

**EXHIBIT 4**

**Agreements**

The instant application is filed in connection with that certain Sale Order entered July 29, 2009, by the Honorable Arthur J. Gonzalez of the United States Bankruptcy Court for the Southern District of New York, authorizing and approving the purchase agreement and management agreement in connection with the sale of Young Broadcasting Inc. ("Young") and its subsidiaries to New Young Broadcasting Holding Co., Inc. ("New Young"). *See In re Young Broadcasting, Inc., et. al.*, Case No. 09-10645 (AJG) (Chapter 11) (Jointly Administered) (Bankr. S.D.N.Y.). The instant application is one of a series of assignment applications filed contemporaneously on behalf of various entities affiliated with the Assignor that also hold FCC licenses and are under the ultimate control of Young.

Attached hereto are the following documents and agreements relating to the proposed assignment

1. Asset Purchase Agreement ("APA") by and among Assignor, New Young, and others (the "APA").
2. Management Agreement by and among Assignor, Gray Television, Inc., and others (provided herein as Exhibit A to the APA).
3. *Order: (1) Authorizing and Approving the Purchase Agreement and Management Agreement; (2) Establishing Cure Amounts and Approving Assumption and Assignment of Certain Contracts and Leases; and (3) Granting Related Relief*, United States Bankruptcy Court, Southern District of New York (entered July 29, 2009) (provided herein as Exhibit B to the APA).

While the court-approved APA attached hereto is styled as an asset purchase agreement, Section 5.11(c) of the APA provides that in lieu of closing the contemplated asset sale, New Young may consummate the transactions pursuant to the implementation of a Chapter 11 Plan of reorganization. It is contemplated that the transaction will be consummated pursuant to a Chapter 11 Plan, with all of the new issued equity in a reorganized Young to be held by New Young. As such, the instant application seeks consent for the assignment out of bankruptcy of Assignor's licenses as controlled by the shareholders of Young to Assignee as controlled by New Young.

Certain exhibits and schedules to the Asset Purchase Agreement and Management Agreement have not been submitted with this application. The omitted exhibits and schedules contain proprietary information, information which already is contained in the Commission's files, or information which otherwise is not germane to the Commission's consideration of the qualifications of the parties to this application. Nevertheless, the omitted documents will be provided to the Commission upon request. The following exhibits and schedules have been omitted:

Omitted Exhibits and Schedules to the Asset Purchase Agreement

Exhibit C:	Employment Agreement Terms
Exhibit D:	Assignment Agreement
Schedule 1:	Seller Subsidiaries
Schedule 1.1(a):	Assumed Contracts
Schedule 1.1(b):	Excluded Assets
Schedule 1.1(c):	FCC Licenses
Schedule 1.1(d):	Officers
Schedule 1.1(e):	Permitted Exceptions
Schedule 1.1(f):	Stations
Schedule 2.1(b)(ii):	Operating Assets
Schedule 2.1(b)(iii)(A):	Owned Property
Schedule 2.1(b)(iii)(B):	Leased Property
Schedule 2.1(b)(v):	Business Contracts
Schedule 2.1(b)(vii):	Pending Complaints
Schedule 2.1(b)(viii):	Intellectual Property
Schedule 2.1(b)(ix):	Prepaid Expenses
Schedule 2.1(b)(x):	Trade-Out Agreements
Schedule 2.1(b)(xi):	Vehicles
Schedule 2.1(b)(xii):	Partnerships and Joint Ventures
Schedule 2.1(b)(xv):	Other Contracts
Schedule 3.1(a):	Organization of Subsidiaries
Schedule 3.1(b):	YBI Control Positions
Schedule 3.3:	Liens
Schedule 3.4:	Litigation
Schedule 3.5:	Compliance with Legal Requirements
Schedule 3.6(a):	Consents and Approvals
Schedule 3.7(a):	Exceptions to FCC Licenses
Schedule 3.8(a):	Material Contracts
Schedule 3.9:	Intellectual Property
Schedule 3.10(a):	Seller Property
Schedule 3.10(b):	Liens on Seller Property
Schedule 3.10(d):	Default on Seller Property
Schedule 3.10(f):	Tenant Rights on Leased Property
Schedule 3.10(g):	Improvements
Schedule 3.11:	Collective Bargaining Agreements and Labor Matters
Schedule 3.12(a):	Employees
Schedule 3.12(b):	Compliance with Employment Legal Requirements
Schedule 3.12(c):	Employment Complaints
Schedule 3.13:	Insurance
Schedule 3.14:	Environmental, Health & Safety
Schedule 3.16:	Taxes
Schedule 3.18:	Affiliate Transactions

Schedule 3.19:	Tangible Personal Property
Schedule 5.3:	Conduct of Business
Schedule 6.2(d):	Required Consents
Schedule 9.4(c):	Purchase Price Allocation
Schedule 13.2:	Sellers' Advisors

Omitted Schedules to the Management Agreement

Schedule 3.3:	Management Fees
Schedule 6.1:	Benchmarks

In accordance with the Commission's decision in *LUJ, Inc. and Long Nine, Inc.*, Memorandum Opinion and Order, 17 FCC Rcd 16980 (2002), Section II, Question 3, of this Application has been answered "No."

\* \* \* \* \*

**ASSET PURCHASE AGREEMENT**

among

**YOUNG BROADCASTING INC.,**

**THE SELLER SUBSIDIARIES SET FORTH ON SCHEDULE 1 HERETO,**

**NEW YOUNG BROADCASTING HOLDING CO., INC.,**

and

**THE AGENT, in its capacity as administrative and collateral agent under the Credit Agreement**

Dated: as of July 29, 2009

## **Table of Contents**

	<b><u>Page</u></b>
ARTICLE 1 DEFINITIONS.....	1
1.1    Definitions.....	1
1.2    Additional Definitions .....	9
ARTICLE 2 PURCHASE AND SALE OF ASSETS .....	10
2.1    Purchase and Sale of Assets.....	10
2.2    Liabilities of the Sellers .....	12
2.3    Purchase Price .....	14
ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE SELLERS.....	15
3.1    Organization and Standing.....	15
3.2    Authority and Status .....	15
3.3    Status of Assets and Leases of the Sellers; Sufficiency.....	15
3.4    Litigation.....	16
3.5    Compliance with Legal Requirements.....	16
3.6    Consents and Approvals; Conflicts.....	16
3.7    FCC Licenses.....	17
3.8    Material Contracts.....	17
3.9    Intellectual Property Rights .....	18
3.10   Real Property .....	19
3.11   Collective Bargaining Agreements and Labor Matters .....	20
3.12   Employees.....	21
3.13   Insurance .....	21
3.14   Environmental, Health and Safety Matters.....	21
3.15   Financial Information.....	22
3.16   Taxes .....	22
3.17   No Undisclosed Liabilities.....	23
3.18   Affiliate Transactions.....	23
3.19   Tangible Personal Property .....	23
3.20   Exclusivity of Representations .....	23
ARTICLE 4 REPRESENTATIONS AND WARRANTIES OF THE PURCHASER .....	24
4.1    Organization and Standing.....	24
4.2    Power and Authority .....	24
4.3    Consent .....	24
4.4    The Purchaser's Qualification .....	25
4.5    Financial Capability .....	25
4.6    Exclusivity of Representations .....	25
ARTICLE 5 COVENANTS .....	26
5.1    Consents and Approvals .....	26
5.2    Access to Records and Properties .....	27
5.3    Conduct of the Business.....	28
5.4    FCC Reports.....	29
5.5    Contracts and Unexpired Leases.....	29
5.6    Employees.....	29
5.7    Bankruptcy Cases.....	30
5.8    Employee Files and Records.....	30

5.9	Supplementation and Amendment of Schedules; Contracts .....	30
5.10	Management Agreement .....	31
5.11	Plan of Reorganization .....	31
5.12	Credit Bid by Agent .....	32
ARTICLE 6 CONDITIONS PRECEDENT .....		32
6.1	Conditions to Obligations of Each Party to Effect the Acquisition .....	32
6.2	Conditions to Obligations of the Purchaser .....	32
6.3	Conditions to Obligations of the Sellers .....	34
ARTICLE 7 CLOSING .....		34
7.1	Time and Place of Closing .....	34
7.2	The Sellers' Deliveries .....	34
7.3	The Purchaser's Deliveries .....	35
ARTICLE 8 [INTENTIONALLY OMITTED] .....		36
ARTICLE 9 ADDITIONAL COVENANTS .....		36
9.1	Further Assurances .....	36
9.2	Access to Records After Closing; Transition Services .....	36
9.3	Cooperation .....	37
9.4	Tax Matters .....	37
9.5	Confidentiality .....	38
9.6	Limitations on Avoidance Actions .....	38
ARTICLE 10 TERMINATION .....		38
10.1	Termination of Agreement .....	38
ARTICLE 11 CONTROL OF STATIONS .....		40
ARTICLE 12 NO SURVIVAL .....		40
12.1	No Survival of Representations and Warranties; Survival of Covenants .....	40
ARTICLE 13 GENERAL PROVISIONS .....		40
13.1	Notices .....	40
13.2	Broker's and Finder's Fees .....	41
13.3	Specific Performance; No Monetary Damages .....	41
13.4	Waiver .....	42
13.5	Expenses .....	42
13.6	Binding Effect; Third Party Beneficiaries; Assignment .....	42
13.7	Headings .....	43
13.8	Entire Agreement; Amendments .....	43
13.9	Governing Law .....	43
13.10	Jurisdiction .....	43
13.11	Waiver of Right to Trial by Jury .....	44
13.12	Counterparts .....	44
13.13	Pronouns .....	44
13.14	Approval of Bankruptcy Court .....	44
13.15	Schedules and Exhibits Incorporated .....	44
13.16	Time of Essence .....	44

## ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT, dated as of July 29, 2009, among Young Broadcasting Inc., a Delaware corporation ("**YBI**") and (i) each of its direct and indirect wholly-owned Subsidiaries set forth on Schedule 1 attached hereto and (ii) each of its other direct and indirect wholly-owned Subsidiaries which hold any assets or properties (the "**Seller Subsidiaries**" and collectively with YBI, the "**Sellers**"), New Young Broadcasting Holding Co., Inc., a Delaware corporation (the "**Purchaser**"), and Wachovia Bank, National Association, in its capacity as administrative and collateral agent under the Credit Agreement (as defined below).

WHEREAS, the Sellers own and operate the Stations and Adam Young Inc., a Delaware corporation (collectively, the "**Business**");

WHEREAS, the Sellers have filed voluntary petitions for relief under Chapter 11 (collectively, the "**Bankruptcy Cases**") of title 11 of the United States Code, §§101, *et seq.* (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**") on February 13, 2009 (the "**Petition Date**");

WHEREAS, upon the terms and subject to the conditions set forth herein, the Sellers desire to transfer, sell, convey, assign and deliver to the Purchaser, and the Purchaser desires to acquire from the Sellers, the Purchased Assets (as defined below) pursuant to a plan of reorganization or in accordance with Sections 363 and 365 of the Bankruptcy Code;

WHEREAS, Lenders (as defined below) constituting in excess of Majority Lenders have previously consented to a credit bid by the Agent of some or all of the Secured Obligations (as defined below) toward the purchase of the Purchased Assets (the "**Lender Consent**");

WHEREAS, the Agent will, prior to the Closing Date, cause the Purchaser to be duly formed and to execute this Agreement; and

WHEREAS, the parties desire to consummate the Proposed Transactions as promptly as practicable after the Bankruptcy Court enters an order approving the Proposed Transactions.

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

### **ARTICLE 1** **DEFINITIONS**

1.1 Definitions As used herein, the following terms shall have the following meanings unless the context otherwise requires:

"**Act**" means the Communications Act of 1934, as amended.

"**Action**" means any demand, claim, action, suit or proceeding, arbitral action, inquiry, criminal prosecution or investigation by or before any Governmental Authority.

"**Affiliate**" with reference to a specified Person means (a) any Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common

control with the specified Person, (b) any other Person that owns or controls 20% or more of any class of equity securities (including any equity securities issuable upon the exercise of any option or convertible security) of such Person, or (c) any director, partner, member, officer, manager or family member of such Person. For purposes of this definition, "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

**"Agreement"** means this Asset Purchase Agreement, together with the Schedules and Exhibits attached hereto, as the same may be amended, modified or supplemented from time to time in accordance with its terms.

**"Allowed"** with respect to any Claim, except as otherwise provided herein means: (a) a Claim that is scheduled by the Debtors in their Schedules as neither disputed, contingent nor unliquidated and for which the claim amount has not been identified as unknown and as to which Debtors or other party in interest has not filed an objection; (b) a Claim that either is not disputed or has been allowed by a Final Order; (c) a Claim that is allowed: (i) pursuant to terms of a plan of reorganization; (ii) in any stipulation of amount and nature of Claim approved by the Bankruptcy Court; or (iii) in or pursuant to any contract, instrument, indenture or other agreement entered into or assumed in connection herewith; (d) a Claim relating to a rejected Contract that either (i) is not disputed or (ii) has been allowed by a Final Order, in either case only if a proof of Claim has been filed by the applicable bar date or has otherwise been deemed timely filed under applicable law; or (e) a disputed Claim as to which a proof of Claim has been timely filed and as to which no objection has been filed.

**"Assumed Contract"** means each of those Contracts of the Sellers to be assumed by the Purchaser, as set forth on Schedule 1.1(a) (as such Schedule may be amended from time to time pursuant to Section 2.2(c)). Schedule 1.1(a) also sets forth the estimated Cure Amounts which the Sellers expect will be payable for each Assumed Contract.

**"Avoidance Actions"** means any and all claims for relief of the Sellers and their bankruptcy estates under Chapter 5 of the Bankruptcy Code.

**"Bidding Procedures"** means the bidding procedures set forth in and approved by the Bidding Procedures Order, as the same may be modified by an order entered by the Bankruptcy Court.

**"Bidding Procedures Order"** means that certain order entered by the Bankruptcy Court dated April 2, 2009 approving the Bidding Procedures.

**"Business Day"** means a day other than a Saturday, Sunday or day on which commercial banks in New York, New York are required or authorized to be closed for business.

**"Claim"** has the meaning set forth in Section 101(5) of the Bankruptcy Code.

**"Closing"** means the consummation of the transactions provided for in this Agreement.



**"Closing Date"** means the date on which the Closing occurs pursuant to Section 7.1 hereof.

**"Code"** means the Internal Revenue Code of 1986, as amended.

**"Committee"** means the Official Committee of Unsecured Creditors appointed in the Bankruptcy Cases.

**"Contract"** means any written or oral contract, agreement, indenture, note, bond instrument, lease (including any real property lease), license or other document or arrangement, undertaking, practice or authorization that is binding on any Person or property under applicable Legal Requirement, whether entered into prior to or after the Petition Date.

**"Credit Agreement"** means that certain Fourth Amended and Restated Credit Agreement, dated as of May 3, 2005, among YBI, the banks and other financial institutions listed on the signature pages thereto, Wachovia Bank, National Association, as Administrative Agent and Collateral Agent for the Lenders thereunder (the **"Agent"**) and as Issuing Bank, Lehman Commercial Paper Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Syndication Agents for the Lenders thereunder, BNP Paribas, as Documentation Agent, and Wachovia Capital Markets, LLC, Lehman Brothers Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Lead Book-Runners, as amended, supplemented and/or modified from time to time.

**"Cure Amounts"** means, with respect to any Assumed Contract, the costs and expenses, as determined by the Bankruptcy Court, if any, necessary to cure defaults and compensate actual or pecuniary losses of or relating to the assumption and assignment of such Assumed Contract pursuant to, and as required by, Section 365 of the Bankruptcy Code.

**"DMA"** means the designated market area for a particular television or radio station as determined by the A.C. Nielsen Company.

**"Effective Time"** means 12:01 a.m. on the Closing Date.

**"Employee Benefit Plan"** means any employee benefit plan, program, policy, practice, agreement or other arrangement providing benefits to any current or former employee, officer or director of any Seller or of any other Subsidiary, or any beneficiary or dependent thereof, that is sponsored or maintained by any Seller or any Subsidiary or to which any Seller or any of their Subsidiaries contributes or is obligated to contribute or to which any Seller or any of their Subsidiaries has any Liability, whether or not written, including without limitation any employee benefit plan within the meaning of Section 3(3) of ERISA, and any bonus, incentive, deferred compensation, vacation, stock purchase, stock option, severance, employment, change of control or fringe benefit plan, program, policy, practices, arrangement or agreement.

**"Employees"** means the Persons who are employed by any Seller or any Subsidiary immediately prior to the Effective Time, including, without limitation, any Employees on disability (excluding Employees on long term disability), leave of absence, furlough, vacation or other excused absence.

**"Encumbrances"** means any security interest, lien, collateral assignment, right of setoff, debt, obligation, liability, pledge, levy, charge, escrow, encumbrance, option, right of first refusal, transfer restriction, conditional sale contract, title retention contract, mortgage, lease, deed of trust, hypothecation, indenture, security agreement, easement, servitude, proxy, voting trust or agreement, transfer restriction under any shareholder or similar agreement, or any other agreement, arrangement, contract, commitment, understanding or obligation of any kind whatsoever, whether written or oral.

**"Environmental Laws"** means all applicable Legal Requirements relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

**"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

**"Excluded Assets"** means (i) any Contract not listed on Schedule 1.1(a) at the expiration of the Designation Right Period (other than Contracts entered into in accordance with this Agreement and the Management Agreement, as applicable, after the expiration of the Designation Right Period, which Contracts shall be deemed Assumed Contracts unless added by the Purchaser to Schedule 1.1(b) pursuant to a written notice delivered to the Sellers), (ii) Avoidance Actions (but not including any Avoidance Actions against the Agent or the Lenders at any time, and further subject to the provisions of Section 9.6 hereof) and any proceeds therefrom and those assets of the Sellers set forth on Schedule 1.1(b) attached hereto and (iii) any Tax refunds relating to Taxes that would be treated as Excluded Liabilities to the extent such Taxes were required to be paid after the Closing.

**"FCC"** means the Federal Communications Commission and any successor governmental agency performing functions similar to those performed by the Federal Communications Commission on the date hereof, or any bureau or subdivision thereof acting on delegated authority.

**"FCC Consent"** means an order or decision of the FCC granting its consent to the transfer of control of the FCC Licenses to the Purchaser.

**"FCC Licenses"** means the licenses, permits and authorizations of the FCC for operation of the Stations as listed on Schedule 1.1(c), each having a term ending on the corresponding expiration date shown on such Schedule, including any renewed term if pending applications for renewal of the FCC Licenses which have been accepted for filing by the FCC are granted.

**"FCC Rules"** means the rules, regulations, orders and published policies of the FCC.

**"Final Order"** means any order or judgment which has not been reversed, vacated, or stayed, and as to which (a) the time to appeal, petition for certiorari, or move for a new trial, reargument, or rehearing has expired, and as to which no appeal, petition for certiorari, or other proceedings for a new trial, reargument, or rehearing shall then be pending, or (b) if an appeal, writ of certiorari, new trial, reargument, or rehearing thereof has been sought, such order or judgment shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied, or a new trial, reargument, or rehearing shall have been denied

or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, reargument, or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy rules, may be filed relating to such order shall not cause such order to not be a Final Order.

**"GAAP"** means United States generally accepted accounting principles then in effect.

**"Governmental Authority"** means any foreign or domestic federal, state or municipal court or governmental, quasi-governmental or regulatory department or authority.

**"Hazardous Materials"** means all explosive or radioactive substances or wastes, and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

**"HSR Act"** means Section 7A of the Clayton Act, as added by Title II of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

**"Intellectual Property" or "Intellectual Property Rights"** means all rights in and to (a) patents, patent applications and patent disclosures, together with all reissuances, continuations, continuations in part, revisions, extensions, reexaminations, provisionals, divisions, renewals, revivals, and foreign counterparts thereof and all registrations and renewals in connection therewith, (b) trademarks, service marks, trade dress, logos, trade names and corporate names, together with all translations, adaptations, derivations and combinations thereof and including all goodwill associated therewith, and all applications, registrations and renewals in connection therewith, (c) copyrightable works, copyrights and all applications, registrations and renewals in connection therewith, (d) mask works and all applications, registrations and renewals in connection therewith, (e) trade secrets, inventions and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, business and marketing plans and proposals, assembly, test, installation, service and inspection instructions and procedures, technical, operating and service and maintenance manuals and data, hardware reference manuals and engineering, programming, service and maintenance notes and logs), (f) Software, (g) Internet addresses, uniform resource locaters, domain names, websites and web pages, and (h) goodwill related to all of the foregoing.

**"Interest"** means an "interest in property" as such phrase is used in Section 363(f) of the Bankruptcy Code.

**"Knowledge"** of the Sellers with respect to a given matter means the actual knowledge of those officers of the Sellers listed on Schedule 1.1(d) attached hereto.

**"Leases"** means all leases and subleases, licenses, easements, grants, and other similar instruments, including all modifications and amendments thereof, under which a Person has the right to use real or personal property or rights of way.

**"Legal Requirements"** means all applicable foreign and domestic statutes, ordinances, codes or other laws, rules, regulations, orders, common law, technical or other standards, requirements, policies, determinations or procedures enacted, adopted or promulgated by any applicable Governmental Authority, including any judgment, writ, injunction, award or decree of any court, administrative body, judge, justice or magistrate, including any bankruptcy court or judge, and any order of or by any Governmental Authority.

**"Lenders"** has the meaning ascribed to it in the Credit Agreement.

**"Liability"** means any Claim, including any indebtedness, obligation or other liability (whether or not absolute, accrued, matured, contingent, liquidated, known, suspected, fixed or otherwise), including, any fine, assessment, penalty, judgment, award or settlement respecting any judicial, administrative or arbitration proceeding, damage, loss, claim or demand with respect to any Legal Requirement.

**"Lien"** means any charge against or Interest in property to secure payment of a debt (as such term is defined in Section 101(12) of the Bankruptcy Code) or performance of an obligation.

**"Majority Lenders"** has the meaning ascribed to it in the Credit Agreement.

**"Management Agreement"** means a management agreement between the Sellers and the Manager, substantially in the form attached hereto as Exhibit A, which Management Agreement shall have been approved pursuant to the Sale Approval Order.

**"Manager"** has the meaning set forth in the Management Agreement.

**"Material Adverse Effect"** means any occurrence, event or effect which individually or together with other occurrences, events or effects has, or could be reasonably expected to have, a materially adverse effect on (a) the business, assets, operation, condition (financial or otherwise), or results of operations of the Business or the Purchased Assets, taken as a whole or (b) the ability of the Sellers to consummate the Proposed Transactions; provided, however, that none of the following shall be deemed to constitute, and none of the following shall be taken into account in determining whether there has been, a Material Adverse Effect: any occurrence, event or effect arising from or relating to (1) any hostilities, acts of war, military actions, sabotage or terrorism; (2) any change in any regional, United States or foreign economies or securities or financial markets in general that do not effect the Business in a disproportionate manner when compared to the effect of such occurrence, event or effect on other Persons engaged in the broadcasting industry; (3) any change in GAAP; (4) acts generally affecting the broadcasting industry (except to the extent that any such occurrence, event or effect affects the Business in a disproportionate manner when compared to the effect of such occurrence, event or effect on other Persons engaged in the broadcasting industry); (5) the Bankruptcy Cases; or (6) the announcement of the Proposed Transactions.

**"Permits"** means permits, licenses, franchises, approvals, certificates, certifications, consents, waivers, concessions, registrations or other authorizations of any Governmental Authority.

**"Permitted Exceptions"** means, with respect to any of the Purchased Assets: (a) Liens, Claims or Encumbrances imposed by statute arising in the ordinary course of business with respect to a Liability that is not yet due or delinquent, such as carriers', warehousemen's, materialmen's and mechanics' liens, not material in amount, individually or in the aggregate, and that will not interfere with the operation of the Business or its right to use the property subject thereto; (b) Liens for Taxes not yet due and payable or which are being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP; and (c) as to Seller Property, easements or reservations of, or rights of others for, rights of way, highway and railroad crossings, sewers, electric lines, telegraph and telephone lines and all exceptions listed on Schedule 1.1(e) attached hereto which do not individually or in the aggregate materially impair the use or occupancy of the Seller Property subject to such right in the operation of the Business as currently conducted; provided, however, that a Lien is not a Permitted Exception if it is a charge against or Interest in property to secure payment of a debt or performance of an obligation and such Lien is junior in priority and right of payment to the Secured Obligations.

**"Person"** means an individual, firm, partnership, limited liability company, association, unincorporated organization, trust, corporation, or any other entity, including a Governmental Authority or any department, agency or instrumentality thereof.

**"Proposed Transactions"** means all of the transactions contemplated hereby and by the Management Agreement, including the transfer, sale, conveyance, assignment and delivery by the Sellers to the Purchaser, and the acquisition by the Purchaser from the Sellers, of substantially all of the assets of the Sellers as contemplated herein and the performance by the parties of their respective covenants and obligations hereunder.

**"Sale Approval Order"** means an order of the Bankruptcy Court in the form attached hereto as Exhibit B.

**"Secured Obligations"** means the Secured Obligations (as defined in the Credit Agreement) outstanding under the Credit Agreement, including, without limitation, all pre- and post-petition interest due and owing thereunder (at the contractual default rate) and all unpaid fees and expenses related thereto, in each case at the time of the Closing.

**"Software"** means any computer program, operating system, application, system, firmware or software of any nature, whether operational, active, under development or design, non-operational or inactive, including all object code, source code, comment code, algorithms, processes, formulae, interfaces, navigational devices, menu structures or arrangements, icons, operational instructions, scripts, commands, syntax, screen designs, reports, designs, concepts, visual expressions, technical manuals, tests scripts, user manuals and other documentation therefor, whether in machine-readable form, virtual machine-readable form, programming language, modeling language or any other language or symbols, and whether stored, encoded, recorded or written on disk, tape, film, memory device, paper or other media of any nature, and

all databases necessary or appropriate in connection with the operation or use of any such computer program, operating system, application, system, firmware or software.

**"Stations"** means the television stations set forth on Schedule 1.1(f) attached hereto.

**"Subsidiary"** means any Person, the majority of the outstanding voting securities or other voting equity interests of which is owned, directly or indirectly, by YBI.

**"Tax" or "Taxes"** means all taxes, charges, fees, levies or other assessments (whether federal, state, local, or foreign), including, without limitation, income, excise, franchise, real or personal property, sales, transfer, gains, gross receipts, occupation, privilege, payroll, wage, unemployment, workers' compensation, social security, national health contributions, pension and employment insurance contributions, use, value added, capital, license, severance, stamp, premium, windfall profits, environmental, capital stock, profits, withholding, disability, registration, customs duties, employment, alternative or add-on minimum, estimated or other tax of any kind whatsoever (whether disputed or not), including, without limitation, any related charges, fees, interest, penalties, additions to tax or other assessments.

**"Tax Returns"** means all federal, state, local and foreign returns, estimates, information statements and reports with respect to Taxes (including any amendment, schedule or statement thereto).

**"TBA"** means any time brokerage agreement, local marketing arrangement, joint sales agreement, joint marketing agreement, limited management agreement or other similar agreement or Contract.

**"WARN Act"** means the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Sections 2101-2109 and related regulations, as amended, and any similar state or local law.

**"Warrants"** means detachable 2 1/2-year warrants to purchase up to 2 1/2% of the fully diluted common stock of the Purchaser for an exercise price per share determined based upon an enterprise value of the Purchaser equal to \$300,000,000, in form and substance reasonably acceptable to the Purchaser; provided, however, that no Warrant shall be exercisable to the extent that such exercise would be in violation of, or would cause the holder thereof to hold an "attributable interest" under, the Act.

**"Winddown Costs"** means all amounts due and payable to the Winddown Professionals, for fees and expenses incurred by them and the estate between the Closing Date and the closing of the Bankruptcy Cases, provided, however, that Winddown Costs shall not include any (i) fees and expenses incurred directly or indirectly by any Winddown Professional in challenging the sale contemplated under this Agreement, opposing confirmation of a Chapter 11 plan supported by the Agent, or proposing or supporting a Chapter 11 plan opposed by the Agent, and (ii) any bonuses, success fees, restructuring fees or other transaction based fees payable to Allen.

**"Winddown Professionals"** means (i) the Sellers' Chief Restructuring Officer (Goldin), and counsel (Sonnenschein) and the Committee's counsel (Paul Weiss), in each case only if they are employed at the expense of the estate pursuant to an order entered by the Bankruptcy Court and (ii) the ordinary course professionals of the Sellers, including FCC counsel, accountants, tax preparers, auditors and actuaries.

1.2 Additional Definitions. The following terms defined elsewhere in this Agreement shall have the respective meanings therein defined:

<u>Definition</u>	<u>Section</u>
Agent	Section 1.1
Applicant	Section 4.4(b)
Assignment Agreement	Section 7.2(b)
Assumed Liabilities	Section 2.2(a)
Balance Sheet	Section 3.15
Balance Sheet Date	Section 3.15
Bankruptcy Cases	Recitals
Bankruptcy Code	Recitals
Bankruptcy Court	Recitals
Business	Recitals
Designation Right Period	Section 2.2(c)
Debtors	Section 9.2(b)
DOJ	Section 5.1(b)
Excluded Liabilities	Section 2.2(b)
Financial Statements	Section 3.15
FTC	Section 4.4(a)
Leased Property	Section 2.1(b)(iii)(B)
Lender Consent	Recitals
Owned Property	Section 2.1(b)(iii)(A)
Petition Date	Recitals
Purchase Price	Section 2.3
Purchased Assets	Section 2.1(b)
Purchaser	Preamble
Seller Documents	Section 3.2
Seller Property	Section 3.10(a)
Seller Subsidiaries	Preamble
Sellers	Preamble
Supplemental Cure Notices	Section 6.2(d)
Termination Date	Section 10.1(b)

Definition

Transfer Taxes

YBI

Section

Section 13.5

Preamble

**ARTICLE 2**  
**PURCHASE AND SALE OF ASSETS**

2.1 Purchase and Sale of Assets.

(a) Subject to the terms and conditions hereinafter set forth, at and as of the Effective Time, the Sellers shall sell, assign, transfer, convey and deliver to the Purchaser and the Purchaser shall purchase from the Sellers for the consideration specified in Section 2.3 of this Agreement, all of the Sellers' rights, title, interests in, to and under the Purchased Assets, free and clear of all Liens, Claims, Interests and Encumbrances other than the Permitted Exceptions.

(b) The "**Purchased Assets**" shall mean all of the business, assets, properties, contractual rights, goodwill, going concern value, rights and claims of any Seller related to the Business, wherever situated and of whatever kind and nature, real or personal, tangible or intangible, whether or not reflected on the books and records of the Sellers (other than the Excluded Assets) as the same shall exist on the Closing Date, including, without limitation, all of the Sellers' rights, title, interests in, to and under each of the following assets:

(i) the FCC Licenses and other Permits, licenses and consents used in connection with the Business and all applications therefore (or, to the extent any such Permits, licenses and consents are not freely transferable, all rights in and to the Permits, licenses and consents to the full extent such rights may be transferred);

(ii) such hard operating assets that are owned or used by any Seller in the Business, including, but not limited to, towers, transmittal equipment, other equipment, computers and Software, together with any services or maintenance contracts listed on Schedule 2.1(b)(ii) attached hereto;

(iii) all the real property:

(A) owned by any Seller including, without limitation, all land, fee interests, easements and other interests of every kind and description in real property, buildings, structures, fixtures, appurtenances, towers and antennae, and other improvements thereon ("**Owned Property**"), including, without limitation, all of those items listed on Schedule 2.1(b)(iii)(A) attached hereto;

(B) leasehold interests of any Seller including, without limitation, Leases and subleases of any land, easements and other real property leasehold interests of every kind and description in real property, buildings, structures, fixtures, appurtenances, towers and antennae, and other improvements thereon leased by any Seller in connection with the Business ("**Leased Property**"), including, without limitation, all of those items listed on Schedule 2.1(b)(iii)(B) attached hereto;



(iv) all of the furniture, fixtures, furnishings, machinery, computers, equipment, inventory, spare parts, supplies, office materials and other tangible property of every kind and description owned, leased or used by any Seller in connection with the Business, together with any replacements thereof and additions thereto made before the Closing, and less any retirements or dispositions thereof made before the Closing in the ordinary course of business;

(v) all rights of any Seller under all Contracts relating to the Business, including, but not limited to, all network affiliation agreements, programming contracts, contracts for the provision of advertising on the Stations, microwave services contracts and cable and satellite retransmission agreements related to the Business which are listed on Schedule 2.1(b)(v) attached hereto;

(vi) all programs and programming materials and elements of whatever form or nature owned by any Seller and used or held for use in connection with the Business, whether recorded on tape or any other substance or intended for live performance, and whether completed or in production, and all related copyrights owned by or licensed to any Seller and used in connection with the Business;

(vii) all books and records relating to the Stations, including, but not limited to, all FCC logs, and computer-readable disk or tape copies of any such items stored on computer disks or tapes;

(viii) all Intellectual Property Rights related to the Business, including, but not limited to, all inventions, licenses, trademarks, service marks, franchises, patents, trade names, logos, slogans, call letters, symbols, exclusive internet web sites and exclusive domain names and jingles, including, without limitation, those set forth on Schedule 2.1(b)(viii) attached hereto;

(ix) all deposits and prepaid expenses of any Seller related to the Business, including but not limited to those listed on Schedule 2.1(b)(ix) attached hereto;

(x) all rights of any Seller under all Contracts pursuant to which any Seller has sold, traded or bartered commercial air time on the Stations in consideration for any property or services in lieu of or in addition to cash including, without limitation, those set forth and identified in Schedule 2.1(b)(x) attached hereto;

(xi) all automotive equipment and motor vehicles maintained, owned, leased or otherwise used by any Seller in connection with the Business, including, without limitation, those set forth and described in Schedule 2.1(b)(xi) attached hereto;

(xii) all equity interests in any partnership or joint ventures of any Seller, as set forth in Schedule 2.1(b)(xii) attached hereto;

(xiii) all translators, earth stations, and other auxiliary facilities, and all applications therefor owned, leased or otherwise used or useful by any Seller in connection with the Business;

(xiv) all cash (and cash equivalents) and accounts receivable of any Seller; and

(xv) all rights of any Seller under all other Contracts to which any Seller is a party, all Contracts as of the date hereof being listed on Schedule 2.1(b)(xv) attached hereto (including, without limitation, any TBA, all employment agreements and talent contracts, all Leases and subleases relating to the Leased Property, all agreements relating to any motor vehicles, all network affiliation agreements, programming contracts, microwave service contracts, cable and satellite retransmission agreements and all national and local advertising representation agreements for the Stations), together with all rights of any Seller under all Contracts entered into between the date hereof and the Closing Date in accordance with the terms of this Agreement and the Management Agreement.

Notwithstanding anything set forth in this Section 2.1(b), the Purchased Assets shall not include any of the Excluded Assets.

(c) Permitted Exceptions. All Purchased Assets shall be delivered free and clear of all Liens, Claims, Interests and Encumbrances except for the Permitted Exceptions.

(d) Obtaining Necessary Consents.

(i) This Agreement and the instruments and documents executed and delivered herewith will, subject to the receipt of all consents required hereunder, constitute an assignment of all the Purchased Assets. The Sellers hereby covenant to use commercially reasonable efforts, both prior to and after the Closing, to obtain all consents and approvals necessary to effect the assignment of any Purchased Asset, including, without limitation, the consents and approvals listed on Schedule 3.6(a) (which efforts shall not require the payment of consideration to any third party to obtain any such consent or approval) and the Purchaser hereby agrees to use commercially reasonable efforts to assist the Sellers in connection therewith.

(ii) In the event that a consent or approval required to transfer a Purchased Asset to the Purchaser shall not be obtained by the Closing, each Seller hereby appoints, effective as of the Closing Date, the Purchaser as such Seller's agent and attorney-in-fact, effective as of the Closing Date, to act for such Seller in obtaining the benefits and performing such Seller's obligations under such items, but only to the extent that such delegation of duties may be made without violation thereof. Any payments pursuant to such items received by any Seller following the Closing shall be promptly remitted to the Purchaser. If and to the extent that such benefits cannot be obtained, the Purchaser shall have no obligation pursuant to Section 2.2 or otherwise with respect to any such Purchased Asset. The provisions of this Section 2.1(d) shall not affect the right of the Purchaser not to consummate the Proposed Transactions if the condition to its obligations hereunder contained in Section 6.2(d) has not been fulfilled.

## 2.2 Liabilities of the Sellers.

(a) Subject to the terms and conditions hereinafter set forth, at and as of the Closing, the Purchaser shall assume only the following Liabilities of the Sellers which are not paid or discharged at or before the Closing (in each case, except to the extent any of such

Liabilities are included in Excluded Liabilities) (herein collectively referred to as the "**Assumed Liabilities**"):

(i) all Liabilities of any Seller accruing or due to be performed from and after the Effective Time pursuant to the Assumed Contracts;

(ii) all Cure Amounts relating to the Assumed Contracts;

(iii) all administrative expense Claims incurred prior to the Closing and allowed pursuant to Bankruptcy Code Sections 503(b), 507(a)(2) or 507(b);

(iv) with respect to Claims secured by the Purchased Assets, all such Claims, but only if, and solely to the extent that, such Claims are senior in priority and right of payment to the Secured Obligations;

(v) all priority Claims allowed under Bankruptcy Code Sections 507(a)(2), (a)(4), (a)(5), (a)(7) and (a)(8);

(vi) all Winddown Costs, but only to the extent such amounts do not exceed \$2,000,000 in the aggregate;

(vii) all Liabilities of any Seller arising out of the complaints, described on Schedule 2.2 (a)(vii) attached hereto which are pending against any Station;

(viii) an amount of cash, to be distributed pro rata among the holders of the pre-petition general unsecured Allowed Claims (other than the holders of the unsecured senior subordinated notes issued by YBI), equal to the lesser of (x) 10% of the aggregate amount of Allowed Claims held by such holders and (y) \$1,000,000; and

(ix) all obligations to make severance payments to Employees (other than YBI's three most senior officers, Vincent Young, Deborah McDermott and James Morgan) terminated after the Petition Date, to the extent required under the terms of Sellers' existing severance plan referenced in the Order entered by the Bankruptcy Court on May 7, 2009 (provided that the cap referenced therein shall not apply).

(b) Except for the specific Assumed Liabilities, the Purchaser shall not assume or be liable for or bound by any Liability of any Seller or any Lien, Claim, Interest or Encumbrance (other than the Permitted Exceptions), including, without limitation any duties, responsibilities, liabilities, assessments, penalties or obligations of any kind or nature, whether known or unknown, whether asserted or unasserted, whether accrued or unaccrued, whether contingent, at law or in equity or otherwise, including any Liability based on successor liability theories (herein referred to as the "**Excluded Liabilities**"), including, without limitation, the following specific Excluded Liabilities:

(i) all Liabilities of every kind whether or not asserted, scheduled or evidenced by a filed proof of claim or other form of writing evidencing such claim filed in the Bankruptcy Cases, secured, priority, administrative or unsecured, in each case, accrued prior to or after the commencement of the Bankruptcy Cases;

(ii) all Liabilities of any Seller under Assumed Contracts accruing, due to be performed or otherwise relating to periods prior to the Effective Time, and current Liabilities that are not Assumed Liabilities;

(iii) all Liabilities of any Seller under any Contract of a Seller that is not an Assumed Contract whether accruing prior to, at or after the Effective Time;

(iv) any and all Liabilities for Taxes arising from or with respect to the Purchased Assets or the Business that are included in or attributable to the operation of the Business or ownership of the Purchased Assets on or before the Closing Date (other than any Transfer Taxes that arise as a result of the Proposed Transactions);

(v) all Liabilities arising under Environmental Laws with respect to the Sellers attributable to the operation of the Business on or before the Closing Date;

(vi) all administrative expense Claims not expressly assumed by the Purchaser pursuant to Section 2.2(a)(iii);

(vii) all Winddown Costs not expressly assumed by the Purchaser pursuant to Section 2.2(a)(vi);

(viii) all Liabilities arising out of, or related to, any Employee Benefit Plans except to the extent set forth on Schedule 1.1(a); and

(ix) all accrued and unpaid compensation of current or former employees as of the Effective Time and any withholding or other Taxes thereon and all Liabilities with respect to sales commissions, sales representative agreements, workers' compensation claims, policies and related Liabilities, collective bargaining agreements, and any and all other Liabilities with respect to employees, consultants or other personal service providers for periods prior to the Effective Time.

(c) Notwithstanding anything herein to the contrary, the Purchaser reserves the right, at any time during the period commencing from the date hereof and ending on the later of the day that is (i) the 90th day following execution of the Management Agreement by the Sellers and the Manager, (ii) the 60th day prior to the Closing Date and (iii) in the event the Purchaser elects to consummate the transactions contemplated hereunder pursuant to a Chapter 11 plan of reorganization (in accordance with clause (b) or (c) of Section 5.11), the 30th day prior to the effective date of any such Chapter 11 plan of reorganization (such period, as applicable, the "**Designation Right Period**"), to, upon written notice to the Sellers, amend the applicable Schedules and designate (x) any Contract listed as an Excluded Asset on Schedule 1.1(b) as an Assumed Contract (to be listed on Schedule 1.1(a)) and (y) any Contract listed as an Assumed Contract on Schedule 1.1(a) as an Excluded Asset (to be listed on Schedule 1.1(b)).

2.3 Purchase Price. In consideration of the sale, transfer, conveyance, assignment and delivery of the Purchased Assets and the agreements contained in Article 9, the Purchaser shall, (x) assume the Assumed Liabilities and (y) pay to the Sellers, in the manner provided in the next sentence, two hundred million Dollars (\$200,000,000) (the "**Purchase Price**") and (z) deliver the Warrants to the Sellers, to be distributed (subject to compliance with applicable securities laws) to the holders of the unsecured senior subordinated notes issued by YBI. The Purchaser shall (x)

at the Closing, pay to the Sellers the Purchase Price, which amount shall not be payable in cash, but shall be payable solely by means of a credit of the Purchase Price against \$200,000,000 principal face amount of the Secured Obligations, and (y) pay all Cure Amounts due as determined by an order of the Bankruptcy Court in accordance with the terms of the Sale Approval Order.

### **ARTICLE 3**

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

Each of the Sellers hereby severally represents and warrants to the Purchaser that:

##### **3.1 Organization and Standing.**

(a) YBI is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Each Seller Subsidiary is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation, as applicable. Schedule 3.1(a) attached hereto sets forth a true and complete list of each Subsidiary, including, its name, form of organization and its jurisdiction of incorporation or formation, as applicable. Each Seller is duly qualified to do business and is in good standing in any jurisdiction where it owns or operates a Station and in each other jurisdiction where such qualification or good standing is necessary, except for those jurisdictions where the failure to be so qualified or in good standing would not, individually or in the aggregate, have a Material Adverse Effect. Each Seller has the corporate power and authority (corporate and otherwise) to carry on the Business as it is now being conducted and to own, operate and lease the Purchased Assets.

(b) Except as set forth on Schedule 3.1(b) attached hereto, YBI does not control, directly or indirectly, or own, directly or indirectly, any capital stock of, or other voting securities or equity or similar interest in, or investment in or have any obligation to invest in, any corporation, partnership, limited liability company, joint venture, trust or other business association or entity or Person which is not a Subsidiary.

**3.2 Authority and Status.** Subject to obtaining Bankruptcy Court approval pursuant to the Sale Approval Order, (i) each Seller has the corporate (or other) power and authority to execute and deliver this Agreement and each and every agreement, document, instrument and certificate provided for herein to which it is a party (the "**Seller Documents**") and to perform its obligations hereunder and thereunder and to consummate the Proposed Transactions, (ii) the execution, delivery and performance by each Seller of this Agreement and the Seller Documents have been duly authorized and approved by all necessary action of each Seller, and (iii) this Agreement and the Seller Documents constitute or, when executed and delivered, will constitute the valid and legally binding obligations of the Sellers, enforceable against them in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws in effect from time to time affecting the rights of creditors generally, and the application of general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

**3.3 Status of Assets and Leases of the Sellers; Sufficiency.** The Sellers own and have good title to all of the Purchased Assets (or a leasehold interest in those portions of the

Purchased Assets designated on Schedule 3.10(a)) material to the operation of the Business, in each case free and clear of all Liens, Claims, Interests and Encumbrances, other than Permitted Exceptions, the obligations of any Lease with respect to any leased assets, or as disclosed or reserved against it in the Financial Statements (to the extent and in the amounts so disclosed or reserved against), or as listed on Schedule 3.3 attached hereto. The Purchased Assets constitute all of the properties (other than the Excluded Assets) that are reasonably necessary to conduct the Business as presently conducted by the Sellers.

3.4 Litigation. Except as set forth on Schedule 3.4 attached hereto and for Actions filed in the Bankruptcy Court, there are no Actions by or before any Governmental Authority pending or, to the Knowledge of the Sellers, threatened in writing against any Seller that questions or challenges the validity of this Agreement or any action taken or proposed to be taken by the Sellers pursuant hereto or thereto or in connection with the Proposed Transactions. Except as set forth on Schedule 3.4 attached hereto and except for Actions filed in the Bankruptcy Court, there are no material Actions by or before any Governmental Authority pending or, to the Knowledge of the Sellers, threatened in writing against any Seller that involve or affect the Purchased Assets or the Business.

3.5 Compliance with Legal Requirements. Except as set forth on Schedule 3.5 attached hereto, (i) each Seller is in compliance in all material respects with all Legal Requirements applicable to the operation of the Business, (ii) no Seller has received any written notice that it is in material violation of any Legal Requirements applicable to the operation of the Business and (iii) to the Knowledge of the Sellers, no Seller is under investigation with respect to any material violation of any Legal Requirements applicable to its operation of the Business.

3.6 Consents and Approvals; Conflicts.

(a) The execution and delivery of this Agreement and the Seller Documents, the compliance by the Sellers with the provisions hereof or thereof and the consummation of the Proposed Transactions by the Sellers, will not require any consent, approval, Permit or authorization or other action by, or filing with or notification to, any Person or Governmental Authority, except as follows: (i) filings required under the HSR Act, (ii) consents to the assignment of the FCC Licenses to the Purchaser by the FCC, (iii) the approval of the Bankruptcy Court pursuant to the Sale Approval Order, (iv) filings, if any, with respect to Taxes, (v) amendments to pending renewal applications for the FCC Licenses which have been accepted for filing by the FCC, and (vi) the Contracts set forth on Schedule 3.6(a) attached hereto may be assigned only with the consent of third parties.

(b) Assuming all consents, approvals, authorizations and other actions described in Section 3.6(a) have been obtained and all filings and notifications described in Section 3.6(a) have been made, the execution, delivery and performance of this Agreement and the Seller Documents by the Sellers, the consummation of the Proposed Transactions by the Sellers and the compliance by the Sellers with any of the provisions hereof or thereof do not and will not (i) conflict with or violate in any material respect any Legal Requirement applicable to the Purchased Assets or operation of the Business or to which any of the material Purchased Assets is subject or affected, (ii) conflict with or result in any material breach of or constitute a material default (or an event which with notice or lapse of time or both would become a material breach or default) or give rise to a right of termination, cancellation or acceleration of any

obligation or to loss of a material benefit under, or give rise to any obligation of the Sellers to make any payment, or to the increased, additional, accelerated or guaranteed rights or entitlements of any Person under any material Contract to which any Seller is a party or by which any Seller is bound or to which any of the material Purchased Assets are subject, (iii) result in the creation of any Lien upon the Purchased Assets, other than a Permitted Exception, or (iv) conflict with or violate the organizational documents of any Seller.

### 3.7 FCC Licenses.

(a) Except as set forth on Schedule 3.7(a) attached hereto:

(i) The applicable Sellers are the valid and legal holders of the FCC Licenses and have timely filed pending applications to renew the FCC Licenses;

(ii) The FCC Licenses (A) are valid, in good standing and in full force and effect (and have not been suspended, canceled, revoked or modified in any adverse manner other than in a manner which is immaterial, and are not subject to conditions or requirements that are not generally imposed on such authorizations), and constitute all of the Permits required by the Act or the FCC Rules for, or used in, the operation of the Stations as now operated, and (B) constitute all the licenses and authorizations, including amendments and modifications thereto, issued by the FCC for or in connection with the operation of the Stations;

(iii) The Stations are being operated in all material respects in accordance with the terms and conditions of the FCC Licenses applicable to them and in accordance with the Act and the FCC Rules and each Seller has timely filed all registrations and reports and timely paid all required fees, including any renewal applications, required by the Act or the FCC Rules; and

(iv) There is no pending or, to the Knowledge of the Sellers, threatened matters (a) which might reasonably be expected to result in the suspension, revocation, termination or challenge of or the refusal to renew any of the FCC Licenses by the FCC, or (b) against any Seller which might reasonably be expected to result in the FCC's delay of or refusal to grant approval of the transfer of control or assignment to the Purchaser of any FCC License or the imposition of any material adverse condition in connection with approval of the transfer of control to the Purchaser of any FCC License, other than matters affecting the television broadcasting industry in general.

### 3.8 Material Contracts.

(a) Schedule 3.8(a) attached hereto sets forth a true and complete list of each of the following Contracts or other arrangements (true and complete copies or, if none, reasonably complete and accurate written descriptions of which, together with all amendments and supplements thereto, have been made available to the Purchaser prior to the execution of this Agreement) to which any Seller is a party or by which any of the Purchased Assets is bound, indicating the estimated Cure Amounts, if any, which the Sellers expect will be payable for each Contract:

(i) (A) all Contracts providing for a commitment of employment or consultation services for a specified or unspecified term to, or otherwise relating to employment

or the termination of employment of, any Employee providing annual compensation in excess of \$100,000, the name, position and rate of compensation of each Employee party to such a Contract and the expiration date of each such Contract; and (B) any written representations, commitments, promises, communications or courses of conduct (excluding any such Contracts referred to in clause (A)) involving an obligation of any Seller to make payments in any year, other than with respect to salary or incentive compensation payments in the ordinary course of business, to any Employee exceeding \$100,000;

(ii) all Contracts with any Person containing any provision or covenant prohibiting or limiting the ability of any Seller to engage in any business activity or compete with any Person in connection with the Business or prohibiting or limiting the ability of any Person to compete with any Seller in connection with the Business;

(iii) all partnership, joint venture, shareholders' or other similar Contracts with any Person in connection with the Business;

(iv) all Contracts relating to the future disposition or acquisition of any Purchased Assets;

(v) all collective bargaining or similar labor Contracts covering any Employee;

(vi) all Contracts of guaranty, surety or indemnification, direct or indirect, by any Seller;

(vii) all network affiliation and retransmission consent Contracts; and

(viii) all other Contracts (other than the Leases listed on Schedule 3.10(a) and insurance policies listed on Schedule 3.13) with respect to the Business that involve the payment or potential payment, pursuant to the terms of any such Contract, by or to any Seller of more than \$100,000 annually or that are otherwise material to the Business or to any Seller.

(b) Each Contract required to be disclosed on Schedule 3.8(a) is valid and binding upon the Sellers and, to the Knowledge of the Sellers, the other parties thereto, and is in full force and effect and, neither the Sellers, nor, to the Knowledge of the Sellers, any other party to any such Contract has, or has received written notice that it has, breached any material provision of, or is in material default in any respect under the material terms thereof (or with notice or lapse of time or both, would be in material violation or breach of or default under any such Contract) in any material respect, except to the extent such breach or default will be cured as a result of the payment of the applicable Cure Amounts by the Purchaser.

### 3.9 Intellectual Property Rights.

(a) Schedule 2.1(b)(viii) sets forth a complete and correct list and summary description of all Intellectual Property Rights (other than off the shelf software) applied for, filed for, owned, used, issued, registered or licensed (either as licensee or licensor) applicable to or used in the Business, together with a complete list of all licenses granted by or to the Sellers with respect to any of the above. Except as set forth on Schedule 3.9 attached hereto, the Sellers have not licensed or transferred any rights to any Intellectual Property Right. All Intellectual Property



Rights listed on Schedule 2.1(b)(viii) have not been or are not, as applicable, cancelled, expired, abandoned or otherwise terminated, and payment of all renewal and maintenance fees in respect thereof, and all filings related thereto, have been duly made.

(b) The Sellers: (i) own, (ii) otherwise have the right pursuant to a valid written license, sublicense or other Contract, or (iii) have public domain or other legal access without need of a license, lease or consent of any third party, to the Intellectual Property Rights listed on Schedule 2.1(b)(viii), free and clear of all Liens, Claims, Interests or Encumbrances other than Permitted Exceptions, and have the right to use all such Intellectual Property Rights as currently used in the Business.

(c) To the Knowledge of the Sellers, the Sellers are not currently in receipt of any written notice asserting that any of their Intellectual Property Rights are invalid or that the use of such Intellectual Property Rights in the Business is violating the rights of others. There is no pending or, to the Knowledge of the Sellers, threatened opposition, interference or cancellation proceeding before any court or registration authority in any jurisdiction against the registrations and applications listed on Schedule 2.1(b)(viii) or, to the Knowledge of the Sellers, against any other of Sellers' Intellectual Property Rights.

(d) To the Sellers' Knowledge, none of the Intellectual Property Rights listed on Schedule 2.1(b)(viii) nor the conduct of the Sellers' Business infringes upon, misappropriates or otherwise violates, nor within the previous ten (10) years has infringed upon, misappropriated or otherwise violated, any Intellectual Property Rights of others.

(e) To the Knowledge of Sellers, no Person is engaging in any activity that infringes, violates or misappropriates the Intellectual Property Rights listed on Schedule 2.1(b)(viii).

(f) After the consummation of the transactions contemplated by this Agreement, the Purchaser will own all right, title, and interest in and to or have a valid written license to use all material Intellectual Property Rights listed in Schedule 2.1(b)(viii) on substantially the same terms and conditions as the Sellers enjoyed immediately prior to such transactions.

### 3.10 Real Property.

(a) Schedule 3.10(a) attached hereto (i) sets forth an accurate and complete list of all real property owned, used or occupied by the Sellers, including, without limitation, the Owned Property and the Leased Property ("**Seller Property**") and (ii) indicates which of the Seller Property is Owned Property (setting forth which parcels of such owned property are subject to a Lease under which any Seller is a lessor) and which of the Seller Property is Leased Property.

(b) Except as set forth on Schedule 3.10(b) attached hereto, the Sellers have good and marketable title to the Seller Property, free and clear of all Liens, Claims, Interests and Encumbrances other than Permitted Exceptions. Except for the Leased Property, the Sellers are in possession of the Seller Property. The Sellers have adequate rights of ingress and egress with respect to the Seller Property. None of the Seller Property, or the use thereof, contravenes or

violates any building, zoning, administrative, occupational safety and health or other applicable Legal Requirement in any material respect.

(c) The Sellers have a valid and subsisting leasehold estate in and the right to quiet enjoyment of the Leased Property. Each Lease is a legal, valid and binding agreement, enforceable in accordance with its terms, of the Sellers and to the Knowledge of the Sellers, of each other Person that is a party thereto, except as may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights in general and subject to general principles of equity.

(d) Except as set forth on Schedule 3.10(d) attached hereto, (i) there is no, nor has any Seller received any written notice of (A) any material default (or any condition or event which, after notice or lapse of time or both, would constitute a material default) from a landlord of any Leased Property which default will not be cured as a result of the payment of the applicable Cure Amounts, or (B) to the Knowledge of Sellers, any threatened or contemplated condemnation or eminent domain proceedings that would reasonably be expected to materially and adversely affect the use of any Owned Property as currently used by the Sellers, and (ii) no Seller has delivered notice as lessor of any Owned Property of a material default (or any condition or event which, after notice or lapse of time or both, would constitute a material default) under a Lease related thereto. Each Seller is not a "foreign person" within the meaning of section 1445(f)(3) of the Code.

(e) The Sellers have made available to the Purchaser prior to the execution of this Agreement true and complete copies of (i) all deeds, Leases, mortgages, deeds of trust, certificates of occupancy, title insurance policies, title reports, surveys and similar documents, and all amendments thereof, with respect to the Seller Property, and (ii) all Leases (including any amendments and renewal letters) and, to the extent reasonably available, all other documents referred to in clause (i) of this paragraph (e) with respect to the Leased Property.

(f) Except as set forth on Schedule 3.10(f) attached hereto, no tenant or other party in possession of any of the Leased Properties has any right to purchase, or holds any right of first refusal to purchase, such properties.

(g) Except as set forth on Schedule 3.10(g) attached hereto, any buildings, structures, fixtures, appurtenances, towers and antennae and other improvements included in the Owned Property are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, and are adequate and suitable for the purposes for which they are presently being used.

3.11 Collective Bargaining Agreements and Labor Matters. Except as set forth on Schedule 3.11 attached hereto, (a) there are no collective bargaining agreements to which any Seller is a party or any other labor union contract applicable to Employees, (b) no Seller is currently engaged in negotiations with any union or other employee representative with respect to any Employees and (c) to the Knowledge of the Sellers there are no activities or proceedings of any labor union to organize or represent such Employees.

### 3.12 Employees.

(a) Schedule 3.12(a) attached hereto sets forth a true and correct list of all current Employees of the Sellers whose annual salaries exceed \$100,000 and a summary of the compensation, including salary, bonus and other benefits, paid within the last year or payable to each such Employee.

(b) Except as set forth in Schedule 3.12(b) attached hereto, the Sellers: (i) are in compliance in all material respects with all applicable Legal Requirements respecting employment, including without limitation fair employment practices, terms and conditions of employment, collective bargaining, wages and hours, safety and health, workers' compensation, the WARN Act, classification of employees and independent contractors, the collection and payment of withholding and/or payroll Taxes and similar Taxes and immigration, in each case, with respect to Employees, except where the failure to be in compliance would not, individually or in the aggregate, have a Material Adverse Effect; and (ii) are not liable for any material payment to any trust or other fund or to any Governmental Authority, with respect to unemployment compensation benefits, social security or other benefits for Employees, other than routine payments to be made in the normal course of business and consistent with past practice.

(c) Except as set forth on Schedule 3.12(c) attached hereto, there is no charge or complaint against any Seller, pending or to the Sellers' Knowledge threatened, by or before any Governmental Authority alleging unlawful discrimination, unfair labor practices or other violations of the related Legal Requirements.

(d) During the six months prior to the date hereof, (i) no Seller has effectuated a "plant closing" or "mass layoff" (as defined in the WARN Act) and (ii) no Employee has experienced an "employment loss," as defined by the WARN Act, requiring notice to employees in the event of a closing or layoff.

3.13 Insurance. Schedule 3.13 attached hereto lists each insurance policy currently held by or applicable to any Seller with respect to the assets and business of the Stations setting forth, in respect of each such policy, the policy name, policy number, carrier, term, type of coverage and annual premium. Except as set forth on Schedule 3.13, all of such insurance policies are in full force and effect. Except as noted on Schedule 3.13, to the Sellers' Knowledge, all such insurance is assignable or transferable to the Purchaser.

3.14 Environmental, Health and Safety Matters. Except as set forth on Schedule 3.14 attached hereto:

(a) To the Knowledge of the Sellers, the Sellers have obtained all Permits required by applicable Environmental Laws necessary for the operation of their Stations, all such Permits are valid and in full force and effect, and the Sellers are in compliance in all material respects with all terms and conditions of such Permits, except to the extent the failure to obtain any such Permit or comply therewith would have a Material Adverse Effect.

(b) To the Knowledge of the Sellers, there is no proceeding pending for which the Sellers have been served with written notice or, to the Knowledge of the Sellers, threatened which would result in the reversal, rescission, termination, material modification or suspension

of any material environmental or health or safety permits necessary for the operation of its Stations, and to the Knowledge of the Sellers, there is no basis for any such proceeding.

(c) To the Knowledge of the Sellers, the Sellers have operated and are operating the Stations in all material respects in compliance with all Environmental Laws applicable to the Sellers, except to the extent the failure to comply therewith would have a Material Adverse Effect.

(d) The Sellers have not received any written notice, and there is no investigation pending or, to the Knowledge of the Sellers, threatened, to the effect that the Sellers or any Station have or may have material Liability for or as a result of the release or threatened release of a Hazardous Material into the environment or for the suspected unlawful presence of Hazardous Material thereon.

(e) To the Knowledge of the Sellers, neither the Sellers nor any Station has treated, stored, disposed of, arranged for the disposal of, transported, handled, released or exposed any Person to any Hazardous Materials, or owned or operated any property or facility (and no such property or facility is contaminated by any Hazardous Material) so as to give rise to any material Liabilities, including any material Liability for response costs, corrective action costs, personal injury, property damage, natural resource damage or attorneys fees, or any material investigative, corrective or remedial obligations, pursuant to any Environmental Law.

(f) To the Knowledge of the Sellers, there are no (i) underground storage tanks, (ii) asbestos in a friable condition, (iii) polychlorinated biphenyls in regulated quantities, or (iv) landfills or other waste disposal areas, in each case, at any Seller Property.

3.15 Financial Information. The Sellers have made available to the Purchaser (i) the audited consolidated balance sheet of the Sellers as at December 31, 2007 and December 31, 2008 and the related audited consolidated statements of income and cash flow of the Sellers for the fiscal years ending December 31, 2007 and December 31, 2008 and (ii) the unaudited consolidated balance sheet as of, and the related unaudited consolidated statements of income and cash flow of the Sellers for the four months ending April 30, 2009 (such audited and unaudited statements described in clauses (i) and (ii), including the related notes and schedules thereto, the "**Financial Statements**"). The Financial Statements were prepared from the books of account and other financial records of the Sellers in accordance with GAAP, consistently applied throughout the periods indicated, and present fairly, as stated therein, in all material respects, the consolidated financial position, results of operations and cash flows of the Sellers as of such date and for the periods covered thereby, subject in the case of unaudited statements to normal year-end adjustments and the absence of footnotes. For the purposes hereof, the audited consolidated balance sheet of the Sellers as at December 31, 2008 is referred to as the "**Balance Sheet**" and December 31, 2008 is referred to as the "**Balance Sheet Date**."

3.16 Taxes Except as any payment or enforcement action is stayed as a result of the Bankruptcy Cases and except as set forth in Schedule 3.16 attached hereto:

(a) (i) The Sellers have filed all material Tax Returns required to be filed by the Sellers, (ii) all such Tax Returns are true, accurate and complete in all material respects, and (iii) all Taxes due and payable as indicated on such material Tax Returns have been paid, except

for any such Taxes that are being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP or where the failure to pay Taxes would not have a Material Adverse Effect.

(b) The Sellers have complied (and until the Closing Date will comply) in all material respects with all applicable laws, rules, and regulations relating to the payment and withholding of Taxes relating to the Business (including withholding and reporting requirements under Code §§3401 through 3406, 6041 and 6049 and similar provisions under any other laws) and have, within the time and in the manner prescribed by law, withheld from employee wages and paid over to the proper Governmental Authority all required amounts.

(c) No audits or other administrative proceedings or court proceedings are presently pending or to the Knowledge of the Sellers threatened with regard to any Taxes or Tax Returns of the Sellers.

(d) Sellers have not received any written ruling of a taxing authority relating to Taxes relating to the Business or the Purchased Assets, or entered into any other written and legally binding agreement with a taxing authority relating to Taxes relating to the Business or Purchased Assets.

3.17 No Undisclosed Liabilities. Except as reflected or reserved against in the Balance Sheet, there are no Liabilities against, relating to or affecting the Business or any of the Purchased Assets, other than Liabilities (a) incurred in the ordinary course of business consistent with past practice or (b) which, individually or in the aggregate, are not material to the Business.

3.18 Affiliate Transactions. Except as set forth on Schedule 3.18 attached hereto and pursuant to the terms of any employment agreements made available by the Sellers to the Purchaser prior to the date hereof, (a) no officer, director or Affiliate of the Sellers provides or causes to be provided any assets, services or facilities used or held for use in connection with the Business, and (b) the Business does not provide or cause to be provided any material assets, services or facilities to any such officer, director or Affiliate.

3.19 Tangible Personal Property. The Sellers are in possession of and have good title to, or have valid leasehold interests in or valid rights under Contracts to use, all tangible personal property reflected on the Balance Sheet and tangible personal property acquired since the Balance Sheet Date other than tangible personal property disposed of since such date in the ordinary course of business consistent with past practice. All the tangible personal property is free and clear of all Liens, Claims, Interests and Encumbrances other than Permitted Exceptions or as set forth on Schedule 3.19 attached hereto, and is in good working order and condition, ordinary wear and tear excepted.

3.20 Exclusivity of Representations. EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE 3 (AS MODIFIED BY THE SCHEDULES HERETO), THE SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, IN RESPECT OF ANY OF ITS ASSETS (INCLUDING THE PURCHASED ASSETS), LIABILITIES (INCLUDING THE ASSUMED LIABILITIES) OR OPERATIONS, INCLUDING, WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, OR NON INFRINGEMENT, AND ANY SUCH OTHER

REPRESENTATIONS OR WARRANTIES ARE HEREBY EXPRESSLY DISCLAIMED, AND NONE SHALL BE IMPLIED AT LAW OR IN EQUITY. THE PURCHASER HEREBY ACKNOWLEDGES AND AGREES THAT, EXCEPT AS OTHERWISE PROVIDED IN A REPRESENTATION OR WARRANTY CONTAINED IN THIS ARTICLE 3, THE PURCHASER IS PURCHASING THE PURCHASED ASSETS ON AN "AS IS, WHERE IS" BASIS. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, IN THE EVENT OF A BREACH OF ANY REPRESENTATION OR WARRANTY BY THE SELLER, THE PURCHASER'S SOLE REMEDY WITH RESPECT TO SUCH BREACH IS TERMINATION OF THIS AGREEMENT IN ACCORDANCE WITH ARTICLE 10 OF THIS AGREEMENT.

#### **ARTICLE 4**

#### **REPRESENTATIONS AND WARRANTIES OF THE PURCHASER**

The Purchaser represents and warrants to the Sellers:

4.1 Organization and Standing. The Purchaser is a duly organized and validly existing corporation in good standing under the laws of the State of Delaware.

4.2 Power and Authority. Subject to the entry of the Sale Approval Order, the Purchaser has the power and authority to execute and deliver this Agreement, to perform its obligations hereunder, and to consummate the transactions contemplated hereby without the necessity of any act or consent of any other Person. The execution, delivery and performance by the Purchaser of this Agreement and every agreement, document and instrument provided for herein have been duly authorized and approved by its stockholders. This Agreement and each and every other agreement, document and instrument to be executed, delivered and performed by the Purchaser in connection herewith constitute the valid and legally binding obligation of the Purchaser, enforceable against it in accordance with their respective terms.

4.3 Consent.

(a) The execution and delivery of this Agreement, and the performance of the transactions contemplated herein by the Purchaser, will not require any consent, approval, authorization or other action by, or filing with or notification to, any Person or Governmental Authority, except as follows: (i) filings, if any, required under the HSR Act, (ii) consents to the assignment of the FCC Licenses to the Purchaser by the FCC, (iii) filings, if any, with respect to Taxes, and (iv) the entry of the Sale Approval Order.

(b) Assuming all consents, approvals, authorizations and other actions described in Section 4.3(a) have been obtained and all filings and notifications described in Section 4.3(a) have been made, the execution, delivery and performance of this Agreement and the other agreements, documents and instruments executed, delivered and performed by the Purchaser in connection herewith by the Purchaser do not and will not (i) conflict with or violate any material Legal Requirements applicable to the Purchaser, (ii) conflict with or result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) of any material Contract to which the Purchaser is a party or by which the

Purchaser is bound, or (iii) conflict with or violate the organizational documents of the Purchaser.

#### 4.4 The Purchaser's Qualification.

(a) The Purchaser is, and at all times between the date hereof and up until and including the Closing will be, legally, financially and otherwise qualified under the Act, the HSR Act, the FCC Rules, and all rules, regulations and policies of the DOJ, the Federal Trade Commission (the "**FTC**") and any other governmental agency, to acquire and operate the Stations. There are no facts or proceedings which would reasonably be expected to disqualify the Purchaser under the Act or HSR Act or otherwise from acquiring or operating the Stations or to cause the FCC not to approve the assignment of the FCC Licenses to the Purchaser or the DOJ and the FTC not to allow the waiting period under the HSR Act to terminate within thirty (30) days of the filing provided for in Section 5.1(b). The Purchaser has no knowledge of any fact or circumstance relating to the Purchaser or any of the Purchaser's Affiliates that would reasonably be expected to lead to a delay in the termination of the waiting period required by the HSR Act. No waiver of any FCC Rule with respect to the Purchaser is necessary to be obtained for the grant of the applications for the assignment of the FCC Licenses to the Purchaser.

(b) As of the date hereof and through the Closing Date, neither the Purchaser nor any Affiliate of the Purchaser (i) owns, controls or operates any television or radio station or daily newspaper located in any DMA in which a Station is located; (ii) has any direct or indirect equity or debt interest or management interest, in each case which is "cognizable" or "attributable" (as defined in Section 73.3555 of the FCC Rules) in (A) any television or radio station or daily newspaper located in any DMA in which a Station is located, or (B) any applicant seeking to construct or acquire, by assignment of license or transfer of control, any such television or radio station (an "**Applicant**"); or (iii) is a party to any TBA with a television or radio station located in any DMA in which a Station is located, or with any Applicant. The Purchaser acknowledges and agrees that the representations set forth in this Section 4.4(b) shall take into account and include (1) the consummation of any proposed or pending acquisition (as of the date hereof and through the Closing Date) of television or radio stations or daily newspapers (including the acquisition of the Stations) by the Purchaser or any Affiliate of the Purchaser or any Applicant, and (2) any TBA or proposed or pending TBA (as of the date hereof and through the Closing Date) to which the Purchaser or any Affiliate of the Purchaser is or may become a party; excepting, however, with respect to the representation and warranty set forth in this Section 4.4(b), any TBA between the Purchaser or any Affiliate of the Purchaser and any Seller.

4.5 Financial Capability. The Purchaser (a) at the Closing, will have (subject only to the conditions to the Closing of this Agreement) Secured Obligations sufficient to pay the Purchase Price, (b) at the Closing will have the resources and capabilities (financial or otherwise) to perform its obligations hereunder and (c) has not incurred any obligation, commitment, restriction or liability of any kind, which would impair or adversely affect such resources and capabilities.

4.6 Exclusivity of Representations. Notwithstanding anything contained in this Agreement to the contrary, the Purchaser acknowledges and agrees that the Sellers are not making any representations or warranties whatsoever, express or implied, beyond those

expressly given by the Sellers in Article 3 (as modified by the Schedules hereto), and the Purchaser acknowledges and agrees that, except for the representations and warranties contained therein (as modified by the Schedules hereto), the Purchased Assets are being transferred on a "where is" and, as to condition, "as is" basis. The Purchaser further represents that neither the Sellers nor any of their Affiliates nor any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding the Sellers, the Business or the transactions contemplated by this Agreement not expressly set forth in this Agreement (as modified by the Schedules hereto), and none of the Sellers or any of their Affiliates or any other Person will have or be subject to any liability to the Purchaser nor any other Person resulting from the distribution to the Purchaser or its representatives or the Purchaser's use of, any such information, including any confidential memoranda distributed on behalf of the Sellers relating to the Business or other publication or data room information provided to the Purchaser or its representatives, or any other document or information in any form provided to the Purchaser or its representatives in connection with the sale of the Business and the transactions contemplated hereby.

## **ARTICLE 5**

### **COVENANTS**

#### **5.1     Consents and Approvals.**

(a)     (i)     Within fifteen (15) Business Days after the execution of this Agreement, the Sellers and the Purchaser shall jointly file with the FCC such applications and other documents in the name of the Sellers or the Purchaser, as appropriate, as may be necessary or advisable to obtain the FCC Consent. The Sellers and the Purchaser shall take all commercially reasonable steps necessary to prosecute such filings with diligence and shall diligently oppose any objections to, appeals from or petitions to reconsider such approval of the FCC, to the end that the FCC Consent with respect thereto may be obtained as soon as practicable. The Sellers covenant that neither they nor any officer or director of any Seller shall knowingly take, and the Purchaser covenants that neither the Purchaser nor any officer or director of the Purchaser shall knowingly take, any action that such party knows or has reason to know would materially and adversely affect or materially delay issuance of the FCC Consent, unless such action is requested or required by the FCC. Should the Purchaser or the Sellers become aware of any undisclosed material facts which could reasonably be expected to materially and adversely affect or materially delay issuance of the FCC Consent, such party shall promptly notify the other party in writing.

(ii)     Applications for renewal of the FCC Licenses for certain of the Stations remain pending. The Sellers will use their commercially reasonable efforts to prosecute such applications. In order to facilitate the transactions contemplated by this Agreement, each Seller will, promptly after the date hereof, enter into one or more agreements with the FCC to toll the applicable statute of limitation with respect to complaints pending against a Station, if necessary to receive a grant of such Station's renewal application and the FCC Consent without material delay; provided that such tolling agreement(s) be comprised of commercially reasonable terms and that such agreement(s) not require any Seller to make or agree to financial commitments or to make monetary deposits to be held pending the outcome of such complaints. Consistent with Section 2.2 (a)(vii), to the extent reasonably requested by the FCC in connection with the FCC Consent, the Purchaser shall assume such tolling agreements, post an escrow



deposit with the FCC, or take any other action reasonably requested by the FCC with respect to the pending complaints.

(b) Within thirty (30) days after the execution of this Agreement, the Sellers and the Purchaser shall make the filings required to be made under the HSR Act, if any, in connection with the transactions contemplated by this Agreement. The Sellers and the Purchaser shall use their commercially reasonable efforts to supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act and to take all other commercially reasonable actions necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable; provided that, notwithstanding anything to the contrary contained in this Agreement, a party's commercially reasonable efforts hereunder shall not require such party or any of such party's Affiliates to sell or otherwise dispose of, hold separate (through the establishment of a trust or otherwise), divest itself of, or limit the ownership or operations of all or any portion of their respective businesses, assets or operations. In connection with the efforts referenced in this Section 5.1 to obtain all requisite approvals and authorizations for the transactions contemplated by this Agreement under the HSR Act, each Seller and the Purchaser shall use all commercially reasonable efforts to: (A) cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party; (B) keep the other party informed in all material respects of any material communication received by such party from, or given by such party to, the FTC, the Antitrust Division of the Department of Justice (the "**DOJ**") or any other Governmental Authority and of any material communication received or given in connection with any proceeding by a private party; and (C) except as otherwise prohibited by law, permit the other party to review any material communication given by it to, and consult with each other in advance of and be permitted to attend any meeting or conference with, the FTC, the DOJ or any such other Governmental Authority or, in connection with any proceeding by a private party, with any other Person, in each case regarding any of the transactions contemplated by this Agreement.

(c) The Sellers shall, as promptly as practicable, use commercially reasonable efforts (which efforts shall not require the payment of consideration to any third party to obtain any consent) to obtain and deliver to the Purchaser all consents and approvals of any Governmental Authority or any other Person required to consummate the Proposed Transactions, including, without limitation, those described in Section 3.6(a) and set forth on Schedule 3.6(a) attached hereto.

(d) The Sellers shall, as promptly as practicable, use commercially reasonable efforts (which efforts shall not require the payment of consideration to any third party to obtain any consent) to provide for the assumption (and, if the transactions contemplated hereunder are effected in accordance with Section 5.11(a) or (c), the sale and assignment) to the Purchaser of the Assumed Contracts at the Closing.

5.2 Access to Records and Properties. From the date hereof until the Closing Date, the Sellers agree to permit the Purchaser, its shareholders, employees, agents, counsel, financial advisors, consultants and other representatives full access at reasonable times and upon reasonable notice to (i) inspect the assets and books and records of the Sellers related to the operation of the Business and (ii) the Employees and other officers and agents of the Sellers who

have any responsibility for the operation of the Business. From the date hereof until the Closing Date, the Sellers shall cooperate with the Purchaser throughout the due diligence process by making available to the Purchaser and its representatives all information and data (including, without limitation, copies of any Contracts and Permits or financial (or other) information) relating to the Proposed Transactions or operation of the Sellers or the Stations or concerning the Business, Purchased Assets or the Assumed Liabilities, as may be reasonably requested by the Purchaser or any of its representatives.

### 5.3 Conduct of the Business.

For the period from the date hereof to the Closing, the Sellers agree that they will operate that portion of the Business that is under their control, or otherwise operated by them (and not the Manager), in the ordinary course and in a manner substantially similar to which the Sellers and the Business are currently being operated, except for actions taken or failed to be taken by the Sellers or the Manager pursuant to or in furtherance of the Management Agreement or otherwise expressly contemplated by this Agreement or the Management Agreement. Each Seller agrees that it will through the Closing Date, except (1) as set forth on Schedule 5.3 attached hereto, (2) as required or restricted by applicable Legal Requirements, (3) for any action taken or failed to be taken by the Sellers or the Manager pursuant to or in furtherance of the Management Agreement or otherwise expressly contemplated by this Agreement or the Management Agreement or (4) with the prior written consent of the Purchaser, use such commercially reasonable efforts consistent with prior operation to:

(i) refrain from taking any material action that would adversely impact the preservation of the organization of the Sellers and the Stations or the goodwill of customers and others having business relations with the Sellers;

(ii) refrain from terminating the services of the current Employees whose services are material to the operation of the Business;

(iii) maintain the Purchased Assets which are material to the Business in substantially the same working order and conditions as such Purchased Assets are in as of the date hereof, ordinary wear and tear and insured casualty excepted;

(iv) maintain all material FCC Licenses and Permits of the Sellers;

(v) comply in all material respects with all of the Sellers' material obligations and duties (a) under its Contracts, Leases and documents relating to or affecting the Purchased Assets and the Business and, if requested by the Purchaser, exercise all renewals thereunder and (b) imposed upon it by all applicable Legal Requirements;

(vi) keep in force at no less than their present limits all existing bonds and policies of insurance insuring the Purchased Assets or the Business;

(vii) keep or cause to be kept its books, accounts and records in the usual and regular manner and in material compliance with all applicable laws;

(viii) refrain from making any material changes in its operations, accounting methods or practices, except in accordance with GAAP;

(ix) refrain from selling or otherwise transferring any material Purchased Asset or incurring any material Liability, other than in the ordinary course of business, consistent with past practice;

(x) refrain from (A) increasing the annual level of compensation (including benefits) of any Employee, other than as required pursuant to a written agreement, (B) increasing the annual level of compensation payable or to become payable to any of their respective executive officers, (C) granting any unusual or extraordinary bonus, benefit or other direct or indirect compensation to any Employee, director or consultant, (D) increasing the coverage or benefits available under any (or creating any new) severance pay, termination pay, vacation pay, company awards, salary continuation for disability, sick leave, deferred compensation, bonus or other incentive compensation, insurance, pension or other Employee Benefit Plan or arrangement made to, for, or with any of the directors, officers, Employees, agents or representatives of any Seller or otherwise modifying or amending or terminating any such plan or arrangement or (E) entering into any new employment, deferred compensation, severance, consulting, non-competition or similar agreement (or materially amending any such agreement) to which any Seller is a party or involving an Employee of any Seller whose annual compensation and bonus would be in excess of \$75,000, or a director or officer of any Seller in his or her capacity as an Employee, director or officer of any Seller;

(xi) refrain from making any loan or advance to any Person;

(xii) refrain from entering into any material Contract (including, any Lease for Leased Property) which if in existence on the date hereof would be required to be disclosed on Schedule 3.8(a) (other than 3.8(a)(i) and (iv));

(xiii) refrain from terminating, amending or modifying, or waiving any rights under, any material Contract (including, any Lease for Leased Property), Intellectual Property license or Permit;

(xiv) refrain from settling any material Action or complaint (including any Action or complaint brought by any Governmental Authority); and

(xv) refrain from agreeing to do anything prohibited by this Section 5.3.

5.4 FCC Reports. The Sellers shall file or cause to be filed, on a current and timely basis, all reports and documents required to be filed with the FCC with respect to the Stations and pay all fees with respect to the FCC Licenses necessary or reasonably appropriate for the continued operation of the Business.

5.5 Contracts and Unexpired Leases. The Sellers shall provide the Purchaser with a true and complete Schedule G (as the same may be amended from time to time) as contemplated by Federal Rule of Bankruptcy Procedure 1007 listing all executory Contracts and unexpired Leases.

#### 5.6 Employees.

(a) The Purchaser shall have the right, but not the obligation, to employ or engage as contractors or employees any or all of the Employees as the Purchaser determines to

be qualified in its absolute and sole discretion and in accordance with the Purchaser's employment practices and procedures. The Purchaser shall have no obligation or duty to hire any of the Employees of the Sellers. The terms and conditions of employment of any Employees employed by the Purchaser shall be determined by the Purchaser in its absolute and sole discretion. The Sellers will not implement a "plant closing" or "mass layoff" on or before the Closing Date without advance notification to and approval of the Purchaser. The Sellers shall comply with the WARN Act, as applicable, including provision of required notices; provided that the Purchaser provides the Sellers with timely information regarding the Employees that it intends to hire on the Closing Date (which notice shall be given to the Sellers at least fifteen (15) days prior to the Closing Date). The Purchaser will hire a sufficient number of employees so that the Sellers are below the threshold necessary to give a WARN Act notice.

(b) At the Closing, YBI shall enter into employment agreements with each of Vincent Young, Deborah McDermott and James Morgan on and subject to the terms set forth on Exhibit C hereto (which agreements shall be retroactive to the first (1<sup>st</sup>) Business Day following the tenth (10<sup>th</sup>) day following the entry of the Sale Approval Order) and such agreements shall be included on Schedule 1.1(a) as Assumed Contracts.

5.7 Bankruptcy Cases. The Sellers shall, subject to the requirements and obligations under the Bankruptcy Code take the following actions in the Bankruptcy Cases:

(a) The Sellers shall file this Agreement and seek (i) the entry of the Sale Approval Order authorizing and approving the Proposed Transactions and the timely performance by the Sellers and the Purchaser of their obligations hereunder and (ii) a finding that the Purchaser has provided adequate assurance of future performance of the Assumed Liabilities;

(b) The Sellers shall diligently prosecute approval of the Sale Approval Order and the Purchaser shall reasonably cooperate with the Sellers in connection therewith;

(c) The Sale Approval Order shall not be modified without the consent of the Agent (other than to reflect non-substantive changes); and

(d) Each Seller and the Purchaser agree that, to the extent there is a conflict between this Agreement and the Sale Approval Order, the Sale Approval Order shall govern in all respects.

5.8 Employee Files and Records. The Purchaser shall have the right, subject to applicable Legal Requirements, to review and inspect the Sellers' employee files and records, and, upon request, interview Employees, in order for the Purchaser to evaluate each and every Employee for possible hiring and employment, in the Purchaser's absolute and sole discretion.

5.9 Supplementation and Amendment of Schedules; Contracts.

(a) From time to time prior to the expiration of the Designation Right Period, the Sellers shall have the obligation to supplement or amend Schedules 3.8(a) and 3.10(a) with respect to any material Contract or Lease hereafter arising or discovered after the delivery of the Schedules pursuant to this Agreement that, if existing or known at, or occurring prior to, the date hereof, would have been required to be set forth or described on such Schedules. Any supplement or amendment delivered pursuant to this Section 5.9 shall have no effect on the

representations and warranties, covenants or agreements contained in this Agreement for the purposes of determining satisfaction of any condition contained herein.

(b) In the event that, during the Designation Right Period, the Purchaser amends Schedule 1.1(a) attached hereto to designate a Contract as an Assumed Contract pursuant to Section 2.2(c), the Sellers shall use commercially reasonable efforts (which efforts shall not require the payment of consideration to any third party to obtain any such consent or approval) to obtain an order of the Bankruptcy Court providing for the assumption (and, if the transactions contemplated hereunder are effected in accordance with Section 5.11(a) or (c), the sale and assignment) to the Purchaser of such Contract.

(c) During the Designation Right Period, no Seller shall assume or reject a Contract in the Bankruptcy Case without the prior written consent of the Purchaser, not to be unreasonably withheld.

5.10 Management Agreement. (a) The Sellers and the Manager shall enter into the Management Agreement one (1) Business Day following the tenth (10<sup>th</sup>) day following the entry of the Sale Approval Order, provided that such order has not been stayed pending appeal or, upon the written request of the Purchaser, such later date (which date shall be upon two (2) Business Days prior written notice from the Agent) as determined by the Agent at the direction of the Majority Lenders.

(b) No Seller shall exercise any termination right contained in, or otherwise amend or modify, the Management Agreement (other than any termination right exercisable due to the termination of this Agreement under any paragraph of Section 10.1 (other than paragraph (e) thereof) in accordance with its terms) without the prior written consent of the Purchaser, not to be unreasonably withheld.

5.11 Plan of Reorganization. In lieu of closing the sale transaction contemplated in this Agreement solely under the authority of Sections 363 and 365 of the Bankruptcy Code, and notwithstanding anything to the contrary contained in this Agreement, the Sellers agree that, upon the written request of the Purchaser, they will take all actions reasonably necessary or desirable (and file all relevant motions and Chapter 11 plans, disclosure statements and attendant documents with the Bankruptcy Court) in order to allow the Purchaser to consummate the transactions contemplated hereunder pursuant to the implementation of:

(a)(i) a sale transaction under Section 363 and 365 of the Bankruptcy Code and  
(ii) a Chapter 11 plan of reorganization pursuant to which the Sellers would transfer at least substantially all of their assets to the Purchaser and the Purchaser shall issue one hundred percent (100%) of the newly issued equity of the Purchaser to the Lenders on behalf of the Sellers in exchange for that portion of the Secured Obligations as is equal to the Purchase Price;

(b)(i) a sale transaction under Section 363 and 365 of the Bankruptcy Code and  
(ii) a Chapter 11 plan of reorganization pursuant to which YBI would transfer at least substantially all of its assets (which includes the stock of, or other equity interests in, the Seller Subsidiaries) to the Purchaser and the Purchaser shall issue one hundred percent (100%) of the newly issued equity of the Purchaser to the Lenders on behalf of the Sellers

in exchange for that portion of the Secured Obligations as is equal to the Purchase Price;  
or

(c) a Chapter 11 Plan of reorganization (in lieu of consummating the purchase of the Purchased Assets contemplated hereunder) pursuant to which the Lenders would exchange that portion of the Secured Obligations as is equal to the Purchase Price for one hundred percent (100%) of the newly issued equity in reorganized YBI; provided that the claims of the other creditors of the Sellers are treated materially substantially as they would have been treated had the transactions contemplated by this Agreement been consummated.

5.12 Credit Bid by Agent. The Agent shall (a) comply with the Lender Consent by crediting \$200,000,000 principal face amount of the Secured Obligations towards the purchase of the Purchased Assets on the terms and conditions contained herein, (b) cause the Purchaser to (i) be formed as a Delaware entity owned by the Lenders and (ii) execute this Agreement, and (c) assign all rights of Agent under the Sale Approval Order and this Agreement to the Purchaser.

## **ARTICLE 6**

### **CONDITIONS PRECEDENT**

6.1 Conditions to Obligations of Each Party to Effect the Acquisition. The respective obligations of each party to this Agreement to effect the Proposed Transactions shall be subject to the satisfaction on or prior to the Closing Date of the following conditions (any or all of which may be waived by the Purchaser and the Sellers (in writing signed by all parties), in whole or in part, to the extent permitted by Legal Requirements):

(a) HSR Act. All applicable specified waiting periods under the HSR Act shall have expired or been terminated and no Governmental Authority shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, executive order, decree, injunction or other order (whether temporary, preliminary or permanent) which is in effect and which has the effect of making the Proposed Transactions illegal or otherwise prohibiting consummation of the Proposed Transactions, substantially on the terms contemplated by this Agreement.

(b) FCC Consent. The FCC Consent shall have been issued by the FCC and be in effect.

(c) Sale Approval Order. The Sale Approval Order (i) shall have been entered by the Bankruptcy Court by July 29, 2009, (ii) shall comply with Section 8.4 and (iii) unless waived in writing by the Purchaser, shall be a Final Order.

(d) No Violation of Orders. No preliminary or permanent injunction or other order of any court or Governmental Authority of competent jurisdiction that declares this Agreement invalid or unenforceable in any material respect or that prevents the consummation of the transactions contemplated hereby shall be in effect.

6.2 Conditions to Obligations of the Purchaser. The obligations of the Purchaser under this Agreement to effect the Proposed Transactions are subject to the satisfaction and

fulfillment, or express written waiver, on or before the Closing Date of each of the following conditions:

(a) Representations and Warranties Effective at Closing. The representations and warranties of the Sellers set forth in this Agreement shall be true and correct in all material respects at and as of the Closing, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall be true and correct on and as of such earlier date, except to the extent that the failure of all such representations and warranties to be so true and correct, in the aggregate, has not had, and could not be reasonably expected to have, a Material Adverse Effect; provided, that for purposes of this Section 6.2(a), any action taken or failed to be taken by the Sellers at the direction or request of the Manager or any action taken or failed to be taken by the Manager, shall not be taken into account in determining whether a Material Adverse Effect has, or could be reasonably expected to have, occurred.

(b) Performance of Obligations. The Sellers shall have performed, observed and complied with in all material respects all the obligations, covenants and conditions required by this Agreement to be performed, observed or complied with by them at or prior to the Closing, except to the extent the failure to so perform, observe or comply has resulted from any action taken or failed to be taken by any Seller at the direction of the Manager in furtherance of the Management Agreement.

(c) Closing Deliveries. The Sellers shall have delivered, or caused to be delivered, to the Purchaser all of the items set forth under Section 7.2.

(d) Assumed Contracts. (i) The Sellers shall have assumed (and, if the transactions contemplated hereunder are effected in accordance with Section 5.11(a) or (c), sold and assigned to the Purchaser) each of the Assumed Contracts listed on Schedule 6.2(d) attached hereto; and (ii) the Bankruptcy Court shall have entered an order permitting the assumption by the Sellers, and the sale and assignment to the Purchaser, of each of the contracts (A) which are set forth on (1) the First Supplemental Notice of Cure Amounts With Respect To Executory Contracts Or Unexpired Leases filed by the Debtors on July 10, 2009 and (2) any such other supplemental notice filed or to be filed by the Debtors (collectively, the "**Supplemental Cure Notices**") and (B) with respect to which a timely objection had been filed, other than (with respect to this clause (ii) only) for failures of the order to permit assumption, sale and assignment of any such contracts if such failures, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(e) FCC Consents. The FCC Consent shall have been issued by the FCC without any condition which would have a material adverse effect upon the Purchaser, such FCC Consent shall be in effect, and such FCC Consent shall have become final.

(f) No Litigation. No suit or other proceeding shall be pending before any court or Governmental Authority of competent jurisdiction seeking to restrain or prohibit or declare illegal the transactions contemplated by this Agreement or seeking damages in respect thereof.

(g) No Material Adverse Effect. No Material Adverse Effect shall have occurred between May 31, 2009 and the date of execution by the Sellers and the Manager of the Management Agreement.

6.3 Conditions to Obligations of the Sellers. The obligations of the Sellers under this Agreement to effect the Proposed Transactions are subject to the satisfaction and fulfillment, or express written waiver, at or before the Closing Date of each of the following conditions:

(a) Representations and Warranties of the Purchaser. All representations and warranties of the Purchaser made in or pursuant to this Agreement shall be true and correct in all material respects at and as of the Closing with the same force and effect as though made at and as of the Closing.

(b) Performance of Obligations. The Purchaser shall have performed, observed and complied with all the obligations and conditions required by this Agreement to be performed, observed or complied with by it at or prior to the Closing.

(c) Closing Deliveries. The Purchaser shall have delivered, or caused to be delivered, to the Sellers all of the items set forth under Section 7.3.

(d) No Litigation. No suit or other proceeding initiated by any Governmental Authority shall be pending before any court or Governmental Authority of competent jurisdiction seeking to restrain or prohibit or declare illegal the transactions contemplated by this Agreement or seeking damages in respect thereof.

## **ARTICLE 7**

### **CLOSING**

7.1 Time and Place of Closing. The Closing shall be held (a) no later than the third (3rd) Business Day after satisfaction or waiver of all of the conditions set forth in Article 6 (other than conditions that by their nature are to be satisfied at the Closing, but subject to satisfaction or waiver of such conditions) or (b) any other date upon which the parties mutually agree (the "**Closing Date**"). The Closing shall take place at the offices of Sonnenschein Nath & Rosenthal LLP, 1221 Avenue of the Americas, New York, NY 10020 or such other time and place as agreed by the parties.

7.2 The Sellers' Deliveries. At or prior to the Closing, the Sellers shall deliver to the Purchaser the Purchased Assets, free and clear of all Liens, Claims, Interests and Encumbrances other than Permitted Exceptions, and the following:

(a) Bill of Sale. A bill of sale in form and substance reasonably acceptable to the Purchaser and its counsel duly executed by the Sellers and notarized;

(b) Assignment and Assumption Agreement. An assignment and assumption agreement pertaining to the Assumed Liabilities duly executed by the Sellers, substantially in the form attached hereto as Exhibit D (the "**Assignment Agreement**");

(c) Officer's Certificate. An officer's certificate of each of the Sellers duly executed by a senior officer of such Seller, certifying as to the truth and correctness of such



Seller's representations and warranties, such Seller's compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing, in each case, as provided in Sections 6.2(a) and (b), in a form reasonably satisfactory to the Purchaser;

(d) Real Property. A duly executed assignment and assumption with respect to each Leased Property, such general, special or limited warranty deeds, as applicable, in proper statutory form for recording and otherwise in form and substance reasonably acceptable to the Purchaser and its counsel, conveying the Owned Property;

(e) Copies. A copy, certified by the Clerk of the Bankruptcy Court, of the Sale Approval Order; and

(f) Other Documents and Instruments. Such other endorsements, assignments, assumptions, instruments and documents of transfer as may be reasonably requested by the Purchaser, each in form and substance reasonably satisfactory to the Purchaser and its counsel.

7.3 The Purchaser's Deliveries. At or prior to the Closing, the Purchaser shall deliver to the Sellers the following:

(a) Purchase Price. Evidence, in form and substance reasonably acceptable to the Sellers, of cancellation of Secured Obligations in an aggregate amount equal to the Purchase Price

(b) Warrants. The Warrants to be distributed in accordance with Section 2.3 to the holders of the unsecured senior subordinated notes issued by YBI.

(c) Assignment Agreement. The Assignment Agreement pertaining to the Assumed Liabilities, duly executed by the Purchaser;

(d) Officer's Certificate. An officer's certificate of the Purchaser, duly executed by a senior officer of the Purchaser, certifying as to the truth and correctness of the Purchaser's representations and warranties, the Purchaser's compliance with and performance of its covenants and obligations to be performed or complied with at or before the Closing, in each case, as provided in Sections 6.3(a) and (b), in a form reasonably satisfactory to the Sellers; and

(e) Other Documents and Instruments. Such other endorsements, assignments, assumptions, instruments and documents of transfer as may be reasonably requested by the Sellers, each in form and substance reasonably satisfactory to the Sellers and their counsel.

**ARTICLE 8**  
**[INTENTIONALLY OMITTED]**

**ARTICLE 9**  
**ADDITIONAL COVENANTS**

9.1 Further Assurances.

(a) At any time and from time to time from and after the Closing, the Sellers and the Purchaser shall, at the request the other party, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such instruments and other documents and perform or cause to be performed such acts and provide such information, as may reasonably be requested by any party hereto to evidence or effectuate the transactions contemplated hereunder or for the performance by the Sellers or the Purchaser of any of their other respective obligations under this Agreement or the other instruments delivered in connection herewith.

(b) Effective as of the Closing, each Seller hereby constitutes and appoints the Purchaser the true and lawful attorney of such Seller, with full power of substitution, in the name of such Seller or the Purchaser, but on behalf of and for the benefit of the Purchaser: (i) to demand and receive from time to time any and all of the Purchased Assets and to make endorsements and give receipts and releases for and in respect of the same and any part thereof; (ii) to institute, prosecute, compromise and settle any and all Actions that the Purchaser may deem proper in order to collect, assert or enforce any claim, right or title of any kind in or to the Purchased Assets; (iii) to defend or compromise any or all Actions in respect of any of the Purchased Assets; and (iv) to do all such acts and things in relation to the matters set forth in the preceding clauses (i) through (iii) as the Purchaser shall deem desirable. Each Seller hereby acknowledges that the appointment hereby made and the powers hereby granted are coupled with an interest and are not and shall not be revocable by it in any manner or for any reason. Each Seller shall deliver to the Purchaser at the Closing an acknowledged power of attorney to the foregoing effect executed by such Seller. The Purchaser shall indemnify and hold harmless each Seller from any and all losses caused by or arising out of any breach of Legal Requirements by the Purchaser in its exercise of such power of attorney.

9.2 Access to Records After Closing; Transition Services. (a) From and after the Closing Date, each party hereto shall have reasonable access to inspect and copy all books and records relating to the Business prior to the Closing that the other parties hereto may retain after the Closing Date, to the extent that such access may be reasonably required by the requesting party in connection with (i) the preparation of Tax Returns, (ii) the determination or enforcement of rights and obligations under this Agreement, (iii) compliance with the requirements of any Governmental Authority, (iv) the determination or enforcement of the rights and obligations of any party to this Agreement or any agreements contemplated hereby or (v) in connection with any actual or threatened Action. Such access shall be afforded by the party maintaining such records upon receipt of reasonable advance notice and during normal business hours. If any party maintaining records shall desire to destroy or otherwise dispose of any such books and records, such party shall, prior to such destruction or disposal, give the other party hereto a reasonable opportunity, at such other party's expense, to segregate and remove such books and records as such other party may select.

(b) Notwithstanding anything to the contrary contained in Section 9.2(a), between the Closing and the closing of the Bankruptcy Cases, the Purchaser and its subsidiaries shall provide the Sellers and the other debtors in the Bankruptcy Cases (collectively, with the Sellers, the “**Debtors**”) reasonable access during normal business hours to the employees of the Purchaser or its subsidiaries so that such employees may provide transition services as set forth in this Section 9.2(b) in connection with the winddown of the Debtors operations and the closing of the Bankruptcy Cases following the Closing Date. To the extent such actions do not interfere with the operation of the Business, the Purchaser and its subsidiaries shall during such period use commercially reasonable efforts to:

(i) respond within a reasonable time to reasonable inquiries and requests for information from any Debtor for books and records relating to the Business or the Sellers prior to the Closing;

(ii) assist the Debtors in their termination all of the Employee Benefit Plans not set forth on Schedule 1.1(a);

(iii) maintain, retain and preserve the books and records of the Sellers relating to periods prior to the Closing;

(iv) allow the representatives of the Sellers reasonable use of certain office space otherwise occupied by the Purchaser (and furniture and equipment related thereto, including telephone and other telecommunication, internet, mail, courier, shipping, receiving, security, utilities, maintenance and janitorial services, in each case to the extent such services are provided to the Purchaser);

(v) assist the Debtors in collecting or disposing of the Excluded Assets;

(vi) assist the Debtors in preparing and submitting any reports, forms or other filings required or requested by a Governmental Authority;

(vii) coordinate the preparation and submission of Tax Returns; and

(viii) assist in such other reasonable services which may be necessary to conduct an orderly dissolution and windup of the Debtors affairs.

9.3 Cooperation. The Sellers and the Purchaser shall cooperate fully with each other after the Closing Date with respect to any claims, demands, tax or other audits, suits, actions and proceedings by or against the Sellers or the Purchaser, as the case may be, in respect of the Purchased Assets, the Excluded Assets, or the Liabilities of the Business, whether or not assumed by the Purchaser under Section 2.2(a) hereof.

9.4 Tax Matters. (a) If pursuant to Section 5.11 the transactions contemplated hereby are implemented pursuant to a Chapter 11 plan of reorganization and the Purchaser is treated as a corporation for U.S. federal income Tax purposes, except as provided in (b) below, the parties intend that the transactions consummated pursuant to this agreement be treated as reorganizations within the meaning of Section 368(a) of the Code. Each Seller and Purchaser

will report consistent with the foregoing for all U.S. federal, state and local income Tax purposes.

(b) Continuity of Business Enterprise. To the extent the transactions consummated pursuant to this Agreement are intended to be treated as reorganizations within the meaning of section 368(a) of the Code and the continuity of business enterprise requirement of section 1.368-1(d) of the Treasury Regulations "COBE" must be satisfied in order to qualify all or part of the transfers as reorganizations, Purchaser will continue the business of the Sellers or will use at least a significant portion of the Sellers' historic business assets in a business in a manner that is consistent with the COBE requirements. If the COBE requirement is not satisfied, the parties will not be bound to report the transfer as a reorganization. The Purchaser and Sellers will cooperate and provide information to each other as is necessary to determine whether the transfers contemplated by this Agreement constitute a reorganization.

(c) Purchase Price Allocation. Schedule 9.4(c) shall set forth an allocation of the Purchase Price (and all other capitalized costs) to each of the Purchased Assets. Such allocation shall be made in accordance with the provisions of section 1060 of the Code and the Treasury Regulations issued thereunder, and shall be binding upon Purchaser and Sellers for all purposes (including all Tax purposes and, to the extent such Tax allocation principals are consistent with the applicable non-Tax principals, for financial accounting purposes, financial and regulatory reporting purposes). The allocation provided on Schedule 9.4(c) shall be used by the parties with respect to any transfer of Purchased Assets pursuant to this Agreement that does not constitute or is not part of a reorganization, Purchaser and Sellers shall prepare and timely file Internal Revenue Service Form 8594, including any required amendments or supplements thereto, consistent with such allocation and in accordance with section 1060 of the Code and the Treasury Regulations thereunder. Purchaser and Sellers shall file all Tax Returns on the basis of such allocation and consistent with Internal Revenue Service Form 8594.

9.5 Confidentiality. Each party acknowledges that the terms of the existing confidentiality agreement dated May 28, 2009 shall remain in full force and effect.

9.6 Limitations on Avoidance Actions. The Sellers agree not to bring any Avoidance Actions with respect to any payment that would constitute a Cure Amount under an Assumed Contract, and such agreement (a) shall be binding upon all creditors and equity holders of the Sellers, the Committee, all successors and assigns of the Sellers and their Affiliates and subsidiaries, and any trustees, examiners, "responsible persons" or other fiduciaries appointed in the Sellers Bankruptcy Cases or upon a conversion to Chapter 7 under the Bankruptcy Code, and (b) shall operate to bar, enjoin and estop any such Persons from commencing any such Avoidance Actions.

## **ARTICLE 10** **TERMINATION**

10.1 Termination of Agreement. This Agreement may be terminated and neither party shall be required to consummate the Proposed Transactions as follows:

- (a) by the mutual written consent of the Purchaser and the Sellers;

(b) by the Purchaser or the Sellers if the Closing shall not have occurred by the close of business on December 31, 2010, or such later date as the Sellers and the Purchaser shall agree (the "**Termination Date**"), provided, however, that no termination right shall vest if the failure to consummate the Proposed Transactions is due to material breach by the party attempting to terminate this Agreement and, provided further, however, that, if the sole remaining condition to the Closing is receipt of the FCC Consent, the Termination Date shall automatically be extended an additional sixty (60) days after the Termination Date;

(c) automatically, unless waived by all parties, if a Governmental Authority issues a Final Order prohibiting the Proposed Transactions;

(d) by the Purchaser, in the event that the Bankruptcy Court shall not have entered the Sale Approval Order by July 29, 2009;

(e) by the Purchaser, upon written notice to the Sellers, in the event that (i) the Purchaser elects to proceed pursuant to clause (b) of Section 5.11 and (ii) a Chapter 11 plan of reorganization has been confirmed by the Bankruptcy Court and the effective date (as defined in such plan of reorganization) has occurred; provided, however, that the covenants and agreements contained in Articles 9 and 13 shall continue to survive in accordance with their terms and all references to the "Closing" and "Closing Date" therein shall instead be deemed to refer to the effective date (as defined in such plan of reorganization);

(f) by the Purchaser, no later than two (2) Business Days following the expiration of the period provided for in the last Supplemental Cure Notice filed by the Debtors within which Persons may object to the cure amounts for any contract set forth on the cure schedule attached to such Supplemental Cure Notice, in the event that the increased Cure Amounts proposed by such Persons, together with those proposed by Persons that timely objected with respect to contracts set forth on the Cure Schedule (as defined in the Bidding Procedures Order), if granted by the Bankruptcy Court, would cause the aggregate of all Cure Amounts to be assumed by Purchaser under Section 2.2(a)(ii) to exceed four million two hundred fifty thousand Dollars (\$4,250,000);

(g) by the Purchaser, if (i) there shall have been a breach by the Sellers of any representation, warranty, covenant or agreement contained in this Agreement or that would result in a failure of a condition set forth in Section 6.2, and such breach has not been cured or waived by the Purchaser on or before the tenth (10th) day after written notice is given by the Purchaser to the Sellers or (ii) any condition set forth in Section 6.1 or 6.2 shall have become impossible or impracticable to satisfy with the use of commercially reasonable efforts, if the failure of such condition to be satisfied is not caused by a breach of this Agreement by the Purchaser; or

(h) by the Sellers if there shall have been a breach by the Purchaser of any representation, warranty, covenant or agreement contained in this Agreement that would result in a failure of a condition set forth in Section 6.1 or 6.3, and such breach has not been cured or waived by the Sellers on or before the tenth (10th) day after written notice is given by the Sellers to the Purchaser; provided, however, that the Sellers shall not have the right to terminate this Agreement under this Section 10.1(h) if any Seller is then in material breach of this Agreement.

**ARTICLE 11**  
**CONTROL OF STATIONS**

Between the date hereof and the Closing, the Purchaser shall not control, manage or supervise the operation of the Stations or the conduct of the Business, in any manner that would reasonably be expected to violate the Act or the FCC Rules.

**ARTICLE 12**  
**NO SURVIVAL**

12.1 No Survival of Representations and Warranties; Survival of Covenants. The parties agree that the representations and warranties contained in this Agreement shall not survive the Closing hereunder, and none of the parties shall have any liability to each other after the Closing for any breach thereof. The parties agree that the covenants contained in this Agreement to be performed at or after the Closing shall survive the Closing, and each party shall be liable to the other after the Closing for any breach thereof.

**ARTICLE 13**  
**GENERAL PROVISIONS**

13.1 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given (i) when delivered personally by hand (with written confirmation of receipt), (ii) when sent by facsimile (with written confirmation of transmission) or (iii) one Business Day following the day sent by overnight courier (with written confirmation of receipt), in each case at the following addresses and facsimile numbers (or to such other address or facsimile number as a party may have specified by notice given to the other party pursuant to this provision):

(a) If to the Sellers:

Young Broadcasting Inc.  
599 Lexington Avenue  
New York, NY 10022  
Fax No. (212) 758-1229  
Attn: James A. Morgan

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

Sonnenschein Nath & Rosenthal LLP  
1221 Avenue of the Americas  
New York, NY 10020  
Fax No. (212) 768-6800  
Attn: Peter D. Wolfson and Jo Christine Reed

(b) If to the Purchaser:

New Young Broadcasting Holding Co., Inc.  
c/o Wachovia Bank, National Association  
301 South College Street, 15<sup>th</sup> Floor  
NC0537  
Charlotte, NC 28288  
Fax No. 704-383-6249  
Attn: Fritz Bentien

If to Agent:

Wachovia Bank, National Association  
301 South College Street, 15<sup>th</sup> Floor  
NC0537  
Charlotte, NC 28288  
Fax No. 704-383-6249  
Attn: Fritz Bentien

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

Milbank, Tweed, Hadley & McCloy LLP  
1 Chase Manhattan Plaza  
New York, NY 10005  
Fax No. 212-822-5029  
Attn: Gregory A. Bray, Esq.

Any party hereto may change its address specified for notices herein by designating a new address by notice in accordance with this Section.

### 13.2 Broker's and Finder's Fees.

(a) The Purchaser represents and warrants to the Sellers that no broker or finder has acted for it or any entity controlling, controlled by or under common control with it in connection with transactions contemplated by this Agreement and, insofar as the Purchaser knows, no broker or other Person is entitled to any commission or finder's fee in connection with any of such transactions.

(b) Except as set forth on Schedule 13.2 attached hereto, the Sellers represent and warrant to the Purchaser that no broker, finder or financial advisor has acted for them or any entity controlling, controlled by or under common control with it in connection with transactions contemplated by this Agreement and, to the Knowledge of the Sellers, no broker or other Person is entitled to any commission or finder's fee in connection with any of such transactions.

13.3 Specific Performance; No Monetary Damages. The parties hereto acknowledge and agree that the breach of this Agreement would cause irreparable damage to the other parties and that such other parties will not have an adequate remedy at law. Therefore, the obligations of the parties under this Agreement, including, without limitation, the Sellers' obligation to sell the Purchased Assets to the Purchaser, and the Purchaser's obligation to pay the Sellers for the

Purchased Assets by crediting (or causing the Agent to credit) the Secured Obligations against the Purchase Price, shall be enforceable by a decree of specific performance issued by any court of competent jurisdiction, and appropriate injunctive relief may be applied for and granted in connection therewith. **THE PARTIES HERETO FURTHER ACKNOWLEDGE AND AGREE THAT (I) IN NO EVENT SHALL ANY PARTY HERETO BE LIABLE FOR MONETARY DAMAGES FOR A BREACH OF A REPRESENTATION OR WARRANTY OR THE FAILURE TO PERFORM ANY COVENANT, OBLIGATION OR OTHER AGREEMENT, IN EACH CASE CONTAINED HEREIN AND (II) THE ONLY REMEDY FOR ANY SUCH BREACH, OTHER THAN AS PROVIDED FOR IN THE PRECEDING SENTENCE, SHALL BE THE RIGHT TO TERMINATE THIS AGREEMENT PURSUANT TO AND TO THE EXTENT PERMITTED BY ARTICLE 10.**

13.4 Waiver. Any failure on the part of any party hereto to comply with any of its obligations, agreements or conditions hereunder may be waived by any other party to whom such compliance is owed. No waiver of any provision of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver.

13.5 Expenses. Except as expressly set forth herein, all expenses incurred by the parties hereto in connection with or related to the authorization, preparation and execution of this Agreement and the closing of the transactions contemplated hereby, including, without limiting the generality of the foregoing, all fees and expenses of agents, representatives, counsel and accountants employed by any such party, shall be borne solely and entirely by the party which has incurred the same. The Sellers shall request an order of the Bankruptcy Court pursuant to section 1146 of the Bankruptcy Code exempting the transfers pursuant to this Agreement from any sales, use, transfer, recordation and documentary taxes and fees ("**Transfer Taxes**"); provided, however, that to the extent such Transfer Taxes are not exempt, the Purchaser shall be responsible for any Transfer Taxes. The Sellers and the Purchaser shall cooperate and consult with each other prior to filing any Tax Returns in respect of Transfer Taxes. The Sellers and the Purchaser shall cooperate and otherwise take commercially reasonable efforts to obtain any available refunds for Transfer Taxes. The Sellers shall pay all filing fees (i) associated with obtaining the FCC Consent and (ii) in connection with any filings required by the HSR Act; provided, however, that in the event that this Agreement is terminated pursuant to any provision of Section 10.1 (other than paragraphs (a), (e) and (g) thereof), then within three (3) Business Days following such termination, the Purchaser shall pay to the Sellers one half (1/2) of the aggregate amount of all filing fees paid by the Sellers pursuant to clauses (i) and (ii) hereof.

13.6 Binding Effect; Third Party Beneficiaries; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, executors, administrators, successors and assigns. Nothing in this Agreement shall be construed to create any rights in any Employees or any other Persons as third party beneficiaries or otherwise. This Agreement shall not be assigned by the Sellers or the Purchaser without the prior written consent of the other party; provided that the Purchaser may freely assign, in whole or in part, its rights and obligations hereunder to any entity with which the Purchaser is affiliated so long as such assignment shall not materially delay or otherwise hinder the receipt of the FCC Consent. In the event of any assignment by the Purchaser pursuant to this Section 13.6, all references in this Agreement to the Purchaser shall be deemed to be references



to any such assignee unless the context otherwise requires. Notwithstanding anything to the contrary contained herein, the Agent shall be permitted to assign all of its rights and obligations hereunder to the Purchaser and, upon such assignment, the Agent shall be released from any and all obligations hereunder (other than the obligation to credit \$200,000,000 principal face amount of the Secured Obligations against the Purchase Price at the Closing in accordance with the Sale Approval Order).

13.7 Headings. The section and other headings in this Agreement are inserted solely as a matter of convenience and for reference, and are not a part of this Agreement.

13.8 Entire Agreement; Amendments. This Agreement (including the Schedules and Exhibits hereto and the certificates delivered hereunder) constitutes the entire agreement among the parties hereto and supersedes any prior letters of intent, agreements, representations, warranties, or communications, whether oral or written, among the parties hereto relating to the transactions contemplated hereby or the subject matter herein; provided, however, that for the avoidance of doubt, the parties hereto acknowledge and agree that this Agreement does not supersede any provision of the Credit Agreement or the attendant mortgages, pledges, security agreements, and related documents and other agreements relating to the Credit Agreement and that such agreements remain in full force and effect in accordance with the terms thereof, except to the extent the principal and accrued interest thereon has been reduced by payment of the Purchase Price in Section 2.3. The provisions of this Agreement may be amended or waived at any time by the written agreement of the parties hereto. Any waiver, permit, consent or approval of any kind or character on the part of a party hereto of any provisions or conditions of this Agreement must be made in writing and shall be effective only to the extent specifically set forth in such writing.

13.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to the conflict of laws provisions thereof.

13.10 Jurisdiction. **THE BANKRUPTCY COURT SHALL HAVE JURISDICTION OVER ALL MATTERS, INCLUDING ANY LEGAL ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY RELATED AGREEMENTS, OR THE PROPOSED TRANSACTIONS AND THE INTERPRETATION, IMPLEMENTATION AND ENFORCEMENT OF THIS AGREEMENT, AND THE PARTIES HERETO IRREVOCABLY SUBMIT AND CONSENT TO SUCH JURISDICTION.**

The Purchaser and the Sellers further agree that service of any process, summons, notice or document by U.S. registered mail to any such party's respective address set forth in Section 13.1 shall be effective service of process for any action, suit or proceeding with respect to any matters to which it has submitted to jurisdiction as set forth above. Each of the Purchaser and the Sellers irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement in the Bankruptcy Court, and irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. If a court finds that subject matter jurisdiction is not available in the Bankruptcy Court, the Purchaser and the Sellers hereby agree to submit any and all disputes arising out of this

Agreement to the jurisdiction and venue of the U.S. District Court for the Southern District of New York or if such court shall not have jurisdiction, then to the appropriate courts of the State of New York sitting in New York County.

13.11 Waiver of Right to Trial by Jury. The Purchaser and the Sellers hereby waive any right to trial by jury in any Action regarding this Agreement or any provision hereof.

13.12 Counterparts. This Agreement may be signed by facsimile or PDF signature and in any number of counterparts, each of which shall be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

13.13 Pronouns. All pronouns used herein shall be deemed to refer to the masculine, feminine or neuter gender as the context requires.

13.14 Approval of Bankruptcy Court. Notwithstanding anything herein contained to the contrary, in the event that the express terms of this Agreement require the Sellers to obtain the consent of the Purchaser prior to the taking of an action by the Sellers, and the Purchaser's consent to such action is not given for any reason, such action may be taken by the Sellers upon entry of an order of the Bankruptcy Court (i) finding that the Purchaser's failure to give such consent is commercially unreasonable under the circumstances and (ii) approving such action.

13.15 Schedules and Exhibits Incorporated. All Schedules and Exhibits attached hereto are incorporated herein by reference, and all blanks in such Schedules and Exhibits, if any, will be filled in as required in order to consummate the transactions contemplated herein and in accordance with this Agreement.


13.16 Time of Essence. Time is of the essence in this Agreement.

*[Signature Page Follows]*


IN WITNESS WHEREOF, each party hereto has executed this Agreement, or caused this Agreement to be executed on its behalf, all on the day and year first written above.

**SELLERS:**


**YOUNG BROADCASTING INC.**

By:   
Name: Vincent J. Young  
Title: Chairman


**YOUNG BROADCASTING OF LOUISIANA, INC.**

By:   
Name: Vincent J. Young  
Title: Chairman

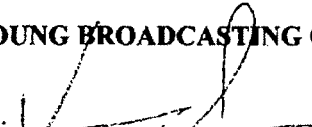
**YOUNG BROADCASTING OF LANSING, INC.**

By:   
Name: Vincent J. Young  
Title: Chairman

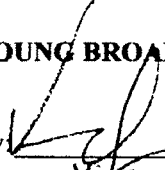
**WINNEBAGO TELEVISION CORPORATION**

By:   
Name: Vincent J. Young  
Title: Chairman

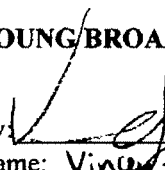
**YOUNG BROADCASTING OF ALBANY, INC.**

By:   
Name: Vincent J. Young  
Title: Chairman

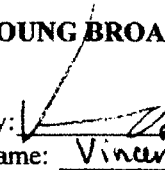
**YOUNG BROADCASTING OF NASHVILLE, INC.**

By:   
Name: Vincent Y. Young  
Title: Chairman

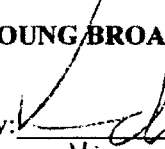
**YOUNG BROADCASTING OF RICHMOND, INC.**

By:   
Name: Vincent Y. Young  
Title: Chairman

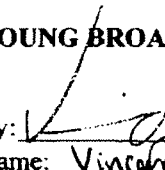
**YOUNG BROADCASTING OF KNOXVILLE, INC.**

By:   
Name: Vincent Y. Young  
Title: Chairman

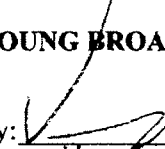
**YOUNG BROADCASTING OF GREEN BAY, INC.**

By:   
Name: Vincent Y. Young  
Title: Chairman

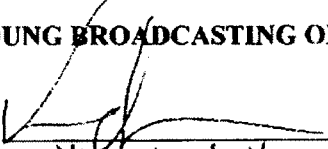
**YOUNG BROADCASTING OF DAVENPORT, INC.**

By:   
Name: Vincent Y. Young  
Title: Chairman

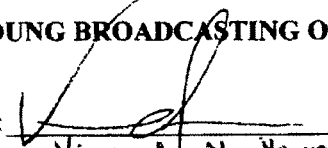
**YOUNG BROADCASTING OF SIOUX FALLS, INC.**

By:   
Name: Vincent Y. Young  
Title: Chairman


**YOUNG BROADCASTING OF RAPID CITY, INC.**

By:   
Name: Vincent J. Young  
Title: Chairman

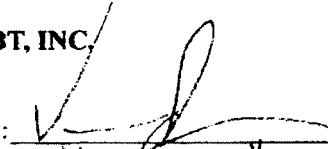
**YOUNG BROADCASTING OF LOS ANGELES, INC.**

By:   
Name: Vincent J. Young  
Title: Chairman

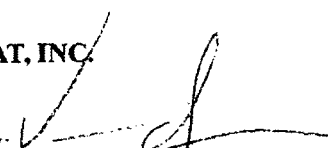
**FIDELITY TELEVISION, INC.**

By:   
Name: Vincent J. Young  
Title: Chairman

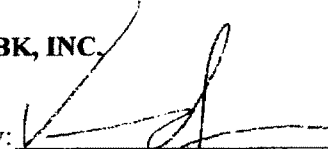
**YBT, INC.**

By:   
Name: Vincent J. Young  
Title: Chairman

**LAT, INC.**

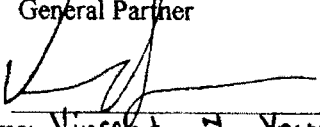
By:   
Name: Vincent J. Young  
Title: Chairman

**YBK, INC.**

By:   
Name: Vincent J. Young  
Title: Chairman

**KLFY, L.P.**

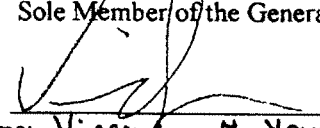
By: Young Broadcasting of Louisiana, Inc.  
General Partner

By:   
Name: Vincent J. Young  
Title: Chairman

**WKRN, G.P.**

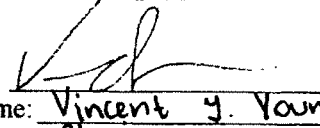
By: Young Broadcasting of Nashville LLC  
General Partner

By: Young Broadcasting of Knoxville, Inc.  
Sole Member of the General Partner

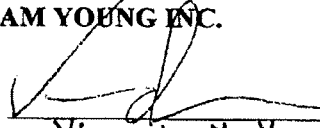
By:   
Name: Vincent J. Young  
Title: Chairman

**WATE, G.P.**


By: Young Broadcasting of Knoxville, Inc.  
General Partner

By:   
Name: Vincent J. Young  
Title: Chairman

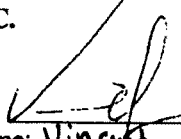
**ADAM YOUNG INC.**

By:   
Name: Vincent J. Young  
Title: Chairman

**HONEY BUCKET FILMS, INC.**


By:   
Name: Vincent J. Young  
Title: Chairman

**YOUNG BROADCASTING OF SAN FRANCISCO,  
INC.**


By:   
Name: Vincent J. Young  
Title: Chairman

**YOUNG BROADCASTING OF NASHVILLE LLC**

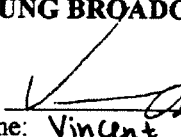
By: Young Broadcasting of Knoxville, Inc.  
Sole Member

By:   
Name: Vincent J. Young  
Title: Chairman

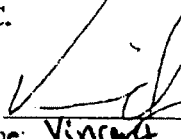
**YOUNG COMMUNICATIONS INC.**

By:   
Name: Vincent J. Young  
Title: Chairman

**YOUNG BROADCASTING CAPITAL CORP.**

By:   
Name: Vincent J. Young  
Title: Chairman

**YOUNG BROADCASTING SHARED SERVICES,  
INC.**

By:   
Name: Vincent J. Young  
Title: Chairman

AGENT:

**WACHOVIA BANK, NATIONAL  
ASSOCIATION**, in its capacity as Agent under the  
Credit Agreement

By: Ronald F. Bantien Jr  
Name: Ronald F. Bantien Jr  
Title: Director



## **SCHEDULES AND EXHIBITS**

### **Schedules**

1	—	Seller Subsidiaries
1.1(a)	—	Assumed Contracts
1.1(b)	—	Excluded Assets
1.1(c)	—	FCC Licenses
1.1(d)	—	Officers
1.1(e)	—	Permitted Exceptions
1.1(f)	—	Stations
2.1(b)(ii)	—	Operating Assets
2.1(b)(iii)(A)	—	Owned Property
2.1(b)(iii)(B)	—	Leased Property
2.1(b)(v)	—	Business Contracts
2.1(b)(viii)	—	Intellectual Property
2.1(b)(ix)	—	Prepaid Expenses
2.1(b)(x)	—	Trade-Out Agreements
2.1(b)(xi)	—	Vehicles
2.1(b)(xii)	—	Partnerships and Joint Ventures
2.1(b)(xv)	—	Other Contracts
2.2(a)(vii)	—	Pending Complaints
3.1(a)	—	Organization of Subsidiaries
3.1(b)	—	YBI Control Positions
3.3	—	Liens
3.4	—	Litigation
3.5	—	Compliance with Legal Requirements
3.6(a)	—	Consents and Approvals
3.7(a)	—	Exceptions to FCC Licenses
3.8(a)	—	Material Contracts
3.9	—	Intellectual Property
3.10(a)	—	Seller Property
3.10(b)	—	Liens on Seller Property
3.10(d)	—	Default on Seller Property
3.10(f)	—	Tenant Rights on Leased Property
3.10(g)	—	Improvements
3.11	—	Collective Bargaining Agreements and Labor Matters
3.12(a)	—	Employees
3.12(b)	—	Compliance with Employment Legal Requirements
3.12(c)	—	Employment Complaints
3.13	—	Insurance
3.14	—	Environmental, Health & Safety
3.16	—	Taxes
3.18	—	Affiliate Transactions
3.19	—	Tangible Personal Property

- 5.3 – Conduct of Business
- 6.2(d) – Required Consents
- 9.4(c) – Purchase Price Allocation
- 13.2 – Sellers' Advisors

Exhibits

- A Management Agreement
- B Sale Approval Order
- C Employment Agreement Terms
- D Assignment Agreement

# EXHIBIT A

## MANAGEMENT AGREEMENT

**THIS MANAGEMENT AGREEMENT** (this "Agreement") is entered into as of the \_\_\_\_ day of July 2009, by and among the entities set forth on *Exhibit A* (each a "Licensee" and together, the "Licensees"), and Gray Television, Inc., a Georgia corporation ("Manager"). For purposes of this Agreement, the Licensees and the Manager may be referred to individually as a "party" and together as the "parties."

### RECITALS:

WHEREAS, each Licensee is licensed to operate the television station identified on Exhibit A (each such station, a "Station") pursuant to authorization(s) issued by the Federal Communications Commission (the "FCC");

WHEREAS, the Licensees are debtors-in-possession under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court");

WHEREAS, the Bankruptcy Court has authorized the Licensees to sell the Stations and all related assets to \_\_\_\_\_ pursuant to the Bankruptcy Court's order dated \_\_\_\_\_, 2009 (the "Sale Order") approving that certain Asset Purchase Agreement by and among the Licensees, \_\_\_\_\_, and \_\_\_\_\_ (the "Asset Purchase Agreement");

WHEREAS, pending the consummation of the transactions contemplated by the Asset Purchase Agreement and Sale Order, the Licensees will continue to operate their respective businesses and manage their properties;

WHEREAS, the Licensees desire to engage Manager to manage the Stations on the terms and conditions set forth in this Agreement;

WHEREAS, Manager desires to manage the Stations on the terms and conditions set forth in this Agreement; and

WHEREAS, all arrangements contemplated by this Agreement will be subject to, and are intended to comply in all respects with, the Communications Act of 1934, as amended (the "Communications Act"), and the FCC's rules, regulations and policies (the "FCC Rules") and, together with the Communications Act, the "Communications Laws"), and all other applicable laws; and the arrangements made pursuant to this Agreement will not be deemed to give Manager any right to control the programming, personnel, finances, policies, operations, management or any other matter relating to the Stations in a manner that is prohibited by the Communications Laws.

NOW, THEREFORE, in consideration of the above recitals, and mutual promises

and covenants contained herein, the parties intending to be legally bound, agree as follows:

## **ARTICLE I RETENTION AND SERVICES PROVIDED**

1.1. Retention of Manager. Subject to the terms and conditions set forth in this Agreement, the Licensees hereby appoint and retain Manager to manage the Stations, and Manager hereby accepts such appointment and retention and agrees to manage the Stations, in each case pursuant to the terms and conditions hereinafter set forth. Without limiting the foregoing, subject to the provisions of Sections 5.3 and 5.4 hereof, the Licensees grant Manager the authority to grant retransmission consent with respect to the Stations to multichannel video programming distributors (“MVPDs”) who desire to carry the signal of one or more of the Stations.

1.2. Services Provided. Subject to the ultimate direction and control of the board of directors of Young Broadcasting Inc. or its successor (the “Board”) or the designated representative(s) of the Board (the “Board Representative(s)”), as identified to Manager in writing from time to time, and in accordance with the terms set forth in this Agreement, Manager agrees to provide the services specified in this Agreement to be performed by Manager (the “Services”), including the Services described in Section 1.2(c).

(a) Standard of Performance. In general, Manager will provide the Services with the same level of care, skill and diligence as it uses in the provision of similar services to its own television broadcast stations. In addition, such services shall be provided: (i) consistent with the applicable Operating Budget (as defined below) approved by the Board from time to time, subject to such modifications to the Operating Budget as may be approved by the Board Representative(s); provided, that if an Operating Budget in respect of any period has not yet been approved, Manager will provide the Services in a manner that, insofar as is reasonably within Manager’s control, is consistent with the Licensees’ past practices and the last Operating Budget that was approved by the Board (the “Legacy Budget”), but subject to reasonable variances from the Legacy Budget in light of the facts and circumstances then existing; (ii) in accordance with all applicable Communications Laws; and (iii) generally using good faith efforts to treat the Stations in a manner comparable to Manager’s stations and not to the detriment of the Stations.

(b) Control of the Stations. The Licensees retain ultimate responsibility for the programming and technical operations of the Stations, in each case to the full extent that the Communications Laws require. The Licensees are and shall remain responsible for operating the Stations in the public interest and controlling the day-to-day operations of the Stations in conformance with the Communications Laws, and nothing in this Agreement shall be construed to prevent or hinder the Licensees from retaining and exercising full and complete control over the Stations, including ultimate control of the Stations’ policies, finances, personnel, and programming, in each case to the full extent that the Communications Laws require.

(c) Responsibilities of Manager. Manager, through its senior management team, will have management responsibilities with respect to the Stations, except to the extent inconsistent with the Communications Laws and/or this Agreement, during the Term (as hereinafter defined). The Licensees, or their designee, will continue to employ all personnel necessary for the conduct of the operations of each Station, as determined by the Licensees. Each general manager or any other designated Station representative having the responsibilities typically carried out by the general manager of a television station (which the Licensees will designate for each Station) will consult with the President of Manager or another member of Manager's senior management team, as Manager may designate from time to time (the "Senior Management Designee" or "SMD"); provided, however, such general manager or other designated Station representative will be subject to the ultimate control of such Licensee and accountable solely to such Licensee in performing responsibilities with respect to the Station. As part of the Services, Manager's senior management team will serve as a resource for the Stations' general managers and other personnel of the Licensees as to matters concerning sales and promotion, programming alternatives, production (including news, spots and creative services), operations (including engineering, traffic and information technology), finance (including accounting, audit and cash management), contract administration and human resources. Without limiting the generality of, and subject to, Sections 1.2(a) and (b) hereof and the other terms and conditions set forth herein:

(i) The parties contemplate that, in general, the Licensees' cash management and other treasury functions will be carried out in a manner consistent with the Licensees' past practices (which cash management and other treasury functions have been previously described to Manager), subject to compliance with all applicable Communications Laws, and such that the Licensees' cash will be held separate from that of Manager, and the parties understand and agree that all cash and cash equivalents arising from or relating to the business or operation of the Licensees or any Station shall be maintained in accounts owned and controlled exclusively by the Licensees and the Stations, as applicable,. The parties recognize that, from time to time, Manager may receive payments, all or a portion of which are properly allocable and owed to one or more of the Stations and, in those instances, shall be deemed to have received, and shall hold, the proceeds of any such payments (to the extent allocable and owed to the Stations) in trust and shall deposit them in a separate account for the Licensees segregated from all other funds of Manager, and shall turn over any such proceeds that are so allocable to such accounts owned and controlled exclusively by the Stations, as applicable, as promptly as is practicable; provided, that such transfers shall in no event be made later than five (5) business days after receipt of such payment. Similarly, for administrative convenience, Manager may from time to time make payments on behalf of one or more of the Licensees and/or the Stations and, in that instance, will be entitled to reimbursement promptly after notice

(ii) If the Licensees do not have a controller (the "Controller") or do not hire a Controller, Manager may employ a Controller, at Licensees' expense (with reasonable compensation to be mutually agreed upon by Licensees and Manager) to oversee the Licensees' financial accounting and reporting functions, including the preparation and delivery by the Licensees of all such reports or other documents or information as may be

required to be delivered pursuant to any agreements of the Licensees, and including information pertaining to the audit of the financial statements and preparation of the tax returns of the Licensees (which will be at the expense of the Licensees) (the “Controller Reports”). To the extent any agreements of the Licensees require reports or other documentation to be certified by an officer of any Licensee, such reports and other documentation will be certified by officers of such Licensee and, if so requested by the Licensees, also certified by the Controller or another appropriate officer of Manager.

(iii) Manager will use commercially reasonable efforts to obtain for the Stations and/or the Licensees, or to assist them in obtaining, terms for the acquisition of programming for broadcast on the Stations as described herein below, carriage of the Stations on MVPDs, and purchases of equipment and other goods and services for the Stations or the Licensees, as the case may be, that take advantage of discounts and other favorable treatment available to Manager on a consolidated basis and/or available to other Manager Stations, taking into account, if applicable, each Station’s market size or network affiliation, the nature of the programming aired by it, and other facts or circumstances that the providers of such programming, carriage, equipment and other goods and services may deem to be relevant. At any time, the term “Manager Stations” means the television broadcast stations, other than the Stations, that Manager or any of its affiliates manages, programs, owns, operates or controls at such time.

(iv) Manager will advise the Licensees on the hiring and discharge (where appropriate) of the employees of each of the Stations, it being agreed that the Licensees shall remain the legal employers of such employees and that the Licensees will be responsible for all matters relating to the hiring and discharge of, and the terms and conditions of employment of, all such employees.

(v) Manager will use all commercially reasonable efforts to obtain all consents, licenses, permits, authorizations or approvals necessary for Manager to provide the Services as required by contracts, laws, regulations and other requirements applicable to Manager. Manager will assist the Licensees in their respective efforts (and at Licensees’ expense to obtain any approvals or consents identified by the Licensees, from time to time, that may be required under any of its respective contracts with other persons, including the contracts of the Licensees set forth on *Schedule 1.2(c)(v)* (the “Group-Level Contracts”), in order for Manager to perform the Services hereunder, including any consents, licenses, permits, authorizations or approvals needed to allow Manager to access or use services or systems provided to the Licensees by third-party vendors. To the extent any such consent, license, permit, authorization or approval is not obtained, Manager shall determine and adopt (at the Licensees’ expense, if such consent, license, permit, authorization or approval is required under any contract of, or legal requirement to the extent that it relates to, the Licensees) commercially reasonable alternative(s) in order to provide the Services.

(vi) At Licensees’ request, Manager’s corporate staff will provide support for website and internet functions of the Licensees and the Stations (the “Website Functions”) of the same character as that provided by Manager’s corporate staff to

the Manager Stations generally, and the Licensees will bear any actual reasonable incremental out-of-pocket expense to Manager therefor, as documented and evidenced to the reasonable satisfaction of the Licensees; provided, that Manager will bear Manager's fixed internal costs associated with the Website Functions.

(vii) The SMD (or another designee of Manager having comparable responsibilities with respect to some or all of the Manager Stations) will hold monthly operating reviews with the management personnel of each Station (in person or telephonically) to discuss performance and develop plans to reconcile any negative variances with respect to each Station's Operating Budget. Each such monthly operating review will include discussions regarding financial performance, programming, ratings, and key performance metrics for the Station in question.

(viii) Manager will provide advice, assistance and oversight in connection with the negotiation, drafting, execution (in accordance with the reasonable policies of the Licensees of which Manager is notified from time to time), replacement and enforcement of, and compliance with, contracts applicable to the Stations. In connection with the foregoing, Manager and appropriate members of its senior management team will endeavor to become reasonably familiar with the material contracts of the Stations and the Licensees.

(ix) Upon reasonable request of the Board, Manager will cause the Controller or Manager's CFO to participate in all of the Licensees' quarterly and annual meetings or conference calls with any agents and lenders of Licensees, and present the Controller Reports and review the Licensees' financial results for the previous fiscal quarter (or with respect to the meeting held after the last fiscal quarter of a fiscal year, the previous fiscal year), the financial condition of the Licensees, the projections presented for the current fiscal year of the Licensees, the Services provided by Manager under this Agreement, and the Retransmission Consent Agreements (as hereinafter defined).

(x) Subject to each Licensee's full authority, power, and control over the management and operations of the Stations and their programming, Manager shall provide programming and related services to each Station. Such related services shall include for each Station obtaining, analyzing, evaluating and recommending programming for the Station, including the scheduling of programming, the analysis of ratings results, preparation of overall marketing strategy and plans for the Station, and evaluation, negotiation, and enforcement of, and compliance with, existing and potential programming licenses (including retransmission consent agreements). All programming shall be subject to the Licensees' Policy Statement attached hereto as *Schedule 1.2(c)(x)*, as may be amended from time to time by the Licensees.

1.3 Rights and Responsibilities of Licensee. Without limiting the generality of Section 1.2(c), Licensee and Manager agree as follows:

(a) Other than the SMDs referred to in Section 1.2(c) and the Controller referred to in Section 1.2(c)(ii), the Licensees shall retain responsibility for employing all personnel involved in the operation of each Station who shall be responsible for the day-to-

day operation and advertising sales of the Stations. All such personnel shall remain under the exclusive direction or control of, and accountable solely to, the Licensees, including appropriate general managers or management personnel at each Station, in each case to the extent required by the Communications Laws.

(b) Subject to Section 1.2(c)(x) above, the Licensees (and the entities owning each Station, as applicable) shall retain responsibility for the broadcast of any and all programming over the Stations, as well as the payment therefor, in each case to the extent required by the Communications Laws. To that end, the Licensees (and the company owning each Station, as applicable) shall execute any and all programming agreements for the Stations, in each case to the extent required by the Communications Laws.

## **ARTICLE II TERM**

2.1. Term. Subject to the provisions for early termination contained herein, the term of this Agreement shall commence (the “Commencement Date”) one (1) Business Day following the tenth (10<sup>th</sup>) day after the entry of the Sale Order, provided that such order has not been stayed pending appeal, or, upon the written request of the Purchaser (as defined in the Asset Purchase Agreement), such later date (which date shall be upon two (2) Business Days prior written notice from the Agent (as defined in the Asset Purchase Agreement)) as determined by the Agent at the direction of the Majority Lenders (as defined in the Asset Purchase Agreement) and shall expire December 31, 2012 unless terminated earlier pursuant to Section 6.1 of this Agreement (the “Term”).

## **ARTICLE III FINANCIAL MATTERS**

3.1 Collected Revenue. The Licensees shall collect all revenues earned and received by the Stations during the Term (the “Collected Revenue”), which Collected Revenue shall include, without limitation: (a) all revenues from and in connection with sales of advertising to be placed in all programming broadcast on the Stations; (b) all revenues from and in connection with any programming fees for any programming broadcast on the Stations, including, but not limited to, retransmission consent fees; (c) all revenues from and in connection with the Stations’ web sites; (d) all revenues from and in connection with the Stations’ applicable digital spectrum for digital television service; and (e) any and all other revenues of the Stations.

### 3.2 Expenses and Liabilities.

(a) The Licensees shall be responsible for all liabilities, debts, and obligations arising from the acquisition of programming.

(b) The Licensees shall be responsible for the timely payment of all fees, costs, and other expenses associated with the day-to-day operation of the Stations, including, without limitation, all (i) corporate overhead, maintenance, repair and replacement expenses and capital expenditures and costs to and for the Stations’ transmission facilities, equipment, studios, and broadcast equipment, in the ordinary course; (ii) mortgage and/or lease payments, taxes, and



insurance relating to all real property owned or leased by the Licensees; (iii) any federal, state, and local taxes levied upon the Stations and the Licensees in connection with the operation of the Stations; (iv) electric, telecommunications, and other utility payments; (v) casualty and liability insurance for all Station facilities; (vi) all FCC regulatory fees and filing fees and assessments; and (vii) legal, accounting, engineering, and other professional fees and expenses relating to the Stations' operations, maintenance of the Stations' federal, state, and local licenses and permits, and compliance with federal, state, and local requirements.

3.3 Management Fees. As consideration for the management services provided by Manager under this Agreement, Licensees shall pay Manager the fees set forth on *Schedule 3.3* (the "Management Fees").

3.4 Out of Pocket Expenses. The Licensees shall reimburse Manager for its reasonable out-of-pocket costs and expenses incurred during the Term in the performance of its duties under this Agreement such as transportation (coach class only), lodging, meals, courier and long-distance telephone expenses; provided, however, that until consummation of the Asset Purchase Agreement pursuant to the Sale Order, each type of expense in excess of \$1,500 shall have been previously approved by the Licensees, and further provided that the Manager shall provide the Licensees with an accounting of expenses showing the date, amount and purpose of each expense and its relation to this engagement. Such expenses shall not include any compensation of salaries payable to Manager's employees, other than the Controller.

3.5 Financial and Other Information. During the Term, Manager shall deliver to Licensees a calculation of the Management Fees. Manager shall confer (in person or telephonically) on a quarterly basis with the Board with respect to the financial and other information described in this Section 3.

## **ARTICLE IV STATION PUBLIC INTEREST OBLIGATIONS**

4.1 Licensee Authority. The Licensees shall be responsible for the compliance by the respective Stations with all Communications Laws and all other applicable laws. Each Licensee shall (a) continue to maintain and staff a main studio in compliance with the Communications Laws; (b) maintain the Station's local public inspection file in compliance with the Communications Laws; and (c) prepare and place in such inspection file in a timely manner all material required by Section 73.3526 of the FCC Rules. Each Licensee shall also maintain the station logs, receive and respond to telephone inquiries, and control and oversee any remote control point for the Station.

## **ARTICLE V ADDITIONAL RIGHTS AND OBLIGATIONS**

5.1 Pre-Existing Contracts. Licensees (or Licensees' Affiliates) have pre-existing agreements with third parties for programming for the Stations as set forth on *Schedule 5.1(a)(i)* ("Pre-Existing Programming Contracts") and have pre-existing agreements for other products and/or services for the Stations ("Pre-Existing Other Contracts" and, together with the Pre-Existing Programming Contracts, the "Station Contracts"). The parties

acknowledge and agree that any responsibility for fulfilling obligations under such Station Contracts, including any payment obligations thereunder, shall be borne by the Licensees. Manager will consult with the Licensees on the advisability of terminating, or not renewing, any Station Contract.

5.2 Affiliate. “Affiliate” means, as applied to any person or entity, any other person or entity directly or indirectly controlling, controlled by or under common control with, that person or entity and for the purposes of this definition, “control” (including with correlative meanings, the terms “controlling”, “controlled by”, and “under common control with”) as applied to any entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that entity.

5.3 Mandatory Carriage/Retransmission Consent. Manager shall consult with Licensees prior to a Licensee making any election of mandatory carriage rights or retransmission consent pursuant to Section 76.64 of the FCC Rules and the provisions of the Cable Television Consumer Protection and Competition Act of 1992. Manager shall commit on a Licensee’s behalf with respect to such mandatory carriage rights or retransmission consent if and only if specifically requested by such Licensee; provided, however, that neither party shall have the right to determine to “go dark” for any of the Stations on any cable television systems, direct broadcast satellite, and other multichannel video programming distributors without the other party’s prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. The term “Retransmission Consent Agreement” means any retransmission consent agreement with an MVPD to which Manager or an Affiliate of Manager is a party and that may be applicable to any Station, including any successor, follow on, subsequent or replacement agreement.

5.4 Amendments to Retransmission Consent Agreements. In connection with any amendment, renewal, extension or similar modification of any of the terms of any Retransmission Consent Agreement or any other agreement pursuant to which retransmission consent is granted with respect to any Station, or, if not previously executed, any execution of any Retransmission Consent Agreement or any other agreement pursuant to which retransmission consent is granted with respect to any Station, including those now being negotiated, Manager shall request, and use good faith efforts to pursue, the inclusion of the relevant Licensees as a party to such agreement with respect to the Stations eligible for carriage by the applicable MVPDs, with rights and obligations comparable to those of Manager thereunder with respect to, in the case of Stations affiliated with a national television broadcast network (each, a “Network”), Manager Stations also affiliated with such Network or a comparable Network and, in the case of Stations not affiliated with a Network, Manager Stations not affiliated with a Network, including, in each case (if Manager has such a right), the right to assign the Licensees’ rights under such agreement with respect to a particular Station to any purchaser of such Station if the management arrangements under this Agreement remain in effect with respect to such Station(s) at or immediately prior to the time of the sale to such purchaser; provided that Manager shall not be obligated to subject itself or any other Person to any detriment (or any potential detriment that Manager reasonably believes in good faith may occur) or make any economic concession (or any other concession that Manager declines in good faith to make) in order to arrange for the inclusion of any member of the Licensees as such a party, and may abandon such pursuit as it in good faith

deems appropriate if Manager deems such abandonment to be advisable in the pursuit of the best interests of any or all of the Manager Stations and/or the Stations. “Person” means any natural person, corporation, limited liability company, limited partnership, general partnership, limited liability partnership, joint venture, trust, land trust, business trust, or other organization, irrespective of whether it is a legal entity, or any government and agency or political subdivision thereof.

5.5 Station Employees. Each Licensee shall continue to employ such management and staff-level employees as it deems in its own best interest and appropriate for the operation of the Station (the “Station Personnel”). The Station Personnel shall include such management and staff-level employees to direct the day-to-day operations of the Stations as necessary to comply with the Communications Laws regarding main studio staffing and as necessary to enable Licensees to perform their obligations under this Agreement. The Station Personnel will report to and be accountable solely to the applicable Licensees. Upon request by any Licensee, the Manager will advise such Licensee on staffing and employment matters.

5.6 Maintenance of FCC Licenses. Licensees will maintain the validity of the licenses issued to them for the operation of the Stations, except for such FCC licenses no longer needed for the operation of the Stations.

5.7 Budget. Manager will oversee the preparation of the Stations’ consolidated annual operating budget (any operating budget approved by the Board being referred to herein as an “Operating Budget”). Not later than January 31 of each calendar year during the Term, the Licensees shall deliver to Manager for the latter’s review and comment an Operating Budget for the Stations setting forth in reasonable detail, (i) revenue budget for the Stations setting forth the projected sales revenues with respect to such calendar year, as well as the assumptions underlying those projections, (ii) monthly income statements, on a per Station basis, (iii) working capital assumptions, (iv) capital expenditure analysis on a per project, per Station basis, and (v) an explanation of material changes to each Station’s income statement (including the broadcast cash flow) between prior calendar year and forecasted year. Not later than forty-five (45) days prior to the end of each calendar year during the Term, the Licensees shall (with the oversight of Manager) prepare and deliver to Manager a preliminary Operating Budget for the Stations for the upcoming calendar year providing all such reports or other documents or information as may be required to be delivered pursuant to any agreements of Licensee for the purpose of Manager (with the assistance of Licensees) delivering budget information not later than thirty (30) days prior to the end of the calendar year to the Board for approval. Notwithstanding the foregoing, the right of the Board or the Board Representative(s) to have full, complete and immediate access to (A) the books and records of the Licensees, including access to any financial accounting reports and records created by Manager from time to time with respect to the Licensees and (B) any computer program and system utilized or maintained by the Licensees, shall not be affected or restricted in any way.

5.8 Insurance.

(a) Licensees shall maintain broadcasters’ liability insurance policies covering libel, slander, invasion of privacy and any other claims arising out of or related to any material broadcast on any of the Stations on or after the Commencement Date, general

liability, crime, property damage, business interruption, automobile liability, and workers' compensation insurance in forms and amounts as are customary in the television broadcast industry. The Licensees will name Manager as an additional insured on all applicable insurance policies, including but not limited to the broadcasters' liability, general liability, crime, and automobile liability policies, and will provide for notice to Manager prior to cancellation thereof. The Licensees shall provide certificates of insurance to Manager, evidencing procurement of all said insurance policies and demonstrating type of insurance, coverage amounts and additional insured status. Licensees also reserve the right to maintain other insurance policies not mentioned in this Section 5.8 on behalf of Manager which mirrors like policies maintained by the Licensees.

(b) Manager and each Licensee hereby agree, and shall cause their Affiliates to agree to, waive all claims which it may have, as well as its right of subrogation, with respect to any worker's compensation claim, property loss, business interruption loss, or economic loss to its property with respect to a Station arising out of the transactions contemplated by this Agreement against the other party hereto to the extent such waiving party actually receives insurance proceeds for any such claim from a third party insurance provider; provided, however, the waiver of claims as provided for above shall not be applicable to the portion of any damage which is not reimbursable by the damaged party's insurer because of any deductible permitted in the damaged party's insurance coverage; provided, further, however, that such waiver shall be effective only if such waiver does not diminish or negate any such insurance coverage.

## **ARTICLE VI TERMINATION**

6.1 Right to Terminate. This Agreement may be terminated (a) at any time upon the mutual agreement of the parties; (b) by the non-defaulting party upon the occurrence of an Event of Default (as defined below) after the expiration of any applicable cure periods, if any, as set forth in Section 6.2; (c) by Licensees upon bona fide sale other than pursuant to the Sale Order to an unaffiliated third party of (i) the Stations, (ii) any parent company of the Stations, or (iii) all or substantially all the assets of the Stations; (d) by Licensees if Manager fails to meet the financial benchmarks set forth in *Schedule 6.1*; (e) by Licensees upon a default (whether or not the applicable lender has granted forbearance or waived enforcement of its remedies for such default) with respect to the payment of principal or interest under any material credit or loan agreement of Manager or any Affiliate of Manager or which would otherwise permit the lender or other counterparty under any such agreement to accelerate the indebtedness thereunder or terminate the relevant loan facility (including, without limitation, a default resulting from a breach of the covenant set forth in Section 7.8 (Leverage Ratio) of the Credit Agreement dated as of March 19, 2007, as amended, to which Manager is a party); or (f) by Licensees upon termination of the Asset Purchase Agreement in accordance with the terms thereof (other than pursuant to Section 10.1(e) of the Asset Purchase Agreement).

### 6.2 Events of Default.

(a) The occurrence of any of the following (after the expiration of any applicable cure periods) will be deemed an "Event of Default" by Manager under this Agreement if (i) Manager fails to observe or perform any obligation contained in this

Agreement and such failure results or would be reasonably likely to result in a material adverse effect on the financial condition, assets or results of operations of the Stations, taken as a whole; or (ii) Manager breaches any representation or warranty made by it under this Agreement and such breach results in a material adverse effect on the financial condition, assets or results of operations of the Stations, taken as a whole.

(b) The occurrence of the following (after the expiration of any applicable cure periods) will be deemed an “Event of Default” by the Licensees under this Agreement: (i) the Licensees fail to timely pay the Management Fees or make any other payment required under this Agreement when due and such failure remains uncured for a period of thirty (30) days after Manager has provided the Licensees with written notice thereof; (ii) a Licensee fails to observe or perform any obligation contained in this Agreement and such failure results in or would be reasonably likely to result in a material adverse effect on the financial condition, assets or results of operations of the Stations, taken as a whole, or of Manager; or (iii) a Licensee breaches any representation or warranty made by it under this Agreement and such breach results in a material adverse effect on the financial condition, assets or results of operations of the Stations, taken as a whole, or of Manager.

(c) Notwithstanding the foregoing, any non-monetary Event of Default will not be deemed to have occurred until thirty (30) days after the non-defaulting party has provided the defaulting party with written notice specifying the Event of Default and such Event of Default remains uncured; provided, however, such cure period shall be extended up to forty-five (45) days (or such longer extension period as mutually agreed to by the parties) if the defaulting party is diligently pursuing a cure but is unable to cure the Event of Default within the initial thirty (30) day cure period.

(d) Upon the occurrence of an Event of Default, and in the absence of a timely cure pursuant to this Section 6.2, the non-defaulting party may terminate this Agreement, effective immediately upon written notice to the defaulting party.

### 6.3 Effect of Termination; Survival.

(a) If the Term of this Agreement expires without renewal, or if this Agreement is terminated for any reason, the parties agree to cooperate with one another and to take all actions necessary to effect a smooth transition to Licensees of the functions provided by Manager. The termination of this Agreement shall be without prejudice to any rights that shall have accrued to the benefit of any party prior to such termination.

(b) Upon termination or expiration of this Agreement, (i) the Management Fees shall be prorated to the date of termination and shall be due within sixty (60) days of termination or expiration of this Agreement; and (ii) the Licensees shall be required to promptly reimburse Manager for any expenses incurred by Manager prior to the end of the Term as set forth in this Agreement.

6.4 Renegotiation Upon FCC Action. Should a change in the Communications Laws make it necessary to obtain FCC consent for the implementation, continuation, or further effectuation of any element of this Agreement, the parties hereto shall use their commercially reasonable efforts diligently to prepare, file, and prosecute before the

FCC all petitions, waivers, applications, amendments, and other related documents necessary to secure and/or retain FCC approval of all aspects of this Agreement.

## **ARTICLE VII INDEMNIFICATION**

7.1 Indemnification by Licensee. Each Licensee, jointly and severally, will indemnify, defend, and hold harmless Manager, its Affiliates and all officers, directors, employees, stockholders, partners, members, and agents of Manager and its Affiliates (each, a “Manager Indemnatee”) from and against any and all claims, demands, costs, damages, losses, liabilities, and expenses of any nature (including reasonable attorneys’, accountants’ and experts’ fees, and disbursements), judgments, fines, settlements, and other amounts (collectively, “Damages”) arising out of or resulting from acts or omissions of any Licensee involving: (a) ownership and operation of the Stations; (b) breaches of this Agreement or other agreements entered into pursuant to this Agreement; (c) illegal anti-competitive or trade practices; or (d) a Licensee’s gross negligence or willful misconduct in the performance of its obligations under this Agreement.

7.2 Indemnification by Manager. Manager will indemnify, defend, and hold harmless each Licensee, its Affiliates and all officers, directors, employees, stockholders, partners, members, and agents of each Licensee and its Affiliates (each, a “Licensee Indemnatee”) from and against any and all Damages arising out of or resulting from acts or omissions of Manager involving (a) breaches of this Agreement or other agreements entered into pursuant to this Agreement; (b) illegal anti-competitive or trade practices or (c) Manager’s gross negligence or willful misconduct in the performance of its obligations under this Agreement.

7.3 Responsibility; No Set-off.

(a) For the avoidance of doubt, the Licensees’ obligation to indemnify under Section 7.1 and Manager’s obligation to indemnify under Section 7.2 are the full responsibility of the applicable indemnifying party (*i.e.*, Licensees with respect to Section 7.1 and Manager with respect to Section 7.2) and any Damages for which any party hereto is required to indemnify the other party hereto pursuant to shall not be included in the calculation of the Management Fees pursuant to *Schedule 3.3*.

(b) No Licensee shall be entitled to set-off any amount of the Management Fees by the amount of any Damages for which such Licensee seeks indemnification pursuant to Section 7.2.

7.4 Indemnification Procedures. The indemnified party shall give prompt written notice to the indemnifying party of any demand, suit, claim or assertion of liability by third parties or other circumstances that could give rise to an indemnification obligation hereunder against the indemnifying party (a “Claim”), but a failure to give such notice or delaying such notice shall not affect the indemnified party’s right to indemnification and the indemnifying party’s obligation to indemnify as set forth in this Agreement, except to the extent the indemnifying party’s ability to remedy, contest, defend or settle with respect to such Claim is

thereby prejudiced. The indemnifying party shall have the right to undertake, by counsel or other representatives of its own choosing, the defense or opposition to such Claim. In the event that the indemnifying party shall elect not to undertake such defense or opposition, or, within twenty (20) days after written notice (which shall include sufficient description of background information explaining the basis for such Claim) of any such Claim from the indemnified party, the indemnifying party shall fail to undertake to defend or oppose, the indemnified party (upon further written notice to the indemnifying party) shall have the right to undertake the defense, opposition, compromise or settlement of such Claim, by counsel or other representatives of its own choosing, on behalf of and for the account and risk of the indemnifying party.

Notwithstanding anything herein to the contrary (i) the indemnified party shall have the right, at its own cost and expense, to participate in the defense, opposition, compromise or settlement of the Claim, and shall have the right to consult with the indemnifying party and its counsel concerning such Claim, and the indemnifying party and the indemnified party shall cooperate in good faith with respect to such Claim; and (ii) the indemnifying party shall not, without the indemnified party's written consent, settle or compromise any Claim or consent to entry of any judgment which does not include the giving by the claimant to the indemnified party of a release from all liability in respect of such Claim.

## **ARTICLE VIII**

### **REPRESENTATIONS, WARRANTIES, COVENANTS AND CERTIFICATIONS**

8.1 Representations, Warranties, and Covenants of Licensees. Each Licensee represents, warrants, and covenants that:

(a) Licensee is duly organized, validly existing, and in good standing under the laws of the state of its incorporation or formation. Subject to Bankruptcy Court approval, Licensee has the requisite power and authority to execute and deliver this Agreement and all of the other agreements and instruments to be executed and delivered by Licensee pursuant hereto to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions, and provisions hereof and thereof.

(b) The execution, delivery, and performance of this Agreement has been duly authorized and approved by all necessary action of Licensee and does not require any further authorization or consent of Licensee. Subject to Bankruptcy Court approval, this Agreement is a legal, valid, and binding agreement of Licensee enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization, or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity.

(c) Subject to Bankruptcy Court approval, neither the execution and delivery by Licensee of this Agreement nor the consummation by Licensee of any of the transactions contemplated hereby or thereby, nor compliance by Licensee with or fulfillment by Licensee of the terms, conditions, and provisions hereof or thereof will (i) conflict with the certificate of incorporation, bylaws, or limited liability company operating agreement of Licensee or any applicable laws to which Licensee is subject; (ii) require the approval, consent, authorization or act of, or the making by Licensee of any declaration, filing, or registration with, any third

party or any governmental authority; or (iii) violate, conflict with, result in any breach of, or constitute a default (or an event which, with notice or lapse of time, or both, would become a default) under, give any person (including Licensee) any right of termination or cancellation, any right to assert any remedy with respect to, or the right to cause the acceleration of the maturity of, any contract or agreement to which Licensee is a party or by which its property is bound.

(d) There is no action, suit, proceeding, or investigation pending or, to the knowledge of Licensee, threatened against Licensee which (i) would have a material adverse effect upon Licensee or the Stations or the business or operations of the Stations (other than as set forth on Schedule 8.1(d) or proceedings affecting the television broadcasting industry generally) or (ii) questions the validity of this Agreement or the right of Licensee to enter into it or to consummate the transactions contemplated hereby.

(e) Licensee validly holds the material FCC authorization(s) for the operation of the Station, and such authorization(s) are in full force and effect.

8.2 Representations, Warranties, and Covenants of Manager. Manager represents, warrants, and covenants that:

(a) Manager is duly organized, validly existing, and in good standing under the laws of the state of its incorporation or formation. Manager has the requisite power and authority to execute and deliver this Agreement and all of the other agreements and instruments to be executed and delivered by Manager pursuant hereto, to consummate the transactions contemplated hereby and thereby and to comply with the terms hereof and thereof.

(b) The execution, delivery and performance of this Agreement has been duly authorized and approved by all necessary action of Manager and does not require any further authorization or consent of Manager. This Agreement is a legal, valid and binding agreement of Manager enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity.

(c) Neither the execution and delivery by Manager of this Agreement nor the consummation by Manager of any of the transactions contemplated hereby or thereby nor compliance by Manager with or fulfillment by Manager of the terms, conditions and provisions hereof or thereof will (i) conflict with the certificate of incorporation or bylaws of Manager or any applicable laws to which Manager is subject; (ii) require the approval, consent, authorization or act of, or the making by Manager of any declaration, filing, or registration with, any third party or any governmental authority; or (iii) violate, conflict with, result in any breach of, or constitute a default (or an event which, with notice or lapse of time, or both, would become a default) under, give any person (including Manager) any right of termination or cancellation, any right to assert any remedy with respect to, or the right to cause the acceleration of the maturity of, any contract or agreement to which Manager is a party or by which its property is bound.



(d) There is no action, suit, proceeding or investigation pending or, to the knowledge of Manager, threatened against Manager which questions the validity of this Agreement or the right of Manager to enter into it or to consummate the transactions contemplated hereby.

(e) Neither Manager nor any officer, director or equity holder of Manager shall, at any time, have an “attributable” or “cognizable” interest in any Station in violation of Section 73.3555 of the FCC Rules.

## **ARTICLE IX MISCELLANEOUS**

9.1 Force Majeure. Notwithstanding anything contained in this Agreement to the contrary, no party shall be liable for its failure to perform any obligation under this Agreement to the extent prevented from doing so by reason of fires, acts of terrorism, strikes, labor unrest, embargoes, civil commotion, rationing or other orders or requirements, acts of civil or military authorities, acts of God or other contingencies, including equipment failures, beyond the reasonable control of such party, and all requirements as to notice and other performance required hereunder within a specified period shall be automatically extended to accommodate the period of pendency of such contingency which shall interfere with such performance.

### 9.2 Confidentiality and Press Releases.

(a) Each party acknowledges that in the course of performing the services or satisfying its obligations hereunder, it may be exposed to or acquire information that is identified as "confidential" or "proprietary" by the other party or which a reasonable person would conclude is of a confidential nature based on the manner and means of disclosure or the type of information disclosed (the “Confidential Information”). Accordingly, when a party (the “Receiving Party”) receives Confidential Information from another party (the “Owning Party”) the Receiving Party shall, and shall obligate its employees and agents to: (i) maintain the Confidential Information received from the Owning Party in strict confidence; (ii) not disclose the Confidential Information received from the Owning Party to a third party without the Owning Party’s prior written approval (except as required by law); and (iii) not, directly or indirectly, use the Confidential Information received from the Owning Party for any purpose other than for the purposes permitted by this Agreement. Upon the expiration or termination of this Agreement, each party shall promptly return all information, documents, and other materials belonging to the Owning Party to such party.

(b) No press release or public disclosure, either written or oral, of the existence or terms of this Agreement or the transactions contemplated hereby shall be made by either party to this Agreement without the consent of the other, and each party shall furnish to the other advance copies of any release which it proposes to make public concerning this Agreement or the transactions contemplated hereby and the date upon which such party proposes to make public such press release.

(c) Notwithstanding anything contained herein to the contrary, no party shall be prohibited from (i) making any disclosures to any governmental authority that it is required to make by law, including the filing of this Agreement with the FCC (to the extent required by law or requested by the FCC) and placing a copy of this Agreement in each Station's public inspection files; (ii) disclosing this Agreement or its terms to its attorneys, accountants, agents or advisors; or (iii) filing this Agreement with, or disclosing the terms of this Agreement to, any institutional lender to such party and as to any other third party as required by either party's credit agreement(s) and similar financing agreements and arrangements.

9.3 Notices. All notices and other communication hereunder shall be in writing and shall be deemed given (a) if delivered personally, when received; (b) if by facsimile transmission, upon the generation by the transmitting facsimile machine of a confirmation that the entire document has been successfully transmitted; (c) if mailed by registered or certified mail (postage prepaid, return receipt requested), on the third business day following the date of deposit in the United States mail; or (d) if sent by a nationally recognized courier service, on the business day following the date of deposit with such courier service. All such notices shall be addressed to a party at the following address (or at such other address for a party as shall be specified by like notice):

If to Manager:

Gray Television, Inc.  
4370 Peachtree Road, NE  
Atlanta, Georgia 30019  
Attention: Robert S. Prather, President  
Facsimile: (404) 261-9607

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

Gray Television, Inc.  
1750 K Street, N.W., Suite 1200  
Washington, DC 20006  
Attention: Robert A. Beizer Esq.  
Facsimile: (202) 719-4551

and

Gray Television, Inc.  
4370 Peachtree Road, NE  
Atlanta, Georgia 30019  
Attention: James C. Ryan, CFO  
Facsimile: (404) 261-9607

If to Licensees:

Young Broadcasting Inc.  
599 Lexington Avenue  
New York, NY 10022  
Attention: James A. Morgan  
Facsimile: (212) 758-1229

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

Sonnenschein Nath & Rosenthal LLP  
1221 Avenue of the Americas  
New York, NY 10020  
Attention: Peter D. Wolfson and Jo Christine Reed  
Facsimile: (212) 768-6800

or to such other address as either party shall have designated by notice in the foregoing manner to the other party.

9.4 Severability. If any covenant or provision hereof is determined to be void, unenforceable, or contrary to law, in whole or in part, it shall not be deemed to affect or impair the validity of any other covenant or provision, each of which is hereby declared to be separate and distinct. If any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable. If any provision of this Agreement is declared invalid or unenforceable for any reason other than overbreadth, the offending provision will be modified or eliminated so as to maintain the essential benefits of the bargain among the parties hereto to the maximum extent possible, consistent with law and public policy.

9.5 Payment of Expenses. Except as otherwise provided herein, Licensee and Manager shall pay their own expenses incident to the preparation and carrying out of this Agreement, including all fees and expenses of their respective counsel.

9.6 Further Assurances. The parties shall take any actions and execute any other documents that may be reasonably necessary or desirable to the implementation and consummation of this Agreement or that may be reasonably requested by any party hereto. Each party will cooperate with the other party and provide any assistance reasonably requested by the other party to effectuate the terms of this Agreement.

9.7 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document. Each party hereto will receive by delivery or facsimile transmission a duplicate original of the Agreement executed by each party, and each party agrees that the delivery of the Agreement by facsimile transmission will be deemed to be an original of the Agreement so transmitted.

9.8 Headings. The headings in this Agreement are for the sole purpose of convenience of reference and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Agreement.

9.9 Relationship. Dealings with Third Parties. No Partnership and No Joint Venture. Each party hereto is an independent contractor, and no party is, or shall be considered to be, the agent of another party for any purpose whatsoever. No party has any authorization to enter into any contracts or assume any obligations for another party or make any warranties or representations on behalf of the other party, other than as expressly authorized herein. Nothing in this Agreement shall be construed as establishing an agency, partnership, fiduciary relationship or joint venture relationship between the parties hereto. No party is or shall hold itself out to be vested with any power or right to bind contractually or act on behalf of the other party as the other party's contracting broker, agent or otherwise for committing, selling, conveying or transferring any of another party's assets or property, contracting for or in the name of the other party or making any representations contractually binding the other party.

9.10 Waiver. The waiver by Manager or a Licensee of any breach of any term, covenant, or condition contained in this Agreement shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, or condition contained herein. No covenant, term, or condition of this Agreement shall be deemed to have been waived by Manager or a Licensee, unless such waiver is in writing and is signed by the party against whom such waiver is asserted.

9.11 Assignability. No party hereto may assign its rights or obligations hereunder without the prior written consent of the other party not to be unreasonably withheld, delayed, or conditioned; except that (i) this Agreement shall be assigned to and assumed by any party acquiring the Stations pursuant to the Sale Order, and (ii) Manager may assign this Agreement to any acquirer of all or substantially all of its business without the consent of the Licensees.

9.12 Governing Law and Bankruptcy Court Approval. This Agreement shall be construed under and in accordance with the laws of the State of New York without giving effect to the principles of conflict of laws. This Agreement is subject to the approval of the Bankruptcy Court.

9.13 Entire Agreement. This Agreement (together with the Schedules and Exhibits attached hereto) represents the entire understanding and agreement between Manager and Licensees with respect to the specific subject matter hereof. This Agreement cannot be amended or modified except by an agreement in writing which makes specific reference to this Agreement and which is signed by the parties hereto.

9.14 Third Party Beneficiary Rights. Manager hereby agrees that until the Sale Order is consummated, Wachovia Bank, National Association, acting in its capacity as the administrative and collateral agent under the Fourth Amended and Restated Credit Agreement and Security Agreement, each dated May 3, 2005, is an express third-party beneficiary of the rights of Licensees under this Agreement, and shall be entitled to assign such third-party beneficiary rights to the assignee of its rights and obligations under the Asset Purchase

Agreement, as permitted pursuant to Section 13.6 thereof.

*[Remainder of Page Intentionally Left Blank]*

IN WITNESS WHEREOF, the parties hereto have executed this Management Agreement as of the date first above written.

LICENSEES:

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

MANAGER:

\_\_\_\_\_

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

**Exhibit A**  
**Licensees**

WKRN, G.P., Debtor-in-Possession  
Young Broadcasting of Albany, Inc., Debtor-in-Possession  
Young Broadcasting of Richmond, Inc., Debtor-in-Possession  
Young Broadcasting of Green Bay, Inc., Debtor-in-Possession  
Young Broadcasting of Davenport, Inc., Debtor-in-Possession  
Young Broadcasting of Sioux Falls, Inc., Debtor-in-Possession  
KLFY, L.P., Debtor-in-Possession  
Young Broadcasting of Rapid City, Inc., Debtor-in-Possession

**Schedule 1**  
**Stations**

WKRN-TV (Nashville, TN)

WTEN (Albany, NY) and WCDC-TV (North Adams, MA)

WRIC-TV (Petersburg, VA)

WBAY-TV (Green Bay, WI)

KWQC-TV (Davenport, IA)

KELO-TV (Sioux Falls, SD), KDLO-TV (Florence, SD) and KPLO-TV (Reliance, SD)

KLFY-TV (Lafayette, LA)

KCLO-TV (Rapid City, SD)



**Schedule 1.2(c)(v)**  
**Group-Level Contracts**

**Schedule 1.2(c)(x)**  
**Policy Statement**

1. **No Plugola or Payola.** Except for commercial messages aired in compliance with Section 73.1212 of the FCC Rules, no party shall receive any consideration in money, goods, services, or otherwise, directly or indirectly (including to relatives) from any persons or company for the presentation of any programming over any Station without reporting the same to Licensee's station manager. The commercial mention of any business activity or "plug" for any commercial, professional, or other related endeavor, except where contained in an actual commercial message of a sponsor, is prohibited.

2. **No Lotteries.** Announcements giving any information about lotteries or games prohibited by applicable federal or state law or regulation are prohibited.

3. **Election Procedures.** At least fifteen (15) days before the start of any primary or election campaign, each Licensee's station manager will clear the rates to be charged for the time to be sold for use by qualified candidates for the public office and/or their supporters to make certain that the rates charged are in conformance with applicable law and the Station's policies.

4. **Required Announcements.** Each Station shall broadcast (a) an announcement in a form satisfactory to Licensee at the beginning of each hour to identify the Station and (b) any other announcements that may be required by law or regulation.

5. **No Illegal Announcements.** No announcements or promotion prohibited by applicable federal, state law or regulation shall be made over any Station.

6. **Licensee Discretion Paramount.** In accordance with each Licensee's responsibility under the Communications Laws, each Licensee reserves the right to reject or terminate any advertising proposed to be presented or being presented over the Station which is in conflict with established policies of the Station or which in a Licensee's or its station manager's reasonable judgment would be contrary to the public interest.

In carrying out the programming of the Stations, the following shall apply:

A. **Licensee Authority.** Notwithstanding any other provision of this Agreement, Manager recognizes that Licensees have certain obligations to operate the Stations in the public interest and to broadcast programming to meet the needs and interests of the Stations' communities of license and service areas. From time to time each Licensee shall air programming on issues of importance to the local community. Nothing in this Agreement shall abrogate or limit the unrestricted authority of a Licensee to discharge Licensee's obligations to the public and to comply with the Communications Laws, and no Licensee shall have any liability or obligation to Manager for taking any action that such Licensee deems necessary or appropriate to discharge such obligations or comply with the Communications Laws.

B. Licensee Obligations Control of Station Operations. Each Licensee shall retain the right to interrupt programming in case of an emergency or for programming which, in the good faith judgment of Licensee, is of greater local or national public importance. Manager shall, upon request by any Licensee, promptly provide Licensee with such information concerning programs in Manager's possession as is necessary to assist Licensee in the preparation of required information or to enable Licensee to verify independently the Station's compliance with any other laws, rules, regulations or policies applicable to the Station's operation.

C. Licensee Control of Station Programming. Notwithstanding any contrary provision contained in this Agreement, and consistent with each Licensee's obligations pursuant to the Communications Laws, a Licensee shall have the right to delete any material contained in any programming or commercial matter that Licensee determines in good faith is unsuitable for broadcast or the broadcast of which Licensee believes in good faith would be contrary to the public interest.

D. Political Advertising. Each Licensee shall oversee and shall take responsibility for its Station's compliance with the political broadcasting rules of the FCC and Sections 312 and 315 of the Communications Act, including, but not limited to, the provision of equal opportunities, compliance with lowest unit charge requirements, and the provision of reasonable access to federal political candidates. Manager shall cooperate with the Licensees, to assist Licensees in complying with the political broadcasting rules of the FCC.

E. Children's Programming. Each Licensee shall oversee and shall take responsibility for its Station's compliance with the Children's Television Act of 1990 and the rules and published policies of the FCC promulgated thereunder, including ensuring that the Station complies with the commercial limits established therein and serves the educational and informational needs of children, as it applies to the Station. Licensees will be responsible for drafting all necessary reports and certifications regarding children's programming, and Licensees shall be responsible for placement of the same in the Stations' public inspection file and submitting such reports to the FCC.

**Schedule 5.1**  
**Pre-Existing Programming Contracts**

**Schedule 8.1(d)**  
**Litigation**

**EXHIBIT B**

**Sale Approval Order**

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re	:	Chapter 11
	:	
YOUNG BROADCASTING INC., <i>et al.</i> ,	:	Case No. 09-10645 (AJG)
	:	
Debtors. <sup>1</sup>	:	(Jointly Administered)
	:	
	:	

**ORDER: (1) AUTHORIZING AND APPROVING  
THE PURCHASE AGREEMENT AND MANAGEMENT  
AGREEMENT; (2) ESTABLISHING CURE AMOUNTS AND  
APPROVING ASSUMPTION AND ASSIGNMENT OF CERTAIN  
CONTRACTS AND LEASES; AND (3) GRANTING RELATED RELIEF**

Young Broadcasting, Inc. and its subsidiaries (the “Debtors”) filed chapter 11 cases in this United States Bankruptcy Court for the Southern District of New York (the “Court”) on February 13, 2009 (the “Petition Date”), case no. 09-10645 (AJG).

On April 2, 2009, this Court entered its *Order (I) Approving Bidding Procedures In Connection With An Investment Or Sale Transaction; (II) Authorizing The Debtors To Enter Into A Stalking Horse Agreement In Connection With An Investment Or Sale Transaction; (III) Approving The Payment Of Termination Fee In Connection Therewith; (IV) Setting Auction And Hearing Dates; And (V) Approving Procedures For The Assumption And Assignment Of Executory Contracts* (docket no. 207, and together with the Bidding Procedures attached thereto, the “Bidding Procedures Order”). Pursuant to the Bidding Procedures Order, the Court, among

---

<sup>1</sup> The Debtors are Young Broadcasting, Inc. and its direct and indirect subsidiaries: Young Broadcasting of Lansing; Inc., Young Broadcasting of Louisiana, Inc.; Young Broadcasting of Nashville, LLC; Young Broadcasting of Albany, Inc.; Young Broadcasting of Richmond, Inc.; Young Broadcasting of Knoxville, Inc.; Young Broadcasting of Green Bay, Inc.; Young Broadcasting of Davenport, Inc.; Young Broadcasting of Sioux Falls, Inc.; Young Broadcasting of Rapid City, Inc.; Young Broadcasting of San Francisco, Inc.; Young Broadcasting of Nashville, Inc.; Young Broadcasting of Los Angeles, Inc.; Young Broadcasting Shared Services, Inc.; Adam Young, Inc.; WKRN, G.P.; WATE, G.P.; KLFY, L.P.; YBT, Inc.; YBK, Inc.; LAT, Inc.; Winnebago Television Corporation; Fidelity Television, Inc.; and Honey Bucket Films, Inc.

other things: (i) authorized the Debtors to conduct a process for the marketing and sale of substantially all of the Debtors' Business and assets, conduct an auction, identify the prevailing bid, file an auction report, and file a form of order approving the transaction with the prevailing bidder; (ii) authorized the Agent<sup>2</sup> to credit bid the claims of the Prepetition Secured Lenders (the "Secured Obligations") at the auction; and (iii) initially set June 25, 2009 as the hearing to consider approval of a sale to the prevailing bidder, which date was subsequently moved to July 15, 2009 (the "Initial Sale Hearing") with the consent of the Agent and the Committee.

At the Initial Sale Hearing, the Debtors reported that: (i) the Debtors made contact with 69 potential buyers; 29 of the 69 potential buyers executed confidentiality agreements; 25 of the 29 parties to confidentiality agreements accessed a data room which included a vast array of due diligence information regarding the Debtors; the Debtors provided extensive management presentations to 17 of the potential bidders that had conducted due diligence; the Debtors received 7 indications of interest, and ultimately 3 Qualified Bids<sup>3</sup> (as defined in the Bidding Procedures Order); (ii) two Qualified Bids each offered \$120 million for substantially all of the Debtors' assets; the Agent credit bid \$200 million of the Secured Obligations (the "Credit Bid") plus assumed approximately \$20 million of liabilities; the Debtors valued the Agent's bid at approximately \$220 million, and requested that the other two Qualified Bids raise their bids; but the other bidders declined to raise their bids or to participate further at an auction; and (iii) the Debtors determined that the Agent's bid was the highest and best bid and that the Agent was the Prevailing Bidder. The Debtors also reported at the Initial Sale Hearing that they expected to

---

<sup>2</sup> All capitalized terms used but not defined in this Order are used as defined in the Purchase Agreement.

<sup>3</sup> The Debtors also received a \$215 million bid; however the bid was not a Qualified Bid because, among other things, the bidder failed to post a deposit, which was required by the Bidding Procedures Order.



complete documentation of the sale transaction with the Prepetition Secured Lenders in a few days, and the Court continued the Initial Sale Hearing to July 22, 2009 (the “Sale Hearing”).

At the Sale Hearing, the Debtors reported that the Buyer would be New Young Broadcasting Holding Co., Inc. (“Buyer”), an entity to be formed and owned by the Prepetition Secured Lenders (the Buyer, Agent and Prepetition Secured Lenders, collectively, the “Buyer Parties”). At the Sale Hearing, the Debtors sought approval of the sale of substantially all of their assets (collectively, the “Sellers”) to Buyer, free and clear of all Liens, Claims, Interests and Encumbrances (the “Sale”) in accordance with the terms and conditions of the Asset Purchase Agreement (the “Purchase Agreement”) and related Management Agreement (attached hereto as Exhibit A and Exhibit B, respectively), and pursuant to Sections 105, 363, and 365 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.*, as amended (the “Bankruptcy Code”), and Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) (the assets to be sold collectively defined in the Purchase Agreement and hereinafter referred to as the “Purchased Assets”).

The Committee of Unsecured Creditors (“Committee”) filed an objection to the Sale arguing, among other things, that the Debtors had failed to justify selling substantially all of the assets of the Debtors outside of a chapter 11 plan process under standards established in Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063 (2d Cir. 1983) (“Lionel”) and its progeny.

Upon consideration of the Debtors’ request for entry of an order approving and authorizing (i) the Sale, (ii) the Purchase Agreement, (iii) the Management Agreement, (iv) the Proposed Transactions, and (v) certain related issues, as more fully described in the Purchase Agreement; and this Court having conducted the Sale Hearing on July 22, 2009; and the Debtors

having served notice of the Bidding Procedures, Auction and the Sale Hearing upon all parties entitled thereto; and the Debtors having published notice of the Auction and the Sale Hearing in the national edition of the *Wall Street Journal* on April 13, 2009; and the Court having considered each of the objections filed to the relief being granted herein; and the Court having reviewed and considered the testimony and exhibits admitted into evidence at the Sale Hearing, if any, along with the arguments of counsel, and having considered the proceedings had before the Court in connection with this matter and throughout these Chapter 11 cases; and it appearing that the relief sought by the Debtors, as modified at the Sale Hearing, is reasonable, necessary and in the best interests of the Debtors' creditors and estates; and after due deliberation and good and sufficient cause appearing therefor,

**THE COURT HEREBY FINDS, DETERMINES AND CONCLUDES**

**THAT:**

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted, and shall be construed and deemed, conclusions of law. To the extent any of the following conclusions of law constitute findings of fact, they are adopted, and shall be construed and deemed, as findings of fact.

B. The Court has jurisdiction to hear and determine the propriety of, and to approve and authorize the Sale, the Purchase Agreement, the Management Agreement and the Proposed Transactions pursuant to 28 U.S.C. §§ 157(b)(1) and 1334(b). Venue of these cases in this district is proper under 28 U.S.C. §§ 1408 and 1409. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

C. The statutory predicates for approval of the Purchase Agreement, Management Agreement, Proposed Transactions and Sale are Sections 105, 363, 365 and 1129 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006 and 9014.

D. As evidenced by the affidavits of service and publication previously filed with the Court, and based on the representations of counsel at the Sale Hearing, (i) proper, timely, adequate and sufficient notice of the Bidding Procedures Order, the form of this Order, the Sale Hearing, and of the Debtors' intent to seek entry of this Order, approval and authorization of the Purchase Agreement, Management Agreement and Proposed Transactions, the determination of the cure amounts associated with the assumption and assignment of the Assumed Contracts and the authority to assume and assign the Assumed Contracts, has been provided in accordance with Bankruptcy Rules 2002(a), 6004(a) and 6006(c) and in compliance with the Bidding Procedures Order, (ii) such notice was adequate, sufficient and appropriate under the particular circumstances of these Bankruptcy Cases and reasonably calculated to reach and apprise all holders of Interests, of the Auction, the Bidding Procedures, and the Sale Hearing, and, (iii) such notice afforded all interested parties a reasonable opportunity to object and be heard with respect to the relief requested by the Debtors, (iv) such notice afforded all creditors, equityholders, other parties-in-interest and prospective bidders a reasonable and fair opportunity to bid for the Purchased Assets, and (v) no other or further notice of the Sale Hearing or the Sale is necessary.

E. The Debtors have complied with the Bidding Procedures Order by, among other things, providing notice of the deadline to submit bids for the Debtors' Business and assets, reviewing the bids received for the assets and determining, in consultation with their financial and legal advisors, which bids were Qualified Bids for purposes of the Auction.

F. As demonstrated by (i) the testimony and other evidence proffered or adduced at the Sale Hearing, and (ii) the representations of counsel made on the record at the Sale Hearing, the Debtors and their financial advisor, UBS Securities LLC (“UBS”), diligently and in good faith marketed the Debtors’ assets to secure the highest or best offer therefor in compliance with the Bidding Procedures Order by, *inter alia*, delivering solicitation materials to potential purchasers, inviting the potential purchasers to meet with the Debtors’ management, UBS, and other of the Debtors’ professionals, providing each of them with the opportunity to conduct extensive due diligence, and providing each potential purchaser an opportunity to bid for the Debtors’ assets in accordance with the Bidding Procedures approved by the Court. Additionally, the Debtors delivered the Bidding Procedures Order to each of the entities that had previously expressed an interest in the Debtors’ assets.

G. The auction and sale of the Debtors’ Business and assets was duly noticed and conducted in a noncollusive, fair, and good faith manner and a reasonable opportunity has been given to any interested party to make a higher and better offer for the assets. The marketing of the Debtors’ Business and assets took place over an approximate six month period. The Debtors’ marketing efforts and the sale process resulted in a market test and a fair valuation of the Purchased Assets. The Debtors actively marketed the Debtors’ Business and assets and had adequate time to do so, all interested parties had ample time and sufficient opportunity to make bids, and the bids that were obtained represented the best price that could be obtained for the Debtors’ Business and assets at this time.

H. The terms and conditions set forth in the Purchase Agreement, and the transactions contemplated thereby, represent fair and reasonable terms and conditions, including the amount of the purchase price, and constitute the highest or best offer obtainable for the assets

and are fair and adequate. No further bids or offers for the Purchased Assets shall be considered or accepted after the date hereof except (a) pursuant to a chapter 11 plan for the Debtors confirmed by this Court or (b) if the Purchase Agreement is terminated in accordance with its own terms.

I. The Management Agreement is a contractual mechanism used in broadcast industry mergers, acquisitions and asset sales, pursuant to which the sellers of the broadcast assets contract with the buyer or a third party operator acceptable to the buyer, to manage and operate the business assets pending approval of the transfer of ownership by the FCC. Such agreements have been approved by other bankruptcy courts authorizing Section 363 sales of broadcast assets, and are recognized by the FCC as legitimate operational arrangements during the period between the execution of a sale agreement and consummation of a transaction that requires prior FCC approval. It is appropriate that the Sellers enter into the Management Agreement with Gray Television, Inc., a third party operator acceptable to the Buyer Parties. The Sellers have exercised their reasonable business judgment in negotiating the terms of the Management Agreement, the terms of the Management Agreement were negotiated at arm's length and such terms are fair and reasonable.

J. Pursuant to the terms of the Asset Purchase Agreement, within thirty days after entry of this Order (as long as the Order has not been stayed on appeal), the Debtors have agreed to reconstitute the Board of Directors of Debtor Young Broadcasting Inc., such that the Board shall be reduced to five members, consisting of: (i) Mr. Vincent Young (the current, Chairman of the Board, President and Chief Executive Officer of the Debtors), (ii) two other current Board members, and (iii) two new independent directors recommended by the Buyer Parties and elected by the current Board (the "Board Reconstitution"). Such an arrangement is

consistent with the intent of the deleveraging and restructuring transactions that are at the heart of the Proposed Transactions, and it is appropriate that the Debtors, in the exercise of their sound business judgment, effectuate such an arrangement.

K. The Purchase Agreement and the Proposed Transactions were negotiated and have been and are undertaken by the Debtors and the Buyer Parties at arms' length without collusion or fraud, and in good faith. There is no evidence of insider influence or improper conduct by any of the Buyer Parties or their affiliates in connection with the negotiation of the Purchase Agreement with the Debtors. The Debtors established a due diligence room in which the information provided to the Buyer Parties in connection with the negotiation of the Purchase Agreement was also provided to other potential bidders for the Debtors' Business and assets. There was also no evidence of fraud or collusion among the Buyer Parties, their affiliates and any other bidders for the Debtors' assets, or collusion between the Debtors and the Buyer Parties or their affiliates to the detriment of any other bidders.

L. Immediately prior to the entry of this Order, the Buyer Parties were not an "insider" or "affiliate" of any of the Debtors, as those terms are defined in the Bankruptcy Code, and no common identity of incorporators, directors or stockholders existed between the Buyer Parties and any of the Debtors. Pursuant to the Purchase Agreement, Buyer will not purchase all of the Debtors' assets in that Buyer will not purchase any of the Excluded Assets, and Buyer will not hold itself out to the public as a continuation of the Debtors. Those of the Debtors' employees who are to be employed by Buyer pursuant to the Purchase Agreement will be hired under new employment contracts or other arrangements to be entered into or to become effective at the time of the Closing. The Sale and the Proposed Transactions are not and do not amount to a consolidation, merger or *de facto* merger of any of the Buyer Parties and the Debtors and/or the

Debtors' estates, there is not substantial continuity between any of the Buyer Parties and the Debtors, there is no continuity of enterprise between the Debtors and any of the Buyer Parties, Buyer is not a mere continuation of the Debtors or the Debtors' estates, and Buyer does not constitute a successor to the Debtors or the Debtors' estates.

M. On March 4, 2009, the Court entered its *Final Order (I) Authorizing the Use of Cash Collateral, (II) Granting Adequate Protection to Certain Pre-Petition Secured Parties, and (III) Granting Related Relief* (docket no. 65) (the "Final Cash Collateral Order"). Pursuant to Paragraph 4 of the Final Cash Collateral Order, the Debtors acknowledged and stipulated that (i) the Secured Obligations owing to the Prepetition Secured Lenders are in an amount of at least \$338 million, are valid, and are not subject to any objection, defense, counterclaim or offset, (ii) the Secured Obligations are secured by first priority liens (the "Prepetition Liens") on substantially all of the assets of the Debtors (the "Prepetition Collateral"), and (iii) the Prepetition Liens are legal, valid, enforceable, non-avoidable, and duly perfected first priority security interests in and liens upon the Prepetition Collateral not subject to avoidance, recharacterization or subordination under the Bankruptcy Code, under applicable non-bankruptcy law or otherwise (collectively the "Stipulations and Admissions"). Pursuant to Paragraph 11 of the Final Cash Collateral Order, the Stipulations and Admissions contained in the Final Cash Collateral Order are now binding upon all parties-in-interest, including the Committee. Accordingly, at the time of the Sale Hearing, the Agent and Prepetition Secured Lenders held secured claims, allowed on a final basis, in an amount of at least \$338 million under the Credit Agreement and the mortgages, guaranties and all other documentation executed or delivered in connection therewith (collectively, the "Credit Documents"), which secured

claims the Agent and Prepetition Secured Lenders were entitled to credit bid pursuant to Bankruptcy Code Section 363 and this Court's Bidding Procedures Order.

N. Prepetition Secured Lenders holding more than ninety percent (90%) in amount of the Secured Obligations executed a "Lender (1) Consent re Agent Credit Bid, and (2) Agreement to Vote Claims in Favor of Chapter 11 Plan Implementing Credit Bid or Debt for Equity Exchange" (the "Lender Consents"), pursuant to which the Prepetition Secured Lenders, in an amount well in excess of the 51% majority requirement under the Credit Documents, instructed the Agent that, unless directed otherwise by the Majority Lenders, the Agent shall make a credit bid of some or all of the Secured Obligations for the Business and assets of the Debtors. The Credit Bid made by the Agent for all of the Prepetition Secured Lenders: (i) was authorized under the Credit Document and this Court's Bidding Procedures Order, and authorized by written Lender Consents from holders of more than 90% in amount of the Secured Obligations; (ii) was valid, authorized and proper under, and consistent with the provisions and purposes of, Bankruptcy Code Sections 363(b) and 363(k); and (iii) is binding upon all Prepetition Secured Lenders.

O. The Sellers have the legal power and corporate authority to convey all of their right, title and interest in and to the Purchased Assets to Buyer under a sale approved pursuant to a chapter 11 plan. Each Seller has: (i) full power and corporate authority to execute the Purchase Agreement and Management Agreement and all other documents contemplated thereby, and the sale of the Purchased Assets in accordance with the Purchase Agreement by the Sellers and related matters have been duly and validly authorized by all necessary corporate action of each of the Sellers; (ii) the necessary corporate power and authority necessary to consummate the Proposed Transactions; and (iii) taken all corporate action necessary to



authorize and approve the Purchase Agreement and Management Agreement and the consummation by such Seller of the Proposed Transactions in connection with confirmation of a chapter 11 plan.

P. The Debtors have demonstrated compelling circumstances and a good, sufficient and sound business purpose and justification for entering into, but not consummating, the Purchase Agreement. Such business reasons include, but are not limited to, the following: (i) the Purchase Agreement constitutes the highest and best offer for the Purchased Assets received by the Debtors at the auction; (ii) the Purchase Agreement presents an opportunity to realize the value of the Purchased Assets on a going concern basis and avoid decline and devaluation of the Debtors' business. The Debtors' entry into the Purchase Agreement and Management Agreement, constitute the Debtors' exercise of sound business judgment and such acts are in the best interests of the Debtors, their estates, and all parties in interest.

Q. The consideration to be provided by Buyer pursuant to the Purchase Agreement is the highest or otherwise best offer received by the Debtors at the auction, and the Purchase Price constitutes (a) reasonably equivalent value under the Bankruptcy Code and Uniform Fraudulent Transfer Act, (b) fair consideration under the Uniform Fraudulent Conveyance Act, and (c) reasonably equivalent value, fair consideration and fair value under any other applicable laws of the United States, any state, territory or possession, or the District of Columbia ((a), (b) and (c) collectively, "Value"), for the Purchased Assets.

R. Buyer would not have entered into the Purchase Agreement and would not consummate the Proposed Transactions, thus adversely affecting the Debtors, their estates, and their creditors, if the sale of the Purchased Assets and the assignment of the Assumed Contracts to Buyer was not free and clear of all Liens, Claims, Encumbrances, and Interests (individually

and collectively, the “Adverse Interests”), including, but not limited to, (1) those that purport to give to any party a right or option to effect any forfeiture, modification, right of first refusal, or termination of the Buyer’s interest in the Purchased Assets, or any similar rights, (2) those relating to Taxes arising under or out of, in connection with, or in any way relating to the operation of the assets prior to the Closing, and (3) (a) those arising under all mortgages, deeds of trust, security interests, conditional sale or other title retention agreements, pledges, Liens, judgments, demands, Encumbrances, rights of first refusal or charges of any kind or nature, if any, including, but not limited to, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership and (b) all debts arising in any way in connection with any agreements, acts, or failures to act, of any of the Sellers or any of the Sellers’ predecessors or affiliates, Claims (as that term is defined in the Bankruptcy Code), obligations, liabilities, demands, guaranties, options, rights, contractual or other commitments, restrictions, interests and matters of any kind and nature, whether known or unknown, contingent or otherwise, whether arising prior to or subsequent to the commencement of these bankruptcy cases, and whether imposed by agreement, understanding, law, equity or otherwise, including, but not limited to, Claims otherwise arising under doctrines of successor liability and related theories to the extent permitted by law. Accordingly, a sale of the Purchased Assets other than one free and clear of Adverse Interests would impact materially and adversely the Debtors’ estates, and would yield substantially less value for the Debtors’ estates. In reaching this determination, the Court has taken into account both the consideration to be realized directly by the Debtors, and the indirect benefits of such Sale for the Debtors’ employees, the Debtors’ vendors and suppliers and the public served, directly and indirectly, by the functions performed by the Debtors’ employees and the Business. Therefore, the Sale contemplated by the Purchase

Agreement, if subsequently confirmed as part of a plan of reorganization, is in the best interests of the Debtors, their estates and creditors, and all other parties in interest.

S. The Debtors have satisfied the standard set forth in section 363(f) of the Bankruptcy Code for selling the Purchased Assets free and clear of all Adverse Interests. The Prepetition Secured Lenders are consenting to the entry of this Order. The miscellaneous secured claims related to the Purchased Assets with priority over the liens of the Prepetition Secured Lenders are being assumed or paid by Buyer pursuant to of the Purchase Agreement. In each case, one or more of the standards set forth in section 363(f)(1)-(5) of the Bankruptcy Code has been satisfied, because either (a) the entities holding such Liens consent, by failing to object or waiving its objection or otherwise; (b) applicable non-bankruptcy law permits the sale of such property free and clear of such Liens; (c) the price at which the respective Purchased Assets are sold exceed the value of the Interests on such Purchased Assets; or (d) such entity could have been compelled to accept a money satisfaction of such Liens.

T. The Purchase Agreement provides for the assumption and assignment of the Assumed Contracts, which is an integral part of the Purchased Assets being purchased by the Buyer. The Debtors have demonstrated that it is an exercise of their sound business judgment to assume and assign and sell the Assumed Contracts to Buyer in connection with the consummation of the Proposed Transactions.

U. The Debtors have filed with the Court, and have served upon the non-Debtor parties to Contracts, one or more schedules (collectively, the “Cure Schedule”) setting forth the list of Contracts which may be assumed or assigned to Buyer and the amounts, if any, that the Debtors believe are required to be paid to assume each contract in accordance with section 365(b) of the Bankruptcy Code (the “Cure Costs”).

V. In the absence of a timely objection, the Cure Cost reflected in the Cure Schedule for any Assumed Contract is deemed to be accurate, and the fact that the Buyer is acquiring the Purchased Assets and hiring certain of the Debtors' personnel constitutes adequate assurance of future performance under such Assumed Contract. Based on the foregoing, section 365(b)(1) of the Bankruptcy Code has been satisfied. In accordance with the terms of the Purchase Agreement, upon the Closing of the Proposed Transactions in accordance with an order confirming a chapter 11 plan or a 363 order consummating the Proposed Transactions outside of a plan, the Buyer shall satisfy all Cure Costs solely as such costs are set forth in the Cure Schedule or any supplement thereto.

W. Immediate approval of the Purchase Agreement and Management Agreement is in the best interests of the Debtors, their creditors, their estates, and all parties in interest. Implementation of the Management Agreement beginning one business day after the tenth day following entry of this Order, is in the best interests of the Debtors, their creditors, their estates, and all parties in interest. The terms of the Purchase Agreement, Management Agreement and Board Reconstitution, and the implementation thereof by all parties, by itself, shall not cause any of the Buyer Parties to be deemed insiders for the purposes of Bankruptcy Code Section 1129(a)(10) and voting on any chapter 11 plan.

X. Article 5.11 of the Purchase Agreement contains the agreement of the Debtors and Buyer Parties that, at the election of Buyer, the parties will (a) effectuate the Sale under Sections 363 and 365 of the Bankruptcy Code, followed by a chapter 11 plan of liquidation funded by Buyer's assumption of liability for certain Winddown Costs, (b) effectuate the transfer of ownership of the Debtors' assets to the Prepetition Secured Lenders and ultimately to Buyer through a chapter 11 plan of reorganization in which the Prepetition Secured Lenders

receive 100% of the equity interest in the Reorganized Debtors, or (c) effectuate the Sale under Sections 363 and 365 of the Bankruptcy Code in conjunction with a chapter 11 plan ((a), (b) and (c), the “Plan Options”), as long as, under Plan Options (b) or (c), claims of the other creditors of the Debtors are treated at least as well as they would have been treated had the Sale closed solely under the authority of Section 363 and 365 of the Bankruptcy Code (Plan Option (a)). The Debtors may effectuate Plan Options (b) and (c) pursuant to a confirmed chapter 11 plan. The Debtors may not effectuate Plan Option(a) except upon further order of this Court (i) finding that the Lionel standards have been satisfied and (ii) authorizing the transfer of substantially all of the Debtors’ assets under Section 363 of the Bankruptcy Code outside of a confirmed chapter 11 plan.

**NOW THEREFORE, THE COURT HEREBY ORDERS, ADJUDGES AND  
DECREEES AS FOLLOWS:**

1. This Order authorizes the Debtors to enter into and perform their obligations and commitments under the Purchase Agreement and Management Agreement, reconstitute the Board, and file a chapter 11 plan that consummates the Sale and Proposed Transactions under Sections 363, 365 and 1129 of the Bankruptcy Code. The Closing shall not occur prior to the confirmation of a chapter 11 plan solely under the authority of Bankruptcy Code Sections 363 and 365 except upon further order of the Court after notice and a hearing and the satisfaction of the standards for approval of sales outside of a chapter 11 plan context required under Lionel.

2. The Purchase Agreement and Management Agreement, and all of the terms and conditions thereof and exhibits thereto, are hereby approved, and the Debtors, their officers and agents are authorized and directed to perform thereunder, except they shall not

effectuate the Closing without further order of this Court confirming a chapter 11 plan or authorizing a sale under the Lionel standards. The Board Reconstitution is approved. The Debtors shall cooperate with the Buyer in preparing, filing, and diligently prosecuting all applications to the FCC and other governmental agencies appropriate or necessary for seeking approval of the Proposed Transactions. As provided in the Purchase Agreement, Closing of the Sale shall be conditioned upon, among other things, obtaining the FCC Consent.

3. In connection with confirmation of a plan pursuant to which the Sale would be consummated, the Sellers' assumption and assignment to Buyer of the Assumed Contracts, pursuant to sections 105(a) and 365(b)(1) and (f)(2) of the Bankruptcy Code and subject to and conditioned upon the Closing and the Buyer's assumption of such contracts on the terms set forth in the Purchase Agreement, is hereby approved and the requirements of section 365(b)(1) of the Bankruptcy Code with respect thereto are hereby deemed satisfied. No administrative expense liability is created by this Order with respect to the Assumed Contracts until the Closing.

4. The Assumed Contracts, upon assignment and sale to Buyer, shall be deemed valid and binding, in full force and effect in accordance with their terms. Upon the Closing, in accordance with Sections 363 and 365 of the Bankruptcy Code, Buyer shall be fully and irrevocably vested in all right, title and interest of the Debtors in, to or under each Assumed Contract.

5. Certain non-Debtor parties to contracts and leases (the "Objectors") filed objections to the amount listed in the Cure Schedule in respect of their contracts or leases with the Debtors, and/or reserved the right to enforce purported consent rights in their contracts or leases. The terms of this Order with respect to the assumption and assignment of the Objectors'

contracts or leases shall not apply to the specific complaint contained in the Objector's objection (i.e., cure amount, consent right, or adequate assurance) except upon a settlement reached between the Debtors and the Objector (which shall not require further Court order), or pursuant to further order of this Court.

6. All defaults or other obligations of the Debtors under the Assumed Contracts arising or accruing prior to the Closing Date (without giving effect to any acceleration clauses or any default provisions of the kind specified in Section 365(b)(2) of the Bankruptcy Code) shall be deemed cured by the payment or other satisfaction of the Cure Costs in the Cure Schedule (except with respect to Objectors that raised cure amount objections) and Buyer shall have no liability or obligation arising or accruing prior to the date of the Closing, except as otherwise expressly provided in the Purchase Agreement. The Cure Costs are hereby fixed at the amounts set forth on in the Cure Schedule, or any supplement or amendment thereto, and the non-Debtor parties to the Assumed Contracts are hereby forever bound by such amounts (except with respect to Objectors who raised cure amount objections). Except for the Cure Costs, there are no other defaults existing under the Assumed Contracts. The Cure Costs are not subject to further dispute or audit, including based on performance prior to the assumption, assignment and sale thereof, irrespective of whether such Assumed Contract contains an audit or similar clause; provided, however, that nothing in this paragraph shall alter or otherwise limit Buyer's obligation to pay or otherwise satisfy the liabilities assumed by Buyer under Section 2.2 of the Purchase Agreement.

7. Buyer shall pay or otherwise satisfy the Cure Amounts as soon as reasonably practicable following the Closing Date, but in no event later than 60 days after the

Closing Date (except where a Cure Amount is allowed after the Closing Date, in which event the Buyer shall have 30 days after entry of an allowance order to pay the Cure Amount).

8. Except for Buyer's obligation to pay or otherwise satisfy the Cure Amounts or as provided for in Section 2.2 of the Purchase Agreement, as applicable, each non-Debtor party to an Assumed Contract is hereby forever barred, estopped, and permanently enjoined from (i) asserting against Debtors or Buyer or the Purchased Assets any default, additional amounts or other Claims existing as of the Closing Date related to any Assumed Contract, whether declared or undeclared or known or unknown; and (ii) asserting against Buyer any counterclaim, defense or setoff, or any other claim, lien or interest, asserted or assertable against the Debtors related to any Assumed Contract.

9. There shall be no rent accelerations, assignment fees, increases or any other fees charged or chargeable to Buyer as a result of the assumption, assignment and sale of the Assumed Contracts. Any provisions in any Assumed Contract that prohibit or condition the assignment of such Assumed Contract, allow the party to such Assumed Contract to terminate, recapture, impose any penalty, condition renewal or extension, or modify any term or condition upon the assignment of such Assumed Contract, constitute unenforceable anti-assignment provisions, and are void and of no force and effect. The validity of the assumption, assignment and sale of the Assumed Contracts to Buyer shall not be affected by any existing dispute between any of the Debtors and any non-Debtor party to such Assumed Contract. Any party that may have had the right to consent to the assignment of its Assumed Contract is determined to have consented for the purposes of Section 365(e)(2)(A)(ii) of the Bankruptcy Code (except with respect to Objectors who raised consent right objections).



10. The designation of an agreement as an Assumed Contract shall not be a determination that such agreement is an executory contract within the meaning of Section 365 of the Bankruptcy Code.

11. The failure of the Debtors or the Buyer to enforce at any time one or more terms or conditions of any Assumed Contract shall not be a waiver of such terms or conditions, or of the Debtors' and the Buyer's rights to enforce every term and condition of the Assumed Contracts.

12. The Purchase Agreement contains the Debtors' agreement not to bring Avoidance Actions with respect to any payment that would constitute a Cure Amount under an Assumed Contract, and such agreement (a) shall be binding upon all creditors and equity holders of the Debtors, the Committee, all successors and assigns of the Debtors and their affiliates and subsidiaries, and any trustees, examiners, "responsible persons" or other fiduciaries appointed in the Debtors' bankruptcy chapter 11 cases or upon a conversion to chapter 7 under the Bankruptcy Code, and (b) shall operate to bar, enjoin and estop any such persons and entities from commencing any such Avoidance Actions.

13. The ultimate consummation of the Sale and transfer of the Purchased Assets to Buyer shall be pursuant to a confirmed chapter 11 plan and shall be free and clear of (i) all Adverse Interests of any kind or nature whatsoever, with the exception of the Assumed Liabilities, (ii) any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership of the Purchased Assets, and (iii) any claim, whether arising prior to or subsequent to the commencement of these bankruptcy cases, arising under doctrines of successor liability; and (b) except as otherwise expressly provided in the Purchase Agreement, all Adverse Interests shall be and hereby are released, terminated and discharged as to the Buyer

and the Purchased Assets. Nothing in this paragraph shall affect the Buyer's obligations with respect to Assumed Liabilities under the Purchase Agreement.

14. Except for the Assumed Liabilities and as otherwise expressly provided in the Purchase Agreement, a confirmed plan or a confirmation order, Buyer shall not be liable for any Claims against, and liabilities and obligations of, the Debtors or any of the Debtors' predecessors or affiliates. Without limiting the generality of the foregoing, (a) other than as specifically set forth in the Purchase Agreement, Buyer shall have no liability or obligation (x) to pay wages, bonuses, severance pay, benefits (including, without limitation, contributions or payments on account of any under-funding with respect to any pension plans) or any other payment to employees of the Debtors, or (y) in respect of any collective bargaining agreement, employee pension plan, employee health plan, employee retention program, employee incentive program or any other similar agreement, plan or program to which any Debtors are a party (including, without limitation, liabilities or obligations arising from or related to the rejection or other termination of any such plan, program agreement or benefit), and (b) Buyer shall in no way be deemed a party to or assignee of any such employee benefit, agreement, plan or program, and all parties to any such employee benefit, agreement, plan or program are enjoined from asserting against Buyer any Claims arising from or relating to such employee benefit, agreement, plan or program.

15. Any and all notices, if any, required to be given to Debtors' employees pursuant to the Worker Adjustment and Retraining Adjustment Act (the "WARN Act"), or any similar federal or state law, shall be the sole responsibility and obligation of the Debtors, and, provided it provides Debtors with timely notice, Buyer shall have no responsibility or liability therefore.

16. The Secured Obligations constitute allowed claims against each applicable Debtor and shall not be subject to any contest, objection, recoupment, counterclaim, defense, offset, subordination, recharacterization, avoidance, or other claim, challenge, or cause of action under the Bankruptcy Code, applicable non-bankruptcy law or otherwise, and the Prepetition Liens are legal, valid, binding, enforceable, duly perfected, not subject to any objection, counterclaim, setoff, offset of any kind, subordination, or defense, and such liens are otherwise unavoidable. The Prepetition Secured Lenders and Agent shall not be subject to any other or further claims, counterclaims, causes of action or lawsuits by any party-in-interest or any successor thereto that arise out of or relate to the Credit Documents. The Debtors and their estates, and any person or entity claiming derivative standing in respect of the Debtors or their estates, shall be deemed for all purposes to have forever released any and all claims, counterclaims or causes of action against the Prepetition Secured Lenders and Agent under the Credit Documents, and their respective affiliates, agents, directors, officers, employees, attorneys and advisors arising in connection with the Credit Documents.

17. Except as provided in the Purchase Agreement, a confirmed plan or confirmation order, after the Closing, the Sellers and their estates shall have no further liabilities or obligations with respect to any Assumed Liabilities and all holders of such Claims are forever barred and estopped from asserting such Claims against the Debtor, their successors or assigns, their property or their assets or estates. Buyer shall only be liable for such liabilities to the extent set forth in the Purchase Agreement. All holders of Claims are forever barred and estopped from asserting Claims against the Buyer Parties and the Purchased Assets related to the Excluded Assets and the Excluded Liabilities.

18. To the extent permissible under applicable law and/or regulation, applicable permitting authorities shall allow the Buyer to operate the facilities being acquired after Closing under the current Permits held by the applicable Seller until such time as such Permits are assigned to Purchaser or Purchaser obtains similar Permits in its own name.

19. The Purchase Agreement and the Management Agreement may be modified amended, or supplemented by the parties thereto, in a writing signed by each of the parties thereto, and in accordance with the terms thereof, without further order of the Court, provided that any such modification, amendment or supplement does not have a material adverse effect on the Debtors' estates. Any dispute between the Debtors and the Buyer Parties prior to the Closing regarding the terms of, or rights or obligations under the Purchase Agreement or Management Agreement shall be resolved by this Court.

20. The consideration provided by Buyer for the Purchased Assets under the Agreement constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia.

21. The provisions of this Order are nonseverable and mutually dependent.

22. The failure specifically to include or make reference to any particular provisions of the Purchase Agreement or Management Agreement in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Purchase Agreement and Management Agreement are authorized and approved.

23. To the extent applicable, the automatic stay pursuant to Section 362 of the Bankruptcy Code is hereby lifted with respect to the Debtors to the extent necessary, without further order of the Court (i) to allow the Buyer Parties to give the Debtors any notice provided

for in the Purchase Agreement, and (ii) to allow the Buyer Parties to take any and all actions permitted by the Purchase Agreement or Management Agreement, subject in all respects to the terms of this Order.

24. Except to the extent permitted by section 525 of the Bankruptcy Code, no governmental unit may revoke or suspend any Permit relating to the operation of the Purchased Assets sold, transferred or conveyed to Buyer on account of the filing or pendency of these Chapter 11 cases.

25. The Court retains jurisdiction, even after the closing of these chapter 11 cases, to: (1) interpret, implement and enforce the terms and provisions of this Order (including the injunctive relief provided in this Order) and the terms of the Purchase Agreement, all amendments thereto and any waivers and consents thereunder; (2) protect the Buyer Parties, and any of the Purchased Assets, from and against any of the Adverse Interests; (3) compel delivery of all Purchased Assets to Buyer; and (4) resolve any disputes arising under or related to the Purchase Agreement, the Sale or the Proposed Transactions, or Buyer's peaceful use and enjoyment of the Purchased Assets.

26. Nothing in this Order shall be deemed a determination with respect to the confirmation of a plan implementing the Proposed Transactions, nor waive any party's rights to object to any such plan, or any aspect of the Proposed Transactions to be consummated pursuant to such plan, including the Management Agreement.

Dated: July 28, 2009  
New York, New York

**s/Arthur J. Gonzalez**  
**THE HONORABLE ARTHUR J. GONZALEZ,**  
**UNITED STATES BANKRUPTCY JUDGE**