

**ASSET PURCHASE AGREEMENT**

**DATED February 24, 1999**

**AMONG**

**SINCLAIR PROPERTIES, LLC.,**

**KETK LICENSEE, L.P.,**

**AND**

**COMCORP BROADCASTING, INC.**

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## ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT is dated as of February 24, 1999, by and among Sinclair Properties LLC, a Virginia limited liability company, (the "Non-License Seller"), KETK Licensee, L.P., a Virginia limited partnership (the "License Seller") (each a "Seller" and collectively "Sellers"), and ComCorp Broadcasting, Inc., a Delaware corporation ("Buyer").

### RECITALS:

- A. The License Seller owns those licenses, permits and authorizations issued by the FCC, together with certain related assets (collectively, the "FCC License Assets") relating to television broadcast Stations KETK-TV (Tyler, Texas) ("KETK"),
- B. KLSB Acquisition Corp. owns those licenses, permits and authorizations issued by the FCC, together with certain related assets (collectively, the "KLSB License Assets") relating to television broadcast station KLSB-TV (Nacogdoches, Texas) ("KLSB" and together with KETK the "Stations"),
- C. The Non-License Seller programs KLSB pursuant to a Time Brokerage Agreement, dated as of October 29, 1996, as amended by Amendments dated as of June 1, 1998 and August 20, 1998 (as amended the "TBA"), between the License Seller and KLSB Acquisition Corp.
- D. The Non-License Seller owns each of the assets of KETK and KLSB, other than the License Assets and the KLSB License Assets,
- E. Sellers desire to sell, and Buyer desires to purchase, substantially all of the assets of the Stations other than the KLSB License Assets and the Excluded Assets, on the terms and conditions hereinafter set forth.

### AGREEMENTS:

In consideration of the above recitals and of the mutual agreements and covenants contained in this Agreement, the parties to this Agreement, intending to be bound legally, agree as follows:

#### SECTION 1: CERTAIN DEFINITIONS

1.1 Terms Defined in this Section. The following terms, as used in this Agreement, have the meanings set forth in this Section:

**"Accounts Receivable"** means the rights of Sellers as of the Closing Date to payment for the sale of advertising time and other goods and services by the Stations prior to the Closing Date.

**"Affiliate"** means, with respect to any Person, (a) any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with such Person, or (b) an officer or director of such Person or of an Affiliate of such Person within the meaning of clause (a) of this definition. For purposes of clause (a) of this definition, (i) a Person shall be deemed to control another Person if such Person (A) has sufficient power to enable such Person to elect a majority of the board of directors of such Person, or (B) owns a majority of the beneficial interests in income and capital of such Person; and (ii) a Person shall be deemed to control any partnership of which such Person is a general partner.

**"Assets"** means the assets to be transferred or otherwise conveyed by Sellers to Buyer under this Agreement, as specified in Section 2.1.

**"Assumed Contracts"** means (a) all Contracts designated as Assumed Contracts on Schedule 3.7, (b) Contracts entered into prior to the date of this Agreement with advertisers for the sale of advertising time or production services for cash at rates consistent with past practices, (c) Contracts entered into prior to the date of this Agreement which are not required to be included on Schedule 3.7 hereto, (d) any Contracts entered into by Sellers between the date of this Agreement and the Closing Date that Buyer agrees in writing to assume, and (e) other Contracts entered into by Sellers between the date of this Agreement and the Closing Date in compliance with Section 5.

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

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

**"Consents"** means the consents, permits, or approvals of government authorities and other third parties necessary to transfer the Assets to Buyer or otherwise to consummate the transactions contemplated by this Agreement.

**"Contracts"** means all contracts, consulting agreements, leases, non-governmental licenses and other agreements (including leases for personal or real property and employment agreements), written or oral (including any amendments and other modifications thereto) to which either Seller is a party or that are binding upon either Seller that relate to or affect the Assets or the business or operations of the Stations, and that either (a) are in effect on the date of this Agreement or (b) are entered into by either Seller between the date of this Agreement and the Closing Date.

**"Effective Time"** means 12:01 a.m., Eastern time, on the First Closing Date.

**"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended.

**"Escrow Deposit"** means the sum of Two Million Dollars (\$2,000,000) which is being deposited by Buyer with First Union National Bank (the **"Escrow Agent"**) on the date hereof to secure the obligations of Buyer to close under this Agreement, with (i) such deposit being held by the Escrow Agent in accordance with the Escrow Agreement, in the form of Exhibit A hereto,

executed among Buyer, Sellers and Escrow Agent on the date hereof, and (ii) the Escrow Deposit, and all earnings thereon, being returned to Buyer as set forth in the Escrow Agreement.

**"FCC"** means the Federal Communications Commission.

**"FCC Consent"** means action by the FCC granting its consent to the transfer of the FCC Licenses by Sellers to Buyer as contemplated by this Agreement.

**"FCC Effective Time"** means 12:01 a.m., Eastern time on the License Closing Date.

**"FCC Licenses"** means those licenses, permits and authorizations issued by the FCC to Sellers in connection with the business and operations of KETK.

**"Final Order"** means an action by the FCC that has not been reversed, stayed, enjoined, set aside, annulled, or suspended, and with respect to which no requests are pending for administrative or judicial review, reconsideration, appeal, or stay, and the time for filing any such requests and the time for the FCC to set aside the action on its own motion have expired.

**"First Closing"** means the consummation of the exchange and acquisition of the Assets (other than the FCC License Assets) pursuant to this Agreement in accordance with the provisions of Section 8.1.

**"First Closing Date"** means the date on which the First Closing occurs, as determined pursuant to Section 8.1(a).

**"Hart-Scott-Rodino"** means the Hart-Scott-Rodino Antitrust Improvements Acts of 1976, as amended, and all Laws promulgated pursuant thereto or in connection therewith.

**"Intangibles"** means all copyrights, trademarks, trade names, service marks, service names, licenses, patents, permits, jingles, proprietary information, technical information and data, machinery and equipment warranties, trade secrets and other similar intangible property rights and interests (and any goodwill associated with any of the foregoing) applied for, issued to, or owned by Sellers or under which Sellers are licensed or franchised and that are used in the business and operations of the Stations, together with any additions thereto between the date of this Agreement and the Closing Date.

**"Knowledge"** or any derivative thereof with respect to the Sellers means, exclusively, information of which the President and Chief Executive Officer or the Chief Financial Officer of Sinclair Broadcast Group, Inc. ("SBG"), or any other employee of SBG or Sinclair Communications, Inc. designated as a "vice president" has actual knowledge, after inquiry of appropriate management personnel at the Stations, including the general managers and main engineer.

**"License Closing"** means the consummation of the exchange and acquisition of the FCC License Assets pursuant to this Agreement in accordance with the provisions of Section 8.1(b).



**"License Closing Date"** means the date on which the License Closing occurs, as determined pursuant to Section 8.1(b).

**"Licenses"** means all licenses, permits, construction permits and other authorizations issued by the FCC, the Federal Aviation Administration, or any other federal, state, or local governmental authorities to Sellers, currently in effect and used in connection with the conduct of the business or operations of the Stations, together with any additions thereto between the date of this Agreement and the Closing Date, but does not include any such licenses, permits, construction permits or other authorization which constitute a part of the KLSB License Assets.

**"Material Adverse Effect"** means a material adverse effect on the business, assets or condition (financial or otherwise) of the Stations taken as a whole, except for any such material adverse effect resulting from (a) general economic conditions applicable to the television or radio broadcast industry, (b) general conditions in the markets in which the Stations operates, or (c) circumstances that are not likely to recur and which circumstances (as well as any consequences thereof) either have been substantially remedied or can be substantially remedied without substantial cost or delay.

**"Material Contract"** means those Assumed Contracts that are designated on Schedule 3.7 as "Material Contracts."

**"Permitted Encumbrances"** means (a) encumbrances of a landlord, or other statutory lien not yet due and payable, or a landlord's liens arising in the ordinary course of business, (b) encumbrances arising in connection with equipment or maintenance financing or leasing under the terms of the Contracts being assigned to Buyer set forth on the Schedules which have been made available to Buyer, (c) encumbrances for taxes not yet due and payable or which are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on Sellers' books in accordance with generally accepted accounting principles, (d) encumbrances that do not materially detract from the value of any of the Assets or materially interfere with the use thereof as currently used or (e) encumbrances for borrowed money which will be removed prior to the First Closing or the FCC Closing, as the case may be.

**"Person"** means an individual, corporation, association, partnership, joint venture, trust, estate, limited liability company, limited liability partnership, or other entity or organization.

**"Real Property"** means all real property, and all buildings and other improvements thereon, whether or not owned or held by Sellers, used in the business or operations of the Stations, but excluding any such property which constitutes a part of the KLSB License Assets.

**"Real Property Interests"** means all interests in real property, including fee estates, leaseholds and subleaseholds, purchase options, easements, licenses, rights to access, and rights of way, and all buildings and other improvements thereon, owned or held by Sellers that are used in the business or operations of the Stations, together with any additions thereto (as permitted hereby) between the date of this Agreement and the First Closing Date, but does not include any interests in real property which constitute a part of the KLSB License Assets.

**"Tangible Personal Property"** means all machinery, equipment, tools, vehicles, furniture, leasehold improvements, office equipment, plant, inventory, spare parts and other tangible personal property owned or held by Sellers that is used in the conduct of the business or operations of the Stations, together with any additions thereto ( as permitted hereby) between the date of this Agreement and the Closing Date, but does not include any tangible personal property which constitutes a part of the KLSB License Assets.

**"Tax"** means any federal, state, local, or foreign income, gross receipts, windfall profits, severance, property, production, sales, use, license, excise, franchise, capital, transfer, employment, withholding, or other tax or governmental assessment, together with any interest, additions, or penalties with respect thereto and any interest in respect of such additions or penalties.

**"Tax Return"** means any tax return, declaration of estimated tax, tax report or other tax statement, or any other similar filing required to be submitted to any governmental authority with respect to any Tax.

**1.2 Terms Defined Elsewhere in this Agreement.** For purposes of this Agreement, the following terms have the meanings set forth in the sections indicated:

<u>Term</u>	<u>Section</u>
Benefit Arrangement	Section 3.14 (a)
Buyer	Preamble
Claimant	Section 10.4
Collection Period	Section 6.7(a)
Confidentiality Agreement	Section 6.4
Employees	Section 3.14(a)
Environmental Laws	Section 3.16
Estimated Purchase Price	Section 2.4(a)
FCC Employees	Section 6.10(a)
FCC License Assets	Recitals
Financial Statements	Section 3.10
HSR Filing	Section 6.2
Indemnifying Party	Section 10.4
KETK	Recitals
KLSB	Recitals
KLSB License Assets	Recitals
License Price	Section 2.4(b)

License Seller	Preamble
TBA	Section 6.11
Multiemployer Plan	Section 3.14(a)
Non-License Seller	Preamble
Pension Plan	Section 3.14(a)
Properties	Preamble
Purchase Price	Section 2.3
Represented Employees	Section 6.10(e)
SBG	Section 3.10
Sellers	Preamble
Stations	Recitals
TBA	Recitals
Transferred Employees	Section 6.10
Welfare Plan	Section 3.14(a)

1.3 Rules of Construction. Words used in this Agreement, regardless of the gender and number specifically used, shall be deemed and construed to include any other gender and any other number as the context requires. As used in this Agreement, the word "including" is not limiting, and the word "or" is not exclusive. Except as specifically otherwise provided in this Agreement in a particular instance, a reference to a Section or Schedule is a reference to a Section of this Agreement or a Schedule hereto, and the terms "hereof," "herein," and other like terms refer to this Agreement as a whole, including the Schedules to this Agreement, and not solely to any particular part of this Agreement. The descriptive headings in this Agreement are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

## SECTION 2: EXCHANGE AND TRANSFER OF ASSETS; ASSET VALUE

2.1 Agreement to Exchange and Transfer. The sale of the Assets hereunder shall occur as set forth below:

(a) Subject to the terms and conditions set forth in this Agreement, the Non-License Seller hereby agrees to transfer, convey, assign and deliver to Buyer on the First Closing Date, and Buyer agrees to acquire, all of the Non-License Seller's right, title and interest in the tangible and intangible assets used in connection with the conduct of the business or operations of the Stations, together with any additions thereto (as permitted hereby) between the date of this Agreement and the First Closing Date, but excluding the FCC License Assets, the KLSB License Assets and the assets described in Section 2.2, free and clear of any claims, liabilities, security interests, mortgages, liens, pledges, conditions, charges, or encumbrances of any nature whatsoever (except for Permitted Encumbrances), including the following:

- (i) The Tangible Personal Property;
- (ii) The Real Property Interests;
- (iii) The Licenses (other than FCC Licenses and the KLSB License Assets);
- (iv) The Assumed Contracts, including the TBA;
- (v) The Intangibles, including the goodwill of the Stations, if any;

(vi) All of the Non-License Seller's proprietary information, technical information and data, machinery and equipment warranties, maps, computer discs and tapes, plans, diagrams, blueprints and schematics, but excluding filings with the FCC, in each case to the extent relating to the business and operation of the Stations;

(vii) All choses in action of the Non-License Seller relating to the Stations to the extent they relate to the period after the Effective Time; and

(viii) All books and records relating to the business or operations of the Stations, including executed copies of the Assumed Contracts, but excluding all records required by the FCC to be kept by the Stations.

(b) Subject to the terms and conditions set forth in this Agreement, the License Seller hereby agrees to transfer, convey, assign and deliver to Buyer on the License Closing Date and Buyer agrees to acquire, all of the License Seller's right, title and interest in the tangible and intangible assets used in connection with the conduct of the business or operations of KETK, together with any additions thereto (as permitted hereby) between the date of this Agreement and the License Closing Date, but excluding the assets described in Sections 2.1(a) and 2.2, free and clear of any claims, liabilities, security interests, mortgages, liens, pledges, conditions, changes on encumbrances of any nature whatsoever (except for Permitted Encumbrances) including the following:

- (i) the FCC Licenses;
- (ii) all filings with the FCC to the extent relating to the business and operation of KETK;
- (iii) all records required by the FCC to be kept by KETK; and
- (iv) all antennas, transmission lines and transmission equipment.

## 2.2 Excluded Assets The Assets shall exclude the following:

(a) Sellers' cash, investments, cash equivalents and deposits, all interest payable in connection with any such items and rights in and to bank accounts marketable and other securities of Sellers;

(b) Any insurance policies, promissory notes, amounts due from employees, bonds, letters of credit, certificates of deposit, or other similar items, and any cash surrender value in regard thereto;

(c) Any pension, profit-sharing, or employee benefit plans, including all of Seller's interest in any Welfare Plan, Pension Plan or Benefit Arrangement (each as defined in Section 3.14(a);

(d) All Tangible Personal Property disposed of or consumed in the ordinary course of business as permitted by this Agreement;

(e) All tax returns and supporting materials, all original financial statements and supporting materials, all books and records that Sellers are required by law to retain, all of Sellers' organizational documents, corporate books and records (including minute books and stock ledgers) and originals of account books of original entry, all records of Sellers relating to the sale of the Assets and all records and documents related to any assets excluded pursuant to this Section 2.2;

(f) Any interest in and to any refunds of federal, state, or local franchise, income, or other taxes for periods prior to the License Closing Date;

(g) All Accounts Receivable;

(h) All rights and claims of Sellers whether mature, contingent or otherwise, against third parties relating to the operation of the Assets or the Stations prior to the License Closing Date, whether in tort, contract or otherwise;

(i) Any Contracts which are not Assumed Contracts;

(j) All of each Sellers' deposits and prepaid expenses; provided, any deposits and prepaid expenses shall be included in the Assets to the extent that Sellers receive a credit therefor in the proration of the Purchase Price pursuant to Section 2.3(a);

(k) All rights of Sellers under or pursuant to this Agreement (or any other agreements contemplated hereby); and

(l) all rights to the names Sinclair Broadcast Group, "Sinclair Communications" Sinclair Properties and any logo or variation thereof and goodwill associated therewith.

**2.3 Purchase Price.** The purchase price of the Assets (the "**Purchase Price**") shall be Thirty-Six Million Dollars (\$36,000,000), adjusted as provided below.

(a) Prorations. The Purchase Price shall be increased or decreased as required to effectuate the proration of revenues and expenses. All revenues and all expenses arising from the operation of the Stations, including tower rental, business and license fees, utility charges,

real and personal property taxes and assessments levied against the Assets, property and equipment rentals, applicable copyright or other fees, sales and service charges, payments due under film or programming license agreements, taxes (except for taxes arising from the transfer of the Assets under this Agreement), employee compensation, including wages (including bonuses which constitute wages), salaries, accrued vacation, accrued sick leave and severance pay, shall be prorated between Buyer and Sellers in accordance with the principle that Sellers shall receive all revenues and shall be responsible for all expenses, costs and liabilities allocable to the operations of the Stations for the period prior to the Effective Time, and Buyer shall receive all revenues and shall be responsible for all expenses, costs and obligations allocable to the operations of the Stations for the period after the Effective Time, subject to the following:

(i) There shall be no adjustment for, and Sellers shall remain solely liable with respect to, any Contracts not included in the Assumed Contracts and any other obligation or liability not being assumed by Buyer in accordance with Section 2.2. An adjustment and proration shall be made in favor of Buyer to the extent that Buyer assumes any liability under any Assumed Contract to refund (or to credit against payments otherwise due) any security deposit or similar prepayment paid to Sellers by any lessee or other third party. An adjustment and proration shall be made in favor of Sellers to the extent Buyer receives the right to receive a refund (or to a credit against payments otherwise due) under any Assumed Contract to any security deposit or similar pre-payment paid by or on behalf of Sellers.

(ii) An adjustment and proration shall be made in favor of Sellers for the amount, if any, by which the value of the goods or services to be received by the Stations under its trade or barter agreements as of the Effective Time for the Stations exceeds by more than Thirty-Five Thousand Dollars (\$35,000) the value of any advertising time remaining to be run by the Stations as of the Effective Time. An adjustment and proration shall be made in favor of Buyer to the extent that the amount of any advertising time remaining to be run by the Stations under its trade or barter agreements as of the Effective Time exceeds by more than Thirty-Five Thousand Dollars (\$35,000) the value of the goods or services to be received by the Stations as of the Effective Time.

(iii) There shall be no proration for program barter.

(iv) An adjustment and proration shall be made in favor of Sellers for the amount, if any, of prepaid expenses and other current assets which are paid by Sellers to the extent such prepaid expenses and other current assets relate to the period after the Effective Time.

(b) Manner of Determining Adjustments. The Purchase Price, taking into account the adjustments and prorations pursuant to Section 2.3(a), will be determined in accordance with the following procedures:

(i) Sellers shall prepare and deliver to Buyer not later than five (5) days before the First Closing Date a preliminary settlement statement which shall set forth Sellers' good faith estimate of the adjustments to the Purchase Price under Section 2.3(a). The preliminary settlement statement shall (A) contain all information reasonably necessary to determine the adjustments to the Purchase Price under Section 2.3(a), to the extent such adjustments can be

determined or estimated as of the date of the preliminary settlement statement, and such other information as may be reasonably requested by Buyer, and (B) be certified by Sellers to be true and complete to Sellers' Knowledge as of the date thereof.

(ii) Not later than ninety (90) days after the First Closing Date, Buyer will deliver to Sellers a statement setting forth Buyer's determination of the Purchase Price which was due on such date and the calculation thereof pursuant to Section 2.3(a). Buyer's statement (A) shall contain all information reasonably necessary to determine the adjustments to the Purchase Price under Section 2.3(a), and such other information as may be reasonably requested by Sellers, and (B) shall be certified by Buyer to be true and complete to Buyer's Knowledge as of the date thereof. If Sellers dispute the amount of the Purchase Price determined by Buyer, they shall deliver to Buyer within thirty (30) days after receipt of Buyer's statement a statement setting forth their determination of the amount of the Purchase Price. If Sellers notify Buyer of its acceptance of Buyer's statement, or if Sellers fail to deliver their statement within the thirty (30)-day period specified in the preceding sentence, Buyer's determination of the Purchase Price shall be conclusive and binding on the parties as of the last day of the thirty (30)-day period.

(iii) Buyer and Sellers shall use good faith efforts to resolve any dispute involving the determination of the Purchase Price. If the parties are unable to resolve the dispute within forty-five (45) days following the delivery of Buyer's statement pursuant to Section 2.3(b)(ii), Buyer and Sellers shall jointly designate an independent certified public accountant, who shall be knowledgeable and experienced in the operation of television broadcasting stations, to resolve the dispute. If the parties are unable to agree on the designation of an independent certified public accountant, the selection of the accountant to resolve the dispute shall be submitted to arbitration to be held in Baltimore, Maryland, in accordance with the commercial arbitration rules of the American Arbitration Association. The accountant's resolution of the dispute shall be final and binding on the parties, and a judgment may be entered thereon in any court of competent jurisdiction. Any fees of this accountant, and, if necessary, for arbitration to select such accountant, shall be divided equally between the parties.

2.4 Payment of Purchase Price. The Purchase Price shall be paid by Buyer to Sellers as follows:

(a) Payment of Estimated Purchase Price at First Closing. The sum of Thirty-Four Million Dollars (\$34,000,000), adjusted by the estimated adjustments pursuant to Section 2.3(a) as set forth in Sellers' preliminary settlement statement pursuant to Section 2.3(b)(i), is referred to as the "**Estimated Purchase Price.**" At the First Closing, Buyer shall pay or cause to be paid to Sellers the Estimated Purchase Price by federal wire transfer of same-day funds pursuant to wire transfer instructions, which instructions shall be delivered to Buyer by Sellers at least two (2) business days prior to the First Closing Date.

(b) Payments of Purchase Price with Respect to FCC License Assets. The portion of the Purchase Price allowable to the FCC License Assets shall be Two Million Dollars (\$2,000,000) (the "License Price").

At the License Closing, Buyer shall pay or cause to be paid to the License Seller the excess of (A) an amount equal to the License Price over (B) fifty percent (50%) of the sum of any

amounts paid by Buyer to Sellers pursuant to Sections 9.3 (a), (b) or (c), by federal wire transfer of same-day funds pursuant to wire transfer instructions, which instructions shall be delivered to Buyer by the License Seller at least two (2) business days prior to the License Closing Date.

(c) Payments to Reflect Adjustments. The Purchase Price as finally determined pursuant to Section 2.3(b) shall be paid as follows:

(i) If the Purchase Price as finally determined pursuant to Section 2.3(b) exceeds the Estimated Purchase Price and the License Price, Buyer shall pay to Sellers, in immediately available funds within five (5) business days after the date on which the Purchase Price is determined pursuant to Section 2.3(b), the difference between the Purchase Price and the sum of the Estimated Purchase Price and the License Price.

(ii) If the Purchase Price as finally determined pursuant to Section 2.3(b) is less than the sum of the Estimated Purchase Price and the License Price, Sellers shall pay to Buyer, in immediately available funds within five (5) business days after the date on which the Purchase Price is determined pursuant to Section 2.3(b), the difference between the Purchase Price and the sum of the Estimated Purchase Price and the License Price.

2.5 Assumption of Liabilities and Obligations. As of the First Closing Date, Buyer shall assume and undertake to pay, discharge and perform all obligations and liabilities of the Non-License Seller under the Assumed Contracts, under the TBA, under Licenses which do not constitute part of the FCC License Assets, or as otherwise specifically provided for herein, and as of the License Closing Date, Buyer shall assume and undertake to pay, discharge and perform all obligations and liabilities of the License Seller under the FCC Licenses or as specifically provided for herein, in each case to the extent that either (a) the obligations and liabilities relate to the time after the Effective Time or the FCC Effective Time (as appropriate) with respect to the Stations or (b) the Purchase Price was reduced pursuant to Section 2.3(a) as a result of the proration of such obligations and liabilities. Buyer shall not assume any other obligations or liabilities of Sellers or the Stations, including (i) any obligations or liabilities under any Contract not included in the Assumed Contracts, (ii) any obligations or liabilities under the Assumed Contracts relating to the period prior to the Effective Time or the FCC Effective Time (as appropriate) for the Stations except insofar as an adjustment therefor is made in favor of Buyer under Section 2.3(a), (iii) any claims or pending litigation or proceedings relating to the operation of the Stations prior to the First Closing, (iv) any obligations or liabilities of Sellers under any employee pension, retirement, or other benefit plans, or (v) all taxes in connection with the operation of the Stations prior to the Effective Time or the FCC Effective time (as appropriate).

2.6 Option Fee. In consideration of Sellers providing Buyer with the option to purchase the FCC License Assets, which option results from Buyer having certain abilities to control whether or not an application for FCC Consent is filed pursuant to Section 6.1(b), which FCC Consent is a condition precedent to the License Closing, Buyer shall pay or cause to be paid to the License Seller a non-refundable option fee of Two Million Dollars (\$2,000,000) by federal wire transfer of same-day funds pursuant to wire transfer instructions, which instructions shall be delivered to Buyer by the License Seller at least two (2) business days prior to the First Closing Date, which amount shall be in addition to, and shall not constitute a part of the License Price.



### SECTION 3: REPRESENTATIONS AND WARRANTIES OF SELLERS

Each Seller represents and warrants to Buyer as follows:

**3.1 Organization and Authority of Sellers.** License Seller is a limited partnership, and Non-License Seller is a limited liability company, in each case duly organized and validly existing under the laws of the State listed on Schedule 3.1. Each Seller has the requisite corporate (or partnership in the case of License Seller) power and authority to own, lease and operate its properties, to carry on its business in the places where such properties are now owned, leased, or operated and such business is now conducted, and to execute, deliver and perform this Agreement and the documents contemplated hereby according to their respective terms. Each Seller is duly qualified and in good standing in each jurisdiction listed on Schedule 3.1, which are all jurisdictions in which such qualification is required by law. Except for any relationship with any other Sellers, the relationship contemplated by the TBA or as set forth on Schedule 3.1, no Seller is a participant in any joint venture or partnership with any other Person with respect to any part of the operations of the Stations or any of the Assets.

**3.2 Authorization and Binding Obligation.** The execution, delivery and performance of this Agreement by each Seller have been duly authorized by all necessary corporate action on the part of each Seller. This Agreement has been duly executed and delivered by each Seller and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms except as the enforceability of this Agreement may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

**3.3 Absence of Conflicting Agreements; Consents.** Subject to obtaining the Consents listed on Schedule 3.3, the execution, delivery and performance by each Seller of this Agreement and the documents contemplated hereby (with or without the giving of notice, the lapse of time, or both): (a) do not and will not require the consent of any third party; (b) does not and will not conflict with any provision of the Articles of Organization or operating agreement of Non-License Seller or the limited partnership agreement of the License Seller; (c) does not and will not conflict with, result in a breach of, or constitute a default under any applicable law, judgment, order, ordinance, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality; (d) does not and will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of, any material agreement, instrument, license, or permit to which either Seller is a party or by which either Seller may be bound legally; and (e) does not and will not create any claim, liability, mortgage, lien, pledge, condition, charge, or encumbrance of any nature whatsoever upon any of the Assets. Except for the FCC Consent provided for in Section 6.1, the filings required by the HSR Act provided for in Section 6.2 and the other Consents described in Schedule 3.3, no consent, approval, permit, or authorization of, or declaration to, or filing with any governmental or regulatory authority or any other third party is required (a) to consummate this Agreement and the transactions contemplated hereby, or (b) to permit Sellers to transfer and convey the Assets to Buyer.

### 3.4 Governmental Licenses; Retransmission Agreements.

(a) Schedule 3.4 includes a true and complete list of the Licenses. Sellers have made available to Buyer true and complete copies of the Licenses (including any amendments and other modifications thereto). The Licenses have been validly issued, and the License Seller is the authorized legal holder of the Licenses. The Licenses listed on Schedule 3.4 comprise all of the material licenses, permits and other authorizations required from any governmental or regulatory authority for the lawful conduct in all material respects of the business and operations of KETK in the manner and to the full extent they are now conducted, and none of the Licenses is subject to any unusual or special restriction or condition that could reasonably be expected to limit the full operation of KETK as now operated. The Licenses are in full force and effect, and the conduct of the business and operations of KETK is, in all material respects, in accordance therewith. Sellers have no reason to believe that, under existing law, rules, regulations, policies and procedures of the FCC, any of the Licenses would not be renewed by the FCC or other granting authority in the ordinary course.

(b) No action or proceeding is pending or, to the Knowledge of Sellers, threatened before the FCC or any other governmental authority to revoke, refuse to renew or modify the FCC Licenses or other authorizations of the Stations, and, to Sellers' Knowledge, no event has occurred which permits, or after notice or lapse of time or both would permit, the revocation, cancellation or rescission of any of the FCC Licenses. There is not now issued or outstanding, or to the Knowledge of Sellers pending or threatened, by or before the FCC, any order to show cause, notice of violation, notice of apparent liability, or notice of forfeiture or complaint against Sellers with respect to the Stations. Except as set forth on Schedule 3.4, since July 3, 1998 each of the Stations has complied in all material respects with the FCC's rules, regulations, and policies concerning limits on the duration of advertising in children's programming, and Sellers have fulfilled in all material respects their obligations with respect to children's programming responsive to the educational and informational needs of children.

(c) Schedule 3.4 includes a list of all agreements in Sellers' possession with operators of cable television systems serving more than 25,000 subscribers pursuant to which Sellers have granted to such operators the right to retransmit the Stations' signal (the "Retransmission Agreements"). Except as set forth on Schedule 3.4, no cable system serving more than 25,000 subscribers has notified Sellers of any signal quality deficiency or copyright indemnity or other prerequisite to cable carriage of the Station's signal, and no cable system serving more than 25,000 subscribers has notified Sellers that it has declined or threatened to decline such carriage or failed to respond to a request for carriage or sought any form of relief from carriage from the FCC.

3.5 Real Property. Schedule 3.5 contains a complete and accurate description of all Real Property and all Real Property Interests (including street address, legal description (where known), owner, and Sellers' use thereof). The Real Property Interests listed on Schedule 3.5 comprise all interests in real property necessary to conduct the business and operations of the Stations as now conducted except for any real property which constitutes a part of the KLSB License Assets. Except as described on Schedule 3.5, Sellers have good, marketable and insurable fee simple title to all fee estates included in the Real Property Interests and good title to

all other Real Property Interests, in each case free and clear of all liens, mortgages, pledges, covenants, easements, restrictions, encroachments, leases, charges, and other claims and encumbrances, except for Permitted Encumbrances. With respect to each leasehold or subleasehold interest included in the Real Property Interests, so long as Sellers fulfill their obligations under the lease therefor, Sellers have enforceable rights to nondisturbance and quiet enjoyment against its lessor or sublessor, and, to the Knowledge of Sellers, except as set forth in Schedule 3.5, no third party holds any interest in the leased premises with the right to foreclose upon Sellers' leasehold or subleasehold interest. Sellers have legal and practical access to all of the Real Property. All towers, guy anchors, and buildings and other improvements included in the Assets are located entirely on the Real Property listed in Schedule 3.5. All Real Property (including the improvements thereon) (a) is in good condition and repair consistent with its present use, (b) is available for immediate use in the conduct of the business and operations of the Stations, and (c) complies in all material respects with all applicable material building or zoning codes and the laws and regulations of any governmental authority having jurisdiction, except to the extent that the current use by Sellers, while permitted, constitutes or would constitute a "nonconforming use" under current zoning or land use regulations.

There are presently in existence water, sewer, gas and/or electrical lines or private systems on the Real Property which have been completed, installed and paid for and which are sufficient to service adequately the current operations of each building or other facility located on the Real Property which is used in any material respect by the Stations.

3.6 Tangible Personal Property. Schedule 3.6 lists all material items of Tangible Personal Property, with those items circled on Schedule 3.6 consisting of the Tangible Personal Property which is a part of the FCC License Assets. The Tangible Personal Property listed on Schedule 3.6 comprises all material items of tangible personal property necessary to conduct the business and operations of the Stations as now conducted except for any tangible personal property which constitutes a part of the KLSB License Assets. Except as described in Schedule 3.6, Sellers own and have good title to each item of Tangible Personal Property and none of the Tangible Personal Property owned by Sellers is subject to any security interest, mortgage, pledge, conditional sales agreement, or other lien or encumbrance, except for Permitted Encumbrances. With allowance for normal repairs, maintenance, wear and obsolescence, each material item of Tangible Personal Property is in good operation, condition and repair and is available for immediate use in the business and operations of the Stations. All material items of transmitting and studio equipment included in the Tangible Personal Property (a) have been maintained in a manner consistent with generally accepted standards of good engineering practice, and (b) together with any transmitting and studio equipment which constitutes a part of the KLSB License Assets, will permit the Stations and any unit auxiliaries thereto to operate in accordance with the terms of the FCC Licenses and the rules and regulations of the FCC and in all material respects with all other applicable federal, state and local statutes, ordinances, rules and regulations.

3.7 Contracts. Schedule 3.7 is a true and complete list of all Contracts which either (a) have a remaining term of more than one year after the date hereof or (b) require expenditures in excess of \$25,000 individually in any calendar year after the date hereof, except contracts with advertisers for production or the sale of advertising time on the Stations for cash that may be canceled by Sellers without penalty on not more than ninety days' notice. Sellers have delivered

or made available to Buyer true and complete copies of all written Assumed Contracts, true and complete descriptions of all oral Assumed Contracts (including any amendments and other modifications to such Contracts). Other than the Contracts listed on Schedule 3.7, Sellers require no contract, lease, or other agreement to enable them to carry on their business in all material respects as now conducted. All of the Contracts are in full force and effect and are valid, binding and enforceable in accordance with their terms and, with respect to each Material Contract, there exists no material default on the part of Sellers or to the Knowledge of Sellers, the other parties thereto. Except as disclosed on Schedule 3.7, other than in the ordinary course of business, Sellers do not have Knowledge of any intention by any party to any Contract (a) to terminate such Contract or amend the terms thereof, (b) to refuse to renew the Contract upon expiration of its term, or (c) to renew the Contract upon expiration only on terms and conditions that are more onerous than those now existing. Except for the need to obtain the Consents listed on Schedule 3.3, the exchange and transfer of the Assets in accordance with this Agreement will not affect the validity, enforceability, or continuation of any of the Contracts.

3.8 Intangibles. Schedule 3.8 is a true and complete list of all Intangibles (exclusive of Licenses listed in Schedule 3.4) that are required to conduct the business and operations of the Stations as now conducted, all of which are valid and in good standing and uncontested. Sellers have provided or made available to Buyer copies of all documents establishing or evidencing the Intangibles listed on Schedule 3.8. Other than with respect to matters generally affecting the television broadcasting industry and not particular to Sellers, to Sellers' Knowledge, Sellers are not, nor have Sellers received any notice or demand alleging that Sellers are infringing upon or otherwise acting adversely to any trademarks, trade names, service marks, service names, copyrights, patents, patent applications, know-how, methods, or processes owned by any other Person, and there is no claim or action pending, or to the Knowledge of Sellers threatened, with respect thereto.

3.9 Title to Properties. Except as disclosed in Schedule 3.5 or 3.6, Sellers have good and marketable title to or have valid leasehold interests in the Assets subject to no mortgages, pledges, liens, security interests, encumbrances, or other charges or rights of others of any kind or nature except for Permitted Encumbrances.

3.10 Financial Statements. Sellers have furnished Buyer with true and complete copies of unaudited financial statements of the Stations containing a balance sheet, statement of income, and statement of cash flows as at and for the fiscal year ended December 31, 1998, and an unaudited balance sheet and statement of income as at and for the twelve months ended December 31, 1998 (collectively, the "**Financial Statements**"). To the extent the Financial Statements relate to the period of time during which either Station was owned by an Affiliate of Sinclair Broadcast Group, Inc. ("SBG") the Financial Statements have been prepared from the books and records of Sellers and have been prepared in a manner consistent with generally accepted accounting principals and with the audited Financial Statements of SBG (except for the absence of footnotes and certain year-end adjustments, none of which are material). The Financial Statements accurately reflect the books, records and accounts of Sellers, present fairly the financial condition of the Stations as at their respective dates and the results of operations for the periods then ended and none of the Financial Statements understates in any material respect the true costs and expenses of conducting the business or operations of the Stations as currently

conducted by Sellers or otherwise materially inaccurately reflects the operations of the Stations; provided, that the foregoing representations are given only to the Knowledge of Sellers to the extent the Financial Statements relate to a period of time during which either Station was not owned by an Affiliate of SBG.

3.11 Taxes. Except as set forth in Schedule 3.11, Sellers have filed or caused to be filed all Tax Returns that are required to be filed with respect to their ownership and operation of the Stations, and have paid or caused to be paid all Taxes shown on those returns or on any tax assessment received by it to the extent that such Taxes have become due, or have set aside on their books adequate reserves (segregated to the extent required by generally accepted accounting principles) with respect thereto. Such Tax Returns are true and complete in all material respects. There are no legal, administrative, or tax proceedings pursuant to which Sellers are or could be made liable for any Taxes, penalties, interest, or other charges, the liability for which could extend to Buyer as transferee of the business of the Stations, and no event has occurred that could impose on Buyer any transferee liability for any Taxes, penalties, or interest due or to become due from Sellers.

3.12 Insurance. Schedule 3.12 is a true and complete list of all insurance policies of or covering Sellers. All policies of insurance listed in Schedule 3.12 are in full force and effect. During the past three years, no insurance policy of Sellers or the Stations has been canceled by the insurer and no application of Sellers for insurance has been rejected by any insurer.

3.13 Reports. All material returns, reports and statements that the KETK and, to Sellers' Knowledge KLSB, are currently required to file with the FCC or Federal Aviation Administration have been filed, and, during the period of ownership of the Stations were owned by an Affiliate of SBG, all reporting requirements of the FCC and Federal Aviation Administration have been complied with in all material respects including without limitation items required to be placed in the Stations' public inspection file. All of such returns, reports and statements, as filed which relate to KETK and, to Sellers' Knowledge which relate to KLSB, satisfy all applicable legal requirements.

3.14 Personnel and Employee Benefits.

(a) Employees and Compensation. Schedule 3.14 contains a true and complete list of all employees of Sellers employed at the Stations as of the date hereof (collectively, the "Employees") and indicates the salary and bonus, if any, to which each such Employee is currently entitled (limited in the case of Employees who are compensated on a commission basis to a general description of the manner in which such commissions are determined). Schedule 3.14 includes all employees of Sellers who are on unpaid leave pursuant to the Family Medical Leave Act of 1993 or otherwise. Sellers shall continue to cover under their long-term disability insurance any employees who are collecting benefits under such insurance as of the First Closing Date. Schedule 3.14 also contains a true and complete list of all employee benefit plans or arrangements covering the Employees, including any:

(i) "Employee welfare benefit plan," as defined in Section 3(1) of ERISA, that is maintained or administered by Sellers or to which Sellers contribute or are required to contribute (a "**Welfare Plan**");

(ii) "Multiemployer pension plan," as defined in Section 3(37) of ERISA, that is maintained or administered by Sellers or to which Sellers contribute or are required to contribute (a "**Multiemployer Plan**" and, together with the Welfare Plans, the "**Benefit Plans**");

(iii) "Employee pension benefit plan," as defined in Section 3(2) of ERISA (other than a Multiemployer Plan), to which Sellers contribute or are required to contribute (a "**Pension Plan**");

(iv) Employee plan that is maintained in connection with any trust described in Section 501(c)(9) of the Internal Revenue Code of 1986, as amended; and

(v) Employment, severance, or other similar contract, arrangement, or policy and each plan or arrangement (written or oral) providing for insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, or retirement benefits or for deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights, stock purchases, or other forms of incentive compensation or post-retirement insurance, compensation, or benefits that (A) is not a Welfare Plan, Pension Plan, or Multiemployer Plan, and (B) is entered into, maintained, contributed to, or required to be contributed to by either Seller or under which either Seller has any liability (collectively, "**Benefit Arrangements**").

(b) Pension Plans. Sellers do not sponsor, maintain, or contribute to any Pension Plan other than the Sinclair Broadcast Group 401(k) Profit Sharing Plan. Such Pension Plan complies currently and has been maintained in substantial compliance with its terms and, both as to form and in operation, with all material requirements prescribed by any and all material statutes, orders, rules and regulations that are applicable to such plans, including ERISA and the Code, except where the failure to do so will not have a Material Adverse Effect.

(c) Welfare Plans. Each Welfare Plan complies currently and has been maintained in substantial compliance with its terms and, both as to form and in operation, with all material requirements prescribed by any and all material statutes, orders, rules and regulations that are applicable to such plans, including ERISA and the Code, except where the failure to do so will not have a Material Adverse Effect. Sellers do not sponsor, maintain, or contribute to any Welfare Plan that provides health or death benefits to former employees of the Stations other than as required by Section 4980B of the Code. No Plan has any accumulated funding deficiency (as defined in ERISA). No plan subject to ERISA has been terminated; no reportable event (within the meaning of § 4043 of Subtitle C of ERISA) has occurred for any of Sellers' Plan; neither Sellers, nor to Sellers' Knowledge any plan fiduciary, has engaged in any "prohibited transactions" as defined in Section 406 of ERISA or Section 4475 of the Code.

(d) Benefit Arrangements. Each Benefit Arrangement has been maintained in substantial compliance with its terms and with the material requirements prescribed by all statutes, orders,

rules and regulations that are applicable to such Benefit Arrangement, except where the failure to do so will not have a Material Adverse Effect. Except for those employment agreements listed on Schedule 3.7, Sellers have no written contract prohibiting the termination of any Employee.

(e) Multiemployer Plans. Sellers have not at any time been a participant in any Multiemployer Plan.

(f) Delivery of Copies of Relevant Documents and Other Information. Sellers have delivered or made available to Buyer true and complete copies of each of the following documents:

(i) Each Welfare Plan and Pension Plan (and, if applicable, related trust agreements) and all amendments thereto, and written descriptions thereof that have been distributed to Employees, all annuity contracts or other funding instruments; and

(ii) Each Benefit Arrangement and written descriptions thereof that have been distributed to Employees and complete descriptions of any Benefit Arrangement that is not in writing.

(g) Labor Relations. Except as set forth in Schedule 3.14, no Seller is a party to or subject to any collective bargaining agreement or written or oral employment, consulting or independent contractor agreement with any Employee. With respect to the Employees, Sellers have complied in all material respects with all material laws, rules and regulations relating to the employment of labor, including those related to wages, hours, collective bargaining, occupational safety, discrimination, and the payment of social security and other payroll related taxes, and have not received any notice alleging that any Seller has failed to comply with any such laws, rules, or regulations. Except as set forth in Schedule 3.14 no controversies, disputes, or proceedings are pending or, to the Knowledge of Sellers, threatened, between any Seller and any Employee (singly or collectively) that relate to the Stations. Except as set forth on Schedule 3.14, no labor union or other collective bargaining unit represents or claims to represent any of the Employees. To the Knowledge of Sellers, there is no union campaign being conducted to solicit cards from any Employees to authorize a union to represent any of the employees of any Seller or to request a National Labor Relations Board certification election with respect to any Employees.

3.15 Claims and Legal Actions. Except as disclosed on Schedule 3.15 and except for any FCC rulemaking proceedings generally affecting the television broadcasting industry and not particular to Sellers, there is no claim, legal action, counterclaim, suit, arbitration, or other legal, administrative, or tax proceeding, nor any order, decree, or judgment, in equity or at law, in progress or pending, or to the Knowledge of Sellers threatened, against or relating to the Assets, or the business or operations of the Stations, nor does any Seller know of any basis for the same.

3.16 Environmental Matters.

(a) To Sellers' Knowledge, Sellers and the Real Property are in compliance in all material respects with all material laws, rules and regulations of all federal, state and local

governments (and all agencies thereof) concerning the environment, public health and safety, and employee health and safety ("Environmental Laws"), and no charge, complaint, action, suit, proceeding, hearing, claim, demand, or notice has been filed or commenced against either Seller alleging any failure to comply with any such law, rule, or regulation.

(b) Sellers have obtained and currently maintains all material permits, licenses and other authorizations that are required under all Environmental Laws.

(c) With respect to the period during which Sellers have owned or occupied the Real Property and, to the Knowledge of Sellers, with respect to the time before Sellers owned or occupied any Real Property, no person has caused or permitted Hazardous Materials to be stored, deposited, treated, recycled or disposed of on, under or at any Real Property owned, leased, used or occupied by Sellers which Hazardous Materials, if known to be present, would require cleanup, removal or some other remedial action under any Environmental Laws.

(d) To the Knowledge of Sellers there are not now, nor have there previously been, tanks or other facilities on, under, or at the Real Property which contained any Hazardous Materials which, if known to be present in soils or ground water, would require cleanup, removal or some other remedial action under Environmental Laws.

(e) To the Knowledge of Sellers, there are no conditions existing currently at the Real Property owned, leased, used or occupied by Sellers which would subject Sellers to damages, penalties, injunctive relief or cleanup costs under any Environmental Laws or which require cleanup, removal, remedial action or other response pursuant to Environmental Laws by Sellers.

(f) To the Knowledge of Sellers, the operation of the Stations does not exceed the permissible levels of exposure to RF radiation specified in either the FCC's current rules, regulations and policies concerning RF radiation.

3.17 Compliance with Laws. Sellers comply and have complied in all material respects with the Licenses and all material federal, state and local laws, rules, regulations and ordinances applicable or relating to the ownership and operation of the Stations.

3.18 FIRPTA. Sellers are not, and for the five years preceding the First Closing Date have not been, a "United States real property holding corporation" within the meaning of Section 897(c)(2) of the Code.

3.19 Conduct of Business in Ordinary Course. Since December 31, 1998, Sellers have conducted their business and operations in the ordinary course and, except as disclosed in Schedule 3.19, have not:

(a) made any material increase in compensation payable or to become payable to any of its employees other than those in the normal and usual course of business or in connection with any change in an employee's responsibilities, or any bonus payment made or promised to any of its Employees, or any material change in personnel policies, employee benefits, or other compensation arrangements affecting its employees;



(b) made any sale, assignment, lease, or other transfer of assets other than in the normal and usual course of business with suitable replacements being obtained therefor;

(c) canceled any debts owed to or claims held by Sellers, except in the normal and usual course of business;

(d) made any changes in Sellers' accounting practices;

(e) suffered any write-down of the value of any Assets or any material write-off as uncorrectable of any accounts receivable which individually or in the aggregate is material; or

(f) transferred or granted any right under, or entered into any settlement regarding the breach or infringement of, any license, patent, copyright, trademark, trade name, franchise, or similar right, or modified any existing right.

(g) amended or terminated any Contract or License to which any Sellers is a party, except in the ordinary course of business;

(h) lowered in any material respect the advertising rates of the Stations in a manner not consistent with past practices or not reflective of current market conditions;

(i) received notice from any sponsor or any customer as to the sponsor's or customer's intention not to conduct business with the Stations, the result of which loss or losses of business, individually or in the aggregate, has had, or could reasonably be expected to have, a Material Adverse Effect;

(j) received change in cable carriage or channel position on which the Station is carried from any cable system serving more than 25,000 subscribers;

(k) received notification by any cable company serving more than 25,000 subscribers that the Stations may not be entitled to must carry rights under the Cable Act either because the Stations fail to meet the requisite signal strength for such status or the Stations would be considered a distant signal under the cable compulsory copyright license, 17 U.S.C. § 111; or

(l) suffered any Material Adverse Effect.

3.20 Transactions with Affiliates. Except as disclosed in the Financial Statements or as described herein, no Seller has not been involved in any business arrangement or relationship with any Affiliate of Sellers, and no Affiliate of Sellers owns any property or right, tangible or intangible, relating to or that is used in the business of the Stations.

3.21 Broker. Neither Seller nor any Person acting on its behalf has incurred any liability for any finders' or brokers' fees or commissions in connection with the transactions contemplated by this Agreement.

3.22 Affiliation Agreement. The Affiliation Agreement with NBC is in full force and effect and NBC has not given Sellers written (or to Seller's Knowledge, oral) notice of NBC's intention to terminate or fail to renew the Affiliation Agreement or that NBC (or to Sellers' Knowledge, oral) is considering such possible termination or failure to renew.

#### SECTION 4: REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Sellers as follows:

4.1 Organization, Standing and Authority. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power and authority to execute, deliver and perform this Agreement and the documents contemplated hereby according to their respective terms and to own the Assets.

4.2 Authorization and Binding Obligation. The execution, delivery and performance of this Agreement by Buyer have been duly authorized by all necessary action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer and constitutes a legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms except as the enforceability of this Agreement may be affected by bankruptcy, insolvency or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

4.3 Absence of Conflicting Agreements and Required Consents. Subject to the execution, delivery and performance by Buyer of this Agreement and the documents contemplated hereby (with or without the giving of notice, the lapse of time, or both): (a) do not require the consent of any third party; (b) will not conflict with the Certificate of Incorporation or Bylaws of Buyer; (c) will not conflict with, result in a breach of, or constitute a default under, any applicable law, judgment, order, ordinance, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality; and (d) will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of, any agreement, instrument, license or permit to which Buyer is a party or by which Buyer may be bound. Except for the FCC Consent provided for in Section 6.1. and the filings required by the HSR Act provided for in Section 6.2, no consent, approval, permit, or authorization of, or declaration to, or filing with any governmental or regulatory authority or any other third party is required (a) to consummate this Agreement and the transactions contemplated hereby, or (b) to permit Buyer to acquire the Assets from Sellers or to assume certain liabilities and obligations of Sellers in accordance with Section 2.5.

4.4 Brokers. Neither Buyer nor any person or entity acting on its behalf has incurred any liability for any finders' or brokers' fees or commissions in connection with the transactions contemplated by this Agreement.

4.5 Availability of Funds. Buyer will have available on the First Closing Date and the License Closing Date sufficient funds to enable it to consummate the transactions contemplated hereby.

4.6 Qualifications of Buyer. Except as disclosed in Schedule 4.6, Buyer is, and pending the License Closing will remain legally, financially and otherwise qualified under the Communications Act and all rules, regulations and policies of the FCC to acquire and operate the Stations. Except as disclosed in Schedule 4.6, there are no facts or proceedings which would reasonably be expected to disqualify Buyer under the Communications Act or otherwise from acquiring or operating the Stations or would cause the FCC not to approve the assignment of the FCC Licenses to Buyer. Except as disclosed in Schedule 4.6, Buyer has no knowledge of any fact or circumstance relating to Buyer or any of Buyer's Affiliates that would reasonably be expected to (a) cause the filing of any objection to the assignment of the FCC Licenses to Buyer, or (b) lead to a delay in the processing by the FCC of the applications for such assignment. Except as disclosed in Schedule 4.6, no waiver of any FCC rule or policy is necessary to be obtained for the grant of the applications for the assignment of the FCC Licenses to Buyer, nor will processing pursuant to any exception or rule-of general applicability be requested or required in connection with the consummation of the transactions herein.

4.7 WARN Act. Buyer is not planning or contemplating, and has not made or taken any decisions or actions concerning the employees of the Stations after the Closing Date that would require the service of notice under the Worker Adjustment and Retraining Notification Act of 1988, as amended.

#### SECTION 5: OPERATION OF THE STATIONS PRIOR TO CLOSING

Sellers covenant and agree that between the date hereof and the First Closing Date, Sellers will operate the Stations in the ordinary course in accordance with Sellers' past practices (except where such conduct would conflict with the following covenants or with other obligations of Sellers under this Agreement), and, except as contemplated by this Agreement or with the prior written consent of Buyer (such consent not to be unreasonably withheld), between the date hereof and the First Closing Date, Sellers will act in accordance with the following insofar as such actions relate to the Stations; provided, that the period for compliance with the following shall extend until the License Closing Date to the extent any of such actions relate solely to the FCC License Assets, or to the obligations of the License Seller as the licensee of KETK:

5.1 Contracts. Sellers will not renew, extend, amend or terminate, or waive any material right under, any Material Contract (including any network affiliation agreement for the Stations), or enter into any contract or commitment or incur any obligation (including obligations relating to the borrowing of money or the guaranteeing of indebtedness and obligations arising from the amendment of any existing Contract, regardless of whether such Contract is a Material Contract) that will be assumed by or be otherwise binding on Buyer after the First Closing, except for (a) cash time sales agreements and production agreements made in the ordinary course of business consistent with Seller's past practices, (b) the renewal or extension of any existing Contract (other than network affiliation agreements) on its existing terms in the ordinary course of business, and (c) other contracts (other than network affiliation agreements, or time brokerage or local marketing arrangements) entered into in the ordinary course of business consistent with Sellers' past practices that do not involve consideration, in the aggregate with respect to either Station, in excess of Fifty Thousand Dollars (\$50,000) (reduced to Thirty Thousand Dollars (\$30,000) in the case of employment agreements) measured at the First Closing. Prior to the First Closing Date, Sellers shall deliver to Buyer a list of all Contracts entered into between the

date of this Agreement and the First Closing Date and shall make available to Buyer copies of such Contracts.

5.2 Compensation. Sellers shall not materially increase the compensation, bonuses, or other benefits payable or to be payable to any person employed in connection with the conduct of the business or operations of the Stations, except in accordance with past practices, as required by an employment agreement or consulting agreement or in connection and commensurate with the change in responsibility of any employee; provided, except where required by an existing agreement, no such material increase shall be made without Buyer's prior, written consent (such consent not to be unreasonably withheld).

5.3 Encumbrances. Sellers will not create, assume, or permit to exist any mortgage, pledge, lien, or other charge or encumbrance affecting any of the Assets, except for (a) liens disclosed in Schedule 5.3 or that will be removed prior to the Closing Date, and (b) Permitted Encumbrances.

5.4 Dispositions. Sellers will not sell, assign, lease, or otherwise transfer or dispose of any of the Assets except (a) assets that are no longer used in the operations of the Stations, (b) assets that are replaced with assets of equivalent kind and value that are acquired after the date of this Agreement, and (c) any intercompany accounts receivable.

5.5 Access to Information. Sellers will give to Buyer and its investors, lenders, counsel, accountants, engineers and other authorized representatives reasonable access to the Stations and all books, records and documents of Sellers which relate to the Stations, and will furnish or cause to be furnished to Buyer and its authorized representatives all information relating to Sellers and the Stations that they reasonably request (including any financial reports and operations reports produced with respect to the Stations).

5.6 Insurance. Sellers or their Affiliates shall maintain in full force and effect policies of insurance of the same type, character and coverage as the policies currently carried with respect to the business, operations and assets of the Stations.

5.7 Licenses. Sellers shall not cause or permit, by any act or failure to act, any of the Licenses listed on Schedule 3.4 to expire or to be revoked, suspended or modified, or take any action that could reasonably be expected to cause the FCC or any other governmental authority to institute proceedings for the suspension, revocation or material adverse modification of any of the Licenses. Sellers shall prosecute with due diligence any applications to any governmental authority necessary for the operation of the Stations.

5.8 Obligations. Sellers shall pay all its obligations insofar as they relate to the Stations as they become due, consistent with past practices; provided, Sellers shall make all payments on programming agreements so as to be current as of the First Closing Date.

5.9 No Inconsistent Action. Sellers shall not take any action that is inconsistent with its obligations under this Agreement in any material respect or that could reasonably be expected to hinder or delay the consummation of the transactions contemplated by this Agreement. No Seller nor any of its respective representatives or agents shall, directly or indirectly, solicit,

initiate, or participate in any way in discussions or negotiations with, or provide any confidential information to, any Person (other than Buyer or any affiliate or associate of Buyer and their respective representatives and agents) concerning any possible disposition of the Stations, the sale of any material assets of the Stations, or any similar transaction.

**5.10 Maintenance of Assets.** Sellers shall maintain all of the Assets in good condition (ordinary wear and tear excepted), consistent with their overall condition on the date of this Agreement, and use, operate and maintain all of the Assets in a reasonable manner. Sellers shall replace any Assets that are worn out, broken, lost, stolen or destroyed that would have been replaced in the ordinary course of business. Sellers shall maintain inventories of spare parts and expendable supplies at levels consistent with past practices. If any insured or indemnified loss, damage, impairment, confiscation, or condemnation of or to any of the Assets occurs, Sellers shall repair, replace, or restore the Assets to their prior condition as represented in this Agreement as soon thereafter as possible, and Sellers shall use the proceeds of any claim under any property damage insurance policy or other recovery solely to repair, replace, or restore any of the Assets that are lost, damaged, impaired, or destroyed.

**5.11 Consents.** Sellers shall use their reasonable efforts to obtain all Consents described in Section 3.3, without any adverse change in the terms or conditions of any Assumed Contract or License. Sellers shall promptly advise Buyer of any difficulties experienced in obtaining any of the Consents and of any conditions proposed, considered or requested for any of the Consents.

In the event that Sellers are unable to obtain a necessary consent from a third party to the assignment of a Contract to Buyer by the First Closing Date ("Consent-Pending Contract"), Sellers shall so advise Buyer, and to the extent permitted by Law, Buyer shall receive the benefits of such Consent-Pending Contracts on and after the First Closing Date. Such Consent-Pending Contracts will be treated as Assumed Contracts for the purposes of this Agreement, and Buyer will be responsible for and will timely perform all obligations under such Consent-Pending Contracts to the extent arising on and after the Closing Date. Sellers shall not assign any such Consent-Pending Contract to Buyer unless and until the consent from the third party to such Consent-Pending Contract is actually received. Buyer and Sellers shall cooperate with one another to provide to Buyer the benefits of such Consent-Pending Contract until such time of the actual assignment thereof by Sellers to Buyer following receipt of the necessary third-party consent. If at any time, Buyer is not able to receive substantially all of the material benefits under any Consent-Pending Contract, such Consent-Pending Contract shall be treated as a Contract not to be assumed by Buyer and Sellers shall remain responsible for the obligations thereunder. If at any time after the Closing Date, any necessary third-party consent shall be received by Sellers (other than with respect to a Consent-Pending Contract referred to in the immediately preceding sentence) such Consent-Pending Contract shall be assigned to and assumed by Buyer effective as of the date of the third party's consent to the assignment thereof.

**5.12 Books and Records.** Sellers shall maintain their books and records in accordance with past practices.

**5.13 Notification.** Sellers shall promptly notify Buyer in writing of any unusual or material developments with respect to the business or operations of the Stations, including the cessation

of broadcasting by either of the Stations for more than 48 consecutive hours, and of any material change in any of the information contained in the representations and warranties contained in Section 3 of this Agreement.

5.14 Financial Information; FCC Reports. Sellers shall furnish Buyer with sales pacing reports for the Stations on a weekly basis and shall furnish to Buyer within thirty (30) days after the end of each month ending between the date of this Agreement and the First Closing Date a statement of income and expense for the month just ended and such other financial information (including information on payables and receivables) as Buyer may reasonably request. All financial information delivered by Sellers to Buyer pursuant to this Section 5.14 shall be prepared from the books and records of Sellers in accordance with generally accepted accounting principles, consistently applied, shall accurately reflect the books, records and accounts of the Stations, shall be complete and correct in all material respects, and shall present fairly the financial condition of the Stations as at their respective dates and the results of operations for the periods then ended. Sellers will furnish to Buyer within ten (10) of filing all reports filed with the FCC with respect to the Stations.

5.15 Compliance with Laws. Sellers shall comply in all material respects with all material laws, rules and regulations.

5.16 Programming. Sellers shall not make any material changes in the Stations' programming policies, except such changes as in the good faith judgment of Seller are required by the public interest.

5.17 Preservation of Business. Sellers shall use commercially reasonable efforts consistent with past practices to preserve the business and organization of the Stations and, except as set forth on Schedule 5.17, to keep available to the Stations its present employees and to preserve the audience of the Stations and the Stations' present relationships with suppliers, advertisers, and others having business relations with it.

5.18 Miscellaneous

(a) Sellers shall use their reasonable efforts to take all appropriate reasonable action (not including the expenditure of money) to protect the present service areas of the Stations from increased electrical interference from other stations, existing or proposed, and exercise reasonable efforts to maintain carriage, if any, of the Stations' signals on all cable systems serving more than 25,000 subscribers on which it is entitled to carriage;

(b) Sellers shall follow their usual and customary policy with respect to extending credit for sales of broadcast time on the Stations and with respect to collecting accounts receivable arising from such extension of credit;

(c) Sellers shall make reasonable commercial efforts to promote and advertise the Stations and make expenditures therefor materially consistent with past practices; and

(d) Sellers shall promptly provide Buyer with copies of all material correspondence with cable systems serving more than 25,000 subscribers to and from Sellers concerning must carry status, retransmission consent and other matters arising under the Cable Act, and keep Buyer advised of the status of material developments in all negotiations by Sellers with cable systems serving more than 25,000 subscribers concerning such matters.

## SECTION 6: SPECIAL COVENANTS AND AGREEMENTS

### 6.1 FCC Consent

(a) The exchange and transfer of the FCC License Assets as contemplated by this Agreement is subject to the prior consent and approval of the FCC.

(b) Within ten (10) business days after written notice to Sellers by Buyer that (i) Buyer has received the written opinion of Buyer's FCC counsel that either the proposed assignment is in compliance with FCC rules or that there is a reasonable opportunity (but no guaranty) of obtaining a waiver of these rules based upon Buyer's FCC counsel's understanding of the degree of signal contour overlap between KETK and the station referenced on Schedule 4.6 Sellers and Buyer shall prepare and file with the FCC an appropriate application for FCC Consent. The parties shall thereafter prosecute the application with all reasonable diligence and otherwise use their respective best efforts to obtain a grant of the application 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 (i) the condition was imposed on it as the result of a circumstance the existence of which does not constitute a breach by that party of any of its representations, warranties or covenants hereunder, and (ii) compliance with the condition would have a material adverse effect upon it. Buyer and Sellers shall 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.

(c) If the License 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 9, 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 either party of its right to terminate the Agreement under Section 9.

6.2 Hart-Scott-Rodino. Within ten (10) days following the execution of this Agreement, Sellers and Buyer shall complete any filing that may be required pursuant to Hart-Scott-Rodino (each an "HSR Filing"). Sellers and Buyer shall diligently take, or fully cooperate in the taking of, all necessary and proper steps, and provide any additional information reasonably requested in order to comply with, the requirements of Hart-Scott-Rodino.

6.3 Risk of Loss. The risk of any loss, damage, impairment, confiscation, or condemnation of any of the Assets of Sellers from any cause whatsoever shall be borne by Sellers at all times prior to the First Closing.

6.4 Confidentiality. Except as necessary for the consummation of the transaction contemplated by this Agreement, including Buyer's obtaining of financing related hereto, and except as and to the extent required by law, each party will keep confidential any information obtained from the other party in connection with the transactions contemplated by this Agreement. Prior to the License Closing, no party will, except as required by law or by mutual agreement (including agreement as to context, text and method of distribution or release), make any press release or other public announcement or disclosure concerning the transactions contemplated hereby. If this Agreement is terminated, each party will return to the other party all information obtained by the such party from the other party in connection with the transactions contemplated by this Agreement. The parties hereto shall continue to be bound by the terms and conditions of the Confidentiality Agreement dated September 3, 1998, between the parties hereto (the "Confidentiality Agreement").

6.5 Cooperation. Buyer and Sellers shall reasonably cooperate with each other and their respective counsel and accountants in connection with any actions required to be taken as part of their respective obligations under this Agreement, and in connection with any litigation after the Closing Date which relates to the Stations for periods prior to the Effective Time. Buyer and Sellers shall execute such other documents as may be reasonably necessary and desirable to the implementation and consummation of this Agreement, and otherwise use their commercially reasonable efforts to consummate the transaction contemplated hereby and to fulfill their obligations under this Agreement. Notwithstanding the foregoing, Sellers shall have no obligation (a) to expend funds to obtain any of the Consents other than FCC Consents or pursuant to Hart-Scott-Rodino or (b) to agree to any adverse change in any License or Assumed Contract in order to obtain a Consent required with respect thereto.

6.6 Control of the Stations. Prior to the License Closing, but subject to Buyer's rights pursuant to the terms of the TBA and the TBA, Buyer shall not, directly or indirectly, control, supervise or direct, or attempt to control, supervise or direct, the operations of the Stations; those operations, including complete control and supervision of KETK's programs, employees and policies, shall be the sole responsibility of Seller.

6.7 Accounts Receivable.

(a) As soon as practicable after the First Closing Date, Sellers shall deliver to Buyer a complete and detailed list of all the Accounts Receivable. During the period beginning on the First Closing Date and ending on the last day of the sixth full calendar month beginning after the First Closing Date (the "**Collection Period**"), Buyer shall use commercially reasonable efforts, as Sellers' agent, to collect the Accounts Receivable in the usual and ordinary course of business, using the Stations' credit, sales and other appropriate personnel in accordance with customary practices, which may include referral to a collection agency. Notwithstanding the foregoing, Buyer shall not be required to institute legal proceedings on Sellers' behalf to enforce the collection of any Accounts Receivable. Buyer shall not adjust any Accounts Receivable or grant credit without Sellers' written consent, and Buyer shall not pledge, secure or otherwise encumber such Accounts Receivable or the proceeds therefrom. On or before the fifth day after the end of each calendar month during the Collection Period, Buyer shall remit to Sellers collections received by Buyer with respect to the Accounts Receivable, together with a report of all amounts



collected with respect to the Accounts Receivable during, as the case may be, the period from Closing through the end such month, less any sales commissions or collection costs paid by Buyer during the respective periods with respect to those Accounts Receivable.

(b) Any payments received by Buyer during the Collection Period from any Person that is an account debtor with respect to any account disclosed in the list of Accounts Receivable delivered by Sellers to Buyer shall be applied first against such account, unless and to the extent that the account is disputed in writing by the account debtor. Buyer shall incur no liability to Sellers for any uncollected account. Prior to the end of the second full calendar month after Closing neither Sellers nor any agent of Sellers shall make any direct solicitation of the account debtors for payment. After the end of the second full calendar month after Closing, Sellers shall have the right, at their expense, to assist and participate with Buyer in the collection of unpaid Accounts Receivable, provided, though, Seller's collection efforts shall be commercially reasonable and consistent with its past practices.

(c) At the end of the Collection Period, Buyer shall return to Sellers all files concerning the collection or attempts to collect the Accounts Receivable, and Buyer's responsibility for the collection of the Accounts Receivable shall cease.

6.8 Allocation of Purchase Price. Sellers and Buyer agree to attempt in good faith to agree on an allocation of the Purchase Price among the Assets prior to the First Closing for purposes of Section 1060 of the Code and Temporary Treasury Regulation Section 1.1060-1T; provided, that notwithstanding the failure of Buyer and Sellers to reach such an agreement generally, they shall be required to agree on an allocation of a portion of the Purchase Price to the Real Property Interests solely for the purpose of determining any transfer taxes or similar governmental charges imposed as a result of the transfer of the Real Property from Sellers to Buyer; provided further, that the parties hereby agree that the License Price represents the agreed upon allocation of a portion of the Purchase Price to the FCC License Assets. Buyer and Sellers agree to file with their respective federal income tax returns an initial asset acquisition statement and any supplemental statements on Internal Revenue Service Form 8594 required by Temporary Treasury Regulation Section 1.1060-1T, all in accordance with and accurately reflecting any agreed upon allocation of Purchase Price as described above for purposes of Section 1060 of the Code.

6.9 Access to Books and Records. To the extent reasonably requested by Buyer, Sellers shall provide Buyer access and the right to copy from and after the First Closing Date any books and records relating to the Assets but not included in the Assets. To the extent reasonably requested by Sellers, Buyer shall provide Sellers access and the right to copy from and after the First Closing Date any books and records relating to the Assets that are included in the Assets.

#### 6.10 Employee Matters.

(a) Upon consummation of the First Closing hereunder, Buyer shall offer employment to each of the Employees (including those on leave of absence, whether short-term, long-term, family, maternity, disability, paid, unpaid or other), which Employees shall be terminated by Sellers in order to allow Buyer to meet its obligations hereunder but not including those

designated by Sellers on Schedule 5.17 (which Schedule may be amended prior to the First Closing to replace any FCC Employees who are no longer employed at the Stations as of the First Closing or to delete the names of any other employees), which designation shall include two employees at each Station who shall remain employed by Sellers to meet their FCC obligation (the "FCC Employees") until the License Closing Date, at a comparable salary, position and place of employment as held by each such employee immediately prior to the First Closing Date (such employees who are given such offers of employment are referred to herein as the "Transferred Employees")

(b) Except as provided otherwise in this Section 6.10, Sellers shall pay, discharge and be responsible for (a) all salary and wages arising out of or relating to the employment of the Employees prior to the First Closing Date and (b) any employee benefits arising under the Benefit Plans or Benefit Arrangements of Sellers and their Affiliates during the period prior to the First Closing Date. From and after the First Closing Date, Buyer shall pay, discharge and be responsible for all salary, wages and benefits arising out of or relating to the employment of the Transferred Employees by Buyer on and after the First Closing Date. Buyer shall be responsible for all severance Liabilities, and all COBRA Liabilities for any Transferred Employees of the Stations terminated on or after the First Closing Date, including any related to any deemed termination by Sellers of the Transferred Employees as a result of the consummation of the transaction contemplated hereby.

(c) Buyer shall cause all Transferred Employees as of the First Closing Date to be eligible to participate in its "employee welfare benefit plans" and "employee pension benefit plans" (as defined in Section 3(1) and 3(2) of ERISA, respectively) of Buyer in which similarly situated employees of Buyer are generally eligible to participate; provided, however, that all Transferred Employees and their spouses and dependents shall be eligible for coverage immediately after the First Closing Date (and, to the extent permitted by law, shall not be excluded from coverage on account of any pre-existing condition) to the extent provided under such plans with respect to Transferred Employees.

(d) For purposes of any length of service requirements, waiting period, vesting periods or differential benefits based on length of service in any such plan for which a Transferred Employee may be eligible after the First Closing, Buyer shall ensure that, to the extent permitted by law, service by such Transferred Employee with Sellers, any Affiliate of Sellers or any prior owner of the Stations shall be deemed to have been service with the Buyer. In addition, Buyer shall ensure that each Transferred Employee receives credit under any welfare benefit plan of Buyer for any deductibles or co-payments paid by such Transferred Employee and his or her dependents for the current plan year under a plan maintained by Sellers or any Affiliate of Sellers. Buyer shall grant credit to each Transferred Employee for all sick leave in accordance with the policies of Buyer applicable generally to its employees after giving effect to service for Sellers, any Affiliate of Sellers or any prior owner of the Stations, as service for Buyer. To the extent taken into account in determining prorations pursuant to Section 2.3 hereof, Buyer shall assume and discharge Sellers' liabilities for the payment of all unused vacation leave accrued by Transferred Employees as of the First Closing Date. To the extent any claim with respect to such accrued vacation leave is lodged against Sellers, with respect to any Transferred Employee,

Buyer shall indemnify, defend and hold harmless Sellers from and against any and all losses, directly or indirectly, as a result of, or based upon or arising from the same.

(e) upon consummation of the License Closing, Buyer shall offer employment to each of the FCC Employees at a comparable salary, position and place of employment as held by each such employee immediately prior to the License Closing Date. The provisions of paragraphs (b) – (d) of this Section 6.10 shall apply, mutatis mutandis, to the FCC Employees, substituting the License Closing Date for the First Closing Date.

(f) Buyer acknowledges and agrees that Buyer's obligations pursuant to this Section 6.10 are in addition to, and not in limitation of, Buyer's obligation to assume the employment contracts included in the Assumed Contracts.

6.11 Time Brokerage Agreement. The License Seller and Buyer agree to enter into a Time Brokerage Agreement (the "TBA"), effective as of the First Closing Date, substantially in the form of Exhibit B-1 hereto, and providing Buyer with the right to program KETK during the period between the First Closing and the License Closing.

6.12 Notice of Adverse Changes. Pending the First Closing (and, to the extent not arising as a result of any action or failure to act of Buyer, pending the License Closing), Sellers shall give Buyer prompt written notice of the occurrence after the date hereof of any of the following:

(a) An event of loss affecting the Assets involving more than \$100,000;

(b) the commencement of any proceeding or litigation against Sellers at law or in equity or before the FCC or any other commission, agency or administrative or regulatory body or authority which involves any of the Licenses and which could reasonably be expected to have a Material Adverse Effect on the Stations or the Assets, other than proceedings or litigation of general applicability to the television broadcasting industry;

(c) any material labor grievance, strike, request for union representation, or dispute affecting the business or operations of the Stations;

(d) any material violation by Sellers or the Stations, or written notice of any alleged violation, of any material federal, state or local law, statute, ordinance, rule or regulation; or

(e) any notice of breach, default, claimed default or termination of any Contract other than pursuant to its terms.

6.13 Lender Required Consents. Sellers shall use commercially reasonable efforts to obtain such consents as may be reasonably requested by Buyer's lenders from third parties to any of the leases listed on Schedule 3.5 hereto.

6.14 Release of Liens. Except for the Permitted Encumbrances, at or prior to the First Closing, or the License Closing, as applicable, Sellers shall obtain the release of all Liens on the Assets disclosed in the Schedules hereto and any other Liens on the Assets and shall duly file releases or

terminations of all such Liens in each governmental agency or office in which any such Lien or evidence thereof shall have been previously filed.

6.15 Financing Leases. At or prior to the Closing, the Sellers shall obtain the release of all obligations under any Financing leases.

6.16 Lease Agreement. The License Seller and Buyer agree to enter in a lease agreement (the "Lease"), effective as of the First Closing Date, substantially in the form of Exhibit B-2 hereto, and providing the License Seller with certain rights to use the Assets during the pendency of the TBA and during the one year period thereafter.

## SECTION 7: CONDITIONS TO OBLIGATIONS OF BUYER AND SELLER

7.1 Conditions to Obligations of Buyer at the First Closing. All obligations of Buyer at the First Closing hereunder are subject at Buyer's option to the fulfillment prior to or at the First Closing Date of each of the following conditions; provided, the conditions set forth in clause (f) below shall be deemed to have been satisfied if Buyer has not made reasonable efforts to satisfy such conditions; provided further, that satisfaction of the conditions set forth in clauses (a) and (b) below shall not constitute a waiver of Buyer's rights to indemnification pursuant to Section 10 hereof:

(a) Representations and Warranties. All representations and warranties of Sellers contained in this Agreement shall be true and complete at and as of the First Closing Date as though made at and as of that time, (except for representations and warranties that speak as of a specific date or time which need only be true and complete as of such date or time), except where the failure to be true and complete does not have a Material Adverse Effect, determined solely for purposes of this Section 7.1(a) and the officers certificates required by Sections 8.2(b) and 8.4(b) without regard to any materiality qualifiers included in such representations and warranties.

(b) Covenants and Conditions. Sellers shall have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or on the First Closing Date, except where the failure to have performed and complied does not have a Material Adverse Effect.

(c) Hart-Scott-Rodino. All applicable waiting periods under Hart-Scott-Rodino shall have expired or terminated and there shall have been no materially adverse requirement imposed on Buyer in order to obtain approvals under Hart-Scott-Rodino.

(d) Governmental Authorizations. The License Sellers shall be the holder of all FCC Licenses and there shall not have been any material modification, revocation, or non-renewal of any License. No proceeding shall be pending the effect of which could be to revoke, cancel, fail to renew, suspend, or modify materially and adversely any FCC License.

(e) Event of Loss. Between the date of this Agreement and the Closing, neither the Station nor the Assets shall have sustained an Event of Loss which individually or in the

aggregate would cost in excess of \$500,000 to repair and such repair shall not have been satisfactorily completed on or prior to the Closing Date; provided however, Sellers may elect to extend the Closing Date for a reasonable period not to exceed ninety (90) days necessary to complete such repairs.

(f) Delivery of Reports. Buyer shall, at Buyer's sole expense, have obtained the following reports,

(i) With respect to the owned Real Property, preliminary reports on title dated a date subsequent to the date hereof, issued by the Title Company, which preliminary reports shall contain commitments (the "Title Commitments") of the Title Company to issue owner's title insurance policies on ALTA Owners Policy forms (the "Title Policy") insuring the fee simple interest of Buyer in such parcels of owned Real Property. Sellers shall provide standard form seller affidavits in order to allow such Title Commitments to be issued without standard printed exceptions as to parties in possession. The Title Commitments shall be subject only to Permitted Encumbrances and such other Liens that will be released at Closing.

(ii) Surveys of the owned Real Property as of a date subsequent to the date hereof which shall (A) be prepared by a registered land surveyor, (B) be certified to the Title Company and to Buyer by such surveyor and (iii) show with respect to such owned Real Property: (1) the legal description of such parcel of owned Real Property (which shall be the same as the Title Policy pertaining thereto), (2) all buildings, structures and improvements thereon and all restrictions of record and other restrictions that have been established by an applicable zoning or building code or ordinance and all easements or rights of way or record, (3) access to such owned Real Property from public street (including taking into account any easements to cross private property) and (4) no material encroachment which materially interferes with the present use of such Real Property by the Stations;

(g) Legal Proceedings. No injunction, restraining order or decree of any nature of any court or governmental authority of competent jurisdiction shall be in effect that restrains or prohibits the transactions contemplated by this Agreement.

(h) Required Consents. There shall have been secured such consents to assignment as are required to assign to Buyer those Leases or Contracts listed on Schedule 7.1, without any material amendment thereto, together with standard form estoppel certificates with respect to any leased Real Property set forth on Schedule 7.1.

(i) Non-Foreign Affidavit. Sellers shall have furnished to Buyer affidavits of each Seller stating under penalty of perjury such Seller's United States taxpayer identification number and that such Seller is not a foreign person with the meaning of Section 1445(b)(2) of the Code.

(j) Absence of Investigations and Proceedings. Except for governmental investigations relating to high definition television or the broadcast industry generally, including proceedings of general applicability under the Cable Act, there shall be no decree, judgment, order, or bona fide litigation at law or in equity, no arbitration proceedings, and no proceedings before or by any

commission, agency or other administrative or regulatory body or authority pending to which any Seller is a party or to which the Stations or the Assets are subject, (i) that is more likely than not to materially interfere with the ability of Buyer to operate the Stations or to use or acquire the Assets in materially the same manner as operated and used by Sellers or as currently proposed to be used by Sellers or (ii) in is more likely than not to result in material amount of damages being incurred by Buyer on account thereof and for which Buyer is not indemnified hereunder.

(k) Deliveries. Sellers shall have made or stand willing to make all the deliveries to Buyer described in Section 8.2.

7.2 Conditions to Obligations of Sellers at the First Closing. All obligations of Sellers at the First Closing hereunder are subject at Sellers' option to the fulfillment prior to or at the First Closing Date of each of the following conditions:

(a) Representations and Warranties. All representations and warranties of Buyer contained in this Agreement shall be true and complete in all material respects at and as of the First Closing Date as though made at and as of that time.

(b) Covenants and Conditions. Buyer shall have performed and complied in all material respects with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or on the First Closing Date.

(c) Hart-Scott-Rodino. All applicable waiting periods under Hart-Scott-Rodino shall have expired or terminated and there shall have been no materially adverse requirement imposed on Sellers in order to obtain approvals under Hart-Scott-Rodino.

(d) Legal Proceedings. No injunction, restraining order or decree of any nature of any court or governmental authority of competent jurisdiction shall be in effect that restrains or prohibits the transactions contemplated by this Agreement.

(e) Deliveries. Buyer shall have made or stand willing to make all the deliveries described in Section 8.3.

7.3 Conditions to Obligation of Buyer at the License Closing. All obligations of Buyer at the License Closing hereunder are subject at Buyer's option to the fulfillment prior to or at the License Closing Date of each of the following conditions:

(a) Representations and Warranties. All representations and warranties of Seller contained in this Agreement that relate specifically to the FCC License Assets shall be true and complete at and as of the License Closing Date as though made at and as of that time (except for representations and warranties that speak as of a specific date or time which need only be true and complete as of such date or time), except where the failure to be true and complete does not have a Material Adverse Effect.

(b) Covenants and Conditions. Sellers shall have performed and complied with all covenants, agreements and conditions relating specifically to the FCC License Assets and

required by this Agreement to be performed or complied with by it prior to or on the License Closing Date, except where the failure to have performed and complied does not have a Material Adverse Effect.

(c) FCC Consent. The FCC Consent shall have been granted and be a Final Order.

(d) Governmental Authorizations. The License Sellers shall be the holder of all FCC Licenses and there shall not have been any material modifications, revocation or non-renewal of any material License. No proceeding shall be pending the effect of which could be to revoke, cancel, fail to renew, suspend or modify materially and adversely any FCC License.

(e) Deliveries. The FCC Seller shall have made or stand willing to make all deliveries to Buyer described in Section 8.4.

7.4 Conditions to Obligations of Sellers at the License Closing. All obligations of Sellers at the License Closing hereunder are subject at Sellers' option to the fulfillment prior to or at the License Closing Date of each of the following conditions:

(a) FCC Consent. The FCC Consent shall have been granted.

(b) Deliveries. Buyer shall have made or stand willing to make all the deliveries described in Section 8.5.

## SECTION 8: CLOSING AND CLOSING DELIVERIES

### 8.1 Closings.

(a) First Closing Date. Except as provided below in this Section 8.1 or as otherwise agreed to by Buyer and Sellers, the First Closing shall take place at 10:00 a.m. on a date, to be set by Buyer on at least five days' written notice to Sellers, which shall be the later of (i) not earlier than the first business day after all applicable waiting periods under Hart-Scott-Rodino shall have expired or terminated and as soon as practicable and not later than ten (10) business days following the date upon which all applicable waiting periods under Hart-Scott-Rodino shall have expired or terminated and the other conditions set forth in Sections 7.1 and 7.2 have been satisfied or waived, and (ii) April 30, 1999 (or such earlier date as Buyer, using its commercially reasonable best efforts, has obtained sufficient funds to pay the Purchase Price).

(b) License Closing Date. Except as provided below in this Section 8.1 or as otherwise agreed to by Buyer and Sellers, the License Closing shall take place at 10:00 a.m. on a date to be set by Buyer on at least five days' written notice to Sellers which shall not be earlier than the first business day after the FCC Consent has become a Final Order, provided however that Buyer may upon ten (10) days prior notice to Sellers waive the requirement that the FCC Consent become a Final Order and not later than ten (10) business days following the date upon which the FCC Consent has become a Final Order.

(c) Postponement of Closing.

(i) If any event occurs that prevents signal transmission by the Stations in the normal and usual manner and Sellers cannot restore the normal and usual transmission before the date on which either the First Closing or the License Closing would otherwise occur pursuant to this Section 8.1, and this Agreement has not been terminated under Section 9, the First Closing or the License Closing, as the case may be, shall be postponed, to such date as is necessary (but only, in the case of the License Closing, until a date within the effective period of the FCC Consent (as it may be extended pursuant to Section 6.1(c)) to allow Sellers to restore the normal and usual transmission; provided, that the foregoing shall not apply to postpone the License Closing to the extent any such signal transmission is not caused by any action of the Sellers. If the Closing is postponed pursuant to this paragraph, the date of the Closing shall be mutually agreed to by Sellers and Buyer.

(ii) If there is in effect on the date on which either the First Closing or the License Closing would otherwise occur pursuant to this Section 8.1 any judgment, decree or order that would prevent or make unlawful the Closing on that date, the Closing shall be postponed until a date (but only, in the case of the License Closing, within the effective period of the FCC Consent (as it may be extended pursuant to Section 6.1(c)), to be agreed upon by Buyer and Seller, when such judgment, decree, or order no longer prevents or makes unlawful the Closing. If the Closing is postponed pursuant to this paragraph, the date of the Closing shall be mutually agreed to by Seller and Buyer.

(d) Closing Place. Each of the First Closing and the License Closing shall be held at the offices of Thomas & Libowitz, USF&G Tower, 100 Light Street, Suite 1100, Baltimore, Maryland, 21202, or any other place that is mutually agreed upon by Buyer and Sellers.

8.2 Deliveries by Sellers at First Closing. Prior to or on the First Closing Date, Sellers shall deliver to Buyer the following, in form and substance reasonably satisfactory to Buyer and its counsel:

(a) Conveyancing Documents. Duly executed warranty deeds, bills of sale, motor vehicle titles, assignments, and other transfer documents that are sufficient to vest good and marketable title to the Assets, other than the FCC License Assets and the Excluded Assets, in the name of Buyer, free and clear of all mortgages, liens, restrictions, encumbrances, claims and obligations except for Permitted Encumbrances;

(b) Officer's Certificate. A certificate, dated as of the First Closing Date, executed on behalf of one of the Sellers by an officer of such Seller, certifying: (i) that the representations and warranties of Sellers contained in this Agreement are true and complete as of the First Closing Date as though made on and as of that date (except for representations and warranties that speak as of a specific date or time, which need only be true and complete as of such date or time), and (ii) that Sellers have in all material respects performed and complied with all of its obligations, covenants and agreements in this Agreement to be performed and complied with on or prior to the First Closing Date, except to the extent that the failure of such representations and warranties to be true and correct and the failure to perform such covenants shall not have had a



Material Adverse Effect (determined without regard to materiality qualifiers included in such representations and warranties);

(c) Secretary's Certificate. A certificate, dated as of the First Closing Date, executed by each of the Seller's Secretary: (i) certifying that the resolutions, as attached to such certificate, were duly adopted by such Seller's Board of Directors and shareholders (if required), authorizing and approving the execution of this Agreement and the consummation of the transaction contemplated hereby and that such resolutions remain in full force and effect; and (ii) providing, as attachments thereto, the Articles of Incorporation and Bylaws of such Seller;

(d) Consents. A manually executed copy of any instrument evidencing receipt of any Consent which has been received by Sellers;

(e) Good Standing Certificates. To the extent available from the applicable jurisdictions, certificates as to the formation and/or good standing of each Seller issued by the appropriate governmental authorities in the states of organization and each jurisdiction in which any Seller is qualified to do business, each such certificate (if available) to be dated a date not more than a reasonable number of days prior to the First Closing Date;

(f) Opinions of Counsel. Opinion of Sellers' counsel and communications counsel dated as of the First Closing Date, substantially in the form of Exhibit C hereto.

(g) TBA. The TBA, duly executed by each of the License Sellers.

8.3 Deliveries by Buyer at First Closing. Prior to or on the First Closing Date, Buyer shall deliver to Sellers the following, in form and substance reasonably satisfactory to Sellers and their counsel:

(a) Closing Payment. The payment described in Section 2.4(a);

(b) Officer's Certificate. A certificate, dated as of the First Closing Date, executed on behalf of Buyer by the President of Buyer, certifying (i) that the representations and warranties of Buyer contained in this Agreement are true and complete in all material respects as of the First Closing Date as though made on and as of that date, and (ii) that Buyer has in all material respects performed and complied with all of its obligations, covenants and agreements in this Agreement to be performed and complied with on or prior to the First Closing Date;

(c) Secretary's Certificate. A certificate, dated as of the First Closing Date, executed by Buyer's Secretary: (i) certifying that the resolutions, as attached to such certificate, were duly adopted by Buyer's Board of Directors, authorizing and approving the execution of this Agreement and the consummation of the transaction contemplated hereby and that such resolutions remain in full force and effect; and (ii) providing, as an attachment thereto, Buyer's Certificate of Incorporation.

(d) Assumption Agreements. Appropriate assumption agreements pursuant to which Buyer shall assume and undertake to perform Seller's obligations under the Licenses and to the extent provided in Section 2.5, including under the Assumed Contracts.

(e) Good Standing Certificates. To the extent available from the applicable jurisdictions, certificates as to the formation and/or good standing of Buyer issued by the appropriate governmental authorities in the state of organization and each jurisdiction in which Buyer is qualified to do business, each such certificate (if available) to be dated a date not more than a reasonable number of days prior to the First Closing Date;

(f) Opinion of Counsel. An opinion of Buyer's counsel dated as of the First Closing Date, substantially in the form of Exhibit D hereto.

(g) TBA. The TBA, duly executed by Buyer.

(h) Option Fee. The payment described in Section 2.6

8.4 Deliveries by License Sellers at License Closing. Prior to or on the License Closing Date, the License Seller shall deliver to Buyer the following, in form and substance reasonably satisfactory to Buyer and its counsel:

(a) Conveyancing Documents. Duly executed assignments and other transfer documents that are sufficient to vest good and marketable title to the FCC License Assets in the name of Buyer, free and clear of all mortgages, liens, restrictions, encumbrances, claims and obligations except for Permitted Encumbrances;

(b) Officer's Certificate. A certificate, dated as of the Closing Date, executed on behalf of one of the Sellers by an officer of such Seller, certifying: (i) that the representations and warranties of Sellers contained in this Agreement that relate specifically to the FCC License Assets are true and complete as of the License Closing Date as though made on and as of that date (except for representations and warranties that speak as of a specific date or time, which need only be true and complete as of such date or time), and (ii) that Sellers have in all material respects performed and complied with all of its obligations, covenants and agreements in this Agreement to be performed and complied with on or prior to the License Closing Date, except to the extent that the failure of such representations and warranties to be true and correct and the failure to perform such covenants shall not have had a Material Adverse Effect (determined without regard to materiality qualifiers included in such representations and warranties);

(c) Secretary's Certificate. A certificate, dated as of the Closing Date, executed by the License Seller's Secretary: certifying that the resolutions, as attached to such certificate, were duly adopted by the License Seller's Board of Directors and shareholders (if required), authorizing and approving the execution of this Agreement and the consummation of the transaction contemplated hereby and that such resolutions remain in full force and effect.

(d) Good Standing Certificates. To the extent available from the applicable jurisdictions, certificates as to the formation and/or good standing of the License Seller issued by the appropriate governmental authorities in the state of organization and each jurisdiction in which

the FCC Seller is qualified to do business, each such certificate (if available) to be dated a date not more than a reasonable number of days prior to the License Closing Date;

(e) Opinions of Counsel. Opinions of Sellers' communications counsel dated as of the Closing Date, substantially in the form of Exhibit E hereto.

8.5 Deliveries by Buyer at License Closing. Prior to or on the License Closing Date, Buyer shall deliver to Sellers the following, in form and substance reasonably satisfactory to Sellers and their counsel:

(a) Closing Payment. The payment described in Section 2.4(b) reduced (in accordance with Section 2.4(b)) by fifty percent (50%) of any amounts paid by Buyer to Sellers prior to the License Closing pursuant to Sections 9.3 (a), (b) or (c);

(b) Secretary's Certificate. A certificate, dated as of the Closing Date, executed by Buyer's Secretary, certifying that the resolutions, as attached to such certificate, were duly adopted by Buyer's Board of Directors, authorizing and approving the execution of this Agreement and the consummation of the transaction contemplated hereby and that such resolutions remain in full force and effect.

(c) Assumption Agreements. Appropriate assumption agreements pursuant to which Buyer shall assume and undertake to perform Seller's obligations under the FCC Licenses.

(d) Good Standing Certificates. To the extent available from the applicable jurisdictions, certificates as to the formation and/or good standing of Buyer issued by the appropriate governmental authorities in the state of organization and each jurisdiction in which Buyer is qualified to do business, each such certificate (if available) to be dated a date not more than a reasonable number of days prior to the Closing Date;

## SECTION 9: TERMINATION

9.1 Termination by Seller. This Agreement may be terminated by Sellers and the exchange and transfer of the Stations abandoned, if Sellers are not then in material default hereunder, upon written notice to Buyer, upon the occurrence of any of the following:

(a) Conditions. If on the date that would otherwise be the First Closing Date, or at the License Closing Date, any of the conditions precedent to the obligations of Sellers at the First Closing, or at the License Closing, as applicable, set forth in this Agreement has not been satisfied or waived in writing by Sellers;

(b) Judgments. If there shall be in effect on the date that would otherwise be the First Closing Date, or the License Closing Date, any judgment, decree, or order that would prevent or make unlawful the First Closing, or the License Closing, as applicable;

(c) First Closing Dropdead Date. If the First Closing shall not have occurred on or prior to the first anniversary of the date hereof; or

(d) TBA Termination. The occurrence of an event giving Sellers the right to terminate the TBA.

9.2 Termination by Buyer. This Agreement may be terminated by Buyer and the exchange and transfer of the Stations abandoned, if Buyer is not then in material default with respect to its obligations hereunder, upon written notice to Sellers, upon the occurrence of any of the following:

(a) Conditions. If on the date that would otherwise be the First Closing Date, or the License Closing Date, any of the conditions precedent to the obligations of Buyer at the First Closing or at the License Closing, as applicable, set forth in this Agreement has not been satisfied or waived in writing by Buyer;

(b) Judgments. If there shall be in effect on the date that would otherwise be the First Closing Date, or the License Closing Date, any judgment, decree, or order that would prevent or make unlawful the First Closing or at the License Closing, as applicable;

(c) First Closing Dropdead Date. If the First Closing shall not have occurred on or prior to the first anniversary of the date hereof;

(d) TBA Termination. The occurrence of an event giving Buyer the right to terminate the TBA; or

(e) Seller's Default. If, following the First Closing, Sellers shall be in material default with respect to their obligations hereunder and such default shall not have been cured within thirty (30) days following written notice from Buyer of such default (or within the end of such longer period as may reasonably be required to cure such default if not reasonably capable of being cured within thirty (30) days and Sellers have diligently begun working to cure such default within such thirty (30) day period).

9.3 Termination by License Seller Prior to License Closing. This Agreement may be terminated by the License Seller and the transfer of the FCC License Assets abandoned if the License Seller is not then in material default hereunder or under the TBA, upon written notice to Buyer, upon the occurrence of any of the following:

(a) If the License Closing shall not have occurred on or prior to the second anniversary of the date hereof; provided, the termination right set forth in this Section 9.3(a) shall be void if prior to the second anniversary of the date hereof, Buyer shall have made an extension payment to Sellers in an amount equal to Two Hundred Fifty Thousand Dollars,

(b) If the License Closing shall not have occurred on or prior to the fourth anniversary of the date hereof; provided, the termination right shall be void if prior to the fourth anniversary of

the date hereof, Buyer shall have made the extension payment contemplated by clause (a) above, plus an extension payment to Sellers in an amount equal to; Two Hundred Fifty Thousand Dollars (\$250,000),

(c) If the License Closing shall not have occurred on or prior to the sixth anniversary of the date hereof; provided, the termination right shall be void if prior to the sixth anniversary of the date hereof, Buyer shall have made the extension payments contemplated by clause (a) and (b) above, plus an extension payment to Sellers in an amount equal to Five Hundred Thousand Dollars (\$500,000);

(d) If the License Closing shall not have occurred on or prior to the eighth anniversary of the date hereof; or

(e) Buyer's Default. If, following the First closing, Buyer shall be in material default with respect to its obligations hereunder and such default shall not have been cured within thirty (30) days following written notice from Sellers of such default (or within the end of such longer period as may reasonably be required to cure such default if not reasonably capable of being cured within thirty (30) days and Buyer has diligently begun working to cure such default within such thirty (30) day period).

9.4 Rights on Termination. If this Agreement is terminated prior to the First Closing (a) by Buyer due to Sellers' material breach of any provision of this Agreement or (b) for any other reason permitted hereunder other than as specified in the immediately succeeding sentence, Buyer shall be entitled to have returned to it the Escrow Deposit together with all earnings thereon, and shall have all rights and remedies available at law or equity, including the remedy of specific performance described in Section 9.4 below. If this Agreement is terminated by Sellers prior to the First Closing due to Buyer's material breach of any provision of this Agreement, Sellers shall be entitled to receive as its sole liquidated damages the Escrow Deposit, together with all interest or other proceeds from the investment thereof, less any compensation due the Escrow Agent.

9.5 Specific Performance. The parties recognize that if Sellers breach this Agreement and refuse to perform under the provisions of this Agreement, monetary damages alone would not be adequate to compensate Buyer for its injury. Buyer shall therefore be entitled, in addition to any other remedies that may be available, to obtain specific performance of the terms of this Agreement. If any action is brought by Buyer to enforce this Agreement, Sellers shall waive the defense that there is an adequate remedy at law.

9.6 Liquidated Damages. If this Agreement is terminated by Sellers prior to the First Closing pursuant to Section 9.1 hereof due to a material breach by Buyer of any provision of this Agreement, then the amount of the Escrow Deposit, together with all interest or other proceeds from the investment thereof, less any compensation due the Escrow Agent, shall be paid to Sellers as liquidated damages, it being agreed that such amount shall constitute full payment for any and all damages suffered by Sellers by reason of Buyer's failure to consummate the transaction contemplated by this Agreement to occur at the First Closing. Buyer and Sellers agree in advance that actual damages would be difficult to ascertain and that the amount then

comprising the Escrow Deposit is a fair and equitable amount to reimburse Sellers for damages sustained due to Buyer's failure to consummate this Agreement at the First Closing for the above-stated reason. In the event Sellers terminate this Agreement after the First Closing as a result of Buyer's breach hereunder or under the TBA, Sellers shall be entitled to seek any and all remedies, whether at law or equity, as a result of such breach

9.7 Attorneys' Fees. In the event of a default by either party that results in a lawsuit or other proceeding for any remedy available under this Agreement, the prevailing party shall be entitled to reimbursement from the other party of its reasonable legal fees and expenses (whether incurred in arbitration, at trial, or on appeal).

#### SECTION 10: SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION; CERTAIN REMEDIES

10.1 Survival. Without prejudice to representations and warranties in other agreements delivered hereunder, all representations and warranties of Buyer and Sellers herein shall be deemed continuing representations and warranties, and shall survive the First Closing and shall remain in full force and effect for a period ending the later of (a) April 15, 2000 or (b) of twelve (12) months after the First Closing Date (or until the final resolution of any claim or dispute which is asserted in reasonably detailed writing prior to the expiration of such period; provided, references in this sentence to the First Closing Date shall be deemed to be references to the License Closing Date with respect to representation and warranties contained in Sections 3.3, 3.4, 3.6, 3.9, 3.13, 3.15, 3.17 and 4.6 insofar as such representations and warranties relate solely to the FCC License Assets). Any investigations by or on behalf of any party hereto shall not constitute a waiver as to enforcement of any representation, warranty, or covenant contained in this Agreement. No notice or information delivered by either party shall affect the other party's right to rely on any representation, warranty, or covenant made by such party or relieve such party of any obligations under this Agreement as the result of a breach of any of its representations and warranties.

10.2 Indemnification by Seller. After the First Closing, and regardless of any investigation made at any time by or on behalf of Buyer or any information Buyer may have, but subject to Section 10.5, Sellers hereby agree to indemnify and hold Buyer harmless against and with respect to, and shall reimburse Buyer for:

(a) Any and all losses, liabilities, costs, expenses, claims or damages resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant by Sellers contained in this Agreement or in any certificate, document, or instrument delivered to Buyer under this Agreement;

(b) Any and all obligations of Sellers not assumed by Buyer pursuant to this Agreement, including any liabilities arising at any time under any Contract not included in the Assumed Contracts;

(c) Any loss, liability, obligation, or cost resulting from the failure of the parties to comply with the provisions of any bulk sales law applicable to the transfer of the Assets;

(d) Any and all losses, liabilities, or damages resulting from the operation or ownership of the Stations prior to the First Closing, including any liabilities arising under the Assumed Contracts that relate solely to events occurring prior to the First Closing Date; provided, subject to the terms and conditions of the TBA, references in this sentence to the First Closing shall be deemed to be references to the License Closing to the extent any such liabilities arise under the FCC Licenses; and

(e) Fifty percent (50%) of any and all losses, liabilities or damages resulting solely from variances in the employee benefits provided by Buyer, as compared to the employee benefits provided by Seller, but only to the extent such losses, liabilities or damages (i) are incurred with respect to any Transferred Employee with an express contractual right to receive the benefits provided by Seller and (ii) do not result from Buyer's breach of Section 6.10 hereof.

(f) Any and all out-of-pocket costs and expenses, including reasonable legal fees and expenses, incident to any action, suit, proceeding, claim, demand, assessment, or judgment incident to the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

10.3 Indemnification by Buyer. Notwithstanding the First Closing, but subject to Section 10.5, Buyer hereby agrees to indemnify and hold Sellers harmless against and with respect to, and shall reimburse Sellers for:

(a) Any and all losses, liabilities, costs, expenses, claims or damages resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant by Buyer contained in this Agreement or in any certificate, document, or instrument delivered to Sellers under this Agreement;

(b) Any and all obligations of Sellers assumed by Buyer pursuant to this Agreement;

(c) Any and all losses, liabilities, or damages resulting from the operation or ownership of the Stations after the First Closing or, with respect to the FCC Licenses, after the License Closing; and

(d) Any and all out-of-pocket costs and expenses, including reasonable legal fees and expenses, incident to any action, suit, proceeding, claim, demand, assessment, or judgment incident to the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

10.4 Procedure for Indemnification. The procedure for indemnification shall be as follows:

(a) The party claiming indemnification (the "**Claimant**") shall promptly give notice to the party from which indemnification is claimed (the "**Indemnifying Party**") of any claim, whether between the parties or brought by a third party, specifying in reasonable detail the factual basis for the claim. If the claim relates to an action, suit, or proceeding filed by a third

party against Claimant, such notice shall be given by Claimant within five business days after written notice of such action, suit, or proceeding was given to Claimant.

(b) With respect to claims solely between the parties, following receipt of notice from the Claimant of a claim, the Indemnifying Party shall have thirty days to make such investigation of the claim as the Indemnifying Party deems necessary or desirable. For the purposes of such investigation, the Claimant agrees to make available to the Indemnifying Party and its authorized representatives the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnifying Party agree at or prior to the expiration of the thirty-day period (or any mutually agreed upon extension thereof) to the validity and amount of such claim, the Indemnifying Party shall immediately pay to the Claimant the full amount of the claim. If the Claimant and the Indemnifying Party do not agree within the thirty-day period (or any mutually agreed upon extension thereof), the Claimant may seek appropriate remedy at law or equity.

(c) With respect to any claim by a third party as to which the Claimant is entitled to indemnification under this Agreement, the Indemnifying Party shall have the right at its own expense, to participate in or assume control of the defense of such claim, and the Claimant shall cooperate fully with the Indemnifying Party, subject to reimbursement for actual out-of-pocket expenses incurred by the Claimant as the result of a request by the Indemnifying Party, provided, however, that the Indemnifying Party may not assume control of the defense unless it affirms in writing its obligation to indemnify Claimant for any damages incurred by Claimant with respect to such third-party claim. If the Indemnifying Party elects to assume control of the defense of any third-party claim, the Claimant shall have the right to participate in the defense of such claim at its own expense. So long as the Indemnifying Party is defending in good faith any third party claim, the Claimant shall not settle or compromise such claim. If the Indemnifying Party does not elect to assume control or otherwise participate in the defense of any third-party claim, it shall be bound by the results obtained in good faith by the Claimant with respect to such claim.

(d) If a claim, whether between the parties or by a third party, requires immediate action, the parties will make every effort to reach a decision with respect thereto as expeditiously as possible.

(e) The indemnification rights provided in Section 10.2 and Section 10.3 shall extend to the members, partners, shareholders, officers, directors, employees, representatives and affiliated entities of any Claimant although for the purpose of the procedures set forth in this Section 10.4, any indemnification claims by such parties shall be made by and through the Claimant.

#### 10.5 Certain Limitations.

(a) Notwithstanding anything in this Agreement to the contrary, neither party shall indemnify or otherwise be liable to the other party with respect to any claim for any breach of a representation or warranty, or for the breach of any covenant contained in this Agreement (other than covenants which by their terms are to be performed more than twelve (12) months after the First Closing Date or the License Closing Date, as applicable), unless notice of the claim is given within the period ending on the later of (i) April 15, 2000 or (ii) the first anniversary of the First



Closing Date (or the License Closing Date, to the extent specifically substituted for the First Closing Date in either Section 10.1 or 10.2),

(b) Notwithstanding anything in this Agreement to the contrary, Sellers shall not be liable to Buyer in respect of any indemnification hereunder except to the extent that (a) the aggregate amount of losses of Buyer exceeds One Hundred Fifty Thousand Dollars (\$150,000) (and then only to the extent such losses exceed Seventy-Five Thousand Dollars (\$75,000)); provided, however, that the such limitations shall not apply to any losses, liabilities or damages set forth in Section 10.2(e) hereof, and (b) the aggregate amount of losses of Buyer is less than Five Million Dollars (\$5,000,000); provided, the foregoing shall not be applicable to any amounts owed in connection with the Purchase Price or the proration adjustment thereof.

(c) Notwithstanding any other provision of this Agreement to the contrary, in no event shall a party be entitled to indemnification for such party's incidental, consequential or punitive damages, regardless of the theory of recovery. Each party hereto agrees to use reasonable efforts to mitigate any losses which form the basis for any claim for indemnification hereunder.

10.6 Cure of Breach. Notwithstanding any other provisions of this Agreement to the contrary, a breach by Sellers of any representations and warranties or a failure to perform any covenant or agreement hereunder may be cured by Sellers prior to the First Closing Date or the License Closing Date, as applicable, (a) by reducing the portion of the Purchase Price due at the First Closing or the License Closing, as applicable, in an amount equal to the losses to Buyer caused by such breach, (b) by making payment to a third party or taking other action to discharge the losses, (c) by placing an amount equal to the losses in an escrow account under an escrow arrangement reasonably satisfactory to Sellers and Buyer, or (d) by a combination of the foregoing; provided, the cure of breach provided by clause (c) above shall only be available to the extent such losses are less than Five Hundred Thousand Dollars (\$500,000). If the foregoing actions fully cure the breach, Sellers shall have no obligation under Section 10.2 or otherwise to indemnify Buyer with respect to the losses caused by such breach. If such actions partially cure the breach, Sellers shall continue to have an obligation under Section 10.2 to indemnify Buyer with respect to the uncured portion of the losses caused by such breach.

## SECTION 11: MISCELLANEOUS

### 11.1 Fees and Expenses.

(a) Buyer and Sellers shall each pay one-half of (i) any fees charged by the FCC in connection with the transactions contemplated hereby, (ii) any filing fees incurred in connection with any HSR Filings and (iii) any filing fees, transfer taxes, document stamps, or other charges levied by any governmental entity on account of the transfer of the Assets from Sellers to Buyer.

(b) Except as otherwise provided in this Agreement, each party shall pay its own expenses incurred in connection with the authorization, preparation, execution and performance of this Agreement, including all fees and expenses of counsel, accountants, agents and representatives, and each party shall be responsible for all fees or commissions payable to any finder, broker, advisor, or similar Person retained by or on behalf of such party.

11.2 Notices. All notices, demands and requests required or permitted to be given under the provisions of this Agreement shall be (i) in writing, (ii) sent by telecopy (with receipt personally confirmed by telephone), delivered by personal delivery, or sent by commercial delivery service or certified mail, return receipt requested, (iii) deemed to have been given on the date telecopied with receipt confirmed, the date of personal delivery, or the date set forth in the records of the delivery service or on the return receipt, and (iv) addressed as follows:

To Buyer:

ComCorp Broadcasting, Inc.  
413 Travis Street, Suite 100  
Lafayette, Louisiana 70503  
Attention: D. Wayne Elmore  
Telecopy: (318) 237-1373  
Telephone: (318) 237-1142

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

James S. Altenbach, Esquire  
Minkin & Snyder, PC  
3060 Peachtree Road, Suite 1100  
Atlanta, Georgia 30305  
Telecopy: (404) 261-5064  
Telephone: (404) 261-8000

To Sellers:

Sellers  
c/o Sinclair Communications  
2000 West 41<sup>st</sup> Street  
Baltimore, MD 21211  
Attention: President  
Telecopy: 410-467-5043  
Telephone: 410-662-1406

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

Sinclair Communications, Inc.  
2000 W. 41<sup>st</sup> Street  
Baltimore, MD 21211  
Attn: General Counsel  
Telecopy: 410-662-4707  
Telephone: 410-662-1422

or to any other or additional persons and addresses as the parties may from time to time designate in a writing delivered in accordance with this Section 11.2.

11.3 Benefit and Binding Effect. No party hereto may assign this Agreement without the prior written consent of the other parties hereto; provided, such consent shall not be required in the

event Buyer desires to assign its rights hereunder to a wholly-owned subsidiary of Buyer or solely with respect to the acquisition of the FCC License Assets, to any other person or entity; provided further, Buyer may without the consent of Sellers collaterally assign its rights hereunder to its lenders; provided finally, no such assignment to any subsidiary, other person or entity or lender shall relieve Buyer of any of its obligations hereunder. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

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

11.5 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CHOICE OF LAW PROVISIONS THEREOF).

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


11.7 Waiver of Compliance; Consents. Except as otherwise provided in this Agreement, any failure of any of the parties to comply with any obligation, representation, warranty, covenant, agreement, or condition herein may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, representation, warranty, covenant, agreement, or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Whenever this Agreement requires or permits consent by or on behalf of any party hereto, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this Section 11.7.

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

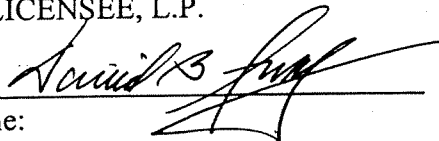
**[Signatures on Following Page]**

IN WITNESS WHEREOF, this Agreement has been executed by the duly authorized officers of Buyer and Sellers as of the date first written above.

SINCLAIR PROPERTIES, LLC

By:   
Name:  
Title:

KETK LICENSEE, L.P.

By:   
Name:  
Title:

COMCORP BROADCASTING, INC.

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

IN WITNESS WHEREOF, this Agreement has been executed by the duly authorized officers of  
Buyer and Sellers as of the date first written above.

SINCLAIR PROPERTIES, LLC

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

KETK LICENSEE, L.P.

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

COMCORP BROADCASTING, INC.

By: J. Wayne Elmer  
Name:  
Title:

cc: Kathy S.

**COMCORP OF TYLER, INC.**  
700 St. John Street, Suite 300  
Lafayette, LA 70501

June 23, 2004

VIA FACSIMILE (410) 467-5043  
AND FEDERAL EXPRESS

Sinclair Properties, LLC and  
KETK Licenses, L.P.  
c/o Sinclair Communications, Inc.  
2000 West 41<sup>st</sup> Street  
Baltimore, MD 21211  
Attention: President.

VIA FACSIMILE (410) 662-4707  
AND FEDERAL EXPRESS

Sinclair Communications, Inc.  
2000 West 41<sup>st</sup> Street  
Baltimore, MD 21211  
Attention: General Counsel

Re: Transfer of FCC Licenses of KETK-TV

Ladies and Gentlemen:

Reference is made to that certain Asset Purchase Agreement dated February 24, 1999 among Sinclair Properties, LLC, KETK Licenses, L.P. and ComCorp Broadcasting, Inc., as assigned by ComCorp Broadcasting, Inc. to ComCorp of Tyler, Inc. ("Buyer") pursuant to an Assignment Agreement dated April 1, 1999 (the "Purchase Agreement"). Capitalized terms used but not otherwise defined in this letter shall have the meaning ascribed thereto in the Purchase Agreement.

Pursuant to Section 6.1(b) of the Purchase Agreement, Buyer hereby gives written notice to Sellers that Buyer has received the written opinion of Buyer's FCC counsel that the proposed assignment of the FCC Licenses is in compliance with FCC rules. Please note that Buyer intends to take assignment of the FCC Licenses in its wholly-owned subsidiary, ComCorp of Tyler License Corp., a Delaware corporation.

Very truly yours,

COMCORP OF TYLER, INC.

By:   
D. Wayne Elmore, President

cc: James S. Altenbach, Esq.  
Vincent J. Curtis, Jr., Esq.