

**ASSET PURCHASE AGREEMENT**

**By and Among**

**KLSB ACQUISITION CORP.**

**(the “Seller”)**

**KLSB TELEVISION, LLC**

**(the “Buyer”)**

**and**

**PAUL LUCCI**

**(the “Shareholder”)**

**Dated March \_\_, 2003**

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### **Exhibits**

- A Note

## **ASSET PURCHASE AGREEMENT**

THIS **ASSET PURCHASE AGREEMENT** (this "Agreement") is entered into as of January 15, 2003, by and between **KLSB TELEVISION, LLC**, a Delaware limited liability company (the "Buyer"), and **KLSB ACQUISITION CORP.**, a Virginia corporation (the "Seller"), and **PAUL T. LUCCI**, a resident of Virginia (the "Shareholder").

### **RECITALS:**

A. The Seller is the licensee of television broadcast stations (collectively, the "Station") **KLSB-TV**, Channel 19, Nacogdoches, Texas and the related DTV Channel pursuant to FCC Permit BPCDT -19991029ACW (the "License").

B. The Seller programs Channel 19 pursuant to a Time Brokerage Agreement dated October 29, 1996, as amended by and between the Seller and Max Media Properties LLC, which TBA has been assigned by Max Media Properties LLC to Sinclair Properties LLC and from the latter entity to Comcorp of Tyler, Inc. ("CCA") (the "TBA").

C. Pursuant to Section 7.1 of the TBA, CCA has a right of first refusal to purchase the assets of the Station which CCA has assigned to Buyer.

D. The Seller desires to sell, assign and transfer to the Buyer certain of the assets used in the operation of the Station and described in more detail below, including, without limitation, the License, and excluding, without limitation, the TBA, and the Buyer desires to purchase from the Seller the License and certain of the assets used in the operations of the Station and described in more detail below, all under the terms and conditions described herein.

E. The Shareholder is the sole shareholder of the Seller and both the Seller and the Buyer desire for the Shareholder to enter into this Agreement in order to facilitate the consummation of the transactions contemplated hereunder.

NOW, THEREFORE, in consideration of the premises and the mutual promises, representations, warranties and covenants herein contained, and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

### **ARTICLE 1**

#### **PURCHASE AND SALE OF PROPERTIES AND ASSETS**

1.1 **Assets.** The Seller agrees to transfer, sell or assign and the Buyer agrees to accept, purchase or assume all of the Seller's properties and assets, real, personal and mixed, tangible and intangible, of every type and description, wherever located (except for the Excluded Assets, defined in Section 1.2), owned or leased by the Seller, including, without limitation, the License and the call letters **KLSB-TV** and the DTV Application and any part of the DTV Construction that has been completed (as such terms are hereinafter defined), and all goodwill associated therewith, that are used directly or indirectly in the operations of the Station, including, without limitation, the Assets listed on Schedule 1.1 hereto (collectively, the "Assets").

1.2 Excluded Assets. The Assets shall not include the assets listed on Schedule 1.2 hereto (collectively, the "Excluded Assets").

1.3 Liabilities.

1.3.1 Security Interests. The Assets shall be sold and conveyed to the Buyer free and clear of all mortgages, liens, deeds of trust, security interests, pledges, restrictions, prior assignments, charges, claims, defects in title and encumbrances of any kind or type whatsoever (collectively, the "Security Interests") except for: (a) the Security Interests disclosed on Schedule 1.3.1, all of which will be paid in full and released at or before Closing; (b) liens for taxes, other than state, federal or local income taxes and other taxes of the Seller that do not relate to the Assets, not yet due and payable, accruing on or before the Closing Date, which the Seller shall pay in full, (c) statutory liens of landlords, carriers, warehousemen, mechanics, materialmen and other liens imposed by law created in the ordinary course of business of the Seller for amounts not yet due and for which at Closing the Seller shall have incurred no liability to pay; (d) liens incurred or deposits made in the ordinary course of business of the Seller in connection with worker's compensation, unemployment insurance or other types of social security, and (e) the obligations of the Seller arising after the Closing Date which the Buyer has agreed to assume under the License. The Security Interests referred to in the foregoing clauses (a)-(e) are collectively referred to herein as "Permitted Encumbrances."

1.3.2 Assumed Liabilities. Except as otherwise provided herein and subject to the terms and conditions of this Agreement, simultaneously with the sale, transfer, conveyance and assignment to the Buyer of the Assets, the Buyer shall assume, and hereby agrees to perform and discharge when due all liabilities and obligations arising or to be performed after the Closing Date under the License and under the Contracts & Leases noted as being acquired by Buyer set forth on Schedules 2.13 and 2.14 (collectively the "Assumed Liabilities").

1.3.3 Retained Obligations of the Seller. Other than the Assumed Liabilities, the Buyer shall not assume or become liable for and the Seller shall pay, satisfy, discharge, perform and fulfill all obligations and liabilities of the Seller (the "Excluded Liabilities") as they become due, without any charge or cost to the Buyer. The Seller agrees to indemnify and hold the Buyer and its successors and assigns harmless from and against any and all such liabilities in accordance with the terms of Article 9 below.

1.4 Noncompetition Agreement. The Seller and the Shareholder shall execute and deliver to the Buyer at Closing a noncompetition agreement in form and substance reasonably satisfactory to the parties.

1.5 No Opposition. Neither the Seller nor its Affiliates shall unreasonably oppose any application relating to the Station filed by Buyer with the FCC after the date hereof.

1.6 Purchase Price, Payment, and Allocation.

1.6.1 Purchase Price. The aggregate purchase price to be paid for the Assets will be Two Million Five Hundred Seventy-Five Thousand and No/100 Dollars (\$2,575,000.00) (the "Purchase Price"). The Purchase Price shall be payable to the Seller as provided in Section 1.6.2.

1.6.2 Method of Payment. The Purchase Price shall be payable as follows:

1.6.2.1 One Million Five Hundred Seventy-Five Thousand and No/100 Dollars (\$1,575,000.00) shall be payable in cash at Closing (the "Cash Portion") The Buyer and the Seller anticipate and agree that the Seller shall spend up to \$200,000.00 (the "Maximum Amount") to construct prior to Closing the Station's digital television construction pursuant to the DTV Application (hereinafter defined) to meet the FCC's current minimum standards (the "DTV Construction"); and

1.6.2.2 One Million and No/100 Dollars (\$1,000,000.00) to be paid by the Buyer in twenty (20) quarterly installments of Fifty Thousand and No/100 Dollars (\$50,000.00) each, together with accrued interest at the rate of five percent (5%) per annum, beginning eighteen (18) months following Closing, and continuing on the same day of each calendar quarter thereafter until fully paid in accordance with a promissory note (the "Note") in form and substance attached as Exhibit A. Payment of the Note shall be secured by an irrevocable clean standby letter of credit in an amount equal to the outstanding principal balance of the Note plus \$75,000, from time to time with no conditions and issued by a United States bank or financial institution of AAA rating in form and content satisfactory to Seller. Such letter of credit shall be delivered to Seller at the Closing and Seller shall be entitled to draw upon it upon the following events: (i) an "Event of Default" under the Note (as defined therein) and written notice from Seller to issuer of such default or (ii) written notice from Seller to issuer within 30 days before the expiration of the letter of credit if it has not been renewed or replaced by a comparable letter of credit meeting the conditions of this Section 1.6.2.2 by such date. The letter of credit shall require the bank to provide notice to Seller at least 30 days before the expiration of the letter of credit if it intends not to renew the letter of credit. Otherwise, the issuer shall renew the letter of credit.

1.6.3 Allocation of Purchase Price. The Buyer and the Seller will allocate the Purchase Price in accordance with the respective fair market values of the Assets being purchased and sold in accordance with the requirements of Section 1060 of the Internal Revenue Code of 1986, as amended ("Code") and in the manner described in Schedule 1.6.3.

1.6.4 Prorations. The Seller's operation of the Station and the Seller's normal operating income and operating expenses attributable thereto through 11:59 p.m. (Central Standard Time) on the Closing Date (the "Closing Time") shall be for the account of the Seller and thereafter for the account of the Buyer and, if any income or expense is properly allocable or credited, then it shall be allocated, charged or prorated as of the Closing Time. Expenses directly related to the Seller's operation of the Station for goods or services received both before and after the Closing Date, power and utilities charges, frequency discounts, insurance premiums for



any insurance policies being assigned to the Buyer, prepaid cash, time sales agreements, commissions, wages, vacation or sick days, payroll taxes and rents, revenues from CCA under the TBA, expenses with respect to the TBA and similar prepaid and deferred items shall be prorated between the Seller and the Buyer as of the Closing Time, recognizing that the TBA shall be terminated at Closing.

1.7 Closing. The consummation of the transactions provided for in this Agreement (the "Closing") shall take place at the offices of Greenberg Traurig, LLP, 3290 Northside Parkway, Suite 400, Atlanta, Georgia 30327 at 10:00 a.m. Eastern Standard Time when all conditions to Closing set forth in Articles 6 and 7 have been met or waived and the latter to occur of (i) July 15, 2003, and (ii) ten (10) days after the FCC Consent has been obtained and become a Final Order (which can be waived by Buyer), or such other place, time and date as the parties shall mutually agree.

1.8 Effect on TBA. The TBA shall not be assigned from the Seller to the Buyer. Rather, concurrently with the execution of this Agreement, CCA and the Seller will dismiss the pending litigation related to the TBA without prejudice. It shall be a condition to the Closing and the parties' obligations hereunder that the TBA shall be terminated as of the Closing and that CCA and Seller shall mutually release any claims against each other related to the TBA.

## ARTICLE 2

### REPRESENTATIONS AND WARRANTIES OF THE SELLER AND THE SHAREHOLDER

The Seller and the Shareholder hereby jointly and severally represent and warrant to the Buyer to the matters set forth below, except as set forth on the Schedules attached hereto.

2.1 Corporate Status. The Seller is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia and is duly qualified to transact business in Texas. The Seller has the requisite corporate power to carry on its business as it is now being conducted and to own the License, and the Seller has the requisite power (corporate and other) to enter into and the Seller and the Shareholder have the requisite power (corporate and other) to complete the transactions contemplated by this Agreement.

2.2 Authorization. The execution, delivery and performance of this Agreement and all of the agreements, documents and instruments required under this Agreement by the Seller and the Shareholder and the consummation by the Seller and the Shareholder of the transactions contemplated hereby and thereby (including the sale, transfer, assignment and delivery of the Assets), are within the power of the Seller and the Shareholder. The Shareholder has the legal capacity to execute, deliver and perform this Agreement and all agreements, documents and instruments required under this Agreement.

2.3 No Options. No Affiliate of the Seller or any other person (as defined in Section 11.8) has an interest in, or option granted by the Seller to acquire, any of the Assets. For purposes of this Agreement, an "Affiliate" of any person means (a) any person that owns or controls, is owned or controlled by, or under common control with, such person, (b) any person that is an officer, director, shareholder, member, general partner or trustee of, or serves in a similar capacity with the specified person, or for which the specified person is an officer,

director, shareholder, member, general partner or trustee, or serves in a similar capacity or (c) any member of the immediate family of the specified person.

2.4 Corporate Action. All corporate and other actions and proceedings necessary to be taken by or on the part of the Seller and the Shareholder in connection with the performance, execution and delivery of this Agreement have been duly and validly taken and this Agreement has been duly and validly authorized, executed, and delivered by the Seller and the Shareholder. This Agreement is, and the other documents and instruments required hereby will be, when executed and delivered by Seller and the Shareholder the legal, valid and binding obligation of the Seller and the Shareholder enforceable against the Seller and the Shareholder in accordance with and subject to its terms subject only to bankruptcy, insolvency, reorganization, moratoriums or similar laws at the time in effect affecting the enforceability or rights of creditors generally and by general equitable principles which may limit the right to obtain equitable remedies.

2.5 No Defaults. Neither the execution, delivery and performance by the Seller or the Shareholder of this Agreement nor the consummation by the Seller of the transactions contemplated hereby is an event that, of itself or with the giving of notice or the passage of time or both, will: (a) violate or conflict with any provision of the Articles of Incorporation or Bylaws of the Seller; (b) assuming that the consents: (i) referred to in Section 4.4 and Schedule 2.10, (ii) required in connection with any assignment to the Buyer of the License, or (iii) otherwise contemplated by this Agreement, are obtained, constitute a violation of, conflict with or result in any breach of or any default under, result in any termination or modification of, or cause any acceleration of any material obligation of the Seller or the Shareholder under any contract, mortgage, indenture, agreement, lease or other instrument to which the Seller or the Shareholder is a party or by which it is bound or result in the creation of any Security Interest (other than Permitted Encumbrances) on the Assets which violation, conflict, breach or default would have a material adverse effect on the Seller, the Station, the Assets or the ability of the Seller or the Shareholder to enter into this Agreement or consummate the transactions contemplated hereby; or (c) violate any judgment, decree, order, statute, law, rule or regulation of any court, arbitrator or government or regulatory body applicable to the Seller, the Shareholder, the Station or the Assets which violation would have a material adverse effect on the Seller, the Shareholder, the Station, the Assets or the ability of the Seller or the Shareholder to enter into this Agreement or consummate the transactions contemplated hereby.

2.6 Breach. Except as set forth on Schedule 2.6, the Seller is not in violation or breach of any of the terms, conditions or provisions of its Articles of Incorporation or Bylaws, or any contract, indenture, mortgage or deed of trust or other instrument, court order, judgment, arbitration award or decree relating to or affecting the Station or the Assets to which the Seller is a party or by which it is bound which would have a material adverse effect on the Station or the Assets or the Seller's ability to perform this Agreement.

2.7 Taxes. All federal, state and local returns, reports, estimates and other statements ("Returns") required to have been filed with any jurisdiction with respect to the Seller with respect to any income, franchise, property, sales, value-added, payroll, withholding, excise, assessment, levy, capital and all other taxes, duties, penalties, assessments or deficiencies of every nature and description (collectively, "Taxes") have been duly and timely filed by the Seller except where such failure would not have an adverse effect on the Seller, the Station, the Assets

or the ability of the Seller to enter into this Agreement or consummate the transactions contemplated hereby and, except as set forth in Schedule 2.7, each such Return correctly reflects the amount of Taxes required to be reported and/or paid. The Seller has paid all taxes due and payable which it is required to pay, before the date hereof, except those being contested in good faith and adequately reserved for. There are no Taxes which are past due except those being contested in good faith and adequately reserved for. No consent extending the applicable statute of limitations has been filed by or with respect to the Seller with respect to any of such Taxes for any years.

2.8 Licenses. Except as set forth on Schedule 2.8, Seller has no licenses, franchises, authorizations or approvals, including associated broadcast auxiliary, cable antenna relay service and business radio authorizations (the "Authorizations") issued by the Federal Communications Commission ("FCC") that are used in the operation of the Station, other than the License.

2.9 Additional Regulatory Matters.

2.9.1. Reports. All reports, filings and fees and expenses required to be filed with or paid to the FCC and any other agency of the Federal, State or local government ("Government Agency") by the Seller have been timely filed and paid. All such reports and filings are accurate and complete in all material respects, and from the date hereof to the Closing Date all such reports, filings and fees and expenses shall continue to be filed or paid on a timely basis.

2.9.2 No Notices. The Seller is not aware of any facts and has not received written notice or other communication indicating that it is not in compliance in all material respects with all requirements of (i) the FCC or the Communications Act of 1934, as amended, or (ii) applicable state and local statutes, regulations and ordinances. The Seller is not aware of any facts and has not received any written notice or communication indicating that the FCC, or any other Government Agency is considering revoking, suspending, modifying, canceling, rescinding or terminating any Authorization.

2.10 Approvals and Consents. Except as provided in Schedule 2.10, (i) the only approvals or consents of persons or entities not a party to this Agreement that are legally or contractually required to be obtained by the Seller in connection with the consummation of the transactions contemplated by this Agreement are those which are contemplated by Section 4.6 ("Consents"); and (ii) no permit, license, consent, approval or authorization of, or filing with, any governmental regulatory authority or agency is required of the Seller in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby.

2.11 Good Title. Except as listed and described on Schedule 2.11, the Seller has good, valid and marketable title to or the unrestricted right to use all of the Assets owned, leased or licensed by it, in each case, free and clear of all Security Interests of every kind or character (other than Permitted Encumbrances). The Assets constitute all assets owned, leased or licensed by Seller.

2.12 Equipment. Except as set forth on Schedule 2.12:

2.12.1 the list of equipment on Schedule 2.12 is a true and correct list of all items of tangible personal property owned by Seller (the "Equipment"); and

2.12.2 each material item of Equipment is in good condition and repair, ordinary wear and tear excepted, and is not in need of imminent repair, modification or replacement and those material items of Equipment constituting transmitting and studio equipment are operating in accordance with standards of good engineering practice in the television broadcasting industry and in compliance in all material respects with the specifications of the applicable Licenses and with each document submitted in support of such Licenses.

2.13 The Contracts. Except as set forth on Schedule 2.13:

2.13.1 Schedule 2.13 lists all Contracts of Seller related to the operation of the Station (the "Contracts");

2.13.2 Seller has performed, or is in compliance with, each material term, covenant and condition of each of the Contracts listed on Schedule 2.13, and no material default or any event which with the passing of time or giving of notice would constitute a default on the part of Seller, and to the Knowledge of Seller, any other party thereto exists under any of the Contracts;

2.13.3 each of the Contracts listed on Schedule 2.13 is in full force and effect, unimpaired by any acts or omissions of Seller, and constitutes the legal and binding obligation of, and is legally enforceable against Seller, and to the Knowledge of Seller, against each other party thereto in accordance with its terms;

2.13.4 Seller has furnished true and complete copies of all Contracts listed on Schedule 2.13, including all amendments, modifications and supplements thereto, and Schedule 2.13 contains summaries of all oral contracts; and

2.13.5 except for those agreements that require consent to assignment listed on Schedule 2.13, the Contracts listed on Schedule 2.13 are fully assignable to Buyer without the consent, approval or waiver of any other Person.

2.14 Leases. Except as set forth on Schedule 2.14:

2.14.1 the leases described on Schedule 2.14 (the "Leases") constitute all of the lease agreements between Seller and third parties relating to the operation of the Station or the Assets;

2.14.1 Seller has performed each material term, covenant and condition of each of the Leases that is required to be performed by Seller at or before the date hereof, and no material default or event which with the passing of time or giving of notice or both would

constitute a default on the part of the Seller and, to the Knowledge of Seller, on the part of any other party thereto, exists under any Lease;

2.14.2 each of the Leases is in full force and effect, unimpaired by any acts or omissions of Seller, and constitutes the legal and binding obligation of, and is legally enforceable against Seller, and to the Knowledge of Seller, against each other party thereto in accordance with its terms;

2.14.3 Seller has furnished true and complete copies of the written Leases to Buyer, including any and all amendments thereto;

2.14.4 there are no leasing commissions or similar payments due, arising out of, resulting from or with respect to any Lease that are owed by Seller;

2.14.5 except for the required third-party consents listed on Schedule 2.14 Seller's right, title and interest in and to each of the Leases is full assignable to Buyer without the consent, waiver or approval of any Person.

2.15 Insurance. Schedule 2.15 is a correct list of all liability and casualty insurance and errors and omissions insurance policies insuring the business, properties and assets of the Station. All of such policies are in full force and effect and are for such coverage and in such amounts as is usual and customary for businesses similar to that of the Seller. Seller is not in default with respect to such insurance policies, nor has Seller failed to give any notice or present any claim under any policies in a due and timely fashion.

2.16 Compliance with Law and Regulations. The Seller has properly filed all reports and other documents required to be filed with any federal, state or local government or subdivision or agency thereof, except where such failure would not have an adverse effect on the Seller, the Station, the Assets or the ability of the Seller to enter into this Agreement or consummate the transactions contemplated hereby. The Seller has not received any written notice from any federal, state or municipal authority or any insurance or inspection body that any of its properties, facilities, equipment or business procedures or practices fails to comply with any applicable law, ordinance, regulation, building or zoning law or requirement of any public authority or body.

2.17 Litigation. Except as set forth on Schedule 2.17 and for proceedings which involve or affect the broadcast industry generally, there are no suits, arbitrations, administrative charges or other legal proceedings, claims or governmental investigations pending against the Seller relating to the Station. To the Seller's knowledge, except as set forth on Schedule 2.17 and for proceedings which involve or affect the broadcast industry generally, there are no suits, arbitrations, administrative charges or other legal proceedings, claims or governmental investigations threatened against the Seller with respect to the Station, or Assets, nor to the knowledge of the Seller, is there any basis for any such suit, arbitration, administrative charge or other legal proceedings, claim or governmental investigation which would have a material adverse effect on the condition of the Station or any of the Assets or on the ability of the Seller to enter into this Agreement or consummate the transactions contemplated hereby.

2.18 Intangible Property. The Seller has all right, title and interest in and to all of the Assets that constitute intangible property, except the website "KLSB.tv", which is owned by the Shareholder. Except as listed on Schedule 2.18, the Seller has not received notice of any claim against it involving any conflict or claim of conflict against such intangible property, and to the Seller's knowledge, there is no reasonable basis for any such claim of conflict. To the Seller's knowledge, no service provided by the Station or any programming or other material used, broadcast or disseminated by the Station, infringes on any copyright, patent or trademark of any other party. The Seller has received no notice of any claim of infringement of any third-party's copyright, patent, trademark, service mark, logotype, license or other proprietary right.

2.19 Brokers. There is no broker or finder or other person who would have any valid claim through the Seller against any of the parties to this Agreement for a commission or brokerage fee or payment in connection with this Agreement or the transactions contemplated hereby as a result of any agreement of, or action taken by, the Seller.

2.20 FAA Compliance. Except as set forth on Schedule 2.20, the Seller, the Station and the Assets are in full compliance with the rules and regulations of the Federal Aviation Administration (the "FAA") applicable to the Station, except where such failure would not have an adverse effect on the Seller, the Station, the Assets or the ability of the Seller to enter into this Agreement or consummate the transactions contemplated hereby. Where required, each antenna structure has been registered with the FCC.

### ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF THE BUYER

Buyer represents and warrants to the Seller as follows:

#### 3.1 Status.

3.1.1 Organization. The Buyer is a limited liability company duly organized, in good standing and validly existing under the laws of the State of Delaware. The Buyer has the requisite power and authority to conduct its business as presently conducted, to own and lease its assets and to enter into and complete the transactions contemplated by this Agreement.

3.1.2 Approvals and Consents. There are no approvals or consents of persons or entities not a party to this Agreement that are legally or contractually required to be obtained by the Buyer in connection with the consummation of the transactions contemplated by this Agreement.

3.2 No Defaults. Neither the execution, delivery and performance by the Buyer of this Agreement nor the consummation by the Buyer of the transactions contemplated hereby is an event that, of itself or with the giving of notice or the passage of time or both, will: (a) violate or conflict with any provision of the Operating Agreement of the Buyer, (b) constitute a violation of, conflict with or result in any breach of or any default under, result in any termination or modification of, or cause any acceleration of any obligation under any contract, mortgage, indenture, agreement, lease or other instrument to which the Buyer is a party or by which it is bound or the assets of it are bound, or by which it may be affected, or result in the creation of any Security Interest on any of the assets of the Buyer, or (c) violate any judgment, decree, order,

statute, law, rule or regulation of any court, arbitrator or government or regulatory body applicable to the Buyer or the assets of the Buyer, in each case that could have a material adverse effect on Buyer, its assets, or its ability to enter into this Agreement and consummate the transaction contemplated hereby.

3.3 Authorization. All actions and proceedings necessary to be taken by or on the part of the Buyer in connection with the performance, execution and delivery of this Agreement have been duly and validly taken, and this Agreement has been duly and validly authorized, executed and delivered by the Buyer and constitutes the legal, valid and binding obligation of the Buyer, enforceable against the Buyer in accordance with and subject to its terms, subject only to bankruptcy, insolvency, reorganization, moratoriums or similar laws at the time in effect affecting the enforceability or rights of creditors generally and by general equitable principles which may limit the right to obtain equitable remedies.

3.4 Brokers. There is no broker or finder or other person who would have any valid claim through the Buyer against any of the parties to this Agreement for a commission or brokerage fee or payment in connection with this Agreement or the transactions contemplated hereby as a result of any agreement of or action taken by the Buyer.

3.5 Litigation. There are no suits, arbitrations, administrative charges or other legal proceedings, claims or governmental investigations of any nature pending or, to the knowledge of the Buyer, threatened against or affecting it that would affect in any material respect its ability to enter into this Agreement or carry out the transactions contemplated by this Agreement, nor to the knowledge of the Buyer, is there any basis for any such suit, arbitration, administrative charge, or other legal proceeding, claim or governmental investigation.

3.6 Compliance with Laws. The Buyer is not in violation of any federal, state or local law, ordinance, requirement, regulation or any judgment, order, injunction or decree, which violation would, in the aggregate with other such violations, have a material adverse effect on the ability of the Buyer to enter into this Agreement or to consummate the transactions contemplated hereby.

3.7 Financing. The Buyer has or at Closing will have adequate funds to consummate the transactions contemplated hereby.

#### ARTICLE 4

##### COVENANTS OF THE SELLER AND THE SHAREHOLDER PENDING THE CLOSING

The Seller and the Shareholder hereby jointly and severally covenant and agree as follows:

4.1 Operations of the Business. Until the Closing, the Seller shall use commercially reasonable efforts to cause CCA to carry on operations of the Station in accordance with the TBA and keep its books and accounts, records and files in the usual and ordinary manner in which the business of the Station has been conducted in the past. The Seller shall use commercially reasonable efforts to cause CCA to operate the Station in compliance in all material respects with the terms of the FCC licenses of the Seller which are subject to the TBA and all applicable laws, rules and regulations, including, without limitation, FCC rules and

regulations. The Seller shall also use commercially reasonable efforts to cause CCA to preserve the goodwill of the Station and the suppliers, advertisers, customers and others having business relations with the Station. Pending the Closing, Seller shall maintain the transmitting equipment in good condition and replace any items that are worn out or destroyed. Until the Closing, Seller shall will maintain insurance policies as currently carried.

4.2 Prohibited Actions. Before the Closing Date, the Seller shall not, without the prior written consent of the Buyer:

4.2.1 Sell, lease, pledge or transfer or agree to sell, lease or transfer, any of the Assets or, to the extent within its power or control, the assets used by CCA to operate the Station under the TBA (the "CCA Assets");

4.2.2 Renew, renegotiate, modify, amend, enter into or terminate (other than in accordance with its terms) any existing obligations comprising part of the Assets or, to the extent within its power or control, the CCA Assets;

4.2.3 Except as set forth on Schedule 4.2, apply to the FCC for any construction permit that would restrict the Seller's present operations of the Station; or

4.2.4 Make or attempt to make any change in the Authorizations, other than to keep the Authorizations in full force and effect.

4.3 Access to Facilities, Files and Records. At the reasonable request of the Buyer and on reasonable advance notice, the Seller shall use commercially reasonable efforts to ensure Buyer's reasonable access to the Station. The Seller shall, from time to time, use commercially reasonable efforts to promptly give or cause to be given to the officers, employees, accountants, counsel, agents, consultants and representatives of the Buyer ("Representatives") full access during normal business hours to: (a) all facilities, properties, accounts, books, insurance policies, agreements, contracts, commitments, records and files of every character related exclusively to the Station, including, without limitation, equipment, machinery, fixtures, furniture, vehicles, accounts payable and receivable; and (b) all such other information concerning exclusively the Station and the Assets as the Buyer may reasonably request. Any investigation or examination by the Buyer in connection with the foregoing shall not in any way diminish or obviate any representations or warranties of the Seller made in this Agreement, the Exhibits, Schedules and documents delivered pursuant to this Agreement. Any and all information, disclosures, knowledge or facts regarding the Seller, the Assets and the Station and their operations derived from or resulting from the Buyer's acts or conduct (including, without limitation, acts or conduct of the Buyer's officers, employees, accountants, counsel, agents, consultants or representatives, or any of them (collectively, "Representatives")) under the provisions of this Section or otherwise obtained by the Buyer (or its Representatives) pursuant to or in connection with this Agreement, shall be treated as confidential by Buyer and shall not be used, divulged, disclosed or communicated to any other person, firm, corporation or entity, except as required by law and to the Buyer's Representatives and its attorneys for the purpose of consummating the transactions contemplated by this Agreement and the Buyer shall be responsible for any breach of confidentiality by any such person. The Seller shall cause the Station's accountants and any of their agents in possession of the Station's books and records to cooperate with the Buyer's



requests for information pursuant to this Agreement. If this Agreement terminates before Closing, the Buyer shall return promptly any information obtained regarding the Seller, the Station, the Assets or the CCA Assets and the Buyer shall instruct its Representatives also to return any such information.

4.4 Consents. The Seller shall use commercially reasonable efforts to obtain the consent or approval of any third person required in connection with the consummation of the transactions contemplated under this Agreement including estoppel certificates and waivers from landlords under the leases to be assumed by Buyer. Subject to Section 10.6, the Buyer shall not be obligated to accept the assignment of any contract for which a consent is not obtained.

4.5 Consummation of Agreement. Subject to Section 10.1, the Seller shall use its commercially reasonable efforts to fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement and to cause the transactions contemplated by this Agreement to be fully carried out.

4.6 DTV Applications. The Seller has filed with the FCC applications for the Station's digital television construction permits in order to preserve the Station's right to any digital television frequencies allotted to the Station (and all necessary and appropriate documents with respect thereto) (all such construction permits, applications and documents, collectively, the "DTV Applications"). The Seller shall use its commercially reasonable efforts to continue to preserve the Station's rights to the DTV Applications, to pay all fees and expenses required to be paid in connection with the DTV Applications, and to prosecute the DTV Application so as to obtain a timely grant or approval thereof.

4.7 FCC Consent. The parties shall prepare and file, or cause to be prepared and filed, within fifteen (15) days after the date hereof (if feasible using commercially reasonable efforts) but in no event more than thirty (30) days after the date hereof, all applications required to be filed with the FCC to obtain the consent to the transfer of the License from the Seller to the Buyer as contemplated by this Agreement (the "FCC Consent"). The parties shall thereafter prosecute such applications with all reasonable diligence and otherwise use their respective commercially reasonable efforts to obtain a grant of such applications as expeditiously as practicable. Each party agrees to comply with any condition imposed on it by the FCC Consent, except that no party shall be required to comply with a condition if compliance with the condition would have a material adverse effect upon it. The parties shall use commercially reasonable efforts to oppose any petitions to deny or other objections filed with respect to the application for the FCC Consent and any requests for reconsideration or judicial review of the FCC Consent. If the Closing shall not have occurred for any reason within the original effective period of the FCC Consent, and neither party shall have terminated this Agreement under Section 10, the parties shall jointly request an extension of the effective period of the FCC Consent. No extension of the effective period of the FCC Consent shall limit the exercise by either party of its right to terminate the Agreement under Section 10.

4.8 DTV Construction. The Seller agrees to consult with the Buyer, and keep the Buyer informed, on all aspects relating to the DTV Construction and the DTV Applications. The Seller shall also obtain the Buyer's prior written approval, which approval shall not be

unreasonably withheld, delayed or conditioned, prior to taking any action or incurring any expenses or obligations with respect to the DTV Construction or the DTV Applications.

4.9 No Solicitation. The Seller covenants and agrees that they will not and will not permit any of its agents or representatives (including, without limitation, investment bankers, attorneys and accounts) to, directly or indirectly (a) solicit, initiate or encourage submission of proposals or offers by, or (b) furnish any information with respect to or otherwise cooperate in any way with, or participate in any discussions or negotiations with, any person or entity with respect to any proposal regarding the acquisition or purchase of all or a material portion of the assets of the Seller or the Station or any equity interest in the Seller or any business combination with the Seller.

4.10 Notice of Adverse Changes. Pending the Closing Date, Seller shall give Buyer prompt written notice of the occurrence of any of the following:

4.10.1 the commencement of any proceeding or litigation at law or in equity or before the FCC or any other commission, agency or administrative or regulatory body or authority involving any of the Licenses or which could have an adverse effect on the Station or the assets utilized in the operation thereof, other than proceedings or litigation of general applicability to the television broadcasting industry that do not have a disproportionate impact on the Station;

4.10.2 any violation by Seller or the Station of any federal, state or local law, statute, ordinance, rule or regulation which may reasonably be expected to have an adverse effect on the business or operation of the Station;

4.10.3 any notice of breach, default, claimed default or termination of any Contract or Lease to which Seller is a party relating to the Station; or

4.10.4 any other unusual or material adverse developments with respect to the business or operations of the Station, including the loss of carriage or change in channel position on any Market MVPD/Cable System and the cessation of broadcasting by the Station of its authorized power for more than twenty-four (24) consecutive hours.

4.11 FCC Reports. Prior to the Closing, Seller will furnish to Buyer all reports filed with the FCC with respect to the Station on or after the date hereof within ten (10) days after each such report has been filed.

4.12 Tax Returns and Payments.

4.12.1 All tax returns, estimates and reports required to be filed by Seller prior to the Closing Date or relating to periods prior to the Closing Date or an application for any extension thereof will be timely filed by Seller with the appropriate governmental agencies; and

4.12.2 All taxes pertaining to ownership of the Assets or operation of the Station by Seller prior to the Closing Date will be paid when due and payable.

**ARTICLE 5**  
**COVENANTS OF THE BUYER PENDING THE CLOSING**

The Buyer covenants and agrees that from the date of this Agreement until the completion of the Closing:

5.1 **Representations and Warranties.** The Buyer shall give detailed written notice to the Seller promptly on learning of the occurrence of any event that would cause or constitute a breach, or would have caused a breach had such event occurred or been known to the Buyer before the date of this Agreement, of any of the representations and warranties of the Buyer contained in this Agreement.

5.2 **Consummation of Agreement.** Subject to the provisions of Section 10.1 of this Agreement, the Buyer shall use its commercially reasonable efforts to fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement and to cause the transactions contemplated by this Agreement to be fully carried out.

**ARTICLE 6**  
**CONDITIONS TO THE OBLIGATIONS OF THE SELLER**

The obligations of the Seller under this Agreement are, at its option, subject to the fulfillment of the following conditions before or on the Closing Date:

6.1 **Representations, Warranties and Covenants.**

6.1.1 **Representations True.** Each of the representations and warranties of the Buyer contained in this Agreement shall have been true and correct in all material respects as of the date when made and shall be deemed to be made again on and as of the Closing Date and shall then be true and correct in all material respects except to the extent changes are permitted or contemplated pursuant to this Agreement;

6.1.2 **Buyer Compliance.** The Buyer shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement to be performed or complied with by it before or on the Closing Date;

6.1.3 **Certificate of the Buyer.** The Seller shall be furnished with a certificate, dated the Closing Date and duly executed by the President of the Buyer to the effect that, the conditions set forth in Sections 6.1.1 and 6.1.2 have been satisfied; and

6.1.4 **Other Documents.** The Seller shall be furnished with such certified resolutions, certificates, documents or instruments with respect to the Buyer as the Seller may have reasonably requested before the Closing to carry out the intent and purposes of this Agreement.

6.2 **Deliveries.** The Buyer shall have complied with each and every one of its obligations set forth in Section 8.2.

6.3 Other Consents. The Seller shall have obtained all consents, approvals and waivers of all governmental authorities as may be required for the consummation of the transactions contemplated by this Agreement.

6.4 Absence of Investigations and Proceedings. No action or proceeding or formal investigation by any Person or governmental authority shall be pending with the object of challenging or preventing the Closing and no other proceedings shall be pending with such object or to collect a material amount of damages from the Seller on account thereof.

6.5 TBA. The TBA shall be terminated as of the Closing, CCA and Seller shall have mutually released any claims against each other related to the TBA.

## ARTICLE 7 CONDITIONS TO THE OBLIGATIONS OF THE BUYER

The obligations of the Buyer under this Agreement are, at its option, subject to the fulfillment of the following conditions before or on the Closing Date:

### 7.1 Representations, Warranties and Covenants.

7.1.1 Representations True. Each of the representations and warranties of the Seller contained in this Agreement shall have been true and correct in all material respects as of the date when made; and each of such representations and warranties shall be deemed to be made again on and as of the Closing Date and shall then be true and correct in all material respects except to the extent changes are permitted or contemplated pursuant to this Agreement;

7.1.2 Seller's Performance. The Seller shall have performed and complied in all material respects with each and every covenant and agreement required by this Agreement to be performed or complied with by it before or on the Closing Date;

7.1.3 Seller's Certificates. The Seller shall have furnished the Buyer with certificates, dated the Closing Date and duly executed by the President of the Seller, to the effect that the conditions set forth in Sections 7.1.1 and 7.1.2 have been satisfied; and

7.1.4 Other Documents. The Buyer shall be furnished with such certified resolutions, certificates, documents or instruments with respect to the Seller as the Buyer may have reasonably requested before the Closing to carry out the intent and purposes of this Agreement.

7.2 Liens Released. Except Permitted Encumbrances, all Security Interests pertaining to the Assets shall be released of record and there shall be no liens in respect of the Assets, except those which will arise as a result of the Buyer's actions in the consummation of the Closing and those in favor of the Buyer.

7.3 Deliveries. The Seller shall have complied with each and every one of its obligations set forth in Section 8.1.

7.4 Other Consents. Subject to Section 10.6, the Buyer and the Seller shall have obtained all consents, estoppel certificates and waivers from landlords, including, without limitation, all approvals and waivers of governmental agencies as are required for the consummation of the transactions contemplated by this Agreement, without any change in the terms thereof, except these approved by the Buyer in writing.

7.5 Revised Schedules. The Seller shall have delivered to the Buyer such revised forms of each of the Schedules or updated information for addition to or inclusion in the Schedules as are necessary to reflect changes in such Schedules as of the Closing Date; provided, however, that, except for changes that are permitted by the terms of this Agreement, no change in any Schedule will be binding on the Buyer without its prior written consent, not to be unreasonably withheld. Notwithstanding the foregoing, if Closing occurs, all such changes shall be deemed accepted and binding on the Buyer.

7.6 No Adverse Change. There shall have occurred no adverse change (whether or not covered by insurance) in operations, assets, liabilities, properties or financial condition of the Station.

7.7 Absence of Investigations and Proceedings. There shall be no decree, judgment, order or litigation at law or in equity, no arbitration proceedings, and no proceeding before or by any commission, agency or other administrative or regulatory body or authority pending to which Seller is a party or to which the Station or the Assets are subject, including any with respect to condemnation, zoning, use or occupancy, which could materially affect the ability of Buyer to operate the Station as currently operated. Without limiting the generality of the foregoing, no action, proceeding or formal investigation by any Person or governmental agency shall be pending with the object of challenging or preventing the Closing and no other proceedings shall be pending with such object or to collect any material amount of damages from Buyer on account thereof. No action or proceeding shall be pending before the FCC or any governmental body to revoke, modify in any material respect or refuse to renew any of the Licenses. No suit, action or other proceeding shall be pending before any court or governmental agency in which it is sought to restrain or prohibit, or obtain damages or other relief in connection with, this Agreement or the consummation of the transactions contemplated hereby.

7.8 Governmental Consents. The FCC Consent shall have been issued, and shall, at Closing, be a Final Order and in full force and effect and shall contain no provision that could have a material adverse effect on the Buyer.

7.9 Licenses. Seller shall be the holder of the Licenses and there shall not have been any modification of any of such Licenses which could have a material adverse effect on the Station or the conduct of its business operations. The Station shall be operating in material compliance with all FCC requirements, rules and regulations and no proceeding shall be pending or to Seller's knowledge threatened, the effect of which could be to revoke, cancel, fail to renew, suspend or modify materially and adversely any of the Licenses.

7.10 Buyer's Investigation. The investigations by the Buyer and its representatives in connection with the transactions contemplated by this Agreement shall not have caused the Buyer or its representatives to become aware of any facts or circumstances relating to the Station

that in the sole discretion of the Buyer makes it inadvisable for the Buyer to proceed with the transactions contemplated by this Agreement.

7.11 Financing. The Buyer shall have obtained commitments for debt or equity, in such amounts as shall be reasonably satisfactory to the Buyer, to consummate the transactions contemplated by this Agreement and operate the station; provided, however, that the Buyer shall notify the Seller in writing at least thirty (30) days prior to the scheduled Closing Date if it has not obtained such commitments for financings and if the Buyer has not so timely delivered such written notice, this Section 7.11 shall be of no force and effect and may not be used as a reason by the Buyer not to consummate the subject transactions.

7.12 TBA. The TBA shall be terminated as of the Closing, CCA and Seller shall have mutually released any claims against each other related to the TBA.

7.13 Termination of CNN Agreement. The CNN en Espanol Programming Agreement by and between CNN Newsource Sales, Inc. and KLSB Acquisition Corp. shall have been terminated.

7.14 Transfer of Domain Name. The Shareholder shall execute a bill of sale or such other document reasonably necessary to transfer the domain name "KLSB.tv" to the Buyer as of the Closing.

## ARTICLE 8 ITEMS TO BE DELIVERED AT THE CLOSING

8.1 Deliveries by the Seller. At the Closing, the Seller shall deliver to the Buyer, duly executed by the Seller or such other signatory as may be required by the nature of the document:

8.1.1 Bills of Sale. Bills of sale, certificates of title, endorsements, assignments and other good and sufficient instruments of sale, conveyance, transfer and assignment, in form and substance reasonably satisfactory to the Buyer and the Seller, sufficient to sell, convey, transfer and assign to the Buyer all right, title and interest of the Seller in and to the Assets and to quiet the Buyer's title thereto, including, without limitation, a termination of the TBA upon terms and conditions mutually satisfactory to the Seller and the Buyer. The Seller and the Buyer shall each use its commercially reasonable efforts to obtain such termination agreement, but shall have no liability if it is not obtained. It shall be a condition to closing and the parties' obligations hereunder that the TBA shall be terminated at or before Closing, which condition may be waived by a written waiver signed by the parties hereto;

8.1.2 Board Resolutions. Certified copies of resolutions, duly adopted by the Board of Directors of the Seller, and if required by applicable law, the shareholders of the Seller, which shall be in full force and effect at the time of the Closing, authorizing the execution, delivery and performance by the Seller of this Agreement and the consummation of the transactions contemplated hereby;

8.1.3 Officer's Certificate. The certificate referred to in Section 7.1.3; and

8.1.4 Consents. The consents and Authorizations referred to in Section 7.4.

8.2 Deliveries by the Buyer. At the Closing, the Buyer shall deliver to the Seller, duly executed by the Buyer or such other signatory as may be required by the nature of the document:

8.2.1 Purchase Price. The Purchase Price, specifically including the Letter of Credit referred to in Section 1.6.2.2, which shall be paid in the manner specified in Section 1.6;

8.2.2 Assumption Agreements. An instrument or instruments of assumption of the Contracts and Real Property Leases to be assumed by the Buyer pursuant to this Agreement;

8.2.3 Resolutions. Certified copies of resolutions, duly adopted by the Board of Directors of Buyer which shall be in full force and effect at the time of the Closing, authorizing the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by the Buyer; and

8.2.4 Officers' Certificate. The certificate referred to in Section 6.1.3.

## ARTICLE 9 SURVIVAL; INDEMNIFICATION

9.1 Survival. All representations, warranties, covenants and agreements contained in this Agreement, or in any Exhibit, Schedule, certificate, agreement or statement delivered pursuant hereto, shall survive the Closing, any investigation conducted by any party hereto and any information which any party may receive, provided, however, that representations and warranties shall survive the Closing only until twelve (12) months after the Closing Date whereupon all such representations and warranties shall expire and terminate and shall be of no further force or effect; provided, however, any Deficiency (as defined in Section 9.3) with respect to a Tax matter may be asserted at any time on or before the expiration of the limitations period under applicable law and if a Deficiency is asserted by either party before the expiration of the survival or limitations period, such asserted Deficiency shall survive until the existence of such Deficiency has been finally established and the Deficiency is resolved as provided below.

### 9.2 Basic Provision

9.2.1 Buyer Indemnitees. The Seller and the Shareholder (each, an "Indemnifying Party") hereby jointly and severally agree to indemnify and hold harmless the Buyer, its shareholders, directors, officers, members, managers, agents and employees and all persons which directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with the Buyer, and its successors and assigns (collectively, the "Buyer Indemnitees") from, against and in respect of, and to reimburse the Buyer Indemnitees for the amount of any and all Deficiencies (as defined in Section 9.3.1).

9.2.2 Seller Indemnitees. The Buyer (an "Indemnifying Party"), hereby agrees to indemnify and hold harmless the Seller and its shareholders, directors, officers, agents, employees and all persons which directly or indirectly, through one or more intermediaries,

control, are controlled by, or are under common control with the Seller, and its successors and assigns (collectively, the "Seller Indemnitees") from, against and in respect of, and to reimburse the Seller Indemnitees for the amount of any and all Deficiencies (as defined in Section 9.3.2).

### **9.3 Definition of "Deficiencies".**

**9.3.1 Deficiencies for the Buyer.** As used in this Article 9, the term "Deficiencies" when asserted by the Buyer Indemnitees or arising out of a third party claim against the Buyer Indemnitees shall mean any and all losses, fines, damages, liabilities and claims sustained by the Buyer Indemnitees and arising out of, based on or resulting from:

9.3.1.1 Any misrepresentation, breach of warranty or any non-fulfillment of any covenant, obligation or agreement on the part of the Seller contained in or made in this Agreement or in a Schedule, certificate or agreement delivered pursuant to this Agreement;

9.3.1.2 Any failure by the Seller to pay or discharge any Excluded Liability that is not expressly assumed by the Buyer pursuant to the provisions of this Agreement;

9.3.1.3 Any litigation, proceeding or claim by any third party to the extent relating to the business or operations of the Seller or the Station on or before the Closing Date, other than with respect to the Assumed Liabilities;

9.3.1.4 Any severance pay or other payment required to be paid by the Seller with respect to any employee or consultant of the Seller terminated by the Seller on or before the Closing Date; and

9.3.1.5 Any and all acts, suits, proceedings, demands, assessments and judgments and all reasonable fees, costs and expenses of any kind, related or incident to any of the foregoing (including, without limitation, any and all Legal Expenses (as defined below)).

**9.3.2 Deficiencies for the Seller.** As used in this Article 9, the term "Deficiencies" when asserted by the Seller Indemnitees or arising out of a third party claim against the Seller Indemnitees shall mean any and all losses, damages, liabilities and claims sustained by the Seller Indemnitees and arising out of, based on or resulting from:

9.3.1.1 Any misrepresentation, breach of warranty or any non-fulfillment of any covenant, obligation or agreement on the part of the Buyer contained in or made in this Agreement or in a Schedule, certificate or agreement delivered pursuant to this Agreement;

9.3.1.2 Any failure by the Buyer to pay or discharge any other liability arising after Closing for any Assumed Liability;

9.3.1.3 Any litigation, proceeding or claim by any third party to the extent relating to the business or operations of the Buyer or the Station after the Closing Date; and



9.3.1.4 Any and all acts, suits, proceedings, demands, assessments and judgments and all fees, costs and expenses of any kind, related or incident to any of the foregoing (including, without limitation, any and all Legal Expenses (as defined below)).

#### 9.4 Procedures for Establishment of Deficiencies.

9.4.1 Claim Asserted. In the event that any claim shall be asserted by any third party against the Buyer Indemnitees or the Seller Indemnitees (the Buyer Indemnitees or the Seller Indemnitees, as the case may be, hereinafter, the "Indemnitees"), which, if sustained, would result in a Deficiency, then the Indemnitees, promptly and in all events within fifteen (15) days after learning of such claim, shall notify the Indemnifying Party of such claim and Indemnitees shall permit the Indemnifying Party to defend against such claim, at the Indemnifying Party's sole expense and through legal counsel reasonably acceptable to the Indemnitees, provided that the Indemnifying Party proceeds in good faith, expeditiously and diligently. The Indemnitees shall, at their option and expense, have the right to participate in any defense undertaken by the Indemnifying Party with legal counsel of their own selection and at their expense. The parties will cooperate fully in any such action and shall make available to each other any books or records useful for the defense of such claim. No settlement or compromise of any claim which may result in a Deficiency may be made by the Indemnifying Party without the prior written consent of the Indemnitees unless: (a) before such settlement or compromise, the Indemnifying Party acknowledges in writing its obligation to pay in full the amount of the settlement or compromise and all associated expenses and (b) the Indemnitees are furnished with security reasonably satisfactory to the Indemnitees (which shall not require the posting of a bond) that the Indemnifying Party will in fact pay such amount and expenses or the Indemnifying Party obtains a release of the Indemnitees from all liability in respect of such claim.

9.4.2 Notice. In the event that the Indemnitees assert the existence of any Deficiency against the Indemnifying Party, such Indemnitee shall give written notice to the Indemnifying Party of the nature and amount of the Deficiency asserted. If the Indemnifying Party within a period of thirty (30) days after the giving of the Indemnitees' notice, shall not give written notice to the Indemnitees announcing its intent to contest such assertion of the Indemnitees (such notice by the Indemnifying Party being hereinafter referred to as the "Contest Notice"), such assertion of the Indemnitees shall be deemed accepted and the amount of the Deficiency shall be deemed established. In the event, however, that a Contest Notice is given to the Indemnitees within such 30-day period, then the contested assertion of a Deficiency shall be judicially resolved.

9.4.3 Agreement. The Indemnitees and the Indemnifying Party may agree in writing, at any time, as to the existence and amount of a Deficiency, and, on the execution of such agreement such Deficiency shall be deemed established.

9.5 Payment of Deficiencies. The Indemnifying Party hereby agrees to pay the amount of established Deficiencies within thirty (30) days after the establishment thereof. The amount of established Deficiencies shall be paid in cash.

9.6 Legal Expenses. As used in this Article 9, the terms "Legal Expenses" shall mean any and all fees (whether of attorneys, accountants or other professionals), costs and expenses of any kind reasonably incurred by any person identified herein and its counsel in investigating, preparing for, defending against, or providing evidence, producing documents or taking other action with respect to any threatened or asserted claim.

9.7 Right to Set Off. To secure the indemnification provided for in this Article 9, and to compensate the Buyer for any claim having as its basis the indemnification provided for in this Article 9, the Buyer shall have a right of set-off from any sum due to the Seller or Shareholder, including the Note.

9.8 Limitations on Indemnity. Notwithstanding any other provision of this Agreement, (a) the Indemnifying Party shall not have any obligation to indemnify the other party from and against any Deficiencies resulting from, arising out of, relating to, in the nature of, or caused by the breach (or alleged breach) of any representation or warranty of such party until the Indemnitees have suffered Deficiencies by reason of all such breaches (or alleged breaches) in excess of a \$25,000 aggregate deductible (at which point the Indemnifying Party will be obligated to indemnify the Indemnitees from and against all Deficiencies including such deductible and all Deficiencies in excess of such deductible), and (b) the obligations of the Indemnifying Party to indemnify the Indemnitees from and against Deficiencies resulting from the breach of any warranties or representations of the Indemnifying Party shall not except in the case of fraud, exceed the amount of the Purchase Price.

9.9 Exclusive Remedies. If the transactions contemplated herein close, the Buyer and the Seller agree that, except in the case of fraud, the indemnification provisions of this Article 9 shall be the exclusive remedies of the parties for any breach of the representations and warranties of the parties contained in this Agreement.

## ARTICLE 10 MISCELLANEOUS

10.1 Termination of Agreement. This Agreement may be terminated at any time on or before the Closing Date: (a) by the mutual consent of the Seller and the Buyer; (b) by the Buyer as provided in Sections 10.8, and 10.9; (c) by either party hereto if the Closing has not taken place by the date that is 30 days after the date set forth in Section 1.7 for Closing (the "Final Closing Date") and neither party is in default; (d) by the Buyer on or after the Final Closing Date if the conditions set forth in Article 7 have not been satisfied or waived by the Buyer and the Buyer has satisfied or is prepared and able (but for the Seller's defaults) to satisfy the conditions of Article 6; (e) by the Seller on or the Final Closing Date if the Buyer has not satisfied the conditions set forth in Article 6 and the Seller has satisfied or is prepared and able (but for Buyer's defaults) to satisfy the conditions of Article 7; or (f) by the Buyer or the Seller upon fifteen (15) days' advance written notice to the other party if any court, legislative body or governmental entity has taken, or is reasonably expected to take, action that would make the consummation of the transactions contemplated hereby inadvisable or undesirable as determined by the terminating party in its sole discretion reasonably exercised. A termination pursuant to this Article 10 shall not relieve any party of any liability it would otherwise have for a willful breach of this Agreement. In the event this Agreement is terminated rightfully pursuant to this

Article 10, all further obligations of the parties hereunder shall terminate, except that all obligations for confidentiality under Section 4.3 shall survive such termination for a period of five years.

10.2 Liabilities on Termination or Breach. The parties acknowledge that the operation of the Station is of a special, unique and extraordinary character. In the event of a material breach by the Seller of its obligation to effect the Closing hereunder, if the Buyer has satisfied the conditions set forth in Article 6 and is not otherwise in default hereunder, then the Buyer shall be entitled to a preliminary or permanent injunction to enforce this Agreement by a decree or decrees of specific performance requiring the Seller to close.

10.3 Expenses. Each party hereto shall bear all of its expenses incurred in connection with the transactions contemplated by this Agreement including, without limitation, accounting and legal fees incurred in connection herewith; provided, however, the Buyer shall pay the cost of any sales or transfer taxes arising from the transfer of the Assets to the Buyer.

10.4 Remedies Cumulative. The remedies provided in this Agreement shall be cumulative and shall not preclude the assertion by any party hereto of any other rights or the seeking of any other remedies against the other party hereto.

10.5 Preservation of Records. The Buyer will preserve and make available (including the right to inspect and copy) to the Seller, its attorneys and accountants, for five (5) years after the Closing Date and during normal business hours, such of the books, records, files, correspondence, memoranda and other documents transferred pursuant to this Agreement as the Seller may reasonably require in connection with any legitimate purpose, including, but not limited to, the preparation of tax reports and returns and the preparation of financial statements. During the five-year period, the Buyer will not dispose of or destroy any such books, records, files, correspondence, memoranda or other documents without giving thirty (30) days' prior written notice to the Seller, to permit the Seller, at its expense, to examine, duplicate or take possession of all or part thereof.

10.6 Non-Assignable Contracts. Nothing contained in this Agreement shall be construed as an assignment or an attempted assignment of any Contract which is by law or by the terms of the Contract non-assignable without the consent of the other party or parties thereto, unless such consent shall be given. The Seller shall (and the Buyer shall assist the Seller), both after and prior to the Closing, obtain such consents to the assignment or transfer of Contracts to vest in the Buyer all of the Seller's right, title and interest in such Contracts, in all cases in which such consent is required for assignment or transfer. If such consent is not obtained, the Seller shall cooperate with the Buyer in any arrangements necessary or desirable, on commercially reasonable terms, to provide for the Buyer any benefits and to have the Buyer assume the burdens arising after the Closing thereunder, including, without limitation, enforcement for the benefit of the Buyer, and assumption by the Buyer of the costs of enforcing, any and all rights of the Seller thereunder against the other party thereto arising out of the cancellation thereof by such other party or otherwise.

10.7 Further Assurances. From time to time before, on and after the Closing Date, each party hereto will execute all such instruments and take all such actions as any other party, being

advised by counsel, shall reasonably request, without payment of further consideration, in connection with carrying out and effectuating the intent and purpose hereof and all transactions and things contemplated by this Agreement including, without limitation, the execution and delivery of any and all confirmatory and other instruments in addition to those to be delivered on the Closing Date, and any and all actions which may reasonably be necessary or desirable to complete the transactions contemplated hereby. The parties shall cooperate fully with each other and with their respective counsel and accountants in connection with any steps required to be taken as part of their respective obligations under this Agreement.

10.8 Risk of Loss. The risk of loss, damage or destruction to any of the Assets from fire or other casualty or cause shall be borne by the Seller at all times prior to the Closing. In the event of any such loss, damage or destruction, the proceeds of any claim for any loss, payable under any insurance policy with respect thereto, shall be used to repair, replace or restore any such property to its former condition, subject to the conditions stated below. It is expressly understood and agreed that, in the event of any loss or damage to any of the Assets from fire, casualty or other causes before the Closing, the Seller shall notify the Buyer of same in writing immediately. Such notice shall specify with particularity the loss or damage incurred, the cause thereof (if known or reasonably ascertainable) and the insurance coverage. In the event that the damaged property is not completely repaired, replaced or restored on or before the Closing Date: (a) the Seller at its sole option may elect to postpone Closing until such time not to exceed 60 days as the property has been completely repaired, replaced or restored to the reasonable satisfaction of the Buyer; or (b) Buyer may elect to consummate the Closing and accept the property in its then condition, in which event the Seller shall pay to the Buyer all proceeds of insurance and assign to the Buyer the right to any unpaid proceeds; or (c) if the loss to the Assets exceeds \$200,000, Buyer may terminate this Agreement without liability to any party, and Seller may terminate this Agreement without liability to any party unless Buyer has made the election in the preceding clause (b).

10.9 Broadcast Transmission Interruption. If before the Closing, the regular broadcast transmission of the Station in the normal and usual manner is interrupted for a period of twenty-four (24) continuous hours or more solely as a result of actions of, or the failure to act by the Seller, then the Seller shall give prompt written notice thereof to the Buyer. The Buyer shall then have the right by giving written notice to the Seller, to postpone the Closing to a date that is fifteen (15) days after the end of any such interruption. If, solely as a result of actions of, or the failure to act by, the Seller, the regular broadcast transmission of the Station in the normal and usual manner is interrupted for a continuous period of seventy-two (72) hours or more at any time before Closing Date or, if at the Closing Date, the regular transmission of the Station is interrupted and cannot be reestablished within seventy-two (72) hours, then (a) the Seller immediately shall give written notice thereof to the Buyer; and (b) the Buyer shall have the right, by giving written notice to the Seller, to (i) within three (3) business days after receiving notice from the Seller of such interruption, to terminate this Agreement without liability to the Seller or the Buyer, or (ii) postpone the Closing as provided above.

10.10 Employees. The Seller shall terminate all of the Seller's employees effective as of the Closing Date and pay all termination and severance costs in connection with such termination. The Buyer may, but shall not be obligated to, offer employment to all of Seller's

employees of the Station. The Buyer will not give the Station's employees who are employed by the Buyer credit for accrued vacation and sick leave.

10.11 Name Change. If Buyer cannot qualify to do business in Texas before Closing due to the similarity in names between Buyer and Seller, which cannot be cured by Seller's written consent, then on or before Closing, Seller will change its name to a name that does not contain the call letters "KLSB." In any event, however, Seller will either file Articles of Dissolution with the State Corporation Commission of the Commonwealth of Virginia or change its name within 90 days after Closing.

## ARTICLE 11 GENERAL PROVISIONS

11.1 Successors and Assigns. Except as otherwise expressly provided herein, this Agreement shall be binding on and inure to the benefit of the parties hereto, and their respective representatives, successors and assigns. The Seller may not assign any of its rights or delegate any of its duties hereunder without the prior written consent of the Buyer, except in connection with the sale of all or substantially all of the assets or capital stock of the Seller or its parent corporation. The Buyer may assign its rights under this Agreement and delegate its duties hereunder to a third party upon receipt of Seller's prior written consent, not to be unreasonably withheld or delayed, or without Seller's consent, to a third party provided Buyer guarantees payment and performance of such third party's duties hereunder.

11.2 Amendments; Waivers. The terms, covenants, representations, warranties and conditions of this Agreement may be changed, amended, modified, waived, discharged or terminated only by a written instrument executed by the party waiving compliance. The failure of any party at any time or times to require performance of any provision of this Agreement shall in no manner affect the right of such party at a later date to enforce the same. No waiver by any party of any condition or the breach of any provision, term, covenant, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or of the breach of any other provision, term, covenant, representation or warranty of this Agreement.

11.3 Notices. All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing (which shall include notice by telex or facsimile transmission) and shall be deemed to have been duly made and received when personally served, or when delivered by Federal Express or a similar overnight courier service, expenses prepaid, or, if sent by telex, graphic scanning or other facsimile communications equipment, delivered (and such delivery is confirmed), by such equipment, addressed as set forth below:

If to the Buyer, then to:

KLSB Television, LLC  
5811 Pelican Bay Boulevard  
Suite 210  
Naples, Florida 34108  
Facsimile No.: (239) 596-0660

Attn: Mr. Brian Cobb

with a copy, given in the manner prescribed above, to:

Greenberg Traurig LLP  
3290 Northside Parkway  
Suite 400  
Atlanta, Georgia 30327  
Facsimile No.: (678) 553-2188

Attn: James S. Altenbach, Esq.

If to the Seller, then to:

KLSB Acquisition Corp.  
20230 Harbour Ridge  
Smithfield, Virginia 23430  
Facsimile No: 1-888-826-7133

Attn: Mr. Paul T. Lucci

with a copy, given in the manner prescribed above, to:

Williams Mullen  
One Columbus Center, Suite 900  
Virginia Beach, Virginia 23462  
Facsimile No.: 757-473-0395

Attn: Thomas R. Frantz, Esq.

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section providing for the giving of notice.

11.4 Captions. The captions of Articles and Sections of this Agreement are for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

**11.5 Governing Law. THIS AGREEMENT AND ALL QUESTIONS RELATING TO ITS VALIDITY, INTERPRETATION, PERFORMANCE AND ENFORCEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS.**

**11.6 Entire Agreement.** This Agreement and the Schedules hereto and thereto and the other documents delivered hereunder constitute the full and entire understanding and agreement between the parties with regard to the subjects hereof and thereof, and supersede all prior agreements, understandings, inducements or conditions, express or implied, oral or written, relating to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of trade inconsistent with any of the terms hereof.

**11.7 Execution: Counterparts and Facsimile.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be as effective as delivery of a manually executed counterpart of this Agreement.

**11.8 Gender and Number.** Where appropriate to the context, pronouns of other terms expressed in one number or gender will be deemed to include all other numbers or genders. The word "person" will include one or more individuals, corporations, firms, partnerships, entities or associations. The use of a word in one tense will include the other tenses, where appropriate to the context.

**11.9 Third-Party Beneficiaries.** This Agreement is intended to benefit only the parties to this Agreement, their successors and permitted assigns. No other person, entity, enterprise or association is an intended or incidental beneficiary of this Agreement.

**11.10 No Party Deemed Drafter.** The parties acknowledge that they have been represented by counsel in connection with this Agreement and the transactions contemplated hereby. Accordingly, any rule of law or any legal decision that would require interpretation of any claim ambiguities in this Agreement against the party that drafted it has no application and is expressly waived. Provisions of this Agreement shall be interpreted in a reasonable manner to effect the intent of the parties.

***Signature Page Follows***





IN WITNESS WHEREOF, the parties have caused this Asset Purchase Agreement to be duly executed by their duly authorized signatories, all as of the day and year first above written.

**BUYER:**

**KLSB TELEVISION, LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**SELLER:**

**KLSB ACQUISITION CORP.,**  
a Virginia corporation

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**SHAREHOLDER:**

\_\_\_\_\_  
Paul Lucci, Individually

## **SCHEDULE 1.1**

### **Assets**

1. See Schedule 2.8.
2. See Schedule 2.10, items 1 – 5.
3. See Schedule 2.12.
4. Call letters: KLSB-TV; KLSB-DT.

## **SCHEDULE 1.2**

### **Excluded Assets**

1. All cash on hand and cash accounts.
2. Accounts receivable accrued prior to Closing.

**SCHEDULE 1.3.1**

**Security Interests**

None.

### **SCHEDULE 1.6.3**

#### **Allocation of Purchase Price**

To be agreed to by parties at Closing.

## **SCHEDULE 2.6**

### **Breach**

None.

## **SCHEDULE 2.7**

### **Taxes**

None.

## **SCHEDULE 2.8**

### **Licenses**

1. Analog FCC License for KLSB-TV held by KLSB Acquisition Corp.
  - (a) Intercity Relay Authorization WLO-979.
  - (b) Intercity Relay Authorization WLO-980.
2. Television Broadcast Station Construction Permit held by KLSB Acquisition Corp.
3. Digital Television Broadcast Station Construction Permit held by KLSB Acquisition Corp.
4. Special Temporary Authority to operate reduced facilities for Station KLSB-DT held by KLSB Acquisition Corp.



## **SCHEDULE 2.10**

### **Approvals and Consents**

1. Tower Lease Agreement dated May 30, 1991, by and between Rental Towers, Inc., as Owner, and Lone Star Broadcasting, as User. Current parties to agreement are American Tower and KLSB Acquisition Corp.
2. License Agreement dated March 1, 2003, by and between Fredonia Corporation and KLSB Acquisition Corp.
3. Interim Local Station Blanket Television License Agreement by and between American Society of Composers, Authors and Publishers and KLSB Acquisition Corp.
4. BMI Local Television Station Music Performance Blanket License by and between Broadcast Music, Inc. and KLSB Acquisition Corp.
5. CNN en Espanol Programming Agreement by and between CNN Newsource Sales, Inc. and KLSB Acquisition Corp.
6. Termination of Time Brokerage Agreement dated October 29, 1996, as amended, by and between the Seller and Max Media Properties LLC, which has been assigned by Max Media Properties LLC to Sinclair Properties LLC and from the latter entity to ComCorp of Tyler, Inc.

**SCHEDULE 2.11**

**Good Title**

None.

## **SCHEDULE 2.12**

### **Equipment**

1. STA DTV equipment currently being delivered and constructed.

## **SCHEDULE 2.13**

### **Contracts**

1. See Schedule 2.10 (all require consent to transfer).

## **SCHEDULE 2.14**

### **Leases**

1. See Schedule 2.10, items 1 and 2 (all require consent to transfer).

## **SCHEDULE 2.15**

### **Insurance**

1. General Liability Policy No. R2 ST242184 by and between Royal Indemnity Company and KLSB Acquisition Corp. (see attachment hereto).
2. Workers Compensation and Employers Liability Insurance Policy No. 03 P2CS391330 by and between Royal Insurance Company of America and KLSB Acquisition Corp. (see attachment hereto).

## **SCHEDULE 2.17**

### **Litigation**

1. KLSB Acquisition Corp. v. ComCorp of Tyler, Inc.

## **SCHEDULE 2.18**

### **Intangible Property**

1. See 1.1, item 4.
2. See Schedule 2.8.
3. See Schedule 2.10, items 3 – 4.



**SCHEDULE 2.20**

**FAA Compliance**

None.

## **SCHEDULE 4.2**

### **Prohibited Actions**

None.

## PROMISSORY NOTE

\$1,000,000.00

\_\_\_\_\_, Virginia  
\_\_\_\_\_, 2003

FOR VALUE RECEIVED, KLSB TELEVISION, LLC, a Delaware limited liability company ("Maker"), promises to pay to the order of KLSB ACQUISITION CORP. ("Noteholder") at the address of 20230 Harbour Ridge, Smithfield, Virginia 23430, or at such other address as Noteholder may designate in writing, the principal sum of ONE MILLION DOLLARS (\$1,000,000.00), together with interest and pursuant to the terms set forth in this promissory note ("Note").

Interest. Interest shall accrue on the unpaid balance of this Note from the date hereof until paid in full at five percent (5%) per annum (the "Interest Rate"). If all sums due pursuant to this Note are not paid when due, then following such due date, whether at maturity, by acceleration or otherwise, the interest rate will increase and will accrue on the total of the unpaid principal balance, accrued and unpaid interest and late charges until all such sums are paid in full the Interest Rate plus two percent (2%) per annum without prejudice to any of the other rights or remedies of Noteholder.

Repayment. The sums owed on this Note shall be paid in 20 equal quarterly installments of principal of \$50,000, plus accrued interest, beginning 18 months from the date of Closing, as defined by the Asset Purchase Agreement entered into by Maker, Noteholder and Paul Lucci on March \_\_\_, 2003 ("APA"), and continuing on the same day of each month thereafter until all such sums are paid in full.

Maturity. If not sooner paid, the entire balance, all accrued and unpaid interest and all other sums owed under this Note shall be due and payable in full on the date which is five (5) years from the date the first payment is due ("Maturity Date").

Late Charges. Maker shall pay to Noteholder, on demand, a "late charge" equal to two percent (2%) of any payment of principal and/or interest which is not paid within 10 days after its due date.

Application of Payments. All payments shall be applied first to the payment of any costs or expenses of Noteholder due hereunder, then any late charge due hereunder, then to interest due and any balance shall be applied in reduction of principal.

Prepayment. This Note may be prepaid in whole or in part at any time, or times, without penalty or premium and without the prior written consent of Noteholder, provided that Maker shall give Noteholder at least 30 days advance written notice of such prepayment.

Legal Tender. All payments hereunder shall be payable in lawful money of the United States which shall be legal tender for public and private debts at the time of payment.

**Default.** Upon the occurrence of an Event of Default (as defined below), the entire unpaid principal balance of this Note together with accrued interest thereon and all other sums due Noteholder hereunder shall, at the option of Noteholder, at once become due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby waived by the Maker and, in addition, Noteholder shall have all other remedies under applicable law.

The happening of any one of the following events shall constitute an Event of Default: (1) failure to make within 10 days of when due any installment or other payment described herein, whether of principal, interest, late charges or otherwise; or (2) the inability of the Maker to pay debts as they become due, or the insolvency of the Maker, or the application for the appointment of a receiver or custodian for the Maker or the property of the Maker, or the entry of an order for the relief or the filing of a petition by or against the Maker under the provisions of any bankruptcy or insolvency law, or any assignment for the benefit of creditors by or against the Maker (provided, however, that the filing of an involuntary petition in bankruptcy against the Maker shall not constitute an event of default unless it has not been dismissed within sixty (60) days of its filing); (3) any assertion of any claims, liens, or rights by a third party against the Letter of Credit (defined below); or (4) except as provided in (1) above, a material default in the performance or observance of any material covenant, agreement or other term or provision of the Asset Purchase Agreement or this Note that is not cured within thirty (30) days after written notice of such by Noteholder to Maker.

**Attorney's Fees and Costs of Collection.** The Maker and any other party liable under this Note shall also be obligated to pay, as part of such indebtedness, all costs of collection that may be reasonably incurred by Noteholder in the collection and enforcement of this Note, including without limitation reasonable attorney's fees and all court costs and other litigation expenses.

**Waivers.** Each person liable on this Note in any capacity, whether as the Maker, co-maker, endorser, surety and guarantor hereof (collectively referred to as a "Party") jointly and severally (i) waive presentment, demand, protest and notice of dishonor and any and all lack of diligence or delays in collection or enforcement hereof, (ii) waive all exemptions, whether homestead or otherwise, as to the obligation evidenced by this Note, (iii) waive any right which they may have to require Noteholder to proceed against any other party, (iv) agree that, without notice to any party and without affecting any such party's liability, Noteholder, at any time or times, may grant extensions of the time for any payment due on this Note, release any such party from its obligations to make payments on this Note, permit the renewal of this Note, or permit the substitution, exchange or release of any security of this Note, (v) waive all rights afforded to them under Sections 8.3A-605, 49-25 and 49-26 of the Code of Virginia of 1950, as amended, and (vi) to the extent not prohibited by law, waive the benefit of any defense, credit, entitlement, counterclaim, law, rule of law, advantage or protection as an obligor hereunder or providing for his or her release or discharge from liability hereon, in whole or in part, on account of any facts or circumstances other than full and complete payment of all amounts due under this Note, including, but not limited to, any laws or regulations relating to (a) usury, (b) any implied duty of good faith or fair dealing under the Uniform Commercial Code or otherwise, (c) the compromise of any claim against or release of any Party or any security, (d) the disability of any Party liable on this Note, (e) any right of subrogation, any

right to enforce or claim the benefit of any right or remedy of the holder of this Note against any Party or security, and any right as a third party beneficiary of any obligation or duty owed to the holder of this Note, (f) any prior, contemporaneous or subsequent oral representations or oral modifications made by any agent of the holder of this Note to any Party, (g) any claim of duress or undue influence, or (h) any statute giving any Party the right to require (or providing for his or her discharge in the absence of) the institution of any suit on this Note.

Time is of the Essence. Time is of the essence with regard to the payment of any amounts due under this Note and the performance of the covenants, terms and conditions of this Note.

Severability. In the event any covenant, term or condition of this Note shall be held for any reason to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality or unenforceability of such covenant, term or condition shall not affect the validity, legality or enforceability of the remaining covenants, terms and conditions of this Note.

Successor and Assigns. The covenants, terms and conditions of this Note shall be binding upon the heirs, personal representatives, successors and assigns of each Maker and shall inure to the benefit of Noteholder, its successors and assigns.

Waiver of Right to Jury Trial. TO THE FULLEST EXTENT POSSIBLE, MAKER WAIVES IN FULL THE RIGHT TO A TRIAL BY JURY IN REGARD TO ANY DISPUTES, CLAIMS, CAUSES OF ACTION, OBLIGATIONS, DAMAGES, COMPLAINTS, LITIGATION OR ANY MATTER WHATSOEVER AND OF ANY TYPE OR NATURE, WHETHER IN CONTRACT, TORT OR OTHERWISE, WHICH MAKER MAY HAVE NOW OR IN THE FUTURE MAY HAVE RELATING TO THIS NOTE OR ANY MATTER RELATING TO THE TERMS OF THE APA WHICH THIS NOTE EVIDENCES. BY EXECUTION OF THIS NOTE, MAKER REPRESENTS AND WARRANTS THAT MAKER IS REPRESENTED BY COMPETENT COUNSEL WHO HAS FULLY AND COMPLETELY ADVISED MAKER OF THE MEANING AND RAMIFICATIONS OF THE RIGHT OF MAKER TO A TRIAL BY JURY OR HAD THE FULL AND COMPLETE OPPORTUNITY TO CONSULT SUCH COUNSEL AND CHOSE NOT TO DO SO, AND, THEREFORE, MAKER FREELY AND VOLUNTARILY WAIVES SUCH RIGHT TO TRIAL BY JURY.

Excessive Interest. To the extent any late charges or rate of interest stated in this Note exceeds the late charge or maximum rate of interest which may be charged on obligations of the type and nature evidenced by this Note, then said late charges or rate of interest shall be abated and reduced to the extent necessary to conform with applicable law.

Governing Law. This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia. This Note is executed under seal.

Jurisdiction. The Maker hereby submits to the jurisdiction and venue of the Circuit Court of the City of Virginia Beach and the United States District Court for the Eastern

District of Virginia, Norfolk Division, and agrees that Noteholder may, at its option, enforce its rights under the Note in such courts.

Failure to Exercise Rights. Any failure by Noteholder to exercise any right hereunder shall not be construed as a waiver of the right to exercise the same or any other rights at any time.

Offset. Amounts due hereunder may be offset by Maker against amounts payable to Maker by Noteholder pursuant to Article 9 of the APA.

Notices. All notices required or permitted under this Note shall be given in writing to Maker at the address set forth below Maker's signature and to Noteholder at the address set forth above.

Letter of Credit. Payment of this Note is secured by that certain Irrevocable Letter of Credit Number \_\_\_\_ of even date issued by \_\_\_\_\_ Bank to Noteholder in the face amount of \$1,075,000 (the "Letter of Credit").

IF MORE THAN ONE PERSON SIGNS THIS NOTE BELOW, EACH SUCH PERSON SHALL BE A CO-MAKER OF THIS NOTE AND SHALL BE JOINTLY AND SEVERALLY LIABLE UNDER THIS NOTE.

IN WITNESS WHEREOF, the Maker has duly signed and sealed this Note as of the date and year first above written.

MAKER:

KLSB TELEVISION, LLC,  
a Delaware limited liability company

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address for Notices:

5811 Pelican Bay Boulevard  
Suite 210  
Naples, Florida 34105  
Facsimile: (239) 596-0660

COMMONWEALTH OF VIRGINIA  
AT LARGE

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_,  
2003, by \_\_\_\_\_ of KLSB  
TELEVISION, LLC, a Delaware limited liability company.

GIVEN under my hand this \_\_\_\_ day of \_\_\_\_\_, 2003.

\_\_\_\_\_  
Notary Public

My Commission Expires:

#388326 v6 - KLSB-note