relating to the Business in the Ordinary Course of Business, (B) continue to collect accounts receivable and pay accounts payable relating to the Business in the Ordinary Course of Business and without discounting or accelerating payment of such accounts, and (C) comply with all contractual and other obligations relating to the Business applicable to the operation of the Business and ownership of the Purchased Assets;

(iii) comply in all material respects with all Applicable Laws relating to the Business, including Communications Laws;

(iv) conduct the Business in the Ordinary Course of Business, (including with respect to working capital management), except where such conduct would conflict with Sellers' other obligations under this Agreement and other than making motions in the Chapter 11 Case not inconsistent with the other provisions of this Section 7.1;

(v) use their commercially reasonable efforts to (A) preserve its present business operations, organization (including, without limitation, management and the

sales force) and goodwill of Sellers relating to the Business and (B) preserve the present relationships with Persons having business dealings with Sellers relating to the Business (including without limitation customers and suppliers);

(vi) make all filings and take all actions reasonably necessary or appropriate to maintain the Authorizations relating to the Station in full force and effect, including filing and taking all actions reasonably necessary or appropriate to prosecute timely requests for extensions of Authorizations for digital facilities relating to the Station, and cooperate with Buyer in taking all steps reasonably necessary, including the preparation and filing of FCC applications, to meet FCC deadlines and requirements regarding the build-out of digital facilities for the Station and, to that end, shall update Section 5.8(e) with respect to the construction of its DTV “checklist” facility on or before June 20, 2006 if Sellers’ contemplate filing a waiver of the July 1, 2006 “use-it-or-lose-it” deadline, and shall update Section 5.8(e) two (2) business days prior to Closing to set forth the status of any such waiver requests that have been filed;

(vii) with respect to Authorizations relating to the Station (x) use commercially reasonable efforts to complete construction of the digital facilities authorized by the Station’s digital construction permit by the July 1, 2006 “use it or lose it” deadline, with facilities that replicate the area and population coverage of the Station’s analog facilities, except as set forth in Schedule 5.9, or (y) file with the FCC a request for waiver of the July 1, 2006 “use it or lose it” deadline if the Station is unable to complete construction of its digital facilities for any reason, including the Station’s inability to procure equipment or installation crews in a timely manner.

(viii) with respect to analog or DTV facilities that are covered by a Station Authorization, use commercially reasonable efforts to object to any licensed or proposed facilities which are likely to violate the FCC’s rules regarding interference protection to the Station’s facilities to which the Station has standing to object;

(ix) exercise commercially reasonable efforts to maintain carriage, if any, of the Station’s signals on (x) all cable systems located within the Station’s DMAs, as applicable, and as to which the Station’s signals are currently being carried and (y) other MVPDs to which the Station’s signals are currently being carried; and use commercially reasonable efforts to oppose all applications, proposals or proceedings, if any, that could materially adversely affect the Station and its service area;

(x) promptly provide Buyer with (A) copies of any and all material applications, reports, correspondence or other documents filed or exchanged with the FCC concerning the Authorizations or Sellers and (B) copies of any and all material correspondence and other documents exchanged with cable systems and satellite carriers relating to the Station’s must carry status, retransmission consent agreements, or other material matters related to the Business or arising under the Cable Act or the Satellite Home Viewer Improvement Act of 1999, as amended, and keep Buyer reasonably advised of the status of all material negotiations with cable systems or satellite carriers concerning such matters;

(xi) consult with Buyer regarding the Station's entering into retransmission consent agreements or arrangements relating to the Business, except for renewal of existing retransmission consent agreements upon similar terms and conditions; and

(xii) not take any action which would have a material adverse affect on the ability of the parties to consummate the transactions contemplated by this Agreement.

(b) Except as otherwise expressly contemplated by this Agreement or the Other Station Agreements, or with the prior written consent of Buyer, Sellers shall not:

(i) (A) materially increase the annual level of compensation of any Employee or materially increase the annual level of compensation payable or to become payable by Sellers to any of their respective executive officers who are Employees, (B) grant any unusual or extraordinary bonus, benefit or other direct or indirect compensation to any Employee, director or consultant, or (C) materially increase the coverage or benefits available under any Employee Benefit Plan or create any new employee benefit plan that would be an Employee Benefit Plan had it been in existence as of the date hereof;

(ii) make any loan or advance to any Person who is not a Seller except with respect to advances or reimbursement of employee expenses, or with respect to the Other Stations pursuant to existing contractual obligations, in each instance in the Ordinary Course of Business;

(iii) incur or assume any Indebtedness of any Person who is not a Seller;

(iv) make or rescind any election relating to Taxes, or except as may be required by Applicable Law or GAAP, make any material change to any of its methods of accounting or methods of reporting income or deductions for Tax or accounting practice or policy from those employed in the preparation of its most recent Tax Returns, or, if Buyer could be adversely affected, settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes;

(v) subject to any Lien or otherwise encumber or permit, allow or suffer to be encumbered, any of the Purchased Assets (other than Permitted Encumbrances);

(vi) acquire any material properties or assets or sell, assign, license, transfer, convey, lease or otherwise dispose of any of the Purchased Assets (except for fair consideration in the Ordinary Course of Business) of Sellers;

(vii) enter into or agree to enter into any merger or consolidation with, any corporation or other entity, and not engage in any new business or invest in, make a loan, advance or capital contribution to, or otherwise acquire the securities of any other Person;

(viii) cancel or compromise any debt or claim or waive or release any material right of Sellers relating to the Business except in the Ordinary Course of Business;

(ix) enter into any commitment for capital expenditures other than (A) as contemplated by Section 2.5 of the Other PSC Agreement or (B) to the extent any such expenditure with respect thereto will be paid in full prior to the Closing or included in the Post-Closing Working Capital Adjustments pursuant to Section 2.4 of the Other PSC Agreement;

(x) enter into, modify or terminate any labor or collective bargaining agreement relating to the Business or, through negotiation or otherwise, make any commitment or incur any liability to any labor organization with respect to the Business;

(xi) introduce any material change with respect to the operation of the Business;

(xii) enter into, modify or renew any Contract relating to the Business, including any Real Property Lease, which by reason of its size or otherwise provides for payments or receipts in excess of \$25,000 in the aggregate, or is otherwise not in the Ordinary Course of Business;

(xiii) enter into any Contract, understanding or commitment that restrains, restricts, limits or impedes the ability of the Business, or the ability of Buyer, to compete with or conduct any business or line of business in any geographic area;

(xiv) terminate, amend, restate, supplement or waive any rights under any, or enter into any new, (A) Material Contract, Real Property Lease, Personal Property Lease or Intellectual Property License or (B) Permit;

(xv) cause or permit by any act, or failure to act, any of the Authorizations relating to the Business to expire (except as set forth on Schedule 7.1(b)(xv)), be surrendered, materially adversely modified, or otherwise terminated, or the FCC to institute any proceedings for the suspension, revocation or material adverse modification of any of the Authorizations relating to the Business or fail to prosecute with due diligence any Pending Application relating to the Business to the FCC;

(xvi) consent to the importation by a satellite carrier into any Station's DMA of distant signals of television stations affiliated with the same network as the Station except to households outside the Grade B service areas of the Station or to unserved households as that term is defined in the Satellite Home Viewer Act of 1988, as amended, 17 U.S.C. § 119;

(xvii) enter into trade or barter agreements (other than syndicated/network programming barter) that would, in the aggregate, require at any one time outstanding the broadcast of more than \$25,000 of time on the Station based on the Station's current rates for advertising time; or

(xviii) amend the certificate of incorporation or by-laws or comparable documents of Sellers in any manner which would adversely affect Buyer or hinder or delay the transactions contemplated in this Agreement.

## 7.2 Access to Information; Certain FCC Matters.

(a) From the date hereof to the Closing Date, Sellers shall afford to Buyer and the officers, employees and agents of Buyer complete access (on-site or otherwise), upon reasonable notice and at reasonable times, to Sellers' officers, employees, agents, properties, books, records, and contracts relating to the Business, and shall furnish Buyer all financial, operating, and other data and information as Buyer may reasonably request relating to the Business and to make extracts and copies of such books and records. Any such investigation and examination shall be conducted during regular business hours and under reasonable circumstances, and Sellers shall cooperate fully therein. No investigation by Buyer prior to or after the date of this Agreement shall diminish or obviate any of the representations, warranties, covenants or agreements of Sellers contained in this Agreement or the Ancillary Documents. In order that Buyer may have full opportunity to make such physical, business, accounting and legal review, examination or investigation as it may reasonably request of the affairs of Sellers, Sellers shall cause the officers, employees, consultants, agents, accountants, attorneys and other representatives of Sellers to cooperate fully with such representatives in connection with such review and examination. Sellers shall promptly deliver to Buyer such copies of all pleadings, motions, notices, statements, schedules, applications, reports and other papers filed by Sellers in the Chapter 11 Case. Sellers shall promptly provide to Buyer all documents and materials relating to the proposed sale of the Purchased Assets, Assumed Contracts or any portion thereof, including, without limitation, with respect to competing bids, and otherwise cooperate with Buyer, to the extent reasonably necessary in connection with Buyer's preparation for or participation in any part of the Chapter 11 Case in which Buyer's participation is necessary, required or reasonably appropriate. In addition to any obligation under Section 7.1(a)(x) hereof, Sellers shall promptly deliver copies to Buyer or provide Buyer with access to all pleadings, motions, notices, statements, schedules, applications, reports and other papers filed in any other judicial or administrative proceeding. In addition, Sellers shall consult with Buyer with respect to any written or oral communication concerning, in whole or in part, the transactions contemplated by this Agreement.

(b) Subject to Section 7.9 hereof, in the event that the FCC requires Sellers to make any elections with respect to any Authorizations or other licenses, permits or authorizations prior to the Closing (including, without limitation, with respect to digital transmission), Sellers shall notify Buyer promptly of such requirement and shall not make any such election without the prior consent of Buyer, which consent shall not be unreasonably withheld or delayed.

(c) If the Closing shall not have occurred for any reason within the original effective period of the FCC Consent and this Agreement shall not have been terminated by Buyer or PSC pursuant to Section 11.1, the parties hereto shall jointly request an extension (or extensions, as necessary) of the effective period of the FCC Consent.

7.3 Conduct of Buyer. Between the date of this Agreement and the Closing Date, neither Buyer nor any of its Affiliates shall take any action which would reasonably be expected to adversely affect the ability of the parties to consummate the transactions contemplated by this Agreement (or the Other Station Agreements) or otherwise frustrate or delay the transactions contemplated by this Agreement (or the Other Station Agreements).



7.4 Third-Party Consents. Sellers shall cooperate with Buyer and use their commercially reasonable efforts to solicit and obtain at the earliest practicable date all third-party consents, waivers and approvals required for the consummation of the transactions contemplated by this Agreement, including the consents and approvals referred to in Section 5.3 hereof.

7.5 Public Announcements. No party shall issue a press release or otherwise make any public statements with respect to this Agreement or the transactions contemplated hereby, except, in the sole judgment of Buyer or Sellers, disclosure is otherwise required by Applicable Law, by obligations pursuant to any listing agreement with any national securities exchange or over-the-counter market or with respect to filings to be made with the Bankruptcy Court in connection with this Agreement (in which case the party required to make such public statement shall notify the other party as promptly as practicable and prior to making such public statement shall consult with the other party with respect to the text thereof), without the prior consent of the others, which consent shall not be unreasonably withheld.

7.6 Liens Released. Sellers shall cause all Liens of record other than Permitted Encumbrances with respect to the Purchased Assets to be released of record prior to Closing, failing which the Sellers shall cause the Sale Order to be filed of record, at Sellers' expense, in order to remove such Liens.

7.7 Transition Services Agreement. Sellers and Buyer agree that they shall prior to Closing negotiate in good faith a mutually satisfactory agreement whereby Sellers will provide to Buyer, at Buyer's expense, such services, for a period not to exceed 6 months after the Closing, as Buyer may reasonably request (the "Transition Services Agreement").

7.8 Employees; Employee Benefits.

(a) Sellers have heretofore delivered to Buyer a complete and accurate list, as of the date of this Agreement (the "Employee Schedule"), of (i) the name and position of each Employee, (ii) the annual base salary or hourly rate, as applicable, for each Employee and (iii) the date each Employee commenced employment at the Station.

(b) Transferred Employees. At the Closing Buyer shall deliver to Sellers a list of the Employees to whom Buyer shall deliver an offer of employment in accordance with this Section 7.8 ("Employee Offer Schedule"). At or prior to Closing, Buyer shall deliver, in writing, an offer of employment (on an "at will" basis) to commence on the Closing Date to (i) the Employees listed on the Employee Offer Schedule and (ii) all Employees hired between the date of this Agreement and the Closing in the Ordinary Course of Business, to the extent agreed in writing by the parties. Such individuals who accept such offer by the Closing Date are hereinafter referred to as the "Transferred Employees." Subject to Applicable Laws, on and after the Closing Date, Buyer shall have the right to dismiss any or all Transferred Employees at any time, with or without cause, and to change the terms and conditions of their employment (including compensation and employee benefits provided to them).

(c) Excluded Employees. Any Employee who is not offered employment by Buyer prior to Closing or who does not accept an offer of employment by Buyer, in each case pursuant to Section 7.8(b), is hereinafter referred to as an "Excluded Employee."

(d) Standard Procedure. Pursuant to the “Standard Procedure” provided in Section 4 of Revenue Procedure 96 60, 1996 2 C.B. 399, (i) Buyer and Seller shall report on a predecessor/successor basis as set forth therein, (ii) Seller will not be relieved from filing a Form W 2 with respect to any Transferred Employees, and (iii) Buyer will undertake to file (or cause to be filed) a Form W 2 for each such Transferred Employee only with respect to the portion of the year during which such Employees are employed by Buyer that includes the Closing Date, excluding the portion of such year that such Employee was employed by Sellers.

(e) Benefits. Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall be construed as requiring any Seller compensation or employee benefit plans, programs or arrangements to be assumed or continue to be maintained by Buyer with respect to the Transferred Employees for any specified period after the Closing Date. Buyer shall (i) grant each Transferred Employee all service credit with Sellers (based on the employment commencement date set forth on the Employee Schedule), for purposes of eligibility and participation in the benefit plans, programs and arrangements (including, without limitation, the vacation and the severance policies but not for purposes of any other benefit accruals), of Buyer and (ii) waive pre existing conditions to the extent waived under the comparable Employee Benefit Plan. Effective on the Closing Date, Buyer shall make available and provide the Transferred Employees with health and welfare benefits, as determined by Buyer, as of the Closing Date. Buyer also agrees to credit the Transferred Employees with the unused vacation, sick leave and personal leave that such employees have accrued as of the Closing Date. All further accruals of such vacation, sick and personal leave shall be in accordance with Buyer’s policies and programs. Except as otherwise expressly provided in this Agreement or expressly agreed to in writing by the parties hereto after the date hereof, Buyer shall not assume any Employee Benefit Plan or any Liability or obligation thereunder.

(f) COBRA. Seller shall be exclusively responsible for complying with COBRA with respect to the Excluded Employees and their qualified beneficiaries by reason of any such employees’ termination of employment with Seller, and Buyer shall not have any obligation or liability to provide rights under COBRA on account of any such termination of employment of such Excluded Employees. In the event Sellers are unable to provide COBRA for Excluded Employees, Buyer shall do so; provided, that, any out-of-pocket cost or expense of Buyer associated therewith is borne by Sellers. Buyer shall be responsible for COBRA with respect to the Transferred Employees and their qualified beneficiaries.

(g) Access to Employee Data and Employees. Subject to Applicable Laws, Sellers shall provide Buyer reasonable access to and provide data (including computer data) regarding employment information concerning the Employees and such other personnel records of the Employees as Buyer may reasonably request. Sellers shall permit Buyer’s representatives to communicate with the Employees regarding the transactions contemplated by this Agreement, their potential employment with Buyer, the transition of Business operations to Buyer and other relevant matters; provided, however, that Buyers and Sellers will work in good faith to develop a process and schedule for Buyers to have such communications with such Employees at times and under circumstances reasonably acceptable to Sellers and Buyers.

7.9 Control of the Station. Prior to the Closing, Buyer shall not, directly or indirectly, control, supervise, direct, or attempt to control, supervise or direct, the operations of any of the

Station, and such operations, including complete control and supervision of each of the Station's programs, employees and policies, shall be the sole responsibility of each Seller, as applicable, until the consummation of the Closing hereunder.

7.10 Preservation of Records. In the event Sellers or Buyer wishes to destroy the records held by them or their Affiliates relating to the Business, such party shall first give thirty (30) days prior written notice to the other and such other party shall have the right at its option and expense, upon prior written notice given to such party within such thirty- (30) day period, to take possession of the records within sixty (60) days after the date of such notice.

7.11 Use of Name. Buyer hereby agree that upon the consummation of the transactions contemplated hereby, Sellers shall retain the sole right to the use of the name "Pegasus" or similar names or any service marks, trademarks, trade names, identifying symbols, logos, emblems or signs containing or comprising the foregoing, including any name or mark confusingly similar thereto (collectively, the "Seller Marks") and Buyer shall not, and shall not permit any Affiliate to, use such name or any variation or simulation thereof. In furtherance thereof, as promptly as practicable but in no event later than ninety (90) days following the Closing Date, Buyer shall remove, strike over or otherwise obliterate all Seller Marks from all Purchased Assets and other materials owned by Buyer and used or displayed publicly including any sales and marketing materials, displays, signs, promotional materials and other materials.

## **ARTICLE 8 CONDITIONS**

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

(a) Sellers shall have delivered to Buyer all of the documents required by Section 9.1.

(b) The FCC Consent shall have been issued and shall have become a Final Order, except as otherwise provided in Schedule 8.1(b).

(c) The Bankruptcy Court shall have entered the Sale Order, and the Sale Order (i) shall not have been modified or amended in a manner adverse to Buyer without the prior written consent of Buyer and (ii) shall be, as of the Closing, in full force and effect and not subject to any pending stay.

(d) No Legal Proceedings (including, without limitation, any proceeding over which the Bankruptcy Court has jurisdiction under 28 U.S.C. § 157(b) and (c)) shall have been instituted against Sellers or Buyer seeking to restrain or prohibit with respect to the consummation of the transactions contemplated hereby.

(e) Sellers shall have obtained those consents, waivers and approvals set forth on Schedule 8.1(e) hereof in a form reasonably satisfactory to Buyer.

(f) On the Closing Date, the applicable Sellers shall be the holders of the Authorizations issued by the FCC, each of which (i) shall be in full force and effect, (ii) shall contain no material adverse modifications of the terms thereof in effect on the date of this Agreement and (iii) shall not be subject to any proceedings pending by or before the FCC or any court of competent jurisdiction that would reasonably be expected to result in the revocation, cancellation, suspension or material adverse modification or non-renewal of such Authorizations.

8.2 Conditions Precedent to Obligations of Sellers. The obligations of Sellers to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions, except to the extent Sellers shall have waived satisfaction of such condition to the extent permitted by Applicable Law:

(a) Buyer shall have delivered to Sellers all of the documents required by Section 9.2.

(b) The FCC Consent shall have been issued.

8.3 Conditions Precedent to Obligations of Buyer and Sellers. The respective obligations of Buyer and Sellers to consummate the transactions contemplated by this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions, except to the extent Buyer or Sellers shall have waived satisfaction of such condition to the extent permitted by Applicable Law:

(a) There shall not be in effect any Order by a Governmental Authority of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby.

(b) The Bankruptcy Court shall have entered the Bidding Procedures Order.

(c) The Sale Order shall be a Final Order and notice of approval of the Sale Order shall be served on all Taxing Authorities and Governmental Authorities having jurisdiction over the Purchased Assets, the attorneys general of all states in which the Purchased Assets are located.

(d) The closings contemplated by the agreements listed on Schedule 8.3(d) (the "Other Station Agreements") shall have been completed.

8.4 Frustration of Closing Conditions. Neither Sellers nor Buyer may rely on the failure of any condition set forth in Section 8.1, 8.2 or 8.3, as the case may be, if such failure was caused by such party's failure to comply with any provision of this Agreement or any such party's designee's failure to comply with the Other Station Agreements.

## **ARTICLE 9 CLOSING DELIVERIES**

9.1 Sellers Deliveries. At the Closing, Sellers shall deliver or cause to be delivered to Buyer the following:

- (a) duly executed assignment and assumption agreement in the form of Exhibit A hereto and duly executed assignments of the U.S. trademark registrations and applications included in the Purchased Intellectual Property, in a form suitable for recording in the U.S. trademark office, and general assignments of all other Purchased Intellectual Property;
- (b) a duly executed bill of sale in the form of Exhibit B-1 hereto and an assignment of the FCC Authorizations in the form of Exhibit B-2 hereto;
- (c) copies of all consents, waivers and approvals obtained and referred to in Section 8.1(e);
- (d) as to each Seller, a duly executed affidavit of non-foreign status that complies with Section 1445 of the Code;
- (e) a certified copy of the Sale Order;
- (f) an opinion of Sellers' FCC counsel in the form of Exhibit C annexed hereto; and
- (g) such other documents or instruments as Buyer may reasonably request to consummate the transactions contemplated by this Agreement, including such assignments of leases, limited or special or quit claim warranty deeds, surveys, tax withholding and mechanics' lien affidavits and title insurance policies as are customarily delivered in transactions of like kind and nature in the jurisdiction in which each Seller Property is located.

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

- (a) the payment of the Purchase Price as provided in Section 2.1;
- (b) a duly executed assignment and assumption agreement in the form attached hereto as Exhibit A; and
- (c) such other documents or instruments as Sellers may reasonably request to consummate the transactions contemplated by this Agreement.

## **ARTICLE 10 FEES AND EXPENSES**

10.1 Expenses. Except as otherwise provided in this Agreement or the Bidding Procedures Order, each party shall pay its own expenses incurred in connection with the authorization, preparation, execution, and performance of this Agreement and each other

agreement, document and instrument contemplated by this Agreement, including all fees and expenses of counsel, accountants, agents, and representatives.

## **ARTICLE 11 TERMINATION RIGHTS**

11.1 Termination of Agreement. This Agreement may be terminated prior to the Closing as follows:

(a) At any time prior to the Closing Date by the mutual written consent duly authorized by PSC and Buyer;

(b) Automatically if the Other Station Agreements shall have been terminated in accordance with their terms for any reason;

(c) By either PSC or Buyer, if (i) there shall be any Applicable Law that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited or (ii) the FCC denies the FCC Application in an Order that has become a FCC Final Order or designates the FCC Application for an evidentiary hearing, or (iii) any Final Order of another Governmental Authority is entered by such a Governmental Authority of competent jurisdiction having valid enforcement authority permanently restraining, prohibiting or enjoining any of Sellers or Buyer from consummating the transactions contemplated hereby; it being agreed that, except as provided otherwise herein, the parties hereto shall promptly appeal any adverse determination which is not nonappealable (and pursue such appeal with reasonable diligence); or

(d) By Sellers or Buyer, if the Bankruptcy Court enters an order which approves a Person other than Buyer or an Affiliate of Buyer as the Prevailing Bidder and, subject to the Bid Procedures Order, Buyer is not the second highest bidder

11.2 Effect of Termination. No termination of this Agreement pursuant to Section 11.1 shall be effective until notice thereof shall be given to the non-terminating parties specifying the provision hereof pursuant to which such termination is made. If validly terminated pursuant to Section 11.1, this Agreement shall become wholly void and of no further force and effect without Liability to Buyer or Sellers or any of their respective Subsidiaries, Affiliates, officers, directors, employees, agents, advisors or other representatives, except that the obligations of the parties under Sections 11.2, Article 10, Article 15 and, to the extent necessary to effectuate the foregoing enumerated provisions, Article 14 of this Agreement shall remain in full force and effect.

## **ARTICLE 12 INDEMNIFICATION**

12.1 Survival of Representations and Warranties. The representations and warranties of Sellers and Buyer contained in this Agreement shall survive the Closing through and including the date that is one hundred twenty (120) days after the Closing Date (the "Survival Period"); provided, however, that any obligations to indemnify and hold harmless under the Other PSC Agreement shall not terminate with respect to any Losses (as defined in the Other PSC Agreement) as to which the Person to be indemnified thereunder shall have given notice (stating

in reasonable detail the basis of the claim for indemnification) to the indemnifying party thereunder in accordance with Section 15.8 of the Other PSC Agreement before the termination of the Survival Period.

## 12.2 Indemnification.

(a) The parties acknowledge and agree that Buyer and its directors, officers, employees, Affiliates, stockholders, members, agents, attorneys, representatives, successors and permitted assigns (collectively, the “Buyer Indemnified Parties”) are entitled to indemnification from the sellers under the Other PSC Agreement solely in accordance with and pursuant to Article 12 of the Other PSC Agreement.

(b) The parties acknowledge and agree that Sellers and their respective Affiliates, stockholders, agents, and the Liquidating Trust and the Liquidating Trustee and their respective attorneys, representatives, successors and permitted assigns (collectively, the “Seller Indemnified Parties”) are entitled to indemnification solely from the buyer under the Other PSC Agreement in accordance with and pursuant to Article 12 of the Other PSC Agreement, and Sellers shall in no event have any right to be indemnified by Buyer under or with respect to this Agreement.

12.3 Exclusive Remedy. From and after the Closing, the sole and exclusive remedy of any party hereto for any breach by any party of any term or provision of this Agreement, the Ancillary Documents or the documents delivered pursuant to Article 9 shall be as provided in Article 12 of the Other PSC Agreement.

## ARTICLE 13 TAXES

### 13.1 Transfer Taxes.

(a) Sellers shall (i) be responsible for (and shall indemnify and hold harmless Buyer against) any and all Liabilities for any sales, use, stamp, documentary, filing, recording, transfer, real estate transfer, stock transfer, gross receipts, registration, duty, securities transactions or similar fees or taxes or governmental charges (together with any interest or penalty, addition to tax or additional amount imposed) as levied by any Taxing Authority in connection with the transactions contemplated by this Agreement (collectively, “Transfer Taxes”), regardless of the Person liable for such Transfer Taxes under applicable Law and (ii) timely file or cause to be filed all necessary documents (including all Tax Returns) with respect to Transfer Taxes. Notwithstanding the foregoing, the Sale Order shall contain a provision that Sellers’ sale, transfer, assignment and conveyance of the Purchased Assets to Buyer hereunder shall be entitled to the protections afforded under Section 1146(a) of the Bankruptcy Code, to the extent applicable. The parties will reasonably cooperate to minimize any such taxes.

(b) Sellers acknowledge and agree that Buyer shall have an administrative expense claim against Sellers, jointly and severally, with respect to Sellers’ share of any Transfer Taxes arising out of the transfer of the Purchased Assets under this Section 13.1 that have not been paid when due.

13.2 Prorations. All real property taxes, personal property taxes, or ad valorem obligations and similar recurring taxes and fees on the Purchased Assets for taxable periods beginning before, and ending after, the Closing Date, shall be prorated between Buyer and Sellers as of 12:01 a.m. eastern time on the Closing Date. With respect to Taxes described in this Section 13.2, Sellers shall timely file all Tax Returns due before the Closing Date with respect to such Taxes and Buyer shall prepare and timely file all Tax Returns due after the Closing Date with respect to such Taxes. If one party remits to the appropriate Taxing Authority payment for Taxes, which are subject to proration under this Section 13.2 and such payment includes the other party's share of such Taxes, such other party shall promptly reimburse the remitting party for its share of such Taxes.

13.3 Purchase Price Allocation. Not later than ninety (90) days after the Closing Date, Buyer shall cause to be prepared and delivered to Seller a schedule (the "Allocation Schedule") allocating the Purchase Price and the Assumed Liabilities (for Tax purposes) among the Purchased Assets acquired by Buyer in accordance with Section 1060 of the Code and the Treasury regulations promulgated thereunder or any successor provisions. Sellers will have the right to propose reasonable, specific changes to the Allocation Schedule within thirty (30) days after its receipt thereof. If no such changes are proposed in writing to Buyer within such time, Sellers will be deemed to have agreed to the Allocation Schedule. If such changes are proposed, Buyer and Sellers will negotiate in good faith and will use their best efforts to agree upon the Purchase Price allocation. If Buyer and Sellers do not reach an agreement within fifteen (15) days after Buyer's receipt of such objections, then the dispute resolution principles of Section 2.4 shall apply. Buyer and Sellers (i) shall execute and file all Tax Returns and prepare all financial statements, returns and other instruments in a manner consistent with the allocation set forth in the final Allocation Schedule, (ii) shall not take any position before any governmental authority or in any judicial proceeding that is inconsistent with such allocation and (iii) shall cooperate with each other in a timely filing, consistent with such allocation, of Form 8594 with the Internal Revenue Service. Notwithstanding any other provisions of this Agreement, the provisions of this Section 13.3 shall survive the Closing without limitation.

13.4 Cooperation on Tax Matters. Buyer and Sellers shall furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance relating to the Purchased Assets and the Assumed Liabilities as is reasonably necessary for the preparation and filing of any Tax Return, claim for refund or other required or optional filings relating to Tax matters, for the preparation for any Tax audit, for the preparation for any Tax protest, for the prosecution or defense of any suit or other proceeding relating to Tax matters.

13.5 Payment of Taxes; Filing of Tax Returns. Sellers shall prepare and file, or cause to be prepared and filed, all Tax Returns for or on behalf of Sellers that are required to be filed for periods that include or end on or prior to the Closing Date. Sellers shall pay, or shall cause to be paid, all Taxes due and payable by Sellers with respect to periods that include or end on or prior to the Closing Date.



## **ARTICLE 14 DEFINED TERMS**

14.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 14.1:

“Affiliate” means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and the term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” has the meaning set forth in the Preamble.

“Allocation Schedule” has the meaning set forth in Section 13.3.

“Alternative Transaction” has the meaning set forth in Section 3.2.1.

“Ancillary Documents” has the meaning set forth in Section 5.1.

“Applicable Law” means any applicable statute, law, ordinance, rule, regulation, rule or order of any federal, state, or local government, governmental department, or agency, including Communications Laws, all foreign, federal, state, and local energy, public utility, zoning, building code, health, employee safety, and OSHA.

“Assumed Contracts” means (i) the Contracts listed on Schedule 5.14 (other than those Contracts also set forth on Schedule 14.1(d)), (ii) Contracts relating to the Business entered into in the Ordinary Course of Business and for which payments under each such Contract do not exceed \$25,000 in the aggregate, and (iii) Contracts related to the Business entered into between the date hereof and the Closing as permitted by and subject to the terms of this Agreement.

“Assumed Liabilities” means (i) the Liabilities of Sellers listed on Schedule 14.1(a); (ii) the obligations of Sellers under the Assumed Contracts, arising from and accruing with respect to the operation of the Business as of and after the Closing Date; (iii) any Liabilities relating to the operation of the Business by Buyer or its Affiliates to the extent arising with respect to events occurring on or after the Closing Date, and related to the period from and after the Closing Date; (iv) all accounts payable and accrued expenses of Sellers relating to the Business, other than those Liabilities assumed under the Other PSC Agreement, and arising in the Ordinary Course of Business (it being understood that any payable for a check written prior to the Closing Date (whether cashed or uncashed) shall be an Excluded Liability); (v) all Liabilities which are the responsibility of Buyer as set forth in Section 7.8; (vi) all Liabilities of Sellers with respect to the Business, other than those Liabilities assumed under the Other PSC Agreement, included in the calculation of Final Working Capital; and (vii) all Liabilities relating to amounts required to be paid by Buyer hereunder.

“Authorizations” means licenses, permits (including construction permits), special temporary authorizations and other authorizations, including digital television licenses or

construction permits, used or useful in the operation of the Station which have been issued by the FCC, together with all extensions, renewals, modifications and additions thereof or thereto, including those listed in Schedule 5.7 hereto.

“Balance Sheet” has the meaning set forth in Section 5.21.

“Bankruptcy Code” has the meaning set forth in the Recitals.

“Bankruptcy Court” has the meaning set forth in the Recitals.

“Bid Deadline” has the meaning set forth in Section 3.2.2(b).

“Bidding Procedures Motion” means the motion to be filed with the Bankruptcy Court seeking approval of the Break-Up Fee and the Expense Reimbursement and the establishment of bidding procedures as contemplated pursuant to Section 3.2.4(a) hereof.

“Bidding Procedures Order” means the order, in form and substance reasonably acceptable to Buyer, entered by the Bankruptcy Court with respect to the Bidding Procedures Motion and more fully described in Sections 3.2.1 and 3.2.2 hereof.

“Business” means the ownership and operation of the Station.

“Business Day” means any day of the year on which national banking institutions in New York City are open to the public for conducting business and are not required or authorized to close.

“Buyer” has the meaning set forth in the Preamble.

“Buyer Indemnified Parties” has the meaning set forth in Section 12.2(a).

“Chapter 11 Case” has the meaning set forth in the Recitals.

“Claim” has the meaning provided in Section 101 of the Bankruptcy Code and, as used herein includes, but is not limited to, Claims for administrative expenses under Sections 503(b) and 507(a)(1) of the Bankruptcy Code.

“Closing” has the meaning set forth in Section 4.1.

“Closing Date” has the meaning set forth in Section 4.1.

“Code” means the Internal Revenue Code of 1986, as amended, and the Treasury regulations promulgated thereunder, as in effect from time to time.

“Communications Laws” means the Communications Act of 1934, as amended (the “Communications Act”), and the rules, regulations and published policies of the FCC promulgated thereunder.

“Contract” means any written or oral contract or any other legally binding agreement, commitment or undertaking.

“Debtors” means each of the debtors in the Chapter 11 Case.

“DMA” has the meaning set forth in Section 5.10.

“DTV” has the meaning set forth in Section 5.9.

“Effective Time” has the meaning set forth in Section 4.1.

“Employee” means all individuals, as of the date hereof, who are employed by Sellers in connection with the Business, together with individuals who are hired by Sellers in respect of the Business after the date hereof.

“Employee Benefit Plans” has the meaning set forth in Section 5.22(a).

“Employee Offer Schedule” has the meaning set forth in Section 7.8(b).

“Employee Schedule” has the meaning set forth in Section 7.8(a).

“Environmental Costs or Liabilities” means, with respect to any Person, all liabilities, obligations, responsibilities, Remedial Actions, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim or demand by any other Person or in response to any violation of Environmental Law, whether known or unknown, accrued or contingent, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, to the extent based upon, related to, or arising under or pursuant to any Environmental Law, Environmental Permit, order or agreement with any Governmental Authority or other Person, which relates to any environmental, health or safety condition, violation of Environmental Law or a Release or threatened Release of Hazardous Materials.

“Environmental Law” means any foreign, federal, state or local statute, regulation, ordinance, rule of common law or other legal requirement as now or hereafter in effect in any way relating to the protection of human health and safety, the environment or natural resources, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. § 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. App. § 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.), the Clean Water Act (33 U.S.C. § 1251 et seq.), the Clean Air Act (42 U.S.C. § 7401 et seq.) the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. § 136 et seq.), and the Occupational Safety and Health Act (29 U.S.C. § 651 et seq.), as each has been or may be amended and the regulations promulgated pursuant thereto.

“Environmental Permit” means any Permit required by Environmental Laws for the operation of the Business.

“Equipment” shall mean all machinery, equipment, cameras, transmitting towers, antennae, furniture, fixtures, furnishings, toolings, parts, tubes, blank films, tapes, microwaves,

transponders, relays and other items of tangible personal property relating to the Business located at the Station and used or useable in the operation of the Station, including those items listed on Schedule 14.1(b).

“Equity Interests” means, with respect to any Person, all shares, interests, participations or other equivalents of corporate stock (whether common or preferred) or other equity participations, including partnership interests (whether general or limited), in such Person and all options, warrants or other rights of any nature to acquire the same.

“ERISA” has the meaning set forth in Section 5.22(a).

“Event of Loss” means any loss, taking, condemnation, or destruction of, or damage to, any of the Purchased Assets or any Station.

“Excluded Assets” means, notwithstanding any other provision of the Agreement, each of the following assets: (i) the Excluded Contracts, (ii) all cash, marketable securities and other cash equivalents (including government issued securities) of Sellers and bank accounts, (iii) any equity interest in any Subsidiary of any Seller; (iv) **[intentionally deleted]**, (v) the assets of Sellers set forth on Schedule 14.1(c); (vi) all rights and claims of Sellers to the extent exclusively relating to any other Excluded Asset or any Excluded Liability, including all guarantees, warranties, indemnities and similar rights in favor of Sellers in respect to any other Excluded Asset or any Excluded Liability; (vii) all rights of Sellers in respect of any Seller insurance policy (except with respect to proceeds under insurance policies for casualties for which repairs have not been paid); (viii) all rights of Sellers to Tax refunds, however arising, relating to the Purchased Assets and the Business for taxable periods prior to the Closing Date and all other Tax refunds unrelated to the Purchased Assets or the Business; (ix) all rights of Sellers under this Agreement and the Ancillary Documents and the certificates of incorporation and bylaws (or equivalent) of Sellers, qualifications to conduct business, taxpayer and other identification numbers, corporate seals, minute books and stock transfer records; (x) all financial books and records, and other internal and external documentation prepared in connection with the sale of the Purchased Assets; and (xi) all assets of Sellers related to ownership and operation of the Station which are subject to the Other PSC Agreement.

“Excluded Contracts” means all Contracts other than Assumed Contracts, including the Contracts set forth on Schedule 14.1(d).

“Excluded Employee” has the meaning set forth in Section 7.8(c).

“Excluded Liabilities” means any Liabilities relating to the Business of Sellers or any Affiliate of Sellers, other than the Assumed Liabilities, including those Liabilities set forth below (it being expressly understood that the dollar amount of any Liability of Sellers with respect to the Business other than those liabilities assumed under the Other PSC Agreement included in Final Working Capital shall not be an Excluded Liability):

- (a) all Liabilities relating to or arising out of any Excluded Asset;
- (b) all Environmental Costs or Liabilities, to the extent arising out of or otherwise related to (i) the ownership or operation by Sellers of (A) the Owned Properties or

Real Property Leases (or any condition thereon) on or prior to the Closing Date (including (x) the Release by Sellers (if existing as of the Closing) of any Hazardous Material, regardless of by whom or (y) any noncompliance with Environmental Laws), (B) the Business on or prior to the Closing Date, (C) the Excluded Assets or any other real property formerly owned, operated, leased or otherwise used by Sellers or (ii) the offsite transportation, storage disposal, treatment or recycling of Hazardous Material generated by and taken offsite by or on behalf of Sellers prior to the Closing Date;

(c) all Liabilities arising out of, relating to or with respect to (i) the employment or performance of services, or termination of employment or services by Seller or any of their Affiliates of any Person on or before the Closing Date (including, without limitation, any severance obligations and any Liabilities arising under WARN or any comparable state or local Law), (ii) the employment or performance of services, or termination of employment or services by Seller of any Excluded Employee after the Closing Date, (iii) workers' compensation claims of (A) any Employee that relate to the period prior to the Closing and (B) any Employee other than a Transferred Employee that relate to the period as of and after the Closing, in each case, irrespective of whether such claims are made prior to or after the Closing, (iv) any Employee Benefit Plan, or (v) any employment, retention, change in control or severance agreement or any other agreement regarding terms of employment or termination thereof between any Seller and any current or former officer, employee, director, trustee or consultant;

(d) all Liabilities arising out of, under or in connection with Excluded Contracts and, with respect to Assumed Contracts, Liabilities in respect of a breach by or default of Sellers accruing under such Contracts with respect to any period prior to Closing;

(e) all Liabilities arising out of, under or in connection with any Indebtedness of Sellers;

(f) all Liabilities for (i) Transfer Taxes, (ii) Taxes of Sellers or any Affiliate thereof (or predecessor thereto), (iii) Taxes that relate to the Purchased Assets or the Assumed Liabilities for taxable periods (or portions thereof) ending on or before the Closing Date, including, without limitation, Taxes allocable to Sellers pursuant to Section 13.1, and (iv) payments under any Tax allocation, sharing or similar agreement (whether oral or written);

(g) all Liabilities in respect of any pending or threatened Legal Proceeding (including the Legal Proceedings set forth on Schedule 5.12), or any claim arising out of, relating to or otherwise in respect of (i) the operation of the Business to the extent such Legal Proceeding or claim relates to such operation on or prior to the Closing Date, or (ii) any Excluded Asset; and

(h) all Liabilities relating to amounts required to be paid by Sellers hereunder.

“FCC” has the meaning set forth in Section 3.1.

“FCC Application” has the meaning set forth in Section 3.1.

“FCC Consent” has the meaning set forth in Section 3.1.

“FCC Final Order” means any action taken by the FCC with respect to the FCC Applications (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 or reconsideration, application for review, 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 request, petition, application for review, appeal, certiorari or for the taking of any such *sua sponte* action by the FCC shall have expired or otherwise terminated.

“Final Order” means any decision, order or judgment of any Governmental Authority (other than the FCC) which has not been reversed, vacated, or stayed, and as to which (i) the time under Applicable Law to file any petition or other document seeking reconsideration, review, appeal, a writ of certiorari, a new trial, reargument, or rehearing has expired, and as to which no petition or other document seeking reconsideration, review, appeal, a writ of certiorari, a new trial, reargument, reconsideration, or rehearing shall then be pending, or (ii) if any such petition or other document has been filed, such decision, order or judgment shall have been affirmed by the highest court to which such decision, order or judgment was appealed, or a writ of certiorari shall have been denied, or a the request or motion for reconsideration, review, new trial, reargument, or rehearing shall have been denied or resulted in no modification of such decision, order, or judgment, and the time to seek any further reconsideration, review, appeal, writ of certiorari, a new trial, reargument, or rehearing shall have expired under Applicable Law; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed relating to such order shall not cause such order to not be a Final Order.

“Final Working Capital” has the meaning set forth in Section 2.4(e) of the Other PSC Agreement.

“GAAP” means generally accepted accounting principles in the United States as of the date hereof applied on a consistent basis with past practices of the Sellers, except where noted.

“Governmental Authority” means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to foreign, federal, state or local government, including any governmental or regulatory authority, agency, department, board, commission or instrumentality or any political subdivision thereof, and any tribunal, court or arbitrator(s) of competent jurisdiction, and shall include the Bankruptcy Court.

“Hazardous Material” means any substance, material or waste, the presence of which requires investigation or remediation pursuant to any Environmental Law including, without limitation, petroleum and its by-products, asbestos, polychlorinated biphenyls, radon, and urea formaldehyde insulation

“Indebtedness” of any Person means, without duplication, (i) the principal of and premium (if any) in respect of (A) indebtedness of such Person for money borrowed and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable; (ii) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such

Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable and other accrued current liabilities arising in the Ordinary Course of Business); (iii) all obligations of such Person under leases required to be capitalized in accordance with GAAP; (iv) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction; (v) the liquidation value of all redeemable preferred stock of such Person; (vi) all obligations of the type referred to in clauses (i) through (v) of any Persons for the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including guarantees of such obligations; and (vii) all obligations of the type referred to in clauses (i) through (vi) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligation is assumed by such Person).

“Law” means any federal, state, local or foreign statute, law, ordinance, regulation, rule, code, order, principle of common law, judgment enacted, promulgated, issued, enforced or entered by any Governmental Authority, or other requirement or rule of law.

“Legal Proceedings” has the meaning set forth in Section 5.12.

“Liability” means any debt, liability, commitment or obligation (whether direct or indirect, contractual or otherwise, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated or due or to become due), including all costs and expenses relating thereto.

“Lien” means any title defect or title exception, lien, pledge, mortgage, deed of trust, security interest, claim, lease, charge, option, right of first refusal, easement, servitude, proxy, voting trust or agreement, transfer restriction under any shareholder or similar agreement, encumbrance or any other restriction or limitation whatsoever.

“Liquidating Trust” means The PSC Liquidating Trust.

“Liquidating Trustee” means Ocean Ridge Capital Advisors, LLC, as Liquidating Trustee of The PSC Liquidating Trust.

“Material Adverse Effect” means any effect or change that would be materially adverse to the business, financial condition or results of operations or financial condition of the Business and the Other Stations, taken as a whole; provided, that none of the following shall be deemed to constitute, and none of the following shall be taken into account in determining whether there has been, a Material Adverse Effect: any adverse change, event, occurrence, development or effect arising from or relating to (i) the negotiation, execution or announcement of this Agreement or the Other Station Agreements, or the transactions contemplated hereby or thereby, including any impact thereof on relationships, contractual or otherwise, with customers, suppliers, distributors, consultants or employees or (ii) the taking of any action contemplated by this Agreement or the Other Station Agreements or the other transactions contemplated hereby or thereby.

“Material Contract” has the meaning set forth in Section 5.14.

“MVPDs” means a multichannel video programming distributor, as such term is defined in 47 U.S.C. 522.

“Network Affiliation Contract” means any Contract pursuant to which any of NBC, ABC, CBS, The CW, The CW Plus, MyNetworkTV, UPN or the WB agree to serve as a primary source within a DMA for television programming.

“Non-Solicitation Period” has the meaning set forth in Section 3.2.2(a).

“Order” means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award.

“Ordinary Course of Business” means the ordinary and usual course of normal day-to-day operations of the Business through the date hereof consistent with past practice.

“Other PSC Agreement” means the Asset Purchase Agreement dated as of June 15, 2006 among Pegasus Satellite Communications, Inc., Pegasus Broadcast Television, Inc., WGFL License Corporation, WGFL Corporation, WTLH License Corp., WDSI License Corp., WOLF License Corp., HMW, Inc., Pegasus Broadcast Associates, L.P. and MM Broadcasting, LLC.

“Other Stations” means television stations WSWB, Scranton, Pennsylvania; WTLF, Tallahassee, Florida; WOLF, Hazelton, Pennsylvania; WILF, Williamsport, Pennsylvania; WPXT, Portland, Maine; WDSI, Chattanooga, Tennessee; WTLH, Bainbridge, Georgia; and WGFL, High Springs, Florida

“Other Station Agreements” has the meaning set forth in Section 8.3(d) and includes the Other PSC Agreement.

“Owned Property” and “Owned Properties” has the meaning set forth in Section 5.19(a).

“PBT” has the meaning set forth in the Preamble.

“Pending Applications” means any and all applications pending before the FCC or any other Governmental Authority for the renewal, modification or extension of an existing Authorization or Permit or for a new Authorization or Permit.

“Permits” means any approvals, authorizations, consents, licenses, permits or certificates, other than the Authorizations and the Low Power Authorizations.

“Permitted Encumbrances” means: (i) the permitted Liens, if any, described on Schedule 14.1(e); (ii) all Liens and exceptions disclosed in policies of title insurance set forth on Schedule 14.1(f); (iii) statutory Liens for current taxes, assessments or other governmental charges not yet delinquent; (iv) zoning, entitlement and other land use and environmental regulations by any Governmental Authority provided the same are not materially violated by the existing use of the real property encumbered thereby (unless such violations are disclosed on Schedule 14.1(e) or Schedule 14.1(f)); (v) any statutory Lien arising in the Ordinary Course of Business or by operation of Law with respect to a Liability which is not yet due or delinquent; (vi) Liens in favor of landlords under Real Property Leases; (vii) the fee owner’s interest and rights in all Real



Property Leases where a Seller is the tenant; (viii) easements, rights of way, restrictions, servitudes, defects or irregularities in title as have not materially interfered with and could not be reasonably expected to materially interfere with the Business as presently conducted and (ix) such other Liens that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

“Person” means and includes natural persons, corporations, limited partnerships, limited liability companies, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and all Governmental Authorities.

“Personal Property Leases” has the meaning set forth in Section 5.23(b).

“Program Rights” shall mean all rights under Assumed Contracts to broadcast television programs, including, without limitation, series, films or shows as part of the Station’s programming and for which Sellers or the Station are or will be obligated to compensate the vendor of such Program Rights, including all film and program barter agreements, sports rights agreements, news rights or service agreements and syndication agreements.

“PSC” means Pegasus Satellite Communications, Inc., a Seller under this Agreement.

“Purchase Price” has the meaning set forth in Section 2.1.

“Purchased Assets” shall mean all Sellers’ rights in and to the business, assets, properties, contractual rights, goodwill, and going concern value, wherever situated and of whatever kind and nature, real or personal, tangible or intangible, whether or not reflected on the books and records of Sellers, relating to the Business (other than the Excluded Assets, which are expressly excluded from the definition of Purchased Assets and shall not be transferred pursuant to this Agreement), including without limitation each of the following assets:

- (a) all accounts receivable of Sellers;
- (b) all inventory used or intended to be used in connection with the Business;
- (c) all deposits (including customer deposits and security deposits for rent, electricity, telephone or otherwise) and prepaid charges and expenses of Sellers;
- (d) all rights of Sellers under each Owned Property and Real Property Lease, together with all rights of Sellers to improvements, fixtures and other appurtenances thereto and rights in respect thereof;
- (e) the furniture and Equipment;
- (f) the Purchased Intellectual Property;
- (g) all rights of Sellers under the Assumed Contracts;

Property Leases where a Seller is the tenant; (viii) easements, rights of way, restrictions, servitudes, defects or irregularities in title as have not materially interfered with and could not be reasonably expected to materially interfere with the Business as presently conducted and (ix) such other Liens that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

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- (a) all accounts receivable of Sellers;
- (b) all inventory used or intended to be used in connection with the Business;
- (c) all deposits (including customer deposits and security deposits for rent, electricity, telephone or otherwise) and prepaid charges and expenses of Sellers;
- (d) all rights of Sellers under each Owned Property and Real Property Lease, together with all rights of Sellers to improvements, fixtures and other appurtenances thereto and rights in respect thereof;
- (e) the furniture and Equipment;
- (f) the Purchased Intellectual Property;
- (g) all rights of Sellers under the Assumed Contracts;

(h) all documents that are used in, held for use in or intended to be used in, or that arise out of, the Business, including documents relating to products, services, marketing, advertising, promotional materials, Purchased Intellectual Property, personnel files for Transferred Employees and all files, customer files and documents (including credit information), supplier lists, records, literature and correspondence, whether or not physically located on any of the premises referred to in clause (d) above, but excluding personnel files for Employees who are not Transferred Employees;

(i) all Authorizations and Permits along with all and Pending Applications;

(j) all supplies used in connection with the Business;

(k) all rights of Sellers under non-disclosure or confidentiality, non-compete, or non-solicitation agreements with employees and agents of Sellers or with third parties to the extent relating to the Business or the Purchased Assets (or any portion thereof);

(l) all rights of Sellers under or pursuant to all warranties, representations and guarantees made by suppliers, manufacturers and contractors to the extent relating to products sold, or services provided, to Sellers to the extent affecting any Purchased Assets;

(m) all third party property and casualty insurance proceeds, and all rights to third party property and casualty insurance proceeds, in each case to the extent received or receivable in respect of a Purchased Asset or an Assumed Liability; and

(n) all goodwill and other intangible assets associated with the Business, including customer and supplier lists and the goodwill associated with the Purchased Intellectual Property.

“Purchased Intellectual Property” means all Sellers’ intellectual property rights used by Sellers in connection with the Business, other than as set forth on Schedule 14.1(p) and arising from or in respect of the following, whether protected, created or arising under the laws of the United States or any other jurisdiction: (i) all patents and applications therefor, including continuations, divisionals, continuations-in-part, or reissues of patent applications and patents issuing thereon (collectively, “Patents”), (ii) all trademarks, service marks, trade names, service names, brand names, trade dress rights, logos, Internet domain names and general intangibles of a like nature, together with the goodwill associated with any of the foregoing, and all applications, registrations and renewals thereof, (collectively, “Marks”), (iii) copyrights and registrations and applications therefor, works of authorship and mask work rights (collectively, “Copyrights”), (iv) discoveries, concepts, ideas, research and development, know-how, formulae, inventions, compositions, manufacturing and production processes and techniques, technical data, procedures, designs, drawings, specifications, databases, and other proprietary and confidential information, including customer lists, supplier lists, pricing and cost information, and business and marketing plans and proposals of Sellers used in connection with the Business, in each case excluding any rights in respect of any of the foregoing that comprise or are protected by Copyrights or Patents (collectively, “Trade Secrets”), and (v) all Software and Technology of Sellers used in connection with the Business; provided, however, that “Purchased Intellectual Property” excludes all rights of Sellers to the name “Pegasus”.

“Qualified Bid” has the meaning set forth in Section 3.2.2(a).

“Real Property Lease” has the meaning set forth in Section 5.19(a).

“Release” means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, or leaching into the indoor or outdoor environment, or into or out of any property.

“Remedial Action” means all actions required of any Seller by a Governmental Authority to (i) clean up, remove, treat or in any other way address any Hazardous Material; (ii) prevent the Release of any Hazardous Material so it does not endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (iii) perform pre-remedial studies and investigations or post-remedial monitoring and care; or (iv) correct a condition of noncompliance with Environmental Laws.

“Sale Motion” means the motion to be filed with the Bankruptcy Court by Sellers seeking (a) approval of the terms and provisions of this Agreement and (b) authorization for (i) the sale of the Purchased Assets pursuant to Section 363 of the Bankruptcy Code and (ii) the assumption and assignment of the Purchased Assets that are executory contracts pursuant to Section 365 of the Bankruptcy Code, and containing such other terms and provisions reasonably acceptable to Sellers and Buyer.

“Sale Order” means the order of the Bankruptcy Court, in form and substance reasonably acceptable to Buyer, granting the relief requested in the Sale Motion and authorizing the sale of the Purchased Assets and the Other Stations pursuant to Section 363 of the Bankruptcy Code, to the extent applicable, and the assumption and assignment of the Purchased Assets and the Other Stations that are executory contracts pursuant to Section 365 of the Bankruptcy Code, to the extent applicable, free and clear of all Liens (other than Permitted Encumbrances) and as more fully described in Section 3.2.3.

“Seller Indemnified Parties” has the meaning set forth in Section 12.2(b).

“Seller Marks” has the meaning set forth in Section 7.11.

“Seller Property” and “Seller Properties” has the meaning set forth in Section 5.19(a).

“Seller Representatives” has the meaning set forth in Section 3.2.2(a).

“Sellers” has the meaning set forth in the Preamble.

“Sellers’ Knowledge” means the actual knowledge of the individuals listed on Schedule 14.1(g).

“Software” means any and all Business (i) computer programs (excluding any and all non-transferable software licenses), including any and all software implementations of algorithms, models and methodologies, whether in source code or object code, (ii) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (iii) descriptions, flow-charts and other work product used to design, plan, organize

and develop any of the foregoing, screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, and (iv) all documentation including user manuals and other training documentation related to any of the foregoing.

“Station” has the meaning set forth in the Recitals.

“Subsidiary” or “subsidiary” means, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such entity, (ii) the total combined Equity Interests, or (iii) the capital or profit interests, in the case of a partnership; or (b) otherwise has the power to vote or to direct the voting of sufficient securities to elect a majority of the board of directors or similar governing body.

“Survival Period” has the meaning set forth in Section 12.1.

“Tax Return” means any return, report or statement required to be filed with respect to any Tax (including any attachments thereto, and any amendment thereof) including, but not limited to, any information return, claim for refund, amended return or declaration of estimated Tax, and including, where permitted or required, combined, consolidated or unitary returns for any group of entities that includes any Seller or any Affiliate thereof.

“Taxes” means (i) any and all federal, state, local or foreign taxes, charges, fees, imposts, levies or other assessments, including, without limitation, all net income, gross receipts, capital, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, customs duties, fees, assessments and charges of any kind whatsoever, (ii) all interest, penalties, fines, additions to tax or additional amounts imposed by any Taxing Authority in connection with any item described in clause (i), and (iii) any liability in respect of any items described in clauses (i) and/or (ii) payable by reason of contract, assumption, transferee liability, operation of law, Treasury Regulation section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under Law) or otherwise.

“Taxing Authority” means any governmental authority exercising any authority to impose, regulate, levy, assess or administer the imposition of any Tax.

“Technology” means, collectively, all designs, formulae, algorithms, procedures, methods, techniques, ideas, know-how, research and development, technical data, programs, subroutines, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship and other similar materials, and all recordings, graphs, drawings, reports, analyses, and other writings, and other tangible embodiments of the foregoing.

“Transfer Taxes” has the meaning set forth in Section 13.1.

“Transferred Employees” has the meaning set forth in Section 7.8(b).

“Transition Services Agreement” has the meaning set forth in Section 7.12.

“WARN” means the Worker Adjustment and Retraining Notification Act of 1988, as amended.

#### 14.2 Other Definitional and Interpretive Matters.

(a) Unless otherwise specified, for purposes of this Agreement, the following rules of interpretation shall apply:

(i) Calculation of Time Period. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded unless otherwise expressly provided. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

(ii) Dollars. Any reference in this Agreement to “\$” shall mean U.S. dollars.

(iii) Exhibits/Schedules. The Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made an integral part of this Agreement as if set forth in full herein. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein shall be defined as set forth in this Agreement.

(iv) Gender and Number. Any reference in this Agreement to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa.

(v) Headings. The provision of the Table of Contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement. All references in this Agreement to any “Article” or “Section” or of “Schedule” or “Exhibit” to are to the corresponding Article or Section of or Schedule or Exhibit to this Agreement.

(vi) Herein. The words such as “herein”, “hereinafter”, “hereof” and “hereunder” refer to this Agreement as a whole and not merely to a subdivision in which such words appear.

(vii) Including. The word “including” or any variation thereof means “including, without limitation” and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(b) The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

## ARTICLE 15 MISCELLANEOUS PROVISION

15.1 Further Assurances. Sellers and Buyer shall use commercially reasonable efforts to (i) take all actions necessary or appropriate to consummate the transactions contemplated by this Agreement and (ii) cause the fulfillment at the earliest practicable date (subject to the more specific timing requirements set forth elsewhere in this Agreement) of all of the conditions to their respective obligations to consummate the transactions contemplated by this Agreement. After the Closing, the Liquidating Trustee shall have the right to access and copy during business hours, at its own expense, books and records of Sellers and their Subsidiaries transferred to Buyer pursuant to this Agreement reasonably necessary for the administration of the Chapter 11 Case.

15.2 **[Intentionally Omitted.]**

15.3 Benefit and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. No assignment of this Agreement or of any rights or obligations hereunder may be made by either Sellers or Buyer (by operation of law or otherwise) without the prior written consent of the other parties hereto and any attempted assignment without the required consents shall be void; provided, however, that Buyer may assign this Agreement and any or all rights or obligations hereunder (including, without limitation, Buyer's rights to purchase the Purchased Assets and assume the Assumed Liabilities and Buyer's rights to seek indemnification hereunder) to any one or more direct or indirect wholly-owned subsidiaries of Buyer; provided, that Buyer agrees in writing with Sellers to unconditionally guarantee all obligations of such assignee under this Agreement; provided, however, that, on or after the Closing, Buyer may collaterally assign its rights under this Agreement to its lenders. Upon any such permitted assignment, the references in this Agreement to Buyer shall also apply to any such assignee(s) unless the context otherwise requires.

15.4 Governing Law. This Agreement shall be governed, construed, and enforced in accordance with (a) the laws of the State of New York without regard to any choice of law or conflict of law provisions (whether of the State of New York or any other jurisdiction) that would cause the application of laws of any jurisdiction other than the State of New York, and (b) the Bankruptcy Code, to the extent applicable.

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

15.6 Severability. In the event that any one or more of the provisions contained in this Agreement or in any other instrument referred to herein, shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, then to the maximum extent permitted by law, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement or any other such instrument. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible

15.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

15.8 Notices. All notices, demands, and requests required or permitted to be given under the provisions of this Agreement shall be in writing and shall be deemed given upon personal delivery, four days after being mailed by registered or certified mail, return receipt requested, or twenty-four (24) hours after delivery to a courier service which guarantees overnight delivery, addressed as follows:

If to Buyer:

Bluenose Television of Scranton LLC  
Bluenose Television of Tallahassee LLC  
4101 Lake Boone Trail, Suite 300  
Raleigh, North Carolina 27607  
Attention: Stephen C. Brissette  
Fax: (919) 781-4865

With a copy to:

Dickstein Shapiro Morin & Oshinsky LLP  
2101 L Street, N.W.  
Washington, DC 20037-1526  
Attention: Lewis J. Paper, Esq.  
Fax: (202) 887-0689

If to Sellers:

Ocean Ridge Capital Advisors, LLC  
56 Harrison Street  
Suite 203A  
New Rochelle, NY 10801  
Attn: Bradley E. Scher  
Fax: (914) 235-6844

With a copy to:

Akin Gump Strauss Hauer & Feld LLP  
1333 New Hampshire Avenue NW  
Washington DC 20036  
Attn: Russell W. Parks, Jr.  
Fax: (202) 955-7631

and

Lowenstein Sandler PC  
65 Livingston Avenue  
Roseland, NJ 07068-1791  
Fax: (973) 597-2565  
Attn: Alan Wovsaniker

or to any other or additional persons and addresses as the parties may from time to time designate in a writing delivered in accordance with this Section.



15.9 Waivers. No action taken pursuant to this Agreement, including without limitation, any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof, nor shall such waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver. No failure on the part of any party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. All remedies hereunder are cumulative and are not exclusive of any other remedies provided by law

15.10 Entire Agreement. This Agreement and the Schedules attached hereto and the Ancillary Documents provided for herein constitute the entire agreement and understanding of the parties hereto relating to the matters provided for herein and supersede any and all prior agreements, arrangements, negotiations, discussions and understandings relating to the matters provided for herein.

15.11 Interpretation. Article titles and headings to sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. The Schedules referred to herein shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein.

15.12 Submission to Jurisdiction. Without limiting any party's right to appeal any Order of the Bankruptcy Court or to seek withdrawal of the reference with regard to any matter, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby, and (ii) any and all actions related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 15.8; provided, however, that in the event the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction with respect to any matter provided for in this sentence or is without jurisdiction, such abstention, refusal or lack of jurisdiction shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction of any other court having competent jurisdiction with respect to any such matter; provided, further, however, that if the Chapter 11 Case has closed, the parties agree to unconditionally and irrevocably submit to the exclusive jurisdiction of the United States District Court for the Southern District of New York sitting in New York County or the Commercial Division, Civil Branch of the Supreme Court of the State of New York sitting in New York County and any appellate court thereof for the resolution of any such claim or dispute. Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by the mailing of a copy thereof in accordance with the provisions of Section 15.8.

15.13 Schedules. The inclusion of information in the Schedules hereto shall not be construed as an admission that such information is material to the Business, the Station or Sellers or any of its Subsidiaries. In addition, matters reflected in the Schedules are not necessarily

limited to matters required by this Agreement to be reflected in such Schedules. Such additional matters are set forth for informational purposes only and do not necessarily include other matters of a similar nature.

15.14 No Third Party Beneficiaries. This Agreement is not intended to confer upon any Person other than the parties hereto and their successors and permitted assigns in accordance with Section 15.3, the Buyer Indemnified Parties, the Seller Indemnified Parties and, as to Section 15.15 only, those Persons described in Section 15.15.

15.15 Non-Recourse. Notwithstanding any term or provision of this Agreement, (i) none of (A) Buyer and its past, present or future directors, managers, officers, employees, incorporators, members (direct or indirect) partners, equityholders (direct or indirect), Affiliates, agents, attorneys, consultants, trustees or representatives of Buyer or its Affiliates (it being acknowledged and agreed that, for the avoidance of doubt, the foregoing shall include and apply to Stephen C. Brissette) and (B) any past, present or future director, officer, employee, incorporator, member, partner, equityholder, Affiliate, agent, attorney, consultant, trustee or representative of any Seller or its Affiliates, or of the Liquidating Trust or its Affiliates, or of the Liquidating Trustee or its Affiliates shall have any liability for any obligations or liabilities of Buyer, Sellers, as applicable, under or with respect to this Agreement or the Ancillary Documents, as applicable, of or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby and thereby, and (ii) the terms and provisions of this Section 15.15 shall survive the termination of this Agreement or the Closing indefinitely and without limitation as to time. The parties acknowledge and agree that the terms and provisions of this Section 15.15 are a material inducement for each of them to enter into and to perform this Agreement and that each would not enter into this Agreement but for this Section 15.15.

15.16 Waiver of Right to Trial by Jury. Each party to this Agreement waives any right to trial by jury in any action, matter or proceeding regarding this Agreement or any provision hereof.

***[Signatures on Following Page]***

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

**BUYER:**

BLUENOSE TELEVISION OF PORTLAND LLC

By: Stephen C. Brissette  
Name: Stephen C. Brissette  
Title: President

**SELLERS:**

PEGASUS BROADCAST TELEVISION, INC.

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

HMW, INC.

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

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

**BUYER:**

**BLUENOSE TELEVISION OF PORTLAND LLC**

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

**SELLERS:**

**PEGASUS BROADCAST TELEVISION, INC.**

By: Michael Nachman  
Name: Michael Nachman  
Title: Secretary

**HMW, INC.**

By: Michael Nachman  
Name: Michael Nachman  
Title: Secretary