

## **TIME BROKERAGE AGREEMENT**

TIME BROKERAGE AGREEMENT. entered into as of the 26<sup>th</sup> day of June, 1997  
(this "Agreement"), by and between **Pegasus Broadcast Television, Inc.** ("Pegasus") and  
**WOLF License Corp.** (the "Licensee").

### **RECITALS:**

WHEREAS, Licensee owns and is authorized to operate television station WOLF-TV, Scranton, Pennsylvania (the "Station"), pursuant to authorizations issued by the Federal Communications Commission (the "FCC"); and

WHEREAS, Licensee desires to obtain a regular source of programming and income and Pegasus desires to purchase time on the Station for the broadcast of programming and the sale of advertising time included in that programming.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Time Sale.** Subject to the provisions of this Agreement and to applicable rules, regulations and policies of the FCC, Licensee agrees to make the Station's broadcasting transmission facilities available to Pegasus for broadcast of Pegasus' programs on the Station originating either from Pegasus' studio or from Licensee's studio. Pegasus will have the right to broadcast on the Station up to twenty-four (24) hours of programming each day during the Term (as defined in Section 2 below). Licensee reserves up to two (2) hours of time on the Station for its own use at a mutually agreeable time on Sunday morning. Pegasus shall provide for Station's promotion, programming and commercial advertising, except as otherwise required by law, and agrees to deliver to Licensee a complete broadcast-ready signal. Pegasus shall be responsible for all expenses relating to the Station's promotions, programming, commercial advertising and broadcast-ready signal production and delivery. Pegasus shall also be responsible for all expenses relating to music licensing fees due for all programming provided by Pegasus for broadcast on the Station. Pegasus shall have the sole right to sell commercial advertising to be placed in its programming broadcast on the Station and shall retain all revenues from such advertising sales. Pegasus will also provide all commercial advertising sales for the programming provided by Licensee on the Station, such revenue also to be retained by Pegasus.

2. **Term.** The term of this Agreement shall commence on the date hereof, and shall continue for a period of three (3) years, unless earlier terminated in accordance with Section 11 hereof (the "Initial Term"). This Agreement shall automatically renew for two additional periods of three (3) years, unless Pegasus provides Licensee written notice of non-renewal within 180

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days prior to the expiration of the prior term (the "Renewal Terms") (the Renewal Terms together with the Initial Term shall collectively be referred to as the "Term").

3. Consideration. As consideration for the air time made available hereunder during the Term, Pegasus shall pay to Licensee the compensation described in Schedule A hereto.

4. Licensee's Responsibility for Expenses. Licensee shall be solely responsible for payment of the direct and indirect operating costs not directly related to Pegasus' use of the facilities of the Station, including but not limited to: (a) salaries, payroll taxes, insurance, benefits and related costs of Licensee's Chief Operator and other personnel employed by Licensee in the operation of the Station as required by FCC rules, regulations and policies; (b) insurance costs relating to Licensee's owned assets and operations; (c) Licensee's own telephone, delivery and postal service; (d) income, gross receipts, sales, real property, personal property, excise and/or any other taxes of any nature whatsoever related to the ownership of Licensee's assets or Licensee's own programming efforts on the Station; (e) the costs of Licensee's own programming; (f) lease payments, power and other utility bills and maintenance costs for the Station's studio, transmission, and tower facilities; and (g) costs and expenses (including legal costs and filing fees) incurred in connection with the Station's compliance with FCC rules and regulations. Licensee shall make all necessary payments in a timely fashion from its own accounts.

5. Licensee's Authority. Notwithstanding anything to the contrary in this Agreement, Licensee shall have full authority and power over the operation of the Station during the Term. Licensee shall be responsible for all programming it furnishes for broadcast on the Station and for the payment of the salaries of all of its employees, all of whom shall report solely to and be accountable solely to the Licensee. Licensee shall retain the right to interrupt or preempt Pegasus' programming at any time if Licensee determines the programming is not in the public interest or violates this Agreement, or in case of an emergency or Emergency Alert System ("EAS") activation, or for the purpose of providing programming which Licensee in its sole discretion determines to be of greater national, regional or local importance; provided, however, that any revenues realized by Licensee as a result of such interruption or preemption shall promptly be remitted to Pegasus, and further provided that Licensee shall not exercise such authority for economic benefit or for the purpose of interfering with Pegasus' economic benefits to be derived from the performance of this Agreement. In the event Licensee shall interrupt or preempt Pegasus' programming as described above, Pegasus may elect to reduce its payments due pursuant to Section 3 above on a pro rated basis. Licensee shall retain ultimate responsibility for ascertainment of the needs of its community of license and service area, including specifically the children therein, and shall make regular efforts to determine those needs and keep documentary evidence of such efforts. The results of its findings as to the needs of its community shall be provided to Pegasus in writing on a regular basis, so that Pegasus can provide Licensee with information as to the programming provided by Pegasus which is responsive to such needs. Pegasus will properly prepare and furnish to Licensee such information, records and reports in sufficient detail as is necessary to enable Licensee to comply with all rules and policies of the FCC or any other government agency.

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6. Political Advertising. Pegasus will provide, make available to and shall sell time to political candidates from the time it purchases from Licensee in strict compliance with the Communications Act of 1934, as amended (the "Act"), and the rules, regulations and policies of the FCC, including without limitation the equal time and lowest unit rate provisions of the Act. Prior to the commencement of any political period, Pegasus shall provide to Licensee for review and approval a listing of the rates to be charged to political candidates, and the political disclosure statement to be used by Pegasus. In the event that it is necessary for Licensee to make time directly available to political candidates in order to comply with the provisions of the Act, Pegasus shall immediately relinquish such amounts of time as Licensee shall require, and Licensee shall promptly pay to Pegasus all advertising revenues realized thereby.

7. Licensee's Representations, Warranties and Covenants. Licensee represents, warrants and covenants to Pegasus that:

(a) Qualification. Licensee is legally qualified, empowered and able to enter into and carry out this Agreement, and this Agreement constitutes the valid and binding obligation of Licensee.

(b) Authorizations. Licensee now holds all permits and authorizations necessary for the operation of the Station including all FCC permits and authorizations. Licensee will continue to hold such permits and authorizations throughout the Term. There is not now pending, or to Licensee's knowledge, threatened, any action by the FCC or other party to revoke, cancel, suspend, refuse to renew, or modify adversely any of the licenses, permits or authorizations necessary to the operation of the Station, and to Licensee's knowledge, no event has occurred that allows or, after notice or lapse of time or both, would allow, the revocation or termination of such licenses, permits or authorizations or the imposition of any restriction thereon of such a nature that may limit the operation of the Station as presently conducted. Licensee has no reason to believe that any such license, permit or authorization will not be renewed in its ordinary course. Licensee shall not cause, by an act or failure to act, any of the licenses, permits or authorizations necessary for the operation of the Station to expire or to be revoked, canceled, terminated, suspended, or modified, or take any action that could cause the FCC or any other governmental authority to institute proceedings for the suspension, revocation, cancellation, termination or adverse modification of any of such licenses, permits or authorizations.

(c) No Violation. Licensee is not in material violation of, and shall not violate, any statute, ordinance, rule, regulation, order or decree of any federal, state, local or foreign governmental agency, court or authority having jurisdiction over it or over any part of its operations or assets, which material default or violation would have an adverse effect on Licensee or its assets or on its ability to perform this Agreement.

(d) Compliance. Licensee shall be responsible for the Station, and shall cause the Station to be in, compliance with all applicable provisions of the Act and the rules, regulations and policies of the FCC and all other applicable laws.

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(e) Transmitting Facilities. The transmitting facilities of the Station are currently maintained and shall be maintained by Licensee in accordance with good engineering practice and all applicable FCC rules and regulations. The Station currently complies with and shall continue to comply with all engineering requirements as set forth in all FCC authorizations, and Licensee shall take all steps reasonably necessary to insure continued compliance therewith. The Station shall be operated in such a fashion as to transmit (except at such time where reduction of power is routine, for emergency maintenance activities or upon the reasonable request of Pegasus to the extent permitted by law), at its maximum authorized transmitter power and Effective Radiated Power, with an antenna center of radiation at full authorized height above ground and above average terrain, as specified in the current FCC authorizations for the Station. Should Licensee make any modifications in the facilities of the Station which would decrease or change the signal coverage of the Station without having obtained the prior consent of Pegasus, Pegasus may terminate its obligations hereunder at any time after said modification has been effectuated, upon the giving of written notice to Licensee.

(f) Employees. Licensee shall retain sufficient employees to meet all governmental requirements for staffing of its main studio including, but not limited to, a General Manager who shall direct the day-to-day operation of the Station, and a Chief Operator as that term is defined by the rules and regulations of the FCC (who may also hold the position of Chief Engineer) who shall be responsible for insuring compliance by the Station with the technical operating and reporting requirements established by the FCC. At least two employees of Licensee shall report to the Station's main studio each business day as their principal place of business, and at least one of those employees shall be physically present at the Station's main studio during all normal business hours as long as FCC rules or policies require such staffing. Licensee shall be responsible for insuring that qualified control operators monitor and control the Station's transmissions at all time, in full conformity with FCC requirements. Pegasus will cooperate with Licensee in insuring that qualified control operators are available for such monitoring and controlling of station operations.

(g) Main Studio. Licensee shall maintain a "main studio", as that term is defined by the rules and regulations of the FCC within the primary service contour of the Station. Licensee shall allow Pegasus employees to utilize the "main studio" for the production of programming and other functions relating to the Station. Licensee shall maintain an appropriate public inspection file at a publicly accessible location within Scranton, Pennsylvania and shall, from time to time, place such documents in that file as may be required by present and future FCC rules and regulations.

(h) Station Identification. Licensee shall insure that all required Station Identification announcements are broadcast as required by FCC rules and regulations.

(i) Emergency Broadcasting. Licensee shall maintain appropriate EAS receiver, tone generators, and such other equipment as may be required to conform to FCC rules and regulations.

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(j) No Encumbrances. Throughout the Term, there shall be no liens, encumbrances, foreclosures, contractual defaults or outstanding balances of any kind or nature whatsoever which would impede or prevent full and complete access to and use of the facilities of the Station for the transmission of Pegasus' programming, and the full performance by Licensee and by Pegasus of their obligations under this Agreement.

(k) No Taxes. As of the effective date hereof, Licensee has no outstanding balances due to tax authorities for employment, personal or real property, income or other taxes or fees of any nature whatsoever. Licensee during the Term shall promptly pay when due all taxes.

(l) Prompt Payment of Expenses. Licensee shall promptly pay when due any and all expenses or obligations of any kind and nature relating to the operation of the Station, except those for which Pegasus is specifically responsible hereunder, and shall take all steps necessary to insure the continued uninterrupted use of the equipment and facilities by Pegasus.

8. Pegasus's Representations, Warranties and Covenants. Pegasus represents, warrants and covenants to Licensee that:

(a) Qualification. Pegasus is legally qualified, empowered and able to enter into and carry out this Agreement, and this Agreement constitutes the valid and binding obligations of Pegasus.

(b) Compliance. All of the programming, advertising and promotional material Pegasus broadcasts on the Station shall be in accordance with the rules, regulations and policies of the FCC and the Act and the reasonable standards established by Licensee.

(c) Station Identification. Pegasus shall cooperate with Licensee to insure that all required Station Identification announcements are broadcast as required by the FCC rules and regulations.

(d) Emergency Broadcasting. Pegasus shall cooperate with Licensee to insure that all required EAS announcements are broadcast as required by the FCC rules and regulations.

(e) Correspondence. Pegasus shall promptly forward to Licensee any material mail which it may receive from any agency of government or any correspondence from members of the public relating to the Station or to any of Pegasus' programming broadcast on the Station.

9. Right to Use Programs. The right to use Pegasus' programs and to authorize their use in any manner and in any media whatsoever shall be, and remain, vested in Pegasus.

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10. Indemnification.

(a) By Pegasus. To the extent permitted by law, Pegasus shall indemnify and hold Licensee harmless from and against any and all claims, losses, costs, liabilities, damages and expenses of every kind, nature and description arising out of or resulting from Pegasus' broadcasts pursuant to this Agreement.

(b) By Licensee. To the extent permitted by law, Licensee shall indemnify and hold Pegasus harmless from and against any and all claims, losses, costs, liabilities, damages and expenses of every kind, nature and description arising out of or resulting from programming originated by Licensee or by any other action or omission of Licensee.

(c) Notice. Neither Licensee nor Pegasus shall be entitled to indemnification pursuant to this Section 10 unless such claim for indemnification is asserted in writing delivered to the other party.

(d) Survival. The obligation of Pegasus and Licensee to indemnify and hold each other harmless as set forth in this Agreement shall survive any termination of this Agreement and shall continue until the expiration of all applicable statutes of limitations as to the parties hereto and to claims of third parties.

11. Termination.

(a) Grounds. In addition to any other remedies available at law or equity, this Agreement may be terminated as set forth below by either Licensee or Pegasus by written notice to the other, if the party seeking to terminate is not then in material default or breach of this Agreement or any other agreement between the parties hereto, upon the occurrence of any of the following:

(i) This Agreement is declared invalid or illegal in whole or material part by an order or decree of the FCC or any other administrative agency or court of competent jurisdiction and such order or decree has become final and no longer subject to further administrative or judicial review; provided, however, that the parties will first attempt in good faith to reform the terms of this Agreement in such a manner so as to effectuate the intent of the parties hereunder, while providing a remedy to the matters which caused the Agreement to be declared invalid or illegal. An assignment by Pegasus or Licensee of its rights hereunder, if such assignment remedies the matters which caused the Agreement to be declared illegal or invalid, will be deemed by the parties to be an acceptable reformation for purposes of this paragraph;

(ii) The other party is in material breach of its obligations hereunder and has failed to cure such breach within thirty (30) days of written notice from the non-breaching party;

(iii) The mutual consent of both parties; or

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(iv) The other party shall make a general assignment for the benefit of creditors, files or has filed against it a petition for bankruptcy, reorganization or an arrangement for the benefit of creditors, or for the appointment of a receiver, trustee or similar creditors' representative for the property or assets of such party under any federal or state insolvency law, which if filed against such party, has not been dismissed within sixty (60) days thereof.

(b) Effect of Termination. Upon termination of this Agreement according to the provisions of this Section 11, the payments and fees provided for hereunder shall be prorated to the effective termination date of this Agreement. Licensee shall cooperate reasonably with the Pegasus to the extent possible to enable Pegasus to fulfill advertising or other programming contracts then outstanding, in which event Licensee shall receive as compensation for the carriage of the advertising or programming that which otherwise would have been paid to Pegasus hereunder. No termination pursuant to Section 11 shall relieve any party of liability it would otherwise have for breach of this Agreement.

12. Fees and Expenses. Licensee shall pay all filing fees payable in connection with the Station, including fees and expenses in connection with the FCC licenses for the Station. Except as otherwise provided in this Agreement, each party shall pay its own expenses incurred in connection with the authorization, preparation, execution, and performance of this Agreement, including all fees and expenses of counsel, accountants, agents, and representatives.

13. 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 (i) to a courier service which guarantees overnight delivery or (ii) by facsimile with written confirmation, addressed as follows:

If to Licensee:                   WOLF License Corp.  
Suite 454  
5 Radnor Corporate Center  
100 Matsonford Road  
Radnor, PA 19087  
Attn: Ted S. Lodge

If to Pegasus:                   Pegasus Broadcast Television, Inc.  
Suite 454  
5 Radnor Corporate Center  
100 Matsonford Road  
Radnor, PA 19087  
Attn: Ted S. Lodge

or to any other or additional persons and addresses as the parties may from time to time designate in writing delivered in accordance with this Section 13.

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14. Benefit and Binding Effect. Licensee shall not assign this Agreement without the prior written consent of Pegasus. Pegasus may assign its rights and obligations under this Agreement (including by operation of a transfer of control) without consent. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

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

16. Governing Law. This agreement shall be governed, construed, and enforced in accordance with the laws of the Commonwealth of Pennsylvania without regard to any choice of law or conflict of law provisions (whether of the Commonwealth of Pennsylvania or any other jurisdiction) that would cause the application of laws of any jurisdiction other than the Commonwealth of Pennsylvania.

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

18. Entire Agreement. This Agreement, and the attachments hereto, and all other documents to be delivered by the parties pursuant hereto, collectively represent the entire understanding and agreement between the parties hereto with respect to the subject matter hereof. This Agreement supersedes all prior negotiations between the parties and cannot be amended, supplemented, modified or changed except by an agreement in writing that makes specific reference to this Agreement and which is signed by the party against which enforcement of any such amendment, supplement, or modification is sought.

19. Waiver. Except as otherwise provided in this Agreement, any failure of any of the parties to comply with any obligation, representation, warranty, covenant, agreement, or condition herein may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, representation, warranty, covenant, agreement, or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

20. Counterparts. This Agreement may be signed in counterparts with the same effect as if the signature on each counterpart were upon the same instrument.

21. Remedies Cumulative. No remedy herein conferred upon or reserved to the parties hereto is intended to be exclusive of any other remedy herein or by law provided, but each



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shall be cumulative and shall be in addition to every other remedy given hereunder now or hereafter existing at law or in equity or by statute.

22. Licensee's Certification. Licensee hereby certifies that it will maintain ultimate control over the Station's facilities, including specifically control over the Station's finances, personnel and programming.

23. Trademarks. Licensee hereby grants Pegasus an unlimited license to use any and all trademarks, service marks, patents, trade names, jingles, slogans, logotypes and other intangible rights owned and used or held for use by Licensee in conjunction with the Station.

24. New Technology. The parties agree that any future FCC frequency allocations associated with the operation of the Station, including any advanced television channel or channels, are included under the provisions of this Agreement. In the event that the Station must convert to digital broadcasting during the Term of this Agreement, the parties hereto agree to negotiate in good faith an adjustment to the compensation set forth on Schedule A in such a manner so as to provide funds for the construction and installation of any necessary new equipment.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the date first above written.

**WOLF LICENSE CORP.**

By: Tam C. [Signature]  
Senior Vice President

**PEGASUS BROADCAST TELEVISION, INC.**

By: Tam C. [Signature]  
Senior Vice President

### **SCHEDULE A**

During the term of this Agreement, Pegasus shall pay to Licensee, as consideration for the air time made available pursuant to the Agreement, a monthly sum equal to \$ 4,000.00 plus all Net Operating Expenses (defined below) for the previous month, due within fifteen (15) days of the receipt by Pegasus of a written itemization from Licensee of the Net Operating Expenses for such month.

Net Operating Expenses shall mean the following expenses: (i) lease payments; (ii) reasonable salary, taxes and insurance for the station's Chief Operator and such other employees as required by FCC rules, regulations, and policies; (iii) telephone, postal, utility and other reasonable expenses directly related to the performance of the duties of these persons reasonably related to the operation of the Station, as agreed to by Pegasus; and (iv) utility bills and insurance payments, paid by Licensee in connection with the operation of the Station.

Licensee shall, while this Agreement is in force, keep, maintain and preserve complete and accurate records and accounts, including all invoices, correspondence, ledgers, financial and other records pertaining to the Net Operating Expenses, and such records and accounts shall be available for inspection and audit at any time or times during the term of this Agreement and for ninety (90) days thereafter, during reasonable business hours, by Pegasus or its agents. The exercise, in whole or in part, of the right to audit records or accounts or of any rights herein granted, or the acceptance by Pegasus of any statement or remittance tendered by or on behalf of Licensee, shall be without prejudice to any rights or remedies of Pegasus and shall not preclude Pegasus from thereafter disputing the accuracy of such statement or payment.

## **ASSIGNMENT AND ASSUMPTION AGREEMENT**

This *ASSIGNMENT AND ASSUMPTION AGREEMENT* is dated November 10, 1998, between WOLF LICENSE CORP., a Delaware corporation (the "Assignor") and KB PRIME MEDIA LLC, a Delaware limited liability company (the "Assignee").

*WHEREAS*, Assignor is a party to a certain Time Brokerage Agreement dated June 26, 1997 between Pegasus Broadcast Television, Inc. and Assignor (the "TBA").

*WHEREAS*, Assignor desires to assign to Assignee its rights under the TBA and Assignee is willing to assume and perform the TBA in accordance with the terms and conditions of this Agreement.

NOW, THEREFORE, the parties hereto, in consideration of the mutual covenants set forth herein, and each intending to be legally bound hereby, agree as follows:


1. Assignor hereby assigns to Assignee all of Assignor's right, title and interest in and to the TBA, a true and complete copy of which is attached as Exhibit A to this Agreement, and Assignee accepts such assignment and Assignee hereby assumes and agrees to perform and discharge when due the obligations of Assignor, accruing and arising after the date hereof, under the TBA.
2. Assignor agrees to take any and all actions and execute and deliver any and all documents that the Assignee may request in order to effectuate the assignment of the TBA.
3. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.
4. This Agreement constitutes the entire agreement and understanding between the parties hereto pertaining to the subject matter hereof, and supersedes all prior agreements, understandings, negotiations and discussions of the parties, either written or oral.

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

WOLF LICENSE CORP.

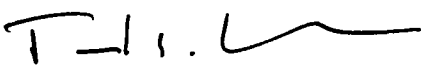
By:   
Ted S. Lodge, Senior Vice President

KB PRIME MEDIA LLC

By:   
Guyon Turner, President

Pegasus Broadcast Television, Inc. hereby consents to the assignment contained in the foregoing Assignment and Assumption Agreement.

Pegasus Broadcast Television, Inc.

By:   
Ted S. Lodge, Senior Vice President