

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "*Agreement*") is made and entered into as of the ____ day of July 2003, by and between SCANLAN TELEVISION, INC., a Michigan corporation ("*Seller*"), and THUNDER BAY BROADCASTING CORP., a Michigan corporation ("*Buyer*").

RECITALS:

WHEREAS, Seller is the licensee, owner and operator of television broadcast stations WBUP(TV), Ishpeming, Michigan, and WBKP(TV), Calumet, Michigan, which is operated as a "satellite" station of WBUP(TV) (together, the "*Stations*"), pursuant to certain authorizations issued by the Federal Communications Commission (the "*Commission*" or "*FCC*"), and owns certain assets used or held for use solely in connection with the operation of the Stations;

WHEREAS, Seller desires to sell and assign and Buyer desires to purchase and acquire substantially all of the property and assets used or held for use in the operation of the Stations upon the terms set forth in this Agreement (the "*Transaction*");

WHEREAS, Buyer and Seller intend to enter into a Time Brokerage Agreement (the "TBA") providing for the sale of substantially all of the broadcast time of the Stations to Buyer and certain other related matters prior to September 1, 2003; and

WHEREAS, the parties acknowledge that the licenses issued by the Commission for the operation of the Stations may not be assigned without the prior written consent of the Commission.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises, covenants, and conditions set forth below, the parties agree as follows:

ARTICLE I. ASSETS TO BE CONVEYED

On the Closing Date (as defined below), subject to the covenants, representations, warranties and agreements set forth herein, and subject to the terms and conditions contained herein, Seller shall sell, assign, transfer and deliver to Buyer and Buyer shall purchase from Seller, all right, title and interest of Seller in and to the assets used or held for use in the operation of the Stations, other than Excluded Assets (as defined below), including without limitation, the following (collectively, the "*Assets*"):

1.1. *Licenses and Authorizations.* All licenses, permits, permissions and other authorizations issued to Seller for the operation of the Stations by the Commission or any other governmental agencies, including, but not limited to, those listed on *Schedule 1.1* and the right to use the Stations' call letters (the "*Station Licenses*"), and all applications for

modification, extension or renewal thereof, and any pending applications for any new licenses, permits, permissions or authorizations pending on the Closing Date, including, but not limited to, those listed on *Schedule 1.1* (the “*Station Applications*”).

1.2. *Station Equipment.* All the fixed and tangible personal property used or held for use in the operation of the Stations, including, but not limited to, the transmission system equipment and studio equipment listed on *Schedule 1.2* together with any replacements, improvements, or additions thereto made between the date of this Agreement and the Closing Date (the “*Station Equipment*”).

1.3. *Contracts.* All rights of Seller or others for the benefit of the Stations under (a) all agreements, contracts or leases described on *Schedule 1.3*; (b) such other contracts, agreements or leases entered into between the date hereof and the Closing Date (i) with the written consent of Buyer, or (ii) in the ordinary course of business and consistent with past practice that do not, in the aggregate, impose obligations in excess of Fifteen Thousand Dollars (\$15,000) on Buyer, and (c) all agreements for the sale of advertising time on the Stations (whether for cash or non-cash consideration) entered into in the ordinary course of business and consistent with past practice (the rights, contracts, agreements and leases described in this Section 1.3 are collectively referred to as the “*Contracts*”). The parties acknowledge that, as to be further provided in the TBA, Seller will assign certain Contracts to Buyer on the TBA Commencement Date (as defined in the TBA) or otherwise in advance of the Closing.

1.4. *Real Property.* All right, title and interest in the real property used or held for use in the operation of the Stations and owned, leased, or licensed by Seller, as described in *Schedule 1.4*, or acquired for the benefit of the Stations by Seller with the written consent of Buyer between the date hereof and Closing Date (the “*Real Property*”).

1.5. *Call Signs, Promotional Materials and Intangibles.* All of Seller’s rights in the Stations’ call signs, copyrights, patents, trademarks, trade names, slogans, logos, service marks, computer software, magnetic media, data processing files, systems and programs, business lists, trade secrets, sales and operating plans, all goodwill of the Stations and other similar intangible property rights used or held for use in the operation of the Stations, including but not limited to, the intangible property identified on *Schedule 1.5* (the “*Intangible Property*”).

1.6. *Records.* All records, including, but not limited to, all books of account, customer lists, supplier lists, computer programs and software, employee personnel files, local public inspection file materials, engineering data, logs, programming records, consultants’ reports, ratings reports, budgets, marketing and demographic data, financial reports and projections, lists of advertisers, promotional materials, and sales, operating and business plans, relating to or used in the operation of the Stations or necessary to show compliance with any law or regulation applicable to the Stations or the operation of the Stations and not pertaining solely to Seller’s internal corporate affairs or its other stations or interests (the “*Station Records*”).

1.7. *Certain Cash Assets and Accounts Receivable.*

- (a) Seller's cash on hand as of the Closing and any of Seller's interests in its bank accounts and all of Seller's other cash, cash equivalents, security funds, securities, investments, deposits, prepayments (including prepaid taxes and insurance), tax refunds and overpayments;
- (b) Any insurance policies and proceeds thereof, promissory notes, amounts due from employees, bonds, letters of credit, certificates of deposits or other similar items and cash surrender value in regard thereto;
- (c) Any accounts receivable of Seller outstanding on the Closing Date; and
- (d) Any cash security deposit provided by Seller and held by a third party pursuant to any agreement included within the Contracts.

1.8. *Excluded Assets.* It is understood and agreed that the following assets shall not be among the Assets purchased pursuant to this Agreement:

- (a) Any pension, profit-sharing, or employee benefit plans, including all of Seller's interest in any Employee Plan (as defined in Section 5.10), and any collective bargaining agreements;
- (b) Any agreements not included among the Contracts;
- (c) All tax returns and supporting materials, all original financial statements and supporting materials, all books and records that Seller is required by law to retain, all corporate minutes and records, and all records of Seller relating to the sale of the Assets;
- (d) Any interest in and to any refunds of federal, state, or local franchise, income or other taxes for periods prior to the Closing Date;
- (e) The assets described on *Schedule 1.8* hereto; and
- (f) W28BX transmitter and related equipment.

1.9. *Business Services.* At closing, Seller will assign to Buyer the Business Services Agreement, attached as *Schedule 1.9*, which outlines the business services to be provided to Buyer from the Traverse City offices of WGTU and WGTQ-TV for that certain period of time contemplated in the Business Services Agreement.

ARTICLE II. ASSUMPTION OF LIABILITIES

Buyer shall not assume or undertake to pay, satisfy or discharge any of Seller's liabilities, obligations, commitments or responsibilities, except for (i) the liabilities and obligations arising or accruing from and after 12:01 a.m. on the Closing Date (the "Effective Time") with respect to any of the Contracts to be assigned to Buyer pursuant to Section 1.3 above; (ii) the liabilities and obligations arising or accruing after the Effective Time with respect to the Assets and the operation of the Stations by Buyer or any of their affiliates; (iii) the liabilities and obligations arising after the Effective Time with respect to any property taxes, regulatory fees and other governmental charges on the Assets or the Station; (iv) any duty, liability, or obligation to any former employee of Seller who has been hired by the Buyer, attributable to the period of time on and after Buyer's hiring of such employee, and (v) any other liabilities of Seller specifically assumed by Buyer under this Agreement (collectively, the "*Assumed Liabilities*"). If any Contract to be assigned to Buyer pursuant to Section 1.3 above requires the consent of third parties for assignment, but (i) such consent has not been obtained as of the Closing Date, as required by Section 9.2.5, and (ii) in the case of Material Contracts (as defined below), Buyer waives such condition precedent to the closing of the transactions contemplated herein (the "*Closing*") in its sole discretion, then Buyer shall assume Seller's obligations under such Contract only for the period after Closing during which Buyer receives the benefits to which Seller is currently entitled under such Contract (unless consent is subsequently obtained and such delay has not prejudiced Buyer, and unless the failure of Buyer to receive benefits under such Contract is due to Buyer's failure to perform Seller's obligations thereunder after Closing). The parties acknowledge that, as to be further provided in the TBA, Buyer will assume the obligations and liabilities under certain Contracts on the TBA Commencement Date (as defined in the TBA) or otherwise in advance of the Closing.

ARTICLE III. PURCHASE PRICE AND PAYMENT

3.1. *Purchase Price.* The purchase price for the Assets shall be Five Hundred Thousand Dollars (\$500,000) (the "*Purchase Price*"). At Closing, Buyer will pay to Seller by wire transfer of federal funds (pursuant to wire instructions that Seller shall deliver to Buyer prior to Closing) the sum of \$250,000 plus or minus any adjustments, as set forth in Article IV hereof or elsewhere in this Agreement, and minus the amounts disbursed to Seller as set forth in Section 12.4(a). At closing, the Buyer will deliver a secured promissory note to Seller in the form of Exhibit A hereto calling for the remaining \$250,000 to be paid from Buyer to Seller upon the fifth anniversary of the Closing Date. The note will bear no interest, but in lieu of interest, the Buyer will supply Tom Scanlan with the use of a mutually acceptable Sport Utility Vehicle, leased by Buyer through an advertising trade agreement, including insurance on said vehicle, for as long as the note remains outstanding.

3.2. *Allocation.* The Purchase Price shall be allocated among the Assets as set forth on Schedule 3.2 (the "*Asset Allocation*"). Buyer and the Seller shall prepare IRS Form 8594 allocating the Purchase Price (including any adjustments pursuant to Article IV

or elsewhere in this Agreement) in accordance with Section 1060 of the Internal Revenue Code of 1986, as amended (the "Code") and in accordance with the Asset Allocation, and each party shall forward it within ninety (90) days after the Closing Date to the other party to this Agreement for such party's approval, which approval shall not be unreasonably withheld, conditioned or delayed. Buyer and Seller shall each file with their respective income tax return for the tax year in which the Closing occurs, IRS Form 8594 (or such other similar state or local form) containing the information agreed upon by the parties pursuant to the immediately preceding sentence. Buyer agrees to report the purchase of the Assets and Seller agrees to report the sale of the Assets on their respective tax returns in a manner consistent with the information agreed upon by the parties pursuant to this *Section 3.2* and contained in its respective IRS Form 8594. Notwithstanding anything to the contrary in this Agreement, the provisions of this *Section 3.2* shall survive the Closing without limitation.

ARTICLE IV. PRORATIONS AND ADJUSTMENTS

4.1. *Income and Operating Expenses.* Subject to the provisions of the TBA, the operation of the Stations and the income and normal operating expenses, including, without limitation, assumed liabilities and prepaid expenses, attributable thereto through 11:59 p.m. on the Closing Date (the "Adjustment Date") shall be for the account of Seller and thereafter for the account of Buyer. Expenses for goods or services received both before and after the Adjustment Date, taxes and assessments, power and utilities charges, and rents and similar prepaid and deferred items shall be prorated between Seller and Buyer as of the Adjustment Date (the "Closing Date Adjustments"). Seller shall receive a proration credit for any cash security deposit provided by Seller and held by a third party pursuant to any agreement included within the Contracts. All special assessments and similar charges or liens imposed against the Real Property and Station Equipment in respect of any period of time through the Adjustment Date, whether payable in installments or otherwise, shall be the responsibility of Seller, and amounts payable with respect to such special assessments, charges or liens in respect of any period of time after the Adjustment Date shall be the responsibility of Buyer, and such charges shall be adjusted as required hereunder. Three (3) days prior to the Closing Date, Seller shall estimate all apportionments pursuant to this Section 4.1 and shall deliver a statement of its estimates to Buyer (which statement shall set forth in reasonable detail the basis for those estimates). At the Closing, Buyer shall pay to Seller, or Seller shall pay to Buyer, as the case may be, the net amount due as a result of the estimated apportionments (excluding any item that is in dispute). Within sixty (60) days after the Closing (the "Payment Date"), Buyer shall deliver to Seller a statement of any adjustments to Seller's estimate of the apportionments, and Buyer shall pay to Seller, or Seller shall pay to Buyer, as the case may be, any amount due as a result of the adjustment (or, if there is any dispute, the undisputed amount). If Seller disputes Buyer's determinations, or if at any time after delivery of Buyer's statement of determinations, either party determines that any item included in the apportionments is inaccurate, or that an additional item should be included in the apportionments, the parties shall confer with regard to the matter and an appropriate adjustment and payment shall be made as agreed upon by the parties (or, if they are unable to resolve the matter, they shall select a firm of independent certified public

accountants to resolve the matter, whose decision on the matter shall be binding and whose fees and expenses shall be borne equally by the parties). All amounts due pursuant to this Section 4.1 that are not paid on the Closing Date or the Payment Date shall bear interest until paid at a rate per annum equal to generally prevailing prime interest rate (as reported by The Wall Street Journal) plus five percent (5%).

4.2. *Trade Payables.* *Schedule 4.2* lists all of the Trade Agreements (as such term is defined below) included in the Contracts as of the date set forth therein and the end date for each Trade Agreement, together with an itemized statement of the aggregate value of the Trade Payables and Trade Receivables pursuant to each of the Trade Agreements. The Seller will assign to the Buyer, and Buyer will assume, all Trade Agreements and the parties hereto agree that there will be no adjustment to the Purchase Price for the amount by which, if any, Trade Payables exceed Trade Receivables as reflected on the Closing Date Trade Report (the “*Trade Balance Amount*”). For the purposes of this Agreement, the terms (a) “*Trade Agreements*” shall mean all agreements for the sale of advertising time that are for consideration other than cash, such as merchandise, services or promotional consideration arising in the ordinary course of business of the Stations consistent with the past practices of Seller, (b) “*Trade Payables*” shall mean the aggregate value of time owed pursuant to each of the Trade Agreements, and (c) “*Trade Receivables*” shall mean the aggregate value of goods and services to be received pursuant to each of the Trade Agreements. Seller agrees not to enter into any additional Trade Agreements after the date of *Schedule 4.2* without the written consent of Buyer.

ARTICLE V. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller makes the following representations and warranties, all of which have been relied upon by Buyer in entering into this Agreement and, except as otherwise specifically provided, all of which shall be true and correct at TBA Commencement Date.

5.1. *Organization.* Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan, is duly qualified to do business in, and is in good standing under, the laws of the State of Michigan and has full power and authority to own, lease and operate the Assets and to conduct the business and operations of the Stations as currently conducted and to enter into and perform this Agreement.

5.2. *Authorization.* The execution and delivery of this Agreement by Seller has been duly authorized by all necessary action on its part. Seller will deliver evidence of such authorization at Closing. This Agreement has been duly executed by Seller and delivered to Buyer and constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as limited by laws affecting the enforcement of creditors’ rights generally or equitable principles.

5.3. *No Breach.* Except as set forth on *Schedule 5.3*, none of (a) the execution, delivery and performance of this Agreement by Seller, (b) the consummation of this Agreement and all other documents or instruments related thereto or executed in connection

therewith or in contemplation of the Transaction, or (c) Seller's compliance with the terms and conditions hereof will, with or without the giving of notice or the lapse of time or both, conflict with, breach the terms and conditions of, constitute a default under, or violate Seller's articles of incorporation or bylaws, any judgment, decree, order, injunction, agreement, lease or other instrument to which Seller is a party or by which Seller is legally bound, or any law, rule, or regulation applicable to Seller or the operation of the Stations.

5.4. *Station Licenses.* The Station Licenses are all of the licenses, permits, and other authorizations used or necessary to lawfully operate the Stations in the manner and to the full extent as they are now operated, and the Station Licenses are validly issued in the name of Seller. Except as disclosed on *Schedule 5.4* hereto, the Station Licenses are in full force and effect, are valid for the balance of the current license term applicable generally to television stations licensed to communities in the state where the Stations are located, are unimpaired by any acts or omissions of Seller, or the employees, agents, officers, directors, or shareholders of Seller, and are free and clear of any restrictions which might limit the full operation of the Stations in the manner and to the full extent as they are now operated (other than restrictions under the terms of the licenses themselves).

5.5. *Title to Assets.* Except as set forth on *Schedule 5.5*, Seller has good and marketable title to the Assets, in the case of owned Assets, and a valid leasehold interest, in the case of leased Assets, in each case free and clear of all debts, liens, charges, security interests, mortgages, deeds of trust, pledges, judgments, trusts, adverse claims, liabilities, collateral assignments, leases, easements, covenants, encumbrances and other impairments of title ("*Liens*"), other than as set forth on *Schedule 5.5*. At Closing, Seller shall convey to Buyer good and marketable title to the Assets free and clear of all Liens other than those set forth on *Schedule 5.5* ("*Permitted Liens*").

5.6. *Condition of Equipment.* Except for equipment leased pursuant to Contracts listed on *Schedule 1.3*, the Station Equipment listed on *Schedule 1.2* constitutes all of the personal property that is used or held for use by Seller in the operation of the Stations. Seller makes no representation or warranty regarding the condition of the Station Equipment and Buyer acknowledges that Seller will deliver the Station Equipment at Closing on an "as is, where is" basis.

5.7. *Condition of Real Property.*

(a) The Real Property listed on *Schedule 1.4* constitutes all the real property owned or leased by Seller in connection with the operation of the Stations as they are now operated.

(b) To Seller's knowledge, there are no encroachments upon the Real Property by any buildings, structures, or improvements located on adjoining real estate. To Seller's knowledge, none of the buildings, structures, or improvements (including, without limitation, any ground radials, guy wires or guy anchors) constructed on the Real Property encroaches upon adjoining real estate, and all

such buildings, structures, and improvements are constructed in conformity with or are “grandfathered” with respect to all “setback” lines, easements, and other restrictions, or rights of record, or that have been established by any applicable building or safety code or zoning ordinance. To Seller’s knowledge, there are no pending, threatened or contemplated condemnation or eminent domain proceedings that may affect the Real Property. There exists no writ, injunction, decree, order or judgment, nor any litigation, pending, or to Seller’s knowledge, threatened, relating to Seller’s use, lease, occupancy or operation of any of the Real Property.

(c) The leased premises are leased pursuant to the agreements described in *Schedule 1.4* (the “*Lease Agreements*”), which are the sole and complete agreements concerning Seller’s use of the leased premises. To Seller’s knowledge, each Lease Agreement is legal, valid, binding, enforceable and in full force and effect. To Seller’s knowledge, neither Seller nor any other party is in default, violation or breach in any material respect under any Lease Agreement. Seller has not received any notice of a default, offset or counterclaim under any Lease Agreement or any other communication asserting non-compliance with any Lease Agreement. To Seller’s knowledge, Seller has the exclusive right to use and occupy that portion of the premises leased under each Lease Agreement. To Seller’s knowledge, Seller enjoys peaceful and undisturbed possession of that portion of the premises leased by Seller under the Lease Agreement. Except as set forth on *Schedule 5.7(c)*, Seller’s interests under the Lease Agreements are free and clear of all Liens. Seller has made available to Buyer, true and complete copies of the Lease Agreements.

5.8. *Contracts.* The Contracts are assignable to Buyer on terms and conditions no less favorable than those in effect on the date hereof without consent, or, if consent of the other contracting party to the assignment is required, Seller will use commercially reasonable efforts to obtain such consent at Seller’s commercially reasonable expense prior to the Closing Date. Each Contract is in full force and effect and is unimpaired by any acts or omissions of Seller, Seller’s employees, agents, officers, directors or shareholders. Seller has complied in all material respects with all Contracts to be assigned to Buyer hereunder, and there has not occurred as to any Contract any material default by Seller or any event that, with notice or the lapse of time or otherwise, could become a material default by Seller. To the knowledge of Seller, there has not occurred as to any Contract any default by any other party thereto or any event that, with notice or the lapse of time or at the election of any person other than Seller, could become a default by such party. Those Contracts whose stated duration extends beyond the Closing Date will, at Closing, be in full force and effect and will be unimpaired by any acts or omissions of Seller or Seller’s agents, employees, officers, directors or shareholders. Seller has made available to Buyer true and correct copies of all written Contracts.

5.9. *Employees.*

(a) *Schedule 5.9* contains a true and complete list of all persons employed at the Stations. Seller has made available to Buyer true and complete information concerning each such person's compensation and bonus arrangements. Except as described in *Schedule 5.9*, Seller has no knowledge that any employee identified in *Schedule 5.9* currently plans to terminate employment, whether by reason of the transactions contemplated by this Agreement or otherwise.

(b) Except as disclosed in *Schedule 5.9*, Seller is not a party to or subject to any Contract with any labor organization, nor has Seller agreed to recognize any union or other collective bargaining unit, nor has any union or other collective bargaining unit been certified as representing any of Seller's employees at the Stations. Seller has no knowledge of any organizational effort currently being made or threatened by or on behalf of any labor union with respect to employees of Seller at the Stations. There are no unfair labor practice charges pending or, to the best of Seller's knowledge, threatened against Seller; there are no pending or threatened strikes, arbitration proceedings involving labor matters or other labor disputes affecting Seller or the Stations; and Seller has not experienced any strikes, work stoppages or other significant labor difficulties of any nature at the Stations in the past two (2) years.

5.10. *Employee Benefit Plans.* *Schedule 5.10* sets forth a true and complete list of each employee or retiree benefit or compensation plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("*ERISA*"), or compensation, bonus, incentive, deferral, equity based, severance, termination, retention, change in control, employment or other similar program, agreement, arrangement, trust or other funding arrangement, whether or not subject to the provisions of *ERISA*, to which Seller is bound or that is or has been established or maintained or in respect of which Seller has ever had any obligation to contribute (each, an "*Employee Plan*"). Except pursuant to an *Employee Plan*, Seller has no fixed or contingent liability or obligation to or in respect of any person now or formerly employed at the Stations or any beneficiary or dependent of any such person, including, without limitation, in respect of pension or thrift benefits or payments, individual or supplemental pension benefits or payments or compensation arrangements, contributions to hospitalization or other health, life or other welfare benefits, incentive benefits or payments, bonus benefits or payments or vacation, sick leave, disability and termination benefits or payments, including workers' compensation. No trade or business (whether or not incorporated) is or has been as of any date within the preceding six (6) years treated as a single employer together with Seller pursuant to Section 414 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder (the "*Code*"). Seller has not incurred or does not reasonably expect to incur (either directly or indirectly, including as a result of any indemnification obligation) any liability that could become a liability of Buyer or, following the Closing, remain a liability of the Stations under or pursuant to Title I or IV of *ERISA* or the penalty, excise tax or joint and several liability provisions of the *Code* relating to employee benefit plans and, to the best knowledge of Seller, no event, transaction or condition has occurred or exists which could result in any such liability. Each of the *Employee Plans* has been operated and administered in

all material respects in accordance with all applicable laws, including but not limited to ERISA and the Code.

5.11. *Litigation.* Except as set forth on *Schedule 5.11*, there is no unsatisfied judgment outstanding and no litigation, proceeding, claim or investigation of any nature pending or, to Seller's best knowledge, threatened against Seller or any of the Assets which might adversely affect the continued operation of the Stations or impair the value of the Assets or which might adversely affect Seller's ability to perform in accordance with the terms of this Agreement. With respect to each matter set forth therein, *Schedule 5.11* sets forth a description of the forum for the matter, the parties thereto and the type and amount of relief sought.

5.12. *Payment of Taxes.* Seller has, or by the Closing Date will have, duly filed all tax returns and forms required to be filed in respect of the Stations and paid in full or discharged all taxes, assessments, excises, interest, penalties, deficiencies and other levies relating to the Assets, excepting such taxes, assessments, and other levies as will not be due until after the Closing Date and that are to be prorated between Seller and Buyer pursuant to Article IV.

5.13. *Compliance With Laws.* Seller has complied in all material respects with, and is not in material violation of, any federal, state or local laws, regulations or orders (including any applicable statutes, ordinances or codes relating to zoning and land use, health and sanitation, environmental protection, occupational safety, and the use of electrical power) affecting the Assets, Seller's business, or the operation of the Stations.

5.14. *Insolvency Proceedings.* Neither Seller nor the Assets are the subject of any pending or threatened insolvency proceedings of any character, including, without limitation bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary. Seller has not made an assignment for the benefit of creditors or taken any action in contemplation of or which would constitute a valid basis for the institution of any such insolvency proceedings.

5.15. *Citizenship.* Seller is not a "foreign person" as defined in Section 1445(f)(3) of the Code. On the Closing Date, Seller will deliver to Buyer an affidavit to that effect, verified as true and sworn to under penalty of perjury by a duly-authorized officer of Seller. The affidavit shall also set forth Seller's name, address, taxpayer identification number, and such additional information as may be required to exempt the Transaction from the withholding provisions of Section 1445 of the Code. Buyer shall have the right to furnish copies of the affidavit to the Internal Revenue Service.

5.16. *Patents, Trademarks, Copyrights.* The call signs and all slogans, logos, copyrights, patents, trademarks, trade names, service marks, and other similar intangible property rights, including registrations and applications to register or renew the registration of any of the foregoing, currently used to promote or identify the Stations, or otherwise used in connection with the Stations' business, are listed or described on *Schedule 1.5* (the "*Promotional*

Rights”). The Promotional Rights are either owned or validly licensed by Seller. Seller does not have any knowledge, nor has Seller received any notice to the effect that its use of any of the Promotional Rights may be or are claimed to infringe on the right of another. Seller has no knowledge of any infringement or unlawful or unauthorized use of such Promotional Rights by any other party. *Schedule 1.5* lists all of the Promotional Rights which have been duly registered with, filed in or issued by, as the case may be, the United States Patent and Trademark Office and United States Copyright Office or other filing offices, domestic or foreign.

5.17. *Financial Statements.* Seller has made available to Buyer the financial statements listed or described on *Schedule 5.17* (the “*Financial Statements*”). Except as set forth on *Schedule 5.17*, the Financial Statements fairly and accurately reflect the financial condition and the results of operations and cash flows of the Stations in all material respects as of the dates and for the periods indicated. Except as reflected in the Financial Statements or otherwise disclosed to Buyer in writing, as of the date of this Agreement no event has occurred since the preparation of the most recent Financial Statements that would make such Financial Statements misleading in any material respect.

5.18. *Limitations on Representations and Warranties.* NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE FUTURE FINANCIAL PERFORMANCE OR RESULTS OF THE OPERATION OF THE STATIONS.

ARTICLE VI. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer makes the following representations and warranties, all of which have been relied upon by Seller in entering into this Agreement and, except as otherwise specifically provided, all of which shall be true and correct as of Closing.

6.1. *Organization.* Buyer is a corporation duly organized, validly existing, and in good standing, under the laws of the State of Michigan, and is duly qualified to do business in the State of Michigan.

6.2. *Authorization.* The execution and delivery of this Agreement by Buyer has been duly authorized by all necessary corporate action on the part of Buyer. Evidence of such authorization shall be delivered to Seller at Closing. This Agreement has been duly executed by Buyer and delivered to Seller and constitutes a valid and binding agreement of Buyer, enforceable in accordance with its terms.

6.3. *No Breach.* None of (a) the execution, delivery and performance of this Agreement by Buyer, (b) the consummation of the Transaction, or (c) Buyer’s compliance with the terms and conditions hereof will, with or without the giving of notice or the lapse of

time or both, conflict with, breach the terms and conditions of, constitute a default under, or violate Buyer's articles of incorporation, bylaws, any judgment, decree, order, agreement, lease or other instrument to which Buyer is a party or by which Buyer is legally bound, or any law, rule or regulation applicable to Buyer.

6.4. *Litigation.* There is no claim, action, suit, investigation or other proceeding pending or, to Buyer's best knowledge, threatened which may adversely affect Buyer's ability to perform in accordance with the terms of this Agreement, and Buyer is unaware of any facts which could reasonably result in any such proceeding.

6.5. *Insolvency Proceedings.* Buyer is not the subject of any pending or threatened insolvency proceedings of any character, including, without limitation bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary. Buyer has not made an assignment for the benefit of creditors or taken any action in contemplation of or which would constitute a valid basis for the institution of any such insolvency proceedings. After giving effect to the Transaction, Buyer (i) will have sufficient capital to carry on its business and transactions, (ii) will be able to pay its debts as they mature or become due, and (iii) will own assets the fair value of which will be greater than the sum of all liabilities (including contingent liabilities) of Buyer. Buyer is not insolvent nor will it become insolvent as a result of entering into this Transaction.

6.6. *Qualification as Broadcast Licensee.* Buyer is legally, technically and financially qualified under the Communications Act and the existing rules, regulations, policies and procedures of the Commission to become the licensee for the Stations. Buyer knows of no fact that would, under the Communications Act of 1934, as amended, or the rules, regulations and policies of the FCC, disqualify Buyer from becoming the licensee of the Stations. There are no proceedings, complaints, notices of forfeiture, claims, investigations pending or, to the knowledge of Buyer, threatened against any or in respect of any of the broadcast stations licensed to Buyer or its affiliates that would materially impair the qualifications of Buyer to become a licensee of the Stations.

ARTICLE VII. [RESERVED]

ARTICLE VIII. PRE-CLOSING OBLIGATIONS

The parties covenant and agree as follows with respect to the period prior to the Closing Date:

8.1. *Application for Commission Consent.* Within ten (10) days following the FCC's action to lift the freeze (announced in FCC Public Notice DA 03-1877, released June 3, 2003) on the filing of applications on Forms 314 or 315 requesting the FCC's

consent to the assignment or transfer of control of an FCC authorization,, Seller and Buyer shall join in and file an application or applications requesting the Commission's written consent to the assignment of the Station Licenses from Seller to Buyer (the "*Assignment Applications*"), and they will diligently take all steps necessary or desirable and proper to prosecute expeditiously the Assignment Applications and to obtain the Commission's determination that approval of the Assignment Applications will serve the public interest, convenience, and necessity, including, without limitation, compliance with the public notice requirements of the Communications Act of 1934, as amended. The parties acknowledge that the Assignment Applications will include a request by Buyer for a continuing waiver of the FCC's rules to allow Buyer to operate television station WBKP(TV) Calumet, Michigan as a satellite of television station WBUP(TV) Ishpeming, Michigan without a main studio. The failure by either party to timely file or diligently prosecute its portion of the Assignment Applications shall be deemed a material breach of this Agreement. Each party shall bear its own expenses in connection with the preparation, filing and prosecution of the Assignment Applications.

8.2. *Other Governmental Consents.* Promptly following the execution of this Agreement, Seller and Buyer shall proceed to prepare and file with the appropriate governmental authorities (other than the Commission) such requests, if any, for approval or waiver as may be required from such governmental authorities in connection with the Transaction, and shall jointly, diligently and expeditiously prosecute, and shall cooperate fully with each other in the prosecution of, such requests for approval or waiver and all proceedings necessary to secure such approvals and waivers.

8.3. *Financial Information.* Between the date hereof and the Closing Date, upon Buyer's request, Seller shall furnish Buyer with monthly financial statements within thirty (30) days after the end of each calendar month, and with such additional data concerning the Stations' financial condition as are prepared by Seller in the ordinary course of business, in the same form as the Financial Statements contained in *Schedule 5.17*.

8.4. *Consents.* Seller shall use its commercially reasonable efforts to obtain the consents of the other contracting parties to the assignment of the Contracts requiring such consent (a "*Required Consent*"). The delivery of Required Consents to the assignment of Contracts that are identified on *Schedule 1.3* to be material to the operation of the Stations ("*Material Contracts*") shall be a condition to Buyer's obligation to close under Section 9.2.5.

8.5. *Environmental Site Assessment.*

8.5.1.

Within thirty (30) days of the date of this Agreement, Buyer may obtain a Phase I Environmental Assessment for each of the parcels of the owned Real Property and, subject to the consent of the landlords under the Lease Agreements, for each of the parcels of the leased Real Property (the "*Environmental Assessment*"). Seller and Buyer shall cooperate in using their commercially reasonable efforts to obtain the consent of the landlords under the Lease Agreements to allow Buyer or its agents access to such parcels of leased Real Property to the

extent Buyer desires to obtain an Environmental Assessment for such site(s). The cost of completing the Environmental Assessment shall be paid by Buyer. In the event that the Environmental Assessment discloses Environmental Noncompliance (as defined below) that has a material adverse effect upon the Assets and Buyer delivers a copy of such Environmental Assessment to Seller not more than fifteen (15) days after receipt of the Environmental Assessment, Seller may undertake remedial action to correct the Environmental Noncompliance at its own expense, up to an aggregate amount of Ten Thousand Dollars (\$10,000). In the event that Seller determines not to undertake such remedial action, Seller shall notify Buyer within five (5) business days of Buyer's delivery of such Environmental Assessment. Buyer shall be entitled to elect, upon written notice to Seller within five (5) business days after receipt of Seller's notice of its election not to proceed, either (i) to terminate this Agreement or (ii) to receive a Ten Thousand Dollar (\$10,000) reduction of the Purchase Price and accept the Real Property subject to the Environmental Noncompliance.

8.5.2. *Definitions.*

(a) "*Environmental Laws*" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986 ("*CERCLA*"), 42 U.S.C. §§ 9601 et seq.; the Toxic Substance Control Act ("*TSCA*"), 15 U.S.C. §§ 2601 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 1802; the Resource Conservation and Recovery Act ("*RCRA*"), 42 U.S.C. §§ 9601 et seq.; the Clean Water Act ("*CWA*"), 33 U.S.C. §§ 1251 et seq.; the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq.; the Clean Air Act ("*CAA*"), 42 U.S.C. §§ 7401 et seq.; or any similar state law; and in the plans, rules, regulations or ordinances adopted, or other criteria and guidelines promulgated pursuant to the preceding laws or other similar laws, regulations, rules or ordinances in effect as of the date of this Agreement.

(b) "*Environmental Noncompliance*" means any noncompliance with Environmental Laws.

(c) "*Hazardous Materials*" means hazardous wastes, hazardous substances, hazardous constituents, toxic substances or related materials, whether solids, liquids or gases, including but not limited to substances defined as "hazardous wastes," "hazardous substances," "toxic substances," "pollutants," "contaminants," "radioactive materials," "petroleum or any fraction thereof," or other similar designations in, or otherwise subject to regulation under, Environmental Laws.

(d) The "*Knowledge*" of Seller means the actual current awareness of Tom Scanlan or Todd Ruonavaara without inquiry and excepting any facts, circumstances or conditions disclosed in the Environmental Assessment.

8.5.3. *Toxic and Hazardous Substances.* To the Knowledge of Seller, except as otherwise disclosed in *Schedule 8.5.3*:

- (a) No Hazardous Materials have been used, generated, produced, manufactured, refined, treated, handled, stored, disposed of, or deposited in or at, or transported to or from, the Real Property.
- (b) No activity has been undertaken at or on the Real Property, and no conditions exist, that would cause:
 - (i) The Real Property to become a Hazardous Materials treatment, storage or disposal facility within the meaning of any Environmental Law.
 - (ii) A release of Hazardous Materials from the Real Property within the meaning of any Environmental Law; or
 - (iii) The discharge of Hazardous Materials from the Real Property into any water source or system, or into the air, that would require a permit under the Federal Water Pollution Control Act, 33 USC Section 1251 et. seq., or the Clean Air Act 42 USC Section 7401, et. seq., or any other Environmental Law; or,
- (c) Seller has no Knowledge of any violation of any Environmental Law on the Real Property, and, to Seller's Knowledge, no action has been commenced or threatened by any governmental agency or other party for any such violation.

8.6. *Confidentiality.* Each party agrees that any and all information learned or obtained by it from the other (and that is not otherwise public or known in the radio broadcast industry) shall be confidential and agrees not to disclose any such information to any person whatsoever other than as is necessary for the purpose of effecting the Transaction or as otherwise required by law. Notwithstanding anything to the contrary set forth herein or in any other written or oral understanding or agreement to which the parties hereto are parties or by which they are bound, the parties acknowledge and agree that any obligations of confidentiality contained herein and therein shall not apply to the tax treatment and tax structure of the Transaction upon the earlier to occur of (i) the date of the public announcement of discussions relating to the Transaction, (ii) the date of the public announcement of the Transaction, or (iii) the date of the execution of the this Agreement, all within the meaning of Treasury Regulations Section 1.6011-4; provided however, that each party recognizes that the privilege each has to maintain, in its sole discretion, the confidentiality of a communication relating to the Transaction, including a confidential communication with its attorney or a confidential communication with a federally authorized tax practitioner under Section 7525 of the Internal Revenue Code, is not intended to be affected by the foregoing.

8.7. *Access.* Between the date hereof and the Closing Date, Seller shall give, upon reasonable prior notice, Buyer or representatives of Buyer (including underwriters, lenders, consultants and investors) reasonable access to the Assets and to the books and records

of Seller relating to the business and operation of the Stations. It is expressly understood that, pursuant to this Section 8.7, Buyer, at its sole expense, shall be entitled to make such engineering inspections of the Stations and surveys of the Real Property, and such audits of the Stations' financial records as Buyer may desire, during normal business hours and so long as the same do not interfere in any material respect with Seller's operation of the Stations.

8.8. *Employee Matters.* As set forth on *Schedule 5.9*, Seller has made available to Buyer a list of all current employees of the Stations, together with a description of their respective compensation and bonus arrangements as of the date of this Agreement. Seller shall promptly notify Buyer of any changes that occur outside of the ordinary course of business prior to the TBA Commencement Date with respect to such information. Buyer shall use its best efforts to extend offers of employment as of the Closing Date to the employees of Seller to which Buyer has not previously made offers of employment in connection with the TBA (such employees are hereinafter referred to as the "*Non- TBA Hired Employees*"), which offers shall be on terms and conditions that are at least as favorable in the aggregate as those provided by Seller as of the date of this Agreement. Seller shall terminate the employment of all employees not previously terminated in connection with the TBA effective on the Closing Date and shall cooperate with, and use commercially reasonable efforts to assist, Buyer in its efforts to secure satisfactory employment arrangements with the Non-TBA Hired Employees.

8.9. *Operations Prior to TBA Commencement.* Between the date of this Agreement and the TBA Commencement Date:

- (a) Seller shall operate the Stations in the normal and usual manner, consistent with Seller's past practice and the rules, regulations, and policies of the Commission, and shall conduct the Stations' business only in the ordinary course. To the extent consistent with such operations, Seller shall use commercially reasonable efforts until the TBA Commencement Date to: (i) maintain the present character and entertainment format of the Stations and the quality of their programs; (ii) keep available for Buyer the services and number of the Stations' present employees reasonably necessary for the operation of the Stations; (iii) preserve the Stations' present customers and business relations; (iv) continue to make expenditures and engage in activities designed to promote the Stations; (v) continue making capital expenditures consistent with the Stations' past practice; and (vi) undertake to collect its accounts receivable in accordance with Seller's normal and customary collection practices.
- (b) Seller shall: (i) subject to Section 13.1, maintain the Assets in their present condition (reasonable wear and tear in normal use excepted); and (ii) maintain all inventories of supplies, tubes, and spare parts at levels consistent with the Stations' prior practices.
- (c) Seller shall maintain its books and records in the usual and ordinary manner, on a basis consistent with prior periods.

(d) Seller shall comply in all material respects with all laws, rules, ordinances and regulations applicable to it, to the Assets and to the business and operation of the Stations.

(e) Seller shall, consistent with past practice, perform all Contracts without default and shall pay all of Seller's trade accounts payable in a timely manner; *provided, however*, that Seller may dispute, in good faith, any alleged obligation of Seller.

(f) Seller shall not, without the express written consent of Buyer which shall not be unreasonably withheld, and which shall be deemed given in the event Buyer has not responded to a written request therefor within ten (10) days: (i) sell or agree to sell or otherwise dispose of any of the Assets (A) other than in the ordinary course of business, and (B) unless such Assets are replaced prior to Closing by assets of equal or greater worth, quality and utility; (ii) acquiesce in any infringement, unauthorized use or impairment of the Intangible Property or change the Stations' call signs; (iii) enter into any employment contract on behalf of the Stations unless the same is terminable at will and without penalty; or (iv) enter into any other contract, lease or agreement that will be binding on Buyer after Closing, except (X) as otherwise disclosed on *Schedule 1.3*, (Y) to the extent the agreements are entered into in the ordinary course of business and consistent with past practice and do not impose obligations in excess of Fifteen Thousand Dollars (\$15,000) in the aggregate on Buyer, or (Z) for all agreements for the sale of advertising time on the Stations (whether for cash or non-cash consideration) entered into in the ordinary course of business and consistent with past practice.

8.10. *Adverse Developments.* Seller shall promptly notify Buyer of any materially adverse developments that occur prior to Closing with respect to the Assets or the operation of the Stations; *provided, however*, that Seller's compliance with the disclosure requirements of this Section 8.10 shall not relieve Seller of any obligation with respect to any representation, warranty or covenant of Seller in this Agreement or waive any condition to Buyer's obligations under this Agreement.

8.11. *Administrative Violations.* If Seller receives any finding, order, letter of inquiry, complaint, citation, notice of violation, notice of apparent liability or other notice prior to the Closing Date which states that any aspect of the Stations' operations violates any rule or regulation of the Commission or of any other governmental authority (an "*Administrative Violation*"), including, without limitation, any rule or regulation concerning environmental protection, the employment of labor, or equal employment opportunity, Seller shall promptly notify Buyer of the Administrative Violation, remove or correct the Administrative Violation, and be responsible for the payment of all costs associated therewith, including any fines or back pay that may be assessed.

8.12. *Bulk Sales Act.* The parties do not believe that any bulk transfer or fraudulent conveyance statute applies to the transactions contemplated by this Agreement.

Buyer therefore waives compliance by Seller with the requirements of any such statutes, and Seller agrees to indemnify and hold Buyer harmless against any claim by any creditor of Seller or claimant against Buyer as a result of a failure to comply with any such statute.

8.13. *Inconsistent Actions.* Prior to the Closing, neither Seller nor Buyer shall take any action which is materially inconsistent with its obligations under this Agreement, or that could hinder or delay the consummation of the Transaction.

8.14. *Title Examination; Title Insurance; Surveys.*

8.14.1. Buyer may, at its expense, conduct a review and examination with respect to title of the owned Real Property, and Seller shall cooperate as reasonably necessary in completion of such review and examination. If any such review and examination reveals the existence of any defect, encumbrance, or other limitation with respect to any such title which would cause a material limitation or exclusion from the title insurance to be obtained under Section 8.14.2 (a "Title Defect"), Seller shall use its commercially reasonable efforts to cause such Title Defect to be cleared or otherwise remedied prior to Closing. If any such Title Defect cannot be remedied to the Buyer's reasonable satisfaction prior to Closing, Buyer shall have the option to terminate this agreement, if Buyer is not then in material default, upon written notice to Seller, and the Escrow Deposit shall be returned to the Buyer.

8.14.2. Upon Buyer's request, Seller shall deliver to Buyer copies of any current title insurance policies in its possession. Seller shall cooperate with Buyer in Buyer's efforts to obtain the commitment of a title insurance company to issue to Buyer (and Buyer's lenders, if necessary), at standard rates, ALTA 1992 Form extended coverage title insurance policies, insuring Buyer's (and Buyer's lenders') interest in the Real Property (the "Title Commitment"). The cost of any of Buyer's mortgage Title Commitment and the policy to be issued pursuant to the mortgage Title Commitment shall be paid by Buyer. The cost of the owner's Title Commitment and the policy to be issued pursuant to the owner's Title Commitment shall be paid by Buyer.

8.14.3. Buyer, at its election and expense, may obtain surveys of the owned Real Property, and Seller shall cooperate with Buyer in this regard.

8.15. *Time Brokerage Agreement.* Seller and Buyer shall negotiate and execute, as soon as possible, but in all events prior to September 1, 2003, a Time Brokerage Agreement ("TBA"), in form and substance customary in the television broadcasting industry, under which Buyer will provide programming, sales, marketing and management services to the Stations (it being understood that under the terms of the TBA, Buyer shall be responsible for all aspects of the operation of the Stations, except that Seller shall retain ultimate control of the Stations to the extent required by FCC rules and regulations) and which will include, without limitation, the following terms:

(a) The TBA shall commence on a date (the "TBA Commencement Date") no later than September 1, 2003; *provided, however*, if Buyer experiences vendor

delays in obtaining equipment necessary to commence its operation of the Stations, Buyer may delay the TBA Commencement Date for the period, up to one month, necessary to obtain the required equipment. Buyer shall use its commercially reasonable best efforts obtain all necessary equipment to commence its operations under the TBA on or before September 1, 2003. The TBA shall remain effective from the TBA Commencement Date through the date of the Closing, unless otherwise terminated pursuant to its terms (the "TBA Term").

(b) During the TBA Term, Seller shall be responsible for the payment, in the first instance, when due of all fees and expenses relating to the operation and maintenance of the Stations as necessary for Seller to maintain the licensed transmitting capability of the Stations and to fulfill Seller's obligations as an FCC licensee (the "*Operating Expenses*"). During the TBA Term, Buyer shall reimburse Seller within fifteen (15) days of invoice for the Operating Expenses and shall bear directly all other expenses associated with the operation of the Stations.

(c) On and as of the TBA Commencement Date, Seller shall assign to Buyer, and Buyer shall assume and become fully liable and responsible for all liabilities and obligations of Seller under, all of the Contracts, except for (i) Seller's leases for studio space, transmitter and antenna space, and other real property and (ii) those Contracts for which consent of the other contracting party to the assignment is required and has not been obtained. As to these latter Contracts for which consent to assignment is required, Seller shall assign to Buyer, and Buyer shall assume and become fully liable and responsible for all liabilities and obligations of Seller under, those Contracts when the consent of the other contracting party is obtained.

(d) Buyer shall use its best efforts to extend offers of employment as of the TBA Commencement Date to all employees of Seller other than the two employees that Seller designates as its FCC-required employees for the TBA Term (such employees to which Buyer extends an offer are hereinafter referred to as the "*TBA Hired Employees*"), which offers shall be on terms and conditions that are at least as favorable in the aggregate as those provided by Seller as of the date of this Agreement. Seller shall terminate the employment of all employees (other than the two employees that Seller designates as its FCC-required employees for the TBA Term) effective on the TBA Commencement Date and shall cooperate with, and use commercially reasonable efforts to assist, Buyer in its efforts to secure satisfactory employment arrangements with the TBA Hired Employees.

ARTICLE IX. CONDITIONS PRECEDENT

9.1. *Mutual Conditions.* The obligation of both Seller and Buyer to consummate this Agreement is subject to the satisfaction of each of the following conditions:

9.1.1. *Governmental Consents.* The Commission shall have granted its consent to the Assignment Applications (the “*FCC Consent*”).

9.1.2. *Absence of Litigation.* As of the Closing Date, no action, claim, suit or proceeding seeking to enjoin, restrain, or prohibit the consummation of the Transaction shall be pending before any court, the Commission, or any other governmental authority; *provided, however*, that this condition may not be invoked by a party if any such action, suit, or proceeding was solicited or encouraged by, or instituted as a result of any act or omission of, such party.

9.2. *Conditions to Buyer’s Obligation.* In addition to satisfaction of the mutual conditions contained in Section 9.1, the obligation of Buyer to consummate this Agreement is subject to the satisfaction of each of the following conditions:

9.2.1. *Representations and Warranties.* The representations and warranties of Seller to Buyer shall be true, complete, and correct in all material respects as of the TBA Commencement Date with the same force and effect as if then made, except to the extent expressly made as of an earlier date.

9.2.2. *Compliance with Conditions.* All of the terms, conditions and covenants to be complied with or performed by Seller on or before the Closing Date shall have been timely complied with and performed in all material respects.

9.2.3. *Validity of Station Licenses.* On the Closing Date, Seller shall be the owner and holder of the Station Licenses to the extent that such authorizations can be owned or held by Seller under the Communications Act of 1934, as amended; the Station Licenses shall be in full force and effect subject to the matters disclosed in *Schedule 5.4*, valid for the balance of the current license term applicable generally to television stations licensed to communities in the state where the Stations are located; and the Station Licenses shall be unimpaired by any acts or omissions of Seller or Seller’s employees, agents, officers, directors or shareholders.

9.2.4. *Closing Documents.* Seller shall deliver to Buyer all of the closing documents specified in Section 10.2.1, all of which documents shall be dated as of the Closing Date, duly executed, and in a form reasonably acceptable to Buyer.

9.2.5. *Third Party Consents.* Seller shall have obtained all consents to the assignment of the Contracts identified as “material” on *Schedule 1.3* (a “*Material Consent*”), such that Buyer will enjoy all of the rights and privileges of Seller under the Contracts subject only to the same obligations as are binding on Seller thereunder, pursuant to the present terms

thereof. In the event Seller fails to obtain any consent necessary to validly assign a Contract (other than a Material Consent), such Contract shall not be assigned to Buyer at Closing; *provided, however*, that Buyer may elect to require that Seller provide Buyer the benefits under such Contract until such necessary consent is obtained and such Contract is then assigned to Buyer; *provided further*, that Buyer shall reimburse Seller for amounts paid by Seller pursuant to the terms of such Contracts to the extent Buyer receives benefits thereunder.

9.2.6. *Finality.* The FCC Consent shall have become a Final Order. “*Final Order*” means an order or action of the Commission (or Commission staff on delegated authority) that, by reason of expiration of time or exhaustion of remedies, is no longer subject to administrative or judicial reconsideration or review.

9.3. *Conditions to Seller’s Obligation.* In addition to satisfaction of the mutual conditions contained in Section 9.1, the obligation of Seller to consummate this Agreement is subject to satisfaction of each of the following conditions:

9.3.1. *Representations and Warranties.* The representations and warranties of Buyer to Seller shall be true, complete and correct in all material respects as of the Closing Date with the same force and effect as if then made, except to the extent expressly made as of an earlier date.

9.3.2. *Compliance with Conditions.* All of the terms, conditions and covenants to be complied with or performed by Buyer on or before the Closing Date shall have been timely complied with and performed in all material respects.

9.3.3. *Payment.* Buyer shall pay Seller the Purchase Price, subject to the adjustments described in Section 3.1 hereof.

9.3.4. *Closing Documents.* Buyer shall deliver to Seller all the closing documents specified in Section 10.2.2, all of which documents shall be dated as of the Closing Date, duly executed, and in a form reasonably satisfactory to Seller.

ARTICLE X. CLOSING

10.1. *Closing Date.* The Closing hereunder shall occur on a date mutually agreeable to Buyer and Seller no later than ten (10) days after the Commission’s action granting its consent to the Assignment Applications has become a Final Order, or, at the election of Buyer, the date of the Commission’s action granting its consent to the Assignment Applications (the day on which the Closing takes place, the “*Closing Date*”). The Closing shall be effective as of 12:01 a.m. on the Closing Date. The Closing shall take place at the offices of Seller’s counsel in Washington, D.C., commencing at 10:00 a.m. on the Closing Date, or at such other place and time mutually agreeable to Seller and Buyer. If, as of the Closing Date, any

condition precedent described in Article IX has not been satisfied, the party that is entitled to require that such condition be satisfied may (in its sole discretion) notify the other party of the absence of the satisfaction of such condition precedent at or before the Closing and simultaneously therewith postpone the Closing until a date ten (10) days after all such conditions have been (or are able to be) performed, and such postponed date shall constitute the new Closing Date for all purposes hereunder. Each of the parties shall use its reasonable best efforts to obtain any FCC authority necessary to schedule the Closing Date as contemplated in this Section 10.1.

10.2. *Performance at Closing.* The following documents shall be executed and delivered at Closing:

10.2.1. *By Seller.* Seller shall deliver to Buyer:

- (a) A certificate executed by Seller attesting to Seller's compliance with the matters set forth in Sections 9.2.1 and Section 9.2.2 together with certified copies of (i) the Articles of Incorporation of Seller, (ii) the Bylaws of Seller, and (iii) appropriate evidence of Seller's authorization to enter into and consummate this Agreement.
- (b) One or more bills of sale and assignments conveying all of the interests of Seller in and to Assets to Buyer (other than the owned Real Property described in *Schedule 1.4*).
- (c) One or more special warranty deeds conveying to Buyer the owned Real Property described in *Schedule 1.4*.
- (d) A certificate of good standing issued as of a recent date by the Secretary of State of the State of Michigan.
- (e) The affidavit described in Section 5.15.
- (f) Copies of all instruments, certificates, documents and other filings (if applicable) necessary to release the Assets from all Liens other than Permitted Liens.

10.2.2. *By Buyer.* Buyer shall deliver to Seller:

- (a) A certificate executed by Buyer attesting to Buyer's compliance with the matters set forth in Sections 9.3.1 and 9.3.2, together with certified copies of (i) the Articles of Incorporation of Buyer, (ii) the Bylaws of Buyer, and (iii) appropriate evidence of Buyer's authorization to enter into and consummate this Agreement.

(b) The Purchase Price, subject to the adjustments and payable in the manner described in Section 3.1.

(c) Such assumption agreements and other instruments and documents as are required to make, confirm, and evidence Buyer's assumption of and obligation to pay, perform, or discharge the Assumed Liabilities.

(d) A certificate of good standing issued as of a recent date by the Secretary of State of the State of Michigan.

(e) The Note, the Security Interest Agreement in the form of Exhibit B, and such other executed documents as may be reasonably necessary to perfect the security interest granted under the Security Interest Agreement.

10.2.3. *Other Documents and Acts.* The parties will also execute such other documents and perform such other acts, before and after the Closing Date, as may be necessary for the complete implementation and consummation of this Agreement.

ARTICLE XI. POST-CLOSING OBLIGATIONS

The parties covenant and agree as follows with respect to the period subsequent to the Closing Date:

11.1. *Post-Closing Access.* Each party agrees that it will cooperate with and make available to the other party, during normal business hours and upon reasonable notice, all books and records which are necessary or useful in connection with any tax inquiry, audit, investigation or dispute, any litigation or investigation or any other matter requiring any such books and records, information or employees for any reasonable business purpose. The party requesting any such books and records, information or employees shall bear all of the out-of-pocket costs and expenses reasonably incurred in connection with providing such books and records, information or employees. All information received pursuant to this Section 11.2 shall be kept confidential by the party receiving it. If Buyer or Seller is required by legal process or operation of law to disclose any confidential information, it shall provide the other party with prompt written notice of such request so that such other party may seek an appropriate protective order.

11.2. Indemnification.

11.2.1. *Buyer's Right to Indemnification.* Seller undertakes and agrees to indemnify, defend by counsel reasonably acceptable to Buyer, and hold harmless Buyer, its parent, subsidiaries, affiliates, successors and assigns and their respective directors, officers, employees, shareholders, representatives and agents (hereinafter referred to collectively as "*Buyer Indemnitees*") from and against and in respect of any and all losses, costs, liabilities, claims, obligations, diminution in value and expenses, including reasonable attorneys' fees,

incurred or suffered by a Buyer Indemnitee arising from (i) the claims of third parties with respect to operation of the Stations or ownership of the Assets prior to Closing not expressly assumed by Buyer pursuant to this Agreement or otherwise consented to by Buyer in writing; (ii) a breach, misrepresentation, or other violation of any of Seller's covenants, warranties or representations contained in this Agreement; (iii) all liabilities of Seller or the Stations not expressly assumed by Buyer pursuant to this Agreement or otherwise consented to by Buyer in writing; (iv) all liens, charges, or encumbrances on any of the Assets which are not expressly permitted by this Agreement or otherwise consented to by Buyer in writing; (v) all Administrative Violations and alleged Administrative Violations occurring prior to Closing; and (vi) any breach or default by Seller under any Contract prior to Closing. The foregoing indemnity is intended by Seller to cover all acts, suits, proceedings, claims, demands, assessments, adjustments, diminution in value, costs, and expenses with respect to any and all of the specific matters in this indemnity set forth.

11.2.2. *Seller's Right to Indemnification.* Buyer undertakes and agrees to indemnify, defend by counsel reasonably acceptable to Seller, and hold harmless Seller, its parent, subsidiaries, affiliates, successors and assigns and their respective directors, officers, employees, shareholders, representatives and agents (hereinafter referred to collectively as "*Seller Indemnitees*") against any and all losses, costs, liabilities, claims, obligations and expenses, including reasonable attorneys' fees, incurred or suffered by a Seller Indemnitee arising from (i) the operation of the Stations or ownership of the Assets after Closing; (ii) a breach, misrepresentation, or other violation of any of Buyer's covenants, warranties and representations contained in this Agreement; (iii) all liabilities specifically assumed by Buyer pursuant to this Agreement; and (iv) any breach or default by Buyer under any Contract after Closing. The foregoing indemnity is intended by Buyer to cover all acts, suits, proceedings, claims, demands, assessments, adjustments, costs, and expenses with respect to any and all of the specific matters in this indemnity set forth.

11.2.3. *Conduct of Proceedings.* If any claim or proceeding covered by the foregoing agreements to indemnify and hold harmless shall arise, the party who seeks indemnification (the "*Indemnified Party*") shall give written notice thereof to the other party (the "*Indemnitor*") promptly after the Indemnified Party learns of the existence of such claim or proceeding; *provided, however*, that the Indemnified Party's failure to give the Indemnitor prompt notice shall not bar the Indemnified Party's right to indemnification unless such failure has materially prejudiced the Indemnitor's ability to defend the claim or proceeding. The Indemnitor shall have the right to employ counsel reasonably acceptable to the Indemnified Party to defend against any such claim or proceeding, or to compromise, settle or otherwise dispose of the same, if the Indemnitor deems it advisable to do so, all at the expense of the Indemnitor; provided that the Indemnitor shall not have the right to control the defense of any such claim or proceeding unless it has acknowledged in writing its obligation to indemnify the Indemnified Party fully from all liabilities incurred as a result of such claim or proceeding and then and periodically thereafter provides the Indemnified Party with reasonably sufficient evidence of the ability of the Indemnitor to satisfy any such liabilities. The parties will fully cooperate in any such action, and shall make available to each other any books or records useful for the defense of

any such claim or proceeding. If the Indemnitor fails to acknowledge in writing its obligation to defend against or settle such claim or proceeding within twenty (20) days after receiving notice thereof from the Indemnified Party (or such shorter time specified in the notice as the circumstances of the matter may dictate), the Indemnified Party shall be free to dispose of the matter, at the expense of the Indemnitor, in any way in which the Indemnified Party deems to be in its best interest.

11.2.4. *Indemnification Sole Remedy.* After the Closing, the right to indemnification hereunder shall be the exclusive remedy of any party in connection with any breach by another party of its representations, warranties, or covenants, nor shall such indemnification be deemed to prejudice or operate as a waiver of any remedy to which any party may otherwise be entitled as a result of any such breach.

11.2.5. *Right of Offset.* Each of Buyer and Seller shall have the right to offset against amounts owing to the other any amounts owing to such party pursuant to this Section 11.2.

11.2.6. *Indemnification Cap.* Notwithstanding any other provision of the Agreement, neither the obligation of Seller nor the obligation of Buyer arising out of its breach of this Agreement or with respect to any indemnity claim hereunder shall exceed Two Hundred Fifty Thousand Dollars (\$250,000).

ARTICLE XII. DEFAULT AND REMEDIES

12.1. *Termination by Seller Upon Buyer's Default.* This Agreement may be terminated by Seller and the purchase and sale of the Stations abandoned, if Seller is not then in material default, upon written notice to Buyer, upon the occurrence of any of the following:

- (a) If on the date that would otherwise be the Closing Date (subject to the right of Buyer to cure provided in Section 12.3 hereof) any of the conditions precedent to the obligations of Seller set forth in this Agreement (including those set forth in Section 9.1) have not been satisfied in all material respects or waived in writing by Seller;
- (b) If there shall be in effect on the date that would otherwise be the Closing Date any final, non-appealable judgment, decree or order that would permanently prevent or make unlawful the Closing;
- (c) If the Closing shall not have occurred by the first anniversary of the date of the filing of the Assignment Applications with the Commission;
- (d) If, for any reason, the Assignment Applications are designated for hearing by the Commission; *provided, however*, that notice of termination must be given within twenty (20) days after release of the hearing designation order and Seller is

not in default and has otherwise complied with its obligations under this Agreement; or

(e) If Buyer and Seller provide their mutual written consent to terminate this Agreement.

12.2. *Termination by Buyer Upon Seller's Default.* This Agreement may be terminated by Buyer and the purchase and sale of the Stations abandoned, if Buyer is not then in material default, upon written notice to Seller, upon the occurrence of any of the following:

(a) If on the date that would otherwise be the Closing Date (subject to the right of Seller to cure provided in Section 12.3 hereof) any of the conditions precedent to the obligations of Buyer set forth in this Agreement have not been satisfied in all material respects or waived in writing by Buyer;

(b) If there shall be in effect on the date that would otherwise be the Closing Date any final, non-appealable judgment, decree or order that would permanently prevent or make unlawful the Closing;

(c) If the Closing shall not have occurred by the first anniversary of the filing of the Assignment Applications with the Commission;

(d) If the conditions set forth in Section 13.1.1 or 13.1.2 permitting Buyer to terminate this Agreement shall have occurred;

(e) If, for any reason, the Assignment Applications are designated for hearing by the Commission; *provided, however*, that notice of termination must be given within twenty (20) days after release of the hearing designation order and Buyer is not in default and has otherwise complied with its obligations under this Agreement;

(f) If the conditions set forth in Section 8.5 permitting Buyer to terminate this Agreement shall have occurred; or

(g) If Buyer and Seller provide their mutual written consent to terminate this Agreement.

12.3. *Breach and Opportunity to Cure.* If either party believes the other to be in default hereunder, the non-defaulting party shall provide the defaulting party with notice specifying in reasonable detail the nature of such default. If such default has not been cured by the earlier of: (i) the Closing Date, or (ii) within thirty (30) days after delivery of such notice, then the party giving such notice may (x) terminate this Agreement, (y) extend the Closing Date under Section 10.1 (but no such extension shall constitute a waiver of such non-defaulting party's right to terminate as a result of such default), and/or (z) exercise the remedies available to such party pursuant to Section 12.5 or 12.6, subject to the right of the other party to contest such

action through appropriate proceedings; *provided, however*, in the event Buyer delivers a notice of default on a date that is less than ten (10) days prior to the scheduled Closing Date, Buyer shall not be permitted to terminate this Agreement pursuant to clause (i)(x) of this Section 12.3 until the first date that is ten (10) days from the date such notice of default was delivered to Seller.

12.4. *Escrow Deposit.* Upon the execution and delivery of this Agreement, Buyer shall deposit by wire transfer of immediately available funds the sum of Fifty Thousand Dollars (\$50,000) (the “*Escrow Deposit*”) in an escrow account with Irwin Union Bank (the “*Escrow Agent*”) in accordance with an escrow agreement among Buyer, Seller and the Escrow Agent (the “*Escrow Agreement*”) to be executed concurrently with the execution of this Agreement. All funds deposited with the Escrow Agent shall be held and disbursed in accordance with the terms of the Escrow Agreement and the following provisions:

- (a) Upon Closing, Buyer and Seller shall jointly instruct the Escrow Agent to disburse all amounts held by the Escrow Agent pursuant to the Escrow Agreement to Seller. The amounts disbursed to Seller shall reduce the Purchase Price by a corresponding amount.
- (b) If this Agreement is properly terminated pursuant to Section 12.2 and Section 12.4(c) does not apply, Buyer and Seller shall jointly instruct the Escrow Agent to disburse all amounts held by the Escrow Agent pursuant to the Escrow Agreement to Buyer.
- (c) If this Agreement is properly terminated pursuant to Section 12.1 or otherwise on account of a breach by Buyer, and Seller is not in material breach of this Agreement, then Buyer and Seller shall jointly instruct the Escrow Agent to disburse all amounts held by the Escrow Agent pursuant to the Escrow Agreement to Seller.

12.5. *Seller's Remedies.* If this Agreement is terminated by Seller and Section 12.4(c) applies, then the payment to Seller pursuant to Section 12.4(c) shall be liquidated damages and shall constitute full payment and the exclusive remedy for any damages suffered by Seller. Seller and Buyer agree in advance that actual damages would be difficult to ascertain and that the amount of the payment to be made to Seller pursuant to Section 12.4(c) is a fair and equitable amount to reimburse Seller for damages sustained due to Buyer's breach of this Agreement.

12.6. *Buyer's Remedies.* The parties recognize that if, prior to Closing, Seller breaches this Agreement and refuses to perform under the provisions of this Agreement, monetary damages alone would not be adequate to compensate Buyer for its injury. Buyer shall therefore be entitled, in addition to any other remedies that may be available, to obtain specific performance of the terms of this Agreement prior to Closing. If any action is brought by Buyer to enforce this Agreement prior to Closing, Seller shall waive the defense that there is an adequate remedy at law. Following the Closing, Buyer shall be entitled, in addition to any other

remedies that may be available, to seek specific performance of the terms of this Agreement if such remedy is available at equity. In the event Buyer elects to terminate this Agreement as a result of Seller's default instead of seeking specific performance, Buyer shall be entitled to recover Buyer's damages.

ARTICLE XIII. GENERAL PROVISIONS

13.1. *Damage.*

13.1.1. *Risk of Loss.* The risk of loss or damage to the Assets shall be upon Seller at all times prior to the Closing. In the event of loss or damage, Seller shall promptly notify Buyer thereof and shall repair, replace and restore the lost or damaged property to its former condition as soon as possible. If such repair, replacement and restoration entails an aggregate expenditure of at least Thirty Thousand Dollars (\$30,000) and has not been completed prior to the scheduled Closing Date, Buyer may, at its option:

- (a) elect to terminate this Agreement, if the loss or damage has a material adverse effect upon the Assets and the operation of the Stations;
- (b) elect to consummate the Transaction on the scheduled Closing Date, in which event Seller shall pay to Buyer the amount necessary to restore the lost or damaged property to its former condition and against such obligation shall assign to Buyer all of Seller's rights under any applicable insurance policies; or
- (c) elect to postpone the scheduled Closing Date, with prior consent of the Commission if necessary, which consent both parties will use their reasonable best efforts to obtain, until a date within fifteen (15) business days after Seller gives written notice to Buyer of completion of the repair, replacement and restoration of such lost or damaged property. If, after the expiration of that extension period, the lost or damaged property has not been adequately repaired, replaced or a restored, Buyer may exercise its rights pursuant to Section 13.1.1(a) or (b) above.

13.1.2. *Failure of Broadcast Transmission.* Seller shall give prompt written notice to Buyer if either of the following (a "*Specified Event*") shall occur: (i) the regular broadcast transmissions of one of the Stations in the normal and usual manner are interrupted or discontinued; or (ii) one of the Stations is operated at less than its licensed antenna height above average terrain or at less than seventy percent (70%) of its licensed effective radiated power. If any Specified Event persists for more than thirty (30) days (or, in the event of force majeure or utility failure affecting generally the market served by the Station so affected, one hundred fifty (150) hours), whether or not consecutive, during any period of thirty (30) consecutive days, then Buyer may, at its option: (x) terminate this Agreement by written notice given to Seller not more than ten (10) days after the expiration of such thirty (30) day period, or (y) proceed in the manner set forth in Section 13.1.1. In the event of termination of this Agreement by Buyer pursuant to

this Section 13.1.2, the parties shall be released and discharged from any further obligation hereunder.

13.1.3. *Resolution of Disagreements.* If the parties are unable to agree upon the extent of any loss or damage, the cost to repair, replace or restore any lost or damaged property, the adequacy of any repair, replacement, or restoration of any lost or damaged property, or any other matter arising under this Section 13.1, the disagreement shall be referred to a qualified consulting communications engineer mutually acceptable to Seller and Buyer who is a member of the Association of Federal Communications Consulting Engineers, whose decision shall be final, binding upon and non-appealable by the parties, and whose fees and expenses shall be paid one-half by Seller and one-half by Buyer.

13.2. *Brokerage.* Seller represents and warrants to Buyer that The Ted Hepburn Company is acting on behalf of Seller and is entitled to a brokerage fee in association with this transaction. Seller further warrants that said brokerage fee shall be borne by the Seller. Seller represents and warrants to Buyer that no agent, broker, investment banker, or other person or firm acting on behalf of Seller or any of its affiliates or under the authority of any of them, other than The Ted Hepburn Company, is or will be entitled to any broker's or finder's fee or any other commission or similar fee in connection with the Transaction. Buyer represents and warrants to Seller that no agent, broker, investment banker, or other person or firm acting on behalf of Buyer or any of its affiliates or under the authority of any of them, is or will be entitled to any broker's or finder's fee or any other commission or similar fee in connection with the Transaction.

13.3. *Expenses.* Except as otherwise provided herein, all expenses involved in the preparation and consummation of this Agreement shall be borne by the party incurring the same whether or not the Transaction is consummated. All Commission filing fees for the Assignment Applications shall be shared equally by Buyer and Seller. All recording costs for instruments of transfer, and all stamp, sales, use and transfer taxes shall be paid by Buyer.

13.4. *Notices.* All notices, requests, demands, and other communications pertaining to this Agreement shall be in writing and shall be deemed duly given when delivered personally (which shall include delivery by Federal Express or other nationally recognized, reputable overnight courier service that issues a receipt or other confirmation of delivery, or by facsimile) to the party for whom such communication is intended, or three (3) business days after the date mailed by certified or registered U.S. mail, return receipt requested, postage prepaid, addressed as follows:

(a) If to Seller:

Thomas Scanlan
Scanlan Television, Inc.
P.O. Box 941
Traverse City, Michigan 49685
Telecopier: (231) 946-1600

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

Kevin Boyle, Esq.
Latham & Watkins
11400 Commerce Park Drive
Suite 200
Reston, Virginia 20191
Telecopier: (703) 390-0900

(b) If to Buyer:

Stephen Marks
Thunder Bay Broadcasting Corp.
1390 N. Bagley Street
Alpena, MI 49707
Telecopier: (989) 356-4188

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

James L. Mazrum
Gillard, Bauer, Mazrum, Florip, Smigelski and Gulden
109 E. Chisholm St.
Alpena, MI 49707
Telecopier: (989) 354-2821

Any party may change its address for notices by notice to the others given pursuant to this Section.

13.5. *Attorneys' Fees.* If either party initiates any litigation against the other party involving this Agreement, the prevailing party in such action shall be entitled to receive reimbursement from the other party for all reasonable attorneys' fees and other costs and expenses incurred by the prevailing party in respect of that litigation, including any appeal, and such reimbursement may be included in the judgment or final order issued in that proceeding.

13.6. *Survival of Representations, Warranties and Pre-closing Covenants.* The parties hereto hereby agree that the representations and warranties and covenants of Buyer and Seller contained in this Agreement or any certificate, document or instrument delivered in connection herewith, and the parties' respective indemnification rights pursuant to Section 11.2, shall survive the Closing for the longer of (i) thirty (30) days after the Closing or (ii) sixty (60) days after the TBA Commencement Date (if the TBA Commencement Date occurs within thirty (30) days prior to the Closing), at which time the same shall expire;

provided that the post-Closing covenants of the parties contained in Sections 3.2, 4.1, 8.6, and 11.1 shall survive the Closing for the applicable statute of limitations.

13.7. *Exclusive Dealings.* For so long as this Agreement remains in effect, neither Seller, its officers, directors, employees, nor any person acting on Seller's behalf, shall, directly or indirectly, solicit or initiate any offer from, or conduct any negotiations with, any person other than Buyer or Buyer's assignee(s) concerning the acquisition of the Stations.

13.8. *Waiver.* Unless otherwise specifically agreed in writing to the contrary: (i) the failure of any party at any time to require performance by any other of any provision of this Agreement shall not affect such party's right thereafter to enforce the same; (ii) no waiver by any party of any default by any other shall be valid unless in writing and acknowledged by an authorized representative of the non-defaulting party, and no such waiver shall be taken or held to be a waiver by such party of any other preceding or subsequent default; and (iii) no extension of time granted by any party for the performance of any obligation or act by any other party shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.

13.9. *Assignment.* No party may assign its rights or obligations hereunder without the prior written consent of the other parties; provided, however, that Buyer may assign its rights hereunder to one or more subsidiaries or affiliates of Buyer, prior to the Closing upon prior notice to Seller, so long as such assignment would not delay the Closing or the grant of the Assignment Applications. No assignment shall relieve the assigning party of its obligations hereunder.

13.10. *Entire Agreement.* This Agreement and the Schedules hereto (which are incorporated by reference herein) constitute the entire agreement between the parties with respect to the subject matter hereof and referenced herein, supersede and terminate any prior agreements between the parties (written or oral). This Agreement may not be altered or amended except by an instrument in writing signed by the party against whom enforcement of any such change is sought.

13.11. *Representations and Warranties Complete.* The representations, warranties, covenants and agreements set forth in this Agreement constitute all the representations, warranties, covenants and agreements of the parties hereto and their respective shareholders, directors, officers, employees, affiliates, advisors (including financial, legal and accounting), agents and representatives and upon which the parties have relied.

13.12. *Counterparts.* This Agreement may be signed in any number of counterparts with the same effect as if the signatures on each such counterpart were on the same instrument.

13.13. *Construction.* The Section headings of this Agreement are for convenience only and in no way modify, interpret or construe the meaning of specific provisions of the Agreement. As used herein, the neuter gender shall also denote the masculine and

feminine, and the masculine gender shall also denote the neuter and feminine, where the context so permits.

13.14. *Schedules.* The Schedules to this Agreement are a material part of this Agreement.

13.15. *Severability.* If any one or more of the provisions contained in this Agreement should be found invalid, illegal or unenforceable in any respect, the validity, legality, and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby. Any illegal or unenforceable term shall be deemed to be void and of no force and effect only to the minimum extent necessary to bring such term within the provisions of applicable law and such term, as so modified, and the balance of this Agreement shall then be fully enforceable.

13.16. *Choice of Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan, without regard to the choice of law rules utilized in that jurisdiction.

13.17. *Counsel.* Each party has been represented by its own counsel in connection with the negotiation and preparation of this Agreement and, consequently, each party hereby waives the application of any rule of law that would otherwise be applicable in connection with the interpretation of this Agreement, including but not limited to any rule of law to the effect that any provision of this Agreement shall be interpreted or construed against the party whose counsel drafted that provision.

13.18. *Public Statements.* Prior to the Closing Date, neither Seller nor Buyer shall, without the prior written approval of the other party, make any press release or other public announcement concerning the transactions contemplated by this Agreement except (i) Seller and Buyer shall issue a mutually agreeable public announcement press release promptly after the signing of this Agreement; and (ii) to the extent that either party shall be so obligated by law, in which case the other party shall be so advised and the parties shall use their best efforts to cause a mutually agreeable release or announcement to be issued.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK;
SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed by a respective duly authorized officer as of the date first written above.

SELLER:

SCANLAN TELEVISION, INC.

By: _____
Name:
Title:

BUYER:

THUNDER BAY BROADCASTING CORP.

By: _____
Name:
Title:

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed by a respective duly authorized officer as of the date first written above.

SELLER:

SCANLAN TELEVISION, INC.

By: 

Name:

Title:

BUYER:

THUNDER BAY BROADCASTING CORP.

By: 

Name:

Title: PRES.