

**ASSET PURCHASE AGREEMENT**

**Dated as of May 13, 2014**

**Among**

**LONDON BROADCASTING COMPANY, INC.,**

**THE SELLERS NAMED HEREIN,**

**KMOV-TV, INC.,**

**KTVK, INC.,**

**and**

**GANNETT CO., INC.**

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## ASSET PURCHASE AGREEMENT

**ASSET PURCHASE AGREEMENT**, dated as of May 13, 2014 (this “Agreement”), among KCEN Operating Company, LLC, a Delaware limited liability company (“KCEN Operating Company”), KCEN License Company, LLC, a Delaware limited liability company (“KCEN License Company”), KYTX Operating Company, LLC, a Delaware limited liability company (“KYTX Operating Company”), KYTX License Company, LLC, a Delaware limited liability company (“KYTX License Company”), KIII Operating Company, LLC, a Delaware limited liability company (“KIII Operating Company”), KIII License Company, LLC, a Delaware limited liability company (“KIII License Company”), KIII Building, LLC, a Delaware limited liability company (“KIII Building”), KBMT Operating Company, LLC, a Delaware limited liability company (“KBMT Operating Company”), KBMT License Company, LLC, a Delaware limited liability company (“KBMT License Company”), KIDY/KXVA Operating Company, LLC, a Delaware limited liability company (“KIDY/KXVA Operating Company”), KIDY/KXVA License Company, LLC, a Delaware limited liability company (“KIDY/KXVA License Company”), KUIL Operating Company, LLC, a Delaware limited liability company (“KUIL Operating Company”), KUIL License Company, LLC, a Delaware limited liability company (“KUIL License Company”), solely for purposes of Sections 5.3, 6.4, 9.9 and 11.16, London Broadcasting Company, Inc., a Delaware corporation (“LBC”), Gannett Co., Inc., a Delaware corporation, its successors and assigns (“Parent”), and KMOV-TV, Inc., a Delaware corporation, its successors and assigns (“KMOV”), KTVK, Inc., a Delaware corporation, its successors and assigns (“KTVK”) (KMOV and KTVK are individually and collectively referred to herein as “Buyer”). KCEN Operating Company, KCEN License Company, KYTX Operating Company, KYTX License Company, KIII Operating Company, KIII License Company, KIII Building, KBMT Operating Company, KBMT License Company, KIDY/KXVA Operating Company, KIDY/KXVA License Company, KUIL Operating Company and KUIL License Company are sometimes referred to individually herein as “Seller” and collectively as “Sellers”.

### WITNESSETH:

**WHEREAS**, Sellers are engaged in the business of owning and operating the television broadcast stations set forth on Schedule A (the “Stations” and, the business of such Stations as currently operated by Sellers, the “Business”);

**WHEREAS**, Sellers, together with certain of their Affiliates, also are in the business of operating the KTXD-TV and KCEB-TV television broadcast stations and certain entertainment businesses, including the businesses described on Schedule B (collectively, with Sellers’ and their Affiliates’ other lines of business, and, in each case, excluding the Business as currently conducted by Sellers at the Stations, the “Excluded Businesses”);

**WHEREAS**, Sellers desire to sell to Buyer, and Buyer desires to purchase from Sellers, substantially all of the assets, properties and business relating primarily to the Business (other than certain specified excluded assets) and in connection therewith Sellers desire to transfer, and Buyer desires to assume, certain specified liabilities related to such assets and the Business, all on the terms and subject to the conditions set forth herein; and

**WHEREAS**, Parent, indirectly through its wholly-owned subsidiary, owns all of the capital stock of Buyer.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth, it is hereby agreed among Sellers, Parent and Buyer as follows:

## **ARTICLE I**

### **DEFINITIONS**

**Section 1.1. Definitions.** As used in this Agreement, the following terms have the meanings specified or referred to in this Section 1.1:

**“Affiliate”** means, with respect to any Person, any other Person which directly or indirectly controls, is controlled by or is under common control with such Person.

**“Agreed Accounting Principles”** means GAAP, subject to those exceptions set forth on Schedule C.

**“Agreed Adjustments”** has the meaning specified in Section 2.7(b).

**“Agreement”** has the meaning specified in the introductory paragraph hereof.

**“Arbitrator”** means KPMG LLP. If KPMG LLP is not able or willing to perform such services and the parties are unable to mutually agree on a replacement, the American Institute of Certified Public Accountants shall select an accounting firm to be the Arbitrator hereunder.

**“Assumed Liabilities”** has the meaning specified in Section 2.3(a).

**“Balance Sheet”** has the meaning specified in Section 3.4.

**“Balance Sheet Date”** has the meaning specified in Section 3.4.

**“Base Purchase Price”** has the meaning specified in Section 2.5(a).

**“Bluebonnet”** means Bluebonnet Communications LLC, a Texas limited liability company.

**“Bluebonnet APA”** means that certain Asset Purchase Agreement, dated as of January 29, 2014, between Bluebonnet, as seller, and KUIL License Company and KUIL Operating Company, as buyers.

**“Bluebonnet Assets”** means the “Assets” as defined in Section 2.1 of the Bluebonnet APA.

**“Bluebonnet Consent”** has the meaning specified in Section 9.9(c).



**“Bluebonnet FCC Applications”** means certain pending applications filed with the FCC by the parties to the Bluebonnet APA requesting consent of the FCC to the assignment of the Bluebonnet FCC Authorizations to KUIL License Company from Bluebonnet.

**“Bluebonnet FCC Authorizations”** means those Governmental Permits issued by the FCC with respect to the Bluebonnet Stations, and any pending applications at the FCC with respect to the Bluebonnet Stations.

**“Bluebonnet FCC Consent”** means action by the FCC (including action by staff acting on delegated authority) granting its consent to the Buyer-Bluebonnet Applications and the consummation of the transactions contemplated thereby.

**“Bluebonnet Stations”** means the following digital low power stations: KUIL-LD, Beaumont, TX; K361D-D, Beaumont, TX; KVHP-LD, Jasper, TX; and K27JJ-D, Forbes/Jasper City, TX.

**“Business”** has the meaning specified in the first recital hereof.

**“Buyer”** has the meaning specified in the introductory paragraph hereof.

**“Buyer-Bluebonnet FCC Applications”** means the applications filed with the FCC to assign the Bluebonnet FCC Authorizations to Buyer.

**“Buyer Ancillary Agreements”** has the meaning specified in Section 4.2(a).

**“Buyer Fundamental Representations”** has the meaning specified in Section 9.2(c)(A).

**“Buyer Group Member”** means Buyer, Parent, and their respective Affiliates, directors, officers, employees and agents and their respective successors and assigns.

**“Buyer Material Adverse Effect”** means any event, occurrence, fact, condition, change, development or effect that would materially adversely affect the ability of Buyer or Parent to perform its obligations under this Agreement, other than changes (i) relating to generally applicable economic conditions or the television broadcasting industry in general, other than those having a disproportionate impact on Buyer or Parent, or (ii) resulting from the execution of this Agreement or the consummation of the transactions contemplated hereby or thereby.

**“Cash”** means the Sellers’ cash and cash equivalents (including short term investments) as of the Effective Time, including all checks and funds received by any of the Sellers or any of their banks (*e.g.*, checks deposited or funds paid to lock-box accounts of any of the Sellers) as of such time, in each case, as determined in accordance with the Agreed Accounting Principles.

**“CERCLA”** means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., any amendments thereto, any successor statutes, and any regulations promulgated thereunder.

**“Claim Notice”** has the meaning specified in Section 9.3(a).

**“Closing”** has the meaning specified in Section 2.4.

**“Closing Date”** has the meaning specified in Section 2.4.

**“Closing Date Balance Sheet”** has the meaning specified in Section 2.7.

**“Closing Date Cash”** means the amount of available Cash of the Business as of the Effective Time, not to exceed \$500,000, which shall be an Excluded Asset.

**“Closing Date Payment”** has the meaning specified in Section 2.6(b).

**“Closing Date Working Capital Deficit”** means (a) for purposes of calculating the Estimated Purchase Price, the amount by which (i) the sum of (A) the Current Liabilities as reflected on the Estimated Closing Date Balance Sheet, plus (B) the Target Working Capital Amount (reduced, but not below zero, by the Closing Date Cash), exceeds (ii) the Current Assets as reflected on the Estimated Closing Date Balance Sheet, in each case, determined in accordance with the terms of this Agreement and the Agreed Accounting Principles; (b) for purposes of calculating the Preliminary Purchase Price, the amount by which (i) the sum of (A) the Current Liabilities as reflected on the Preliminary Closing Date Balance Sheet, plus (B) the Target Working Capital Amount (reduced, but not below zero, by the Closing Date Cash), exceeds (ii) the Current Assets as reflected on the Preliminary Closing Date Balance Sheet, in each case, determined in accordance with the terms of this Agreement and the Agreed Accounting Principles and (c) for purposes of calculating the final Purchase Price pursuant to Section 2.7 and as adjusted pursuant to Section 2.10, if any, the amount by which (i) the sum of (A) the Current Liabilities as reflected on the Closing Date Balance Sheet, plus (B) the Target Working Capital Amount (reduced, but not below zero, by the Closing Date Cash), exceeds (ii) the Current Assets as reflected on the Closing Date Balance Sheet, in each case, determined in accordance with the terms of this Agreement and the Agreed Accounting Principles.

**“Closing Date Working Capital Surplus”** means (a) for purposes of calculating the Estimated Purchase Price, the amount by which (i) the Current Assets as reflected on the Preliminary Closing Date Balance Sheet, exceeds (ii) the sum of (A) the Current Liabilities as reflected on the Estimated Closing Date Balance Sheet, plus (B) the Target Working Capital Amount (such amount reduced, but not below zero, by the Closing Date Cash), in each case, determined in accordance with the terms of this Agreement and the Agreed Accounting Principles; provided that if such Current Assets are equal to the sum of (1) such Current Liabilities plus (2) the Target Working Capital Amount (such amount reduced, but not below zero, by the Closing Date Cash), in each case, determined in accordance with the terms of this Agreement and the Agreed Accounting Principles), then the Closing Date Working Capital Surplus shall be zero; (b) for purposes of calculating the Preliminary Purchase Price, the amount by which (i) the Current Assets as reflected on the Preliminary Closing Date Balance Sheet, exceeds (ii) the sum of (A) the Current Liabilities as reflected on the Preliminary Closing Date Balance Sheet, plus (B) the Target Working Capital Amount (such amount reduced, but not below zero, by the Closing Date Cash), in each case, determined in accordance with the terms of this Agreement and the Agreed Accounting Principles; provided that if such Current Assets are equal to the sum of (1) such Current Liabilities plus (2) the Target Working Capital Amount (such amount reduced, but not below zero, by the Closing Date Cash), in each case, determined

in accordance with the terms of this Agreement and the Agreed Accounting Principles), then the Closing Date Working Capital Surplus shall be zero and (c) for purposes of calculating the final Purchase Price, the amount by which (i) the Current Assets as reflected on the Closing Date Balance Sheet, exceeds (ii) the sum of (A) the Current Liabilities as reflected on the Closing Date Balance Sheet, plus (B) the Target Working Capital Amount (such amount reduced, but not below zero, by the Closing Date Cash), in each case, determined in accordance with the terms of this Agreement and the Agreed Accounting Principles; provided that if such Current Assets are equal to the sum of (1) such Current Liabilities plus (2) the Target Working Capital Amount (such amount reduced, but not below zero, by the Closing Date Cash), in each case, determined in accordance with the terms of this Agreement and the Agreed Accounting Principles), then the Closing Date Working Capital Surplus shall be zero.

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

**“Collection Period”** has the meaning specified in Section 2.12.

**“Collections Deficiency”** has the meaning specified in Section 2.12.

**“Collective Bargaining Agreement”** means each collective bargaining agreement, works council agreement, labor union contract, trade union agreement, or other agreement or contract with a Union.

**“Communications Act”** means the Communications Act of 1934, as amended.

**“Company Employees”** has the meaning specified in Section 3.16.

**“Comptroller”** means the Texas Comptroller of Public Accounts.

**“Contaminant”** means any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special waste, asbestos, asbestos containing material, petroleum or petroleum-derived substance or waste, or any constituent of any such substance or waste.

**“Current Assets”** means (a) those types of assets of Sellers classified as “Current Assets” on the Balance Sheet, and (b) any pro-rated assets described in Section 2.5(d)(i), in each case, (i) excluding any Excluded Assets and any Excess Closing Date Cash, and (ii) as determined in accordance with the terms of this Agreement and the Agreed Accounting Principles.

**“Current Liabilities”** means (a) those types of liabilities of Sellers classified as “Current Liabilities” on the Balance Sheet and (b) any pro-rated liabilities described in Section 2.5(d)(ii), in each case, (i) excluding (A) any Excluded Liabilities and (B) any Tax liabilities and (ii) as determined in accordance with the terms of this Agreement and the Agreed Accounting Principles.

**“Disputed Items”** has the meaning specified in Section 2.7(c).

**“Drewry Escrow Agreement”** means that certain escrow agreement, dated as of June 27, 2008, by and among KSWO Television Co. Inc., an Oklahoma corporation, KFDA Operating

Company, LLC, a Delaware limited liability company, KFDA License Company, LLC, a Delaware limited liability company, KSWO Operating Company, LLC, a Delaware limited liability company, KSWO License Company, LLC, a Delaware limited liability company, KXXV Operating Company, LLC, a Delaware limited liability company, KXXV License Company, LLC, a Delaware limited liability company, KWES Operating Company, LLC, a Delaware limited liability company, KWES License Company, LLC, a Delaware limited liability company, KKTM Operating Company, LLC, a Delaware limited liability company, KKTM License Company, LLC, a Delaware limited liability company (collectively, the “**Drewry Parties**”), and Sun Trust Bank (“**Sun Trust**”), a Georgia Banking Corporation, as the Escrow Agent, pursuant to which \$5,750,000 (together with any interest or other earnings received thereon, the “**Drewry Escrow Deposit**”) is held by Sun Trust in an escrow account pursuant to the terms thereof.

“**Drewry Litigation**” means the litigation arising out of a dispute involving the Drewry Escrow Agreement and related agreements.

“**Effective Time**” means 12:01 a.m. local New York time on the Closing Date.

“**Eminent Domain Costs**” has the meaning specified in Section 2.1(o).

“**Eminent Domain Dispute**” has the meaning specified in Section 2.1(o).

“**Employee Plans**” has the meaning specified in Section 3.22(a).

“**Encumbrance**” means any lien, claim, charge, security interest, mortgage, pledge, easement, conditional sale or other title retention agreement, any matter affecting title, or other restrictions of any kind.

“**Enumerated Special Items**” means the indebtedness subject of, and liabilities and obligations under, the agreements listed as Item 10 of Schedule 3.6 and Items 508, 509 and 511 of Schedule 3.18, the full amount of which shall be accrued as a Current Liability on the Estimated Closing Date Balance Sheet, Preliminary Closing Date Balance Sheet and Closing Date Balance Sheet, whether or not such amounts would be required to be so accrued under the Agreed Accounting Principles.

“**Environmental Encumbrance**” means an Encumbrance in favor of any Governmental Body for (a) any liability under any Environmental Law, or (b) damages arising from, or costs incurred by such Governmental Body in response to, a Release or threatened Release of a Contaminant into the environment.

“**Environmental Law**” means all Laws derived from or relating to all federal, state and local laws or regulations relating to or addressing the environment, public health or safety, including but not limited to CERCLA and RCRA and any state equivalent thereof.

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

“**ERISA Affiliate**” means an employer that would be considered a single employer with Sellers under Section 414(b), (c), (m) or (o) of the Code or Section 4001(b) of ERISA.

**“Escrow Account”** has the meaning specified in Section 2.5(e).

**“Escrow Agent”** means U.S. Bank, National Association, as escrow agent under the Escrow Agreement.

**“Escrow Agreement”** means that certain Escrow Agreement among Buyer, each Seller, Parent and Escrow Agent, substantially in the form of Exhibit C.

**“Escrow Amount”** means \$16,125,000.

**“Estimated Closing Date Balance Sheet”** has the meaning specified in Section 2.6(a).

**“Estimated Purchase Price”** means the Purchase Price, as defined herein, but determined on an estimated basis by Sellers in good faith and as reflected in the certificate referred to in Section 2.6(a).

**“Excess Closing Date Cash”** has the meaning specified in Section 2.2(a).

**“Excess Collections”** has the meaning specified in Section 2.12.

**“Exchange”** has the meaning specified in Section 6.1(f).

**“Excluded Assets”** has the meaning specified in Section 2.2.

**“Excluded Businesses”** has the meaning specified in the recitals hereof.

**“Excluded Contracts”** means (a) all contracts exclusively relating to the Excluded Businesses and (b) all contracts designated on Schedule 3.18 as a “Contract Not Assumed.”

**“Excluded Employees”** means those individuals set forth on Schedule E.

**“Excluded Liabilities”** has the meaning specified in Section 2.3(b).

**“Executory Period”** has the meaning specified in Section 5.1.

**“Expense”** means, with respect to any Person, any and all expenses incurred by such Person in connection with investigating, defending or asserting any claim, action, suit or proceeding incident to any matter for which such Person is entitled to be indemnified against hereunder (including, without limitation, court filing fees, court costs, arbitration fees or costs, witness fees, and reasonable fees and disbursements of legal counsel, investigators, expert witnesses, consultants, accountants and other professionals).

**“FCC”** means the Federal Communications Commission.

**“FCC Applications”** has the meaning specific in Section 5.3(a).

**“FCC Consent”** means action by the FCC (including action by staff acting on delegated authority) granting its consent to the FCC Applications and the consummation of the transactions contemplated hereby.

**“Final Allocation Schedule”** has the meaning specified in Section 2.11(a).

**“Fundamental Representations”** has the meaning specified in Section 9.2(c)(A).

**“GAAP”** means generally accepted accounting principles as in effect in the United States from time to time, consistently applied.

**“Governmental Body”** means any foreign, federal, state, local or other governmental authority or regulatory body.

**“Governmental Consents”** means (a) the FCC Consent, (b) expiration or early termination of all waiting periods under the HSR Act, and (c) all authorizations, consents, orders and approvals of all Governmental Bodies, including any State Attorney General, that are or may become necessary for the execution, delivery and consummation of the transactions contemplated hereby.

**“Governmental Permits”** has the meaning specified in Section 3.9(a).

**“Group Agreements”** has the meaning specified in Section 5.7.

**“High Maintenance Escrow Agreement”** means that certain escrow agreement, dated as of March 9, 2012, by and among High Maintenance Broadcasting, LLC, a Texas limited liability company, KIII Services Company, LLC, a Delaware limited liability company (collectively, the **“High Maintenance Parties”**), and Sun Trust, as the Escrow Agent, pursuant to which \$325,000 (together with any interest or other earnings received thereon, the **“High Maintenance Escrow Deposit”**) is held by Sun Trust in an escrow account pursuant to the terms thereof.

**“High Maintenance Litigation”** means the litigation arising out of a dispute involving the High Maintenance Escrow Agreement and related agreements.

**“Holdback Amount”** has the meaning specified in Section 9.9.

**“HSR Act”** means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

**“Indemnified Party”** has the meaning specified in Section 9.3(a).

**“Indemnitor”** has the meaning specified in Section 9.3(a).

**“Intellectual Property”** means United States and foreign (a) patents and pending patent applications, (b) trademark registrations, pending trademark applications, unregistered trademarks and trade names, and all good will associated with the foregoing, (c) domain names, and (d) copyright registrations, pending copyright applications and unregistered copyrights.

**“Interim Financial Statements”** has the meaning specified in Section 5.6.

**“IRS”** means the United States Internal Revenue Service.

**“KBMT License Company”** has the meaning specified in the introductory paragraph hereof.

**“KBMT Operating Company”** has the meaning specified in the introductory paragraph hereof.

**“KCEN License Company”** has the meaning specified in the introductory paragraph hereof.

**“KCEN Operating Company”** has the meaning specified in the introductory paragraph hereof.

**“KIDY/KXVA License Company”** has the meaning specified in the introductory paragraph hereof.

**“KIDY/KXVA Operating Company”** has the meaning specified in the introductory paragraph hereof.

**“KIII Building”** has the meaning specified in the introductory paragraph hereof.

**“KIII License Company”** has the meaning specified in the introductory paragraph hereof.

**“KIII Operating Company”** has the meaning specified in the introductory paragraph hereof.

**“Knowledge of Sellers”** means, as to a particular matter, the actual knowledge of Terry London, Philip Hurley and Ned Fleming after due inquiry of the employees set forth on Schedule D.

**“KUIL License Company”** has the meaning specified in the introductory paragraph hereof.

**“KUIL Operating Company”** has the meaning specified in the introductory paragraph hereof.

**“KYTX License Company”** has the meaning specified in the introductory paragraph hereof.

**“KYTX Operating Company”** has the meaning specified in the introductory paragraph hereof.

**“Latest Balance Sheet”** has the meaning specified in Section 3.4.

**“Latest Balance Sheet Date”** has the meaning specified in Section 3.4.

**“Laws”** means any foreign, federal, state or local law, rule or regulation, Governmental Permit or other binding determination of any Governmental Body.

**“LBC”** has the meaning specified in the introductory paragraph hereof.

**“Liens”** means any mortgage, deed of trust, pledge, hypothecation, security interest, Encumbrance, claim, lien, lease required to be classified and accounted for as a capital lease under GAAP (but with it being understood that leases characterized in the Sellers’ books and records as operating leases as of the date hereof shall not be considered Liens hereunder, whether or not such leases are considered capital leases under GAAP) or charge of any kind, whether voluntarily incurred or arising by operation of Law or otherwise, affecting any assets or property, including any agreement to give or grant any of the foregoing, any conditional sale or other title retention agreement and the filing of or agreement to give any financing statement with respect to any assets or property under the Uniform Commercial Code of the State of Texas or a comparable Law of any jurisdiction other than the Permitted Encumbrances.

**“Loss”** means any and all losses, costs, obligations, liabilities, Taxes, settlement payments, awards, judgments, fines, penalties, damages, expenses, deficiencies or other charges.

**“Management Bonus Agreements”** means, collectively, (i) that certain Compensation Agreement, dated January 1, 2014, by and between LBC and Gayle Kiger, (ii) that certain Compensation Agreement, dated January 1, 2014, by and between LBC and John Gaston, (iii) that certain Compensation Agreement, dated January 1, 2014, by and between LBC and Dan Robbins, (iv) that certain Compensation Agreement, dated January 1, 2014, by and between LBC and Bruce Cummings and (v) that certain Compensation Agreement, dated January 1, 2014, by and between LBC and Justin Riggan.

**“Market”** means, with respect to a Station, the “Designated Market Area,” as determined by The Nielsen Company, of such Station.

**“Material Adverse Effect”** means a material adverse effect on the Purchased Assets, the Assumed Liabilities or the results of operations or financial condition of the Business, other than those (a) relating to generally applicable economic conditions or the television broadcasting industry in general, other than those having a disproportionate impact on the Purchased Assets, the Assumed Liabilities or the Business, (b) resulting from the announcement by Sellers of their intention to sell the Purchased Assets or the Business, (c) resulting from the execution of this Agreement (including announcing the identity of Buyer or Parent), any Seller Ancillary Agreement, any Buyer Ancillary Agreement, or the consummation of the transactions contemplated hereby or thereby, (d) changes in Law as a result of American Broadcasting Companies, Inc. v. Aereo, Inc. (Docket No. 13-461, Supreme Court of the United States) and similar court decisions, including any judgments or orders related thereto, other than those having a disproportionate impact on the Purchased Assets, the Assumed Liabilities or the Business and (e) changes in political conditions, other than those having a disproportionate impact on the Purchased Assets, the Assumed Liabilities or the Business.

**“MVPD”** means any multi-channel video programming distributor, including cable systems, satellite master antenna television systems, telephone companies and direct broadcast satellite systems.

**“Non-Assignable Asset”** has the meaning specified in Section 2.9.



**“Objection Notice”** has the meaning specified in Section 2.7(b).

**“OSHA”** means the Occupational Safety and Health Act, 29 U.S.C. §§ 651 et seq., any amendment thereto, any successor statute, and any regulations promulgated thereunder.

**“Owned Real Property”** has the meaning specified in Section 3.10(a).

**“Owner’s Affidavit”** has the meaning specified in Section 2.8(a).

**“Parent”** has the meaning specified in the introductory paragraph hereof.

**“Permitted Encumbrance”** means (a) liens for Taxes, assessments or other governmental charges which are not yet due and payable or the amount or validity of which is being contested in good faith by appropriate proceedings provided an appropriate reserve has been established therefor in accordance with the Agreed Accounting Principles, (b) liens of landlords and liens of carriers, warehousemen, mechanics and materialmen and other similar liens imposed by law arising in the ordinary course of the Business which are less than \$50,000 and are not yet due and payable, (c) easements, servitudes, rights-of-way, covenants, consents, conditions, reservations, encroachments, defects or irregularities in title, variations and other restrictions affecting the use of any Real Property listed or referred to in Schedules 3.10(a) or 3.10(c) which in the aggregate could not reasonably be expected to materially impair the use of the Purchased Assets for the purposes for which they are or may reasonably be expected to be held, (d) other Encumbrances on property which do not materially impair the existing use of the property affected by such Encumbrances and (e) Encumbrances pursuant to the Enumerated Special Items.

**“Person”** means any person, employee, individual, corporation, limited liability company, partnership, trust, or any other non-governmental entity or any governmental or regulatory authority or body.

**“Pre-Signing and Post-Closing Eminent Domain Payments”** has the meaning specified in Section 2.1(o).

**“Preliminary Allocation Schedule”** has the meaning specified in Section 2.11(a).

**“Preliminary Closing Date Balance Sheet”** has the meaning specified in Section 2.7(a)(i).

**“Preliminary Closing Date Cash”** has the meaning specified in Section 2.7(a)(iii).

**“Preliminary Closing Date Working Capital Calculation”** has the meaning specified in Section 2.7(a)(iii).

**“Preliminary Closing Date Working Capital Deficit”** has the meaning specified in Section 2.7(a)(iii).

**“Preliminary Closing Date Working Capital Surplus”** has the meaning specified in Section 2.7(a)(iii).

**“Preliminary Purchase Price”** has the meaning specified in Section 2.7(a)(ii).

**“Program Rights Agreements”** means any agreement of Sellers presently existing or entered into after the date of this Agreement and prior to the Closing in accordance with the terms of this Agreement to broadcast television programs or shows as part of a Station’s programming, including all film and program barter agreements, sports rights agreements, news rights or service agreements and syndication agreements.

**“Purchase Price”** has the meaning specified in Section 2.5(a).

**“Purchased Assets”** has the meaning specified in Section 2.1.

**“Purchased Contracts”** has the meaning specified in Section 2.1(i).

**“Purchased Intellectual Property Licenses”** has the meaning specified in Section 2.1(g).

**“Purchased Personal Property Contracts”** has the meaning specified in Section 2.1(f).

**“Purchased Real Property Contracts”** has the meaning specified in Section 2.1(d).

**“RCRA”** means the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., and any successor statute, and any regulations promulgated thereunder.

**“Real Property”** has the meaning specified in Section 3.10(c).

**“Real Property Leases”** has the meaning specified in Section 3.10(c).

**“Receivables”** has the meaning specified in Section 2.12.

**“Release”** means any release, spill, emission, leaking, pumping, injection, disposal, discharge, or leaching into the indoor or outdoor environment or into or out of any Real Property, including the movement of Contaminants through or in the air, soil, surface water, groundwater or property that affect Real Property.

**“Remedial Action”** means actions required under applicable Environmental Law to (a) clean up, remove, abate, treat or in any other way address Contaminants in the indoor or outdoor environment; (b) prevent the Release or threatened Release or minimize the further Release of Contaminants; or (c) post-remedial investigation, monitoring, operation and maintenance and care related thereto.

**“Renewal Applications”** has the meaning specified in Section 5.3(e).

**“Representatives”** shall mean, with respect to any Person, such Person’s members, partners, equity holders, officers, directors, managers, employees, agents, attorneys, Affiliates, accountants, investment bankers, advisors, financing sources, and other representatives.

**“Required Consents”** has the meaning specified in Section 5.3(c).

**“Resolution Period”** has the meaning specified in Section 2.7(b).

**“Review Period”** has the meaning specified in Section 2.7(b).

**“Second Closing”** has the meaning specified in Section 9.9.

**“Seller”** and **“Sellers”** have the meanings specified in the introductory paragraph hereof.

**“Seller Ancillary Agreements”** has the meaning specified in Section 3.3(a).

**“Seller FCC Authorizations”** means those Governmental Permits issued to Sellers by the FCC with respect to the Stations, and any pending applications by the Sellers at the FCC with respect to the Stations.

**“Seller Fundamental Representations”** has the meaning specified in Section 9.1(b)(B).

**“Seller Group Member”** means each Seller and its respective Affiliates, directors, officers, employees and agents and their respective successors and assigns.

**“Seller Intellectual Property”** has the meaning specified in Section 3.13(a).

**“Seller Property”** means any real or personal property, plant, building, facility, structure, equipment or unit, or other asset owned, leased or operated by Sellers associated with the Stations and used in the Business.

**“Station Agreements”** has the meaning specified in Section 3.19.

**“Stations”** has the meaning specified in the first recital hereof.

**“Straddle Period”** has the meaning specified in Section 6.1(a).

**“Survival Date”** means the applicable date the representation, warranty, covenant or agreement expires pursuant to the terms of ARTICLE IX.

**“Target Working Capital Amount”** means \$6,600,000.

**“Tax”** means any federal, state, local or foreign net income, alternative or add-on minimum, gross income, gross receipts, property, sales, use, transfer, gains, license, excise, employment, payroll, capital stock, escheat, environmental, franchise, social security, stamp, registration and value-added taxes, withholding or minimum tax, or any other tax custom, duty, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or any penalty, addition to tax or additional amount imposed by any Governmental Body and shall include any obligation to indemnify or otherwise assume or succeed to the Tax liability of another Person.

**“Termination Date”** has the meaning specified in Section 10.1(a)(v).

**“Transferred Employees”** has the meaning specified in Section 5.8(a).

**“Uncollected Receivables”** has the meaning specified in Section 2.12.

**“Union”** means each union, work counsel, or labor organization.

**“WARN Act”** has the meaning specified in Section 5.8(b).

## ARTICLE II

### PURCHASE AND SALE OF PURCHASED ASSETS

**Section 2.1. Purchase and Sale of Purchased Assets.** Upon the terms and subject to the conditions of this Agreement, on the Closing Date, Sellers shall sell, transfer, assign, convey and deliver to Buyer and Buyer shall purchase from Sellers, free and clear of all Encumbrances (except for Permitted Encumbrances), all right, title and interest of Sellers in, to and under the assets, properties and business (excepting only the Excluded Assets and the Excluded Liabilities) of every kind and description, wherever located, real, personal or mixed, and whether tangible or intangible, in each case, which is used primarily with respect to the Stations and the Business, as the same shall exist on the Closing Date, and subject to Section 9.9 with respect to the Bluebonnet Stations (herein collectively referred to as the **“Purchased Assets”**), including, without limitation, all right, title and interest of Sellers in, to and under:

(a) All accounts receivable generated by the Business for periods prior to the Closing Date;

(b) Seller FCC Authorizations and all other assignable Governmental Permits listed in Schedule 3.9(a), in each case, solely to the extent transfer of such Governmental Permits is permitted by applicable Law and contract;

(c) The Owned Real Property described in Schedule 3.10(a) and any option, right or contract to purchase real property described in Schedule 3.10(a);

(d) The Real Property Leases described in Section 3.10(c) (together with any options, rights or contracts described in Section 2.1(c), the **“Purchased Real Property Contracts”**);

(e) All machinery, equipment (including cameras, computers and office equipment), auxiliary and translator facilities, transmitting towers, transmitters, broadcast equipment, antennae, supplies, inventory (including all films, programs, records, tapes, recordings, compact discs, cassettes, spare parts and equipment), advertising and promotional materials, engineering plans, records and data, vehicles, furniture and other personal property owned by Sellers and used primarily in the operation of any of the Stations, including, without limitation, the items listed or referred to in Schedule 3.11 (other than the items described in Section 2.2(g));

(f) The personal property leases, and the personal property leased thereunder, listed in Schedule 3.12 and the personal property leases not required to be listed on Schedule 3.12 that have been entered into in the ordinary course of Business consistent with past practice (the **“Purchased Personal Property Contracts”**);

(g) The Intellectual Property and call signs owned by Sellers and used exclusively with respect to the Stations or the Business, including the licenses relating to any of the foregoing to the extent assignable or transferable, including, without limitation, the items listed in Schedule 3.13(a) (such licenses, the “Purchased Intellectual Property Licenses”);

(h) The Collective Bargaining Agreement listed on Schedule 3.17;

(i) (i) All contracts of Sellers for the sale of broadcast time for advertising or other purposes made in the ordinary course of the Business and consistent with past practice, (ii) all contracts for the purchase of merchandise, supplies or personal property or for the receipt of services made in the ordinary course of Business and consistent with past practice which are terminable by Sellers, as applicable, on thirty (30) days’ notice or less, (iii) the contracts, agreements or understandings listed or described in Schedule 3.18 and designated on such Schedule as an “Assumed Contract”, and (iii) any other contract, agreement or understanding (evidenced in writing) entered into by Sellers in respect of the Business which (A) is of the general nature described in subsection (b), (c), (e), (f), (g), (h), (m) or (n) of Section 3.18 but which, by virtue of its specific terms or value, is not required to be listed in Schedule 3.18 or (B) is entered into after the date hereof consistent with the provisions of Section 5.4 of this Agreement (such contracts described in this Section 2.1(i), together with the Purchased Real Property Contracts, the Purchased Personal Property Contracts, the Purchased Intellectual Property Licenses, and the Collective Bargaining Agreement, the “Purchased Contracts”);

(j) All advertising customer lists, mailing lists, processes, trade secrets, know-how and other proprietary or confidential information exclusively used in or relating to the Business;

(k) All rights, claims or causes of action of Sellers against third parties arising under warranties from manufacturers, vendors and others solely to the extent transferable and affecting any other Purchased Assets;

(l) All prepaid rentals and other prepaid expenses (except for prepaid insurance or related to other Excluded Assets or Excluded Contracts) arising from payments made by Sellers in the ordinary course of the operation of the Business prior to the Closing Date for goods or services where such goods or services have not been received at the Closing Date, in each case, solely to the extent reflected as a Current Asset in the final determination of the Closing Date Working Capital Deficit or the Closing Date Working Capital Surplus, as applicable, in accordance with Section 2.7;

(m) All jingles, slogans, commercials and other promotional materials used in or relating exclusively to the Business;

(n) All books and records (including all computer programs) of Sellers, including all files, logs, programming information and studies, technical information and engineering data, news and advertising studies or consulting reports and sales correspondence, in each case to the extent (i) relating primarily to the Business and (ii) the transfer of which is permitted by applicable Law and contract, but, in each case, excluding any books and records (including computer programs) relating primarily to the Excluded Businesses;

(o) All rights, claims, counterclaims, causes of action and rights of recourse of any of the applicable Sellers against the Texas Department of Transportation or in connection with or related to the Eminent Domain Dispute between the applicable Sellers and Texas Department of Transportation (the “Eminent Domain Dispute”), including all right, title and interest in, to, and under the settlement of such dispute and any and all rights, claims, counterclaims, causes of action and rights of recourse of any of Sellers under or in connection therewith, less the documented out-of-pocket costs and expenses incurred by LBC or any Seller in connection therewith incurred after the date of this Agreement (such costs and expenses the “Eminent Domain Costs”), but excluding (i) \$200,000 of payments received by the Sellers in connection with or related to the Eminent Domain Dispute on or prior to the date of this Agreement and (ii) 50% of any net proceeds received by Buyer in connection with or related to the Eminent Domain Dispute which remain after (x) Buyer has paid its documented out-of-pocket costs and expenses incurred by Buyer after the Closing Date in connection with the Eminent Domain Dispute and (y) Buyer has paid or incurred the direct costs at Station KCEN-TV relating to Buyer’s compliance with the terms of any order, judgment, settlement agreement or similar resolution of the Eminent Domain Dispute (such amounts retained by or paid to Sellers are collectively referred to as, the “Pre-Signing and Post-Closing Eminent Domain Payments”); and

(p) All other assets or properties not referred to above which are reflected on the Balance Sheet or acquired by the Sellers in the ordinary course of business after the Balance Sheet Date, but prior to Closing, except (i) any such assets and properties disposed of after the Balance Sheet Date in the ordinary course of the Business or (ii) Excluded Assets.

**Section 2.2. Excluded Assets.** Notwithstanding the foregoing, the Purchased Assets shall not include the following (herein referred to as the “Excluded Assets”) and nothing herein contained shall be deemed to sell, transfer, assign, convey or deliver any of the Excluded Assets to Buyer, and Sellers shall retain all right, title and interest to, in and under the Excluded Assets:

(a) The Closing Date Cash, provided that any Cash of the Business as of the Closing Date in excess of \$500,000 shall be a Purchased Asset (such excess, the “Excess Closing Date Cash”);

(b) All the Tax Returns, Tax records, Tax information, Tax credits, Tax deposits, Taxes and Tax refunds of any of the Sellers, including any claims, rights and interests of any of the Sellers thereto, whether for federal, state or local franchise, income or other Taxes or fees of any nature whatsoever for periods prior to the Closing Date;

(c) Any rights, claims, counterclaims, rights of recourse or causes of action of Sellers against third parties relating to (i) the assets, properties, business or operations of the Business arising out of transactions occurring prior to the Closing Date, except to the extent and only to the extent any such claims relate to the Purchased Assets and (ii) any other Excluded Liability or Excluded Asset, in each case, whether choate or inchoate, known or unknown, contingent or non-contingent;

(d) All insurance policies, binders, bonds held, and contracts or policies of insurance, including those set forth on Schedule 2.2(d), all rights thereunder, and all insurance proceeds and rights thereto;

(e) Each Seller's organizational documents, minute books, stock transfer books, records relating to formation, Tax returns and related documents and supporting work papers and any other records and returns relating to Taxes, assessments and similar governmental levies (other than real and personal property Taxes, assessments and levies imposed on the Purchased Assets);

(f) All records prepared in connection with the sale or transfer of the Stations or the Business, including bids received from others and analyses relating to the Stations, the Business, the Purchased Assets, or the Assumed Liabilities;

(g) All Excluded Contracts and any contract, agreement or understanding listed in Schedule 3.18 which has expired prior to the Closing Date;

(h) The items designated in Schedule 3.11 as "Excluded Assets";

(i) Any Intellectual Property and contracts that are not included in the Purchased Assets, including trade names, trademarks, service marks, domain names or logos using or incorporating the names "London", "London Broadcasting", "LBC" or any variation or derivative thereof;

(j) All records and documents relating to any other Excluded Assets or to liabilities other than Assumed Liabilities, including all records and documents related to current or former employees (other than the personnel files for those Transferred Employees who have consented to the disclosure of such Transferred Employee's personnel file and the transfer of such personnel file and other employment records pertaining to such Transferred Employee) and all environmental reports and documents;

(k) All of Sellers' or their respective Affiliates' employee benefit agreements, plans or arrangements (including, without limitation, all Employee Plans) and any trusts, insurance arrangements or other assets held pursuant to, or set aside to fund the obligations of any of the Sellers under any such employee benefit agreements, plans or arrangements (including any Employee Plans), including all amounts deposited in and the assets thereof);

(l) Any intercompany receivable of any of the Sellers from any of their respective Affiliates;

(m) All rights of any of the Sellers under this Agreement, any Seller Ancillary Agreement, and any Buyer Ancillary Agreement, including any rights of or payment due to any of the Sellers under or pursuant thereto or any other agreements with Buyer or Parent contemplated hereby;

(n) All Governmental Permits of any of the Sellers, in each case, solely to the extent transfer of such Governmental Permits is prohibited by applicable Law or contract,

including the Governmental Permits described in Schedule 2.2(n), and all rights, and incidents of interest therein;

(o) All rights, claims, counterclaims, causes of action and rights of recourse of any of the applicable Sellers against the Drewry Parties or in connection with or related to the Drewry Litigation, including all right, title and interest in, to, and under the Drewry Escrow Deposit and any and all rights, claims, counterclaims, causes of action and rights of recourse of any of Sellers under or in connection therewith, including pursuant to that certain Drewry Escrow Agreement, including all right, title and interest in, to, and under or claims, counterclaims, causes of action, or rights of recourse to or against any escrowed funds held pursuant thereto;

(p) All rights, claims, counterclaims, causes of action and rights of recourse of any of the applicable Sellers against the High Maintenance Parties or in connection with or related to the High Maintenance Litigation, including all right, title and interest in, to, and under the High Maintenance Escrow Deposit and any and all rights, claims, counterclaims, causes of action and rights of recourse of any of Sellers under or in connection therewith, including pursuant to that certain High Maintenance Escrow Agreement, including all right, title and interest in, to, and under or claims, counterclaims, causes of action, or rights of recourse to or against any escrowed funds held pursuant thereto;

(q) All other assets, rights or properties used exclusively in the conduct of the Excluded Businesses;

(r) All rights, claims, counterclaims, causes of action and rights of recourse of any of the applicable Sellers against the Texas Department of Transportation or in connection with or related to the Eminent Domain Dispute to the extent and solely to the extent of the Eminent Domain Costs or to the extent they are Pre-Signing and Post-Closing Eminent Domain Payments;

(s) All assets, rights or properties set forth on Schedule 2.2(s); and

(t) Subject to Section 9.9, the Bluebonnet Assets.

### **Section 2.3. Assumption of Liabilities.**

(a) Upon the terms and subject to the conditions of this Agreement, on the Closing Date, Buyer shall deliver to Sellers an undertaking and assumption, in the form of Exhibit A, pursuant to which Buyer shall assume and be obligated for, and shall agree to pay, perform and discharge in accordance with their terms, only the following obligations and liabilities of Sellers (such obligations and liabilities, except to the extent such obligations and liabilities constitute Excluded Liabilities, the “Assumed Liabilities”):

(i) all Current Liabilities of Sellers to the extent reflected or reserved against on the Closing Date Balance Sheet or otherwise reflected as a Current Liability in the final determination of the Closing Date Working Capital Deficit or the Closing Date Working Capital Surplus, as applicable, pursuant to Section 2.7;



(ii) all liabilities and obligations with respect to the Transferred Employees that relate to any act or omission occurring after the Closing Date;

(iii) all liabilities and obligations under the Collective Bargaining Agreement arising after the Closing Date;

(iv) all liabilities and obligations under the talent contracts assumed by Buyer pursuant to Section 5.8 herein arising after the Closing Date;

(v) all liabilities and obligations related to, associated with or arising out of (A) the ownership, occupancy, operation, use or control of any of the Real Property listed or described in Schedules 3.10(a) or 3.10(c) on or after the Closing Date or (B) the operation of the Business on or after the Closing Date, in each case incurred or imposed in connection with or related to any Environmental Law, including, without limitation, in connection with any Release, threatened Release, or storage, disposal, transportation, presence, use, generation, handling, treatment, recycling, transfer, distribution, or discharge of any Contaminants on, at or from (1) any such real property (including, without limitation, all facilities, improvements, structures and equipment thereon, surface water thereon or adjacent thereto and soil or groundwater thereunder) or any conditions whatsoever on, under or in such real property, or (2) any real property or facility owned by a third Person at which Contaminants generated by the Business were sent on or after the Closing Date;

(vi) all liabilities and obligations of Sellers to the extent arising on or after the Closing Date under the Purchased Contracts (other than the Collective Bargaining Agreement and talent contracts assumed by Buyer, which are addressed in Sections 2.3(a)(iii) and (iv) above), except, in each case, (i) to the extent such liabilities and obligations, but for a breach or default by Sellers, would have been paid, performed or otherwise discharged on or prior to the Closing Date or to the extent the same arise out of any such breach or default which occurred on or prior to the Closing Date or (ii) to the extent such liabilities would be for the account of Sellers pursuant to Section 2.5(b);

(vii) all liabilities and obligations to the Texas Department of Transportation, if any, incurred after the Closing Date in connection with or related to the Eminent Domain Dispute up to, but not in excess of, the net amount received by Buyer (after payment of any Eminent Domain Costs) from the Eminent Domain Dispute;

(viii) all liabilities and obligations relating to the Transferred Employees arising out of the conduct of the Business by or for the benefit of Buyer and its Affiliates after the Closing Date, and all Liabilities assumed or required to be performed by Buyer under Section 5.8; and

(ix) the Enumerated Special Items to the extent reflected or reserved against on the Closing Date Balance Sheet or otherwise reflected as a Current

Liability in the final determination of the Closing Date Working Capital Deficit or the Closing Date Working Capital Surplus, as applicable, pursuant to Section 2.7.

(b) Buyer and Parent shall not assume or be obligated for any of, and Sellers shall solely retain, pay, perform, defend and discharge in accordance with the terms thereof, all of, Sellers' liabilities or obligations of any and every kind whatsoever, direct or indirect, known or unknown, absolute or contingent, not expressly assumed by Buyer under Section 2.3(a) and, notwithstanding anything to the contrary in Section 2.3(a), none of the following (herein referred to as "Excluded Liabilities") shall be "Assumed Liabilities" for purposes of this Agreement:

(i) any income Taxes which arise from the operation of any of the Stations or the Business or the ownership of the Purchased Assets prior to the Closing Date;

(ii) any liability or obligation of Sellers in respect of indebtedness for borrowed money or any intercompany payable of Sellers or any of its Affiliates (other than the Enumerated Special Items);

(iii) all liabilities and obligations related to, associated with or arising out of (A) the ownership, occupancy, operation, use or control of any of the Real Property listed or described in Schedules 3.10(a) or 3.10(c) prior to the Closing Date or (B) the operation of the Business prior to the Closing Date, in each case incurred or imposed in connection with or related to any Environmental Law existing prior to the Closing Date, including, without limitation, (1) any Release, threatened Release or storage, disposal, transportation, presence, use, generation, handling, treatment, recycling, transfer, distribution or discharge of any Contaminants prior to the Closing Date on, at or from any such Real Property (including, without limitation, all facilities, improvements, structures and equipment thereon, surface water thereon or adjacent thereto and soil or groundwater thereunder) or any conditions whatsoever on, under or in such real property, except to the extent that such conditions are exacerbated by the conduct of Buyer or Parent or (2) any real property or facility owned by a third party at which Contaminants generated by the Business were sent prior to the Closing Date;

(iv) all liabilities of Sellers to the extent arising prior to the Closing Date in connection with the ownership or operation of the Purchased Assets or the Business, other than the Current Liabilities of Sellers to the extent reflected or reserved against on the Closing Date Balance Sheet or otherwise reflected as a Current Liability in the final determination of the Closing Date Working Capital Deficit or the Closing Date Working Capital Surplus, as applicable, pursuant to Section 2.7;

(v) any liabilities or obligations, whenever arising, related to, associated with or arising out of the Excluded Assets;

(vi) any liabilities or obligations, whenever arising, related to, associated with or arising out of the employee benefit agreements, plans or arrangements of Sellers or their respective Affiliates (including, without limitation, all Employee Plans);

(vii) all liabilities and obligations related to all employees of the Sellers that are not Assumed Liabilities arising on or prior to the Closing Date (including, without limitation, all liabilities and obligations under the Collective Bargaining Agreement arising on or prior to the Closing Date and all liabilities and obligations under the talent contracts assumed by Buyer pursuant to Section 5.8 arising on or prior to the Closing Date);

(viii) any intercompany liabilities or obligations due from any of Sellers to any of their respective Affiliates;

(ix) any costs and expenses incurred by Sellers incident to Sellers' negotiation and preparation of this Agreement and its performance and compliance with the agreements and conditions contained herein or therein;

(x) all liabilities related to the Drewry Litigation, the Drewry Escrow Deposit, the Drewry Escrow Agreement, the High Maintenance Litigation, the High Maintenance Escrow Deposit and the High Maintenance Escrow Agreement;

(xi) all liabilities arising under the Management Bonus Agreements;  
and

(xii) any of Sellers' liabilities or obligations under this Agreement or the Seller Ancillary Agreements.

**Section 2.4. Closing Date.** The purchase and sale of the Purchased Assets provided for in Section 2.1 (the "Closing") shall be consummated at 10:00 A.M., local time, on a date agreed upon by Sellers and Buyer, occurring within two (2) business days after the conditions set forth in Articles VII and VIII are satisfied (other than conditions that by their nature are to be satisfied at Closing, but subject to the satisfaction or waiver of those conditions at such time) or, if permissible, waived or such other date as may be agreed upon by Sellers and Buyer, at the offices of Nixon Peabody LLP, 401 9th Street NW, Suite 900, Washington, DC 20004, or at such other place or at such other time as shall be agreed upon by Sellers and Buyer (such date and time being hereinafter called the "Closing Date"). All proceedings to be taken and all documents to be executed and delivered by all parties at the Closing shall be deemed to have been taken and executed simultaneously and no proceeding shall be deemed to have been taken nor document executed or delivered until all have been taken, executed and delivered.

**Section 2.5. Purchase Price.**

(a) The purchase price for the Purchased Assets (the "Purchase Price") shall be determined in accordance with Section 2.7 and shall be equal to:

- (i) \$215 million (“Base Purchase Price”), plus
- (ii) the Closing Date Working Capital Surplus, if any, minus
- (iii) the Closing Date Working Capital Deficit, if any.

(b) In determining the Closing Date Working Capital Surplus or the Closing Date Working Capital Deficit, as the case may be, Buyer and Sellers shall prorate all income earned and all expenses incurred in connection with the Business and operation of the Stations as of the Effective Time. Sales commissions earned by employees of Sellers prior to the Closing Date and related to the sale of advertisements broadcast on the Stations prior to the Effective Time shall be the responsibility of Sellers, and sales commissions related to the sale of advertisements to be broadcast on any of the Stations after the Effective Time shall be the responsibility of Buyer. It is agreed and understood by the parties that any payables under Program Rights Agreements that are contractually due in the month in which the Closing takes place shall be apportioned between Buyer and Sellers on a pro rata basis based upon the number of days in the calendar month which includes the Closing Date. With respect to trade, barter or similar agreements for the sale of time for goods or services assumed by Buyer pursuant to Section 2.1(i)(i), if at the Effective Time the Business has an aggregate negative or positive barter balance (*i.e.*, the amount by which the value of air time to be provided by the Business after the Effective Time exceeds, or conversely, is less than, the fair market value of corresponding goods and services), there shall be a proration or adjustment and such excess or deficiency, as the case may be, shall be treated either as prepaid time sales or a receivable of Sellers, and adjusted for as a proration in Buyer’s or Sellers’ favor, as applicable. In determining barter balances, the value of air time shall be based upon the fair market value of the goods and services received by the Business, and corresponding goods and services shall include those to be received by the Business after the Effective Time plus those received by the Business before the Effective Time to the extent conveyed by Sellers to Buyer as a part of the Purchased Assets. Sections 2.5, 2.6 or 2.7 shall not be interpreted, however, so as to provide a double payment or double credit to Sellers or Buyer for any item in the calculation of the Closing Date Payment or the Closing Date Balance Sheet.

(c) For illustrative purposes only, a sample calculation of the Closing Date Working Capital Surplus or the Closing Date Working Capital Deficit, as the case may be, as of the Latest Balance Sheet Date, and related calculation of the Estimated Purchase Price based thereon is set forth on Exhibit F.

(d) Without limiting the foregoing, Buyer and Sellers agree that:

(i) “Current Assets,” as used herein, shall include prepaid expenses reflecting amounts paid by Sellers prior to the Closing Date which represent benefits to be realized on or after the Closing Date under contracts included in the Purchased Assets or otherwise relating to the Stations to the extent the same do not relate to Excluded Assets; and

(ii) “Current Liabilities,” as used herein, shall include accounts payable and accrued expenses reflecting expenses and costs incurred prior to the

Closing Date which represent benefits realized before the Closing Date under contracts included in the Purchased Assets or otherwise relating to the Stations to the extent the same do not relate to Excluded Liabilities. For the avoidance of doubt, Sellers shall pay on or promptly following the Closing Date accrued, unused vacation leave or sick leave of any Company Employees, the employment of which is terminated by the Sellers in connection with the consummation of the transactions contemplated hereby.

(e) On the Closing Date, the Escrow Amount shall be paid by Buyer to the Escrow Agent by bank wire transfer of immediately available funds to such bank account (the “Escrow Account”) designated by the Escrow Agent pursuant to the Escrow Agreement for the purpose of securing the obligations of the Sellers set forth in Section 2.10 and Article IX of this Agreement, to be released as set forth herein and in the Escrow Agreement, provided that, to the extent that any claim on the Escrow Amount is disputed, such amount will remain in escrow until such disputed claim is resolved in accordance with Section 9.3. The Escrow Amount (and all earnings thereon) shall be subject to the terms of the Escrow Agreement.

**Section 2.6. Determination of Estimated Purchase Price; Payment on Closing Date.**

(a) At least two (2) business days prior to the Closing Date, Sellers shall prepare and deliver to Buyer, in accordance with the Agreed Accounting Principles, an estimated balance sheet as of the Effective Time with respect to the Purchased Assets and the Assumed Liabilities (the “Estimated Closing Date Balance Sheet”) and a certificate executed on behalf of Sellers by an authorized officer thereof, dated the date of its delivery, setting forth or attaching the Estimated Closing Date Balance Sheet and Sellers’ calculation of the Estimated Purchase Price, the Closing Date Working Capital Surplus or the Closing Date Working Capital Deficit, as the case may be, and the Closing Date Cash, in each case, calculated in accordance with this Agreement and derived from such Estimated Closing Date Balance Sheet. Such certificate shall be based on the then most recently available monthly financial statements of Sellers and shall reflect Sellers’ reasonable estimate of the prorations contemplated by Section 2.5(b) as of the Effective Time.

(b) On the Closing Date, Buyer shall pay Sellers an amount equal to the Estimated Purchase Price less the Escrow Amount (the “Closing Date Payment”), by bank wire transfer of immediately available funds to such bank account or accounts designated by Sellers for such purpose not less than two (2) business days before the date such payment is required to be made.

**Section 2.7. Determination of Closing Date Working Capital and Purchase Price.**

(a) As promptly as practicable following the Closing Date (but not later than 180 days after the Closing Date), Buyer shall:

(i) prepare, in accordance with the Agreed Accounting Principles, a balance sheet as of the Effective Time with respect to the Purchased Assets and the Assumed Liabilities (the “Preliminary Closing Date Balance Sheet”);

(ii) determine the Purchase Price in accordance with the provisions of this Agreement (such Purchase Price as determined by Buyer being called the “Preliminary Purchase Price”); and

(iii) deliver to Sellers a certificate executed by Buyer setting forth or attaching the Preliminary Closing Date Balance Sheet and Buyer’s calculation of the Preliminary Purchase Price, the Closing Date Working Capital Surplus (the “Preliminary Closing Date Working Capital Surplus”) or the Closing Date Working Capital Deficit (the “Preliminary Closing Date Working Capital Deficit”), as the case may be, and the Closing Date Cash (the “Preliminary Closing Date Cash” and the foregoing calculations, the “Preliminary Closing Date Working Capital Calculation”), in each case, calculated in accordance with this Agreement and derived from such Preliminary Closing Date Balance Sheet.

(b) Sellers shall have sixty (60) calendar days following receipt of the certificate referenced in Section 2.7(a)(iii) (the “Review Period”) in which to review the Preliminary Closing Date Balance Sheet, the Preliminary Purchase Price and the Preliminary Closing Date Working Capital Calculation. In the event Sellers do not object to the Preliminary Closing Date Balance Sheet, the Preliminary Purchase Price, or the Preliminary Closing Date Working Capital Calculation prior to expiration of the Review Period, the Preliminary Closing Date Balance Sheet, the Preliminary Purchase Price, the Preliminary Closing Date Working Capital Calculation shall become final and binding on the parties and (i) the Preliminary Closing Date Balance Sheet and (ii) the calculations of the Preliminary Purchase Price, Preliminary Closing Date Working Capital Surplus or the Preliminary Closing Date Working Capital Deficit as the case may be, and Preliminary Closing Date Cash shall become final and binding on the parties and shall be (i) the “Closing Date Balance Sheet,” (ii) the “Purchase Price,” (iii) the “Closing Date Working Capital Surplus” or the “Closing Date Working Capital Deficit,” as the case may be, and (iv) the “Closing Date Cash,” respectively, for all purposes of this Agreement, including for purposes of determining the adjustment payment (if any) specified in Section 2.10. In the event Sellers object to the Preliminary Closing Date Balance Sheet, the Preliminary Purchase Price or the Preliminary Closing Date Working Capital Calculation, Sellers shall give a written notice to Buyer specifying its objections in reasonable detail and the basis therefor, prior to the expiration of the Review Period (“Objection Notice”). During the fifteen (15) business day period following Buyer’s receipt of the Objection Notice (the “Resolution Period”), Buyer and Sellers shall attempt to resolve the differences specified in the Objection Notice and any resolution by them (evidenced in writing signed by the parties) of such differences (the “Agreed Adjustments”) shall be final, binding and conclusive. In the event Buyer and Sellers resolve all disputed items set forth in the Objection Notice by the Agreed Adjustments, the Preliminary Closing Date Balance Sheet, the Preliminary Purchase Price and the Preliminary Closing Date Working Capital Calculation, in each case as adjusted by the Agreed Adjustments, shall become final and binding on the parties and shall be the “Closing Date Balance Sheet,” the “Purchase Price,” the “Closing Date Working Capital Surplus” or the “Closing Date Working Capital Deficit,” as the case may be, and the “Closing Date Cash,” respectively, for all purposes of this Agreement, including for purposes of determining the adjustment payment (if any) specified in Section 2.10.

(c) If at the conclusion of the Resolution Period any objections raised by Sellers remain unresolved, then the items and amounts remaining in dispute (the “Disputed Items”) shall be submitted to the Arbitrator within ten (10) business days after the expiration of the Resolution Period. The Arbitrator shall determine and resolve, based solely on presentations by Buyer and Sellers, and not by independent review, the Disputed Items, in accordance with this Agreement and the Agreed Accounting Principles. The Arbitrator shall make a determination only with respect to the matters still in dispute and, with respect to each such matter, its determination shall be within the range of the dispute between Buyer and Sellers. Neither Buyer nor any of the Sellers (and none of their respective Representatives) shall have any *ex parte* conversations or meetings with the Arbitrator without the prior written consent of (i) with respect to Sellers and their Representatives, Buyer and (ii) with respect to Buyer and its Representatives, Sellers. In making its determination, the Arbitrator shall be functioning as an expert and not as an arbitrator. The Arbitrator’s determination, including its determination of (i) the Closing Date Balance Sheet, (ii) the Purchase Price, (iii) the Closing Date Working Capital Surplus or the Closing Date Working Capital Deficit, as the case may be, and (iv) the Closing Date Cash, shall be made within thirty (30) business days of its selection, shall be set forth in a written statement delivered to Buyer and Sellers, shall be in accordance with the terms of this Agreement, including the Agreed Accounting Principles, and shall be final, binding and conclusive on the parties hereto. Any party may seek to have a judgment entered to enforce the determinations of the Arbitrator in any court having jurisdiction over the party against which such determinations are to be enforced. The Preliminary Closing Date Balance Sheet, the Preliminary Purchase Price and the Preliminary Closing Date Working Capital Calculation shall be adjusted to reflect all Agreed Adjustments and the resolution of all Disputed Items by the Arbitrator and, as so adjusted, shall be (i) the “Closing Date Balance Sheet,” (ii) the “Purchase Price,” (iii) the “Closing Date Working Capital Surplus” or the “Closing Date Working Capital Deficit,” as the case may be, and (iv) the “Closing Date Cash,” respectively, for all purposes of this Agreement, including for purposes of determining the adjustment payment (if any) specified in Section 2.10.

(d) The parties hereto shall make available to Buyer, Sellers and, if applicable, the Arbitrator, such books, records and other information (including work papers) as any of the foregoing may reasonably request to prepare or review Preliminary Closing Date Balance Sheet, the Preliminary Purchase Price and the Preliminary Closing Date Working Capital Calculation or any matters submitted to the Arbitrator. The fees and expenses of the Arbitrator shall be paid proportionately by Buyer and Sellers based on the determination of the Arbitrator of the total dollar amount of Disputed Items submitted to it pursuant to Section 2.7(c). The calculation of such proportionate payments shall be based on the relative position of the determination of the Arbitrator in comparison to the positions submitted to it by Buyer and Sellers pursuant to Section 2.7(c). For example, if Sellers claim that the Purchase Price is \$1,000 greater than the amount claimed by Buyer, Buyer contests only \$500 of the amount claimed by Sellers, and the Arbitrator ultimately resolves the dispute by awarding Sellers \$300 of the \$500 contested, then the fees, costs and expenses of the Arbitrator will be allocated sixty percent (60%) (i.e.,  $300 \div 500$ ) to Buyer and forty percent (40%) (i.e.,  $200 \div 500$ ) to Sellers.

## **Section 2.8. Closing Date Deliveries.**

(a) On the Closing Date, Sellers shall deliver or cause to be delivered to Buyer (i) a bill of sale and assignment from Sellers, in the form of Exhibit B, conveying all of

the Purchased Assets (other than the Owned Real Property described in Schedule 3.10(a) and the Seller FCC Authorizations), (ii) limited warranty deeds conveying to Buyer the Owned Real Property described in Schedule 3.10(a), (iii) an Assignment of Seller FCC Authorizations in substantially the form of Exhibit D, assigning to Buyer the Seller FCC Authorizations; (iv) such documents or other deliveries required to cure or otherwise clear from title any defect, Encumbrance (other than Permitted Encumbrances) or other limitation set forth on Schedule 2.8(a)(iv) with respect to Sellers' title to the Owned Real Property, and if required or requested by the title company, Sellers shall execute a form of owner's affidavit in substantially the same form as the form attached hereto as Exhibit E (the "Owner's Affidavit"); (v) all of the documents and instruments required to be delivered by Sellers pursuant to Article VIII, (vi) copies of the certificates of formation of Sellers, certified as of a recent date by the Secretary of State of the State of Delaware, (vii) certificates of good standing of Sellers, issued as of a recent date by the Secretary of State of the State of Delaware, (viii) a certificate of the secretary or assistant secretary of each of Sellers as to its limited liability company agreement and the resolutions of its sole managing member authorizing the execution and delivery of this Agreement and the transactions contemplated hereby, (ix) a copy of an online search against LBC on the Comptroller's website showing that LBC has the right to transact business in the State of Texas, dated no more than fifteen (15) days prior to the Closing Date, and (x) an executed counterpart to the Escrow Agreement.

(b) On the Closing Date, Buyer shall deliver or cause to be delivered to Sellers (i) the Closing Date Payment by wire transfer of immediately available funds as described in Section 2.6(b), (ii) all of the documents and instruments required to be delivered by the Buyer pursuant to Article VII, (iii) assumption agreements duly executed by Buyer relating to any agreement of Sellers listed as an "Assumed Contract" on Schedule 3.18, (iv) copies of the certificate of incorporation of Buyer, certified as of a recent date by the Secretary of State of the State of Delaware, (v) a certificate of good standing of Buyer, issued as of a recent date by the Secretary of State of the State of Delaware, (vi) a certificate of the secretary or assistant secretary of Buyer as to its bylaws, the resolutions of its board of directors and stockholders (if applicable) authorizing the execution and delivery of this Agreement and the transactions contemplated hereby, (vii) the undertaking and assumption described in Section 2.3, (viii) a certification of non-foreign status, in form and substance reasonably satisfactory to Sellers, in accordance with Treas. Reg. § 1.1445-2(b) and (x) an executed counterpart to the Escrow Agreement. Buyer shall pay to the Escrow Agent the Escrow Amount by wire transfer of immediately available funds as described in Section 2.5(e) and the Escrow Agreement.

## **Section 2.9. Further Assurances.**

(a) On the Closing Date, Sellers shall (i) deliver to Buyer such other bills of sale, deeds, endorsements, assignments and other good and sufficient instruments of conveyance and transfer as Buyer may reasonably request or as may be otherwise reasonably necessary to vest in Buyer all the right, title and interest of Sellers in, to or under any or all of the Purchased Assets and (ii) take all steps as may be reasonably necessary to put Buyer in actual possession and control of all the Purchased Assets. From time to time following the Closing, Sellers shall execute and deliver, or cause to be executed and delivered, to Buyer such other instruments of conveyance and transfer as Buyer may reasonably request or as may be otherwise necessary to more effectively convey and transfer to, and vest in, Buyer and put Buyer in possession of, any



part of the Purchased Assets, and, in the case of licenses, certificates, approvals, authorizations, agreements, contracts, leases, easements and other commitments included in the Purchased Assets which cannot be transferred or assigned effectively without the consent of or notice to third parties, which consent has not been obtained or notice has not been provided prior to the Closing (such licenses, certificates, approvals, authorizations, agreements, contracts, leases, easements and other commitments, the “Non-Assignable Assets”), to cooperate with Buyer at its reasonable request in endeavoring to obtain such consent or provide such notice; provided, however, that nothing in this Agreement nor the consummation of the transactions contemplated hereby shall be construed as an attempt or agreement to assign any Non-Assignable Asset unless and until such consent shall have been obtained or such notice shall have been provided. To the extent permitted by the terms of the applicable Non-Assignable Asset and applicable Law, in the event consents from or notices to have not been obtained or provided, such Non-Assignable Assets shall be held, as of and from the Closing Date, by the applicable Seller in trust for Buyer and the covenants and obligations thereunder shall be performed by Buyer in the applicable Seller’s name and all benefits and obligations arising after the Closing Date thereunder shall be for Buyer’s account.

(b) On the Closing Date, Buyer shall deliver to Sellers such other undertakings and assumptions and other good and sufficient instruments of conveyance, transfer and assumption as Sellers may reasonably request or as may be otherwise reasonably necessary to evidence Buyer’s assumption of and obligation to pay, perform and discharge the Assumed Liabilities. From time to time following the Closing, Buyer shall execute and deliver, or cause to be executed and delivered, to Sellers such other undertakings and assumptions as Sellers may reasonably request or as may be otherwise necessary to more effectively evidence Buyer’s assumption of and obligation to pay, perform and discharge the Assumed Liabilities.

(c) To the extent that after Closing Buyer, or an Affiliate of Buyer, receives a payment related to the Eminent Domain Dispute (instead of such payment being received by a Seller or LBC), Buyer shall promptly pay, or cause to be paid, the portion of such payment constituting Pre-Signing and Post-Closing Eminent Domain Payments to the Sellers, if any. To the extent that after Closing a Seller, or an Affiliate of a Seller, receives a payment related to the Eminent Domain Dispute (instead of such payment being received by Buyer), such Seller shall promptly pay, or cause to be paid, the portion of such payment constituting a Purchased Asset to the Buyer, if any.

**Section 2.10. Purchase Price Adjustment.** Promptly (but not later than five (5) business days) after the determination of the Purchase Price pursuant to Section 2.7 that is final and binding as set forth herein:

(i) if the Purchase Price as finally determined pursuant to Section 2.7 exceeds the Estimated Purchase Price, Buyer shall pay to Sellers, by wire transfer of immediately available funds to such bank accounts of Sellers as Sellers shall designate in writing to Buyer, the difference between the Purchase Price and the Estimated Purchase Price; or

(ii) if the Purchase Price as finally determined pursuant to Section 2.7 is less than the Estimated Purchase Price, Escrow Agent shall, within three

business days after the date on which the Purchase Price is finally determined, release such difference to the Buyer pursuant to the terms of the Escrow Agreement.

**Section 2.11. Allocation of Purchase Price.**

(a) Following the date of execution of this Agreement, but no later than thirty (30) days thereafter, Buyer, at its sole expense, shall deliver to Seller a schedule (the “Preliminary Allocation Schedule”) allocating the Base Purchase Price (including, for purposes of this Section 2.11, any other consideration to be paid to Sellers including the Assumed Liabilities). The Preliminary Allocation Schedule shall be reasonable, shall be based on appraisals by a nationally recognized appraisal firm experienced in valuing television stations, and shall be prepared in accordance with Section 1060 of the Code and the Treasury Regulations thereunder. Within fifteen (15) days following delivery to Sellers of the Preliminary Allocation Schedule, Sellers shall deliver to Buyer written notice of any comments Sellers have with respect to the Preliminary Allocation Schedule. After taking into account any such comments, Buyer shall adjust the Preliminary Allocation Schedule in its reasonable discretion. Buyer and Sellers each agree that any adjustments to the Base Purchase Price pursuant to Section 2.7 not related to current assets shall be allocated to goodwill. The Preliminary Allocation Schedule, as so adjusted, shall be final and binding on Buyer and Sellers as the “Final Allocation Schedule” for all purposes set forth in this Section 2.11.

(b) Buyer and Sellers each agree to file IRS Form 8594 or other applicable Tax forms, and all federal, state and local Tax returns, in accordance with the Final Allocation Schedule. Buyer and Sellers each agree to provide the other promptly with any other information required to complete IRS Form 8594. If any Governmental Body contests the Final Allocation Schedule, Buyer or Sellers, as the case may be, shall notify the other party of such contest and no Buyer Group Member or Seller Group Member shall take a position that is inconsistent with the Final Allocation Schedule without the prior written consent of Buyer or Sellers, as applicable.

**Section 2.12. Uncollected Receivables.** During the 180-day period that begins on the Closing Date (the “Collection Period”), Buyer shall collect and receive payment in the ordinary course of business with respect to the outstanding accounts receivable which were included on the Closing Date Balance Sheet (the “Receivables”), and shall pursue collection thereof in accordance with past practices of Sellers (but shall not be obligated to commence any litigation to collect any such Receivables). All such payments from each obligor of a Receivable shall be applied on a “first-in, first-out” basis during the Collection Period so that each payment from an obligor is applied first to the oldest outstanding Receivables of such obligor, unless otherwise directed in writing by the obligor in the event of disputed Receivables. If the cumulative principal amount of the Receivables which remain uncollected as of the expiration of the Collection Period exceed the reserve for bad debts included on the Closing Date Balance Sheet (the “Collections Deficiency”), Sellers shall pay promptly to Buyer an amount equal to the Collections Deficiency. If the cumulative principal amount of the Receivables collected during the Collection Period exceeds an amount equal to (i) the amount of the Receivables minus (ii) the reserve for bad debts included on the Closing Date Balance Sheet (such excess amount referred to as the “Excess Collections”), Buyer shall promptly pay to Sellers an amount equal to the

Excess Collections. Buyer shall, within five (5) business days of the end of the Collection Period, provide Sellers with a complete list of the uncollected Receivables as of the end of the Collection Period. At the end of the Collection Period, Buyer shall cease to have any further responsibilities to Sellers with respect to the Receivables. In the event of payment of the Collections Deficiency by Sellers to Buyer, Buyer shall assign to Sellers any Receivables that remain uncollected as of the end of the Collection Period (such assigned Receivables, the “Uncollected Receivables”) and, subject to providing Buyer with advance notice of Sellers’ intent to pursue any such Uncollected Receivables, Sellers and their respective Affiliates shall be permitted to pursue the collection of such Uncollected Receivables after the expiration of the Collection Period, in their discretion; provided, however, that Sellers and their respective Affiliates shall not refer such Uncollected Receivables to a collection agency or an attorney for collection without the prior written consent of Buyer. Buyer agrees to remit to Sellers, promptly following receipt, any amounts received by Buyer with respect to any Uncollected Receivables assigned by Buyer to Sellers pursuant to this Section 2.12.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF SELLERS

As an inducement to Buyer and Parent to enter into this Agreement and to consummate the transactions contemplated hereby, Sellers, jointly and severally, represent and warrant to the Buyer and Parent and agree as follows:

**Section 3.1. Organization.** Each Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. Each Seller has the requisite limited liability company power and authority to operate its Stations, to use the Purchased Assets used by it and to carry on the Business as now conducted by it.

**Section 3.2. Subsidiaries and Investments.** No Seller, directly or indirectly, (a) owns, of record or beneficially, any outstanding voting securities or other equity interests in any corporation, partnership, joint venture or other entity which is involved in or relates to the Business or (b) otherwise controls any such corporation, partnership, joint venture or other entity which is involved in or relates to the Business.

**Section 3.3. Authority of Seller.**

(a) Each Seller has the requisite limited liability company power and authority to execute and deliver this Agreement and all of the other agreements and instruments to be executed and delivered by such Seller pursuant hereto (collectively, the “Seller Ancillary Agreements”), to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

(b) The execution, delivery and performance of this Agreement and the Seller Ancillary Agreements by each Seller (to the extent a party thereto) have been duly authorized and approved by all necessary action of such Seller and do not require any further authorization or consent of such Seller, or its equityholders, in each case assuming that this Agreement and the Seller Ancillary Agreements are the valid and binding obligations of the other Parties thereto.

This Agreement is, and each other Seller Ancillary Agreement when executed and delivered by the applicable Seller and the other parties thereto will be, a legal, valid and binding agreement of such Seller enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) Except as set forth in Schedule 3.3, none of the execution, delivery and performance by Sellers of this Agreement or the other Seller Ancillary Agreements, the consummation by Sellers of any of the transactions contemplated hereby or thereby or compliance by Sellers with or fulfillment by Sellers of the terms, conditions and provisions hereof or thereof will:

(i) conflict with, result in a breach of the terms, conditions or provisions of, or constitute a default, an event of default or an event creating rights of acceleration, termination or cancellation or a loss of rights under, or result in the creation or imposition of any Encumbrance upon any of the Purchased Assets under, (A) the certificates of formation or limited liability company operating agreements of Sellers, (B) any Station Agreement, (C) any Governmental Permit, (D) any judgment, order, award or decree to which any Seller is a party or any of the Purchased Assets is subject or by which any Seller is bound, or (E) any statute, other law or regulatory provision affecting any Seller or the Purchased Assets, except, in the case of each of the foregoing clauses (B), (C), (D), or (E), as would not reasonably be expected to have a Material Adverse Effect; or

(ii) require the approval, consent, authorization or act of, or the making by any Seller of any declaration, filing or registration with, any third Person or any foreign, federal, state or local court, governmental or regulatory authority or body, except for such of the foregoing as are necessary pursuant to the HSR Act, applicable antitrust Laws or the Communications Act, and except, in any case, as would not reasonably be expected to have a Material Adverse Effect.

**Section 3.4. Financial Statements.** Schedule 3.4 contains (a) the unaudited balance sheet of each Station as of December 31, 2012 and the related statements of income for the year then ended, (b) the unaudited balance sheet of each Station (the "Balance Sheet") as of December 31, 2013 (the "Balance Sheet Date") and the related statement of income for the year then ended, and (c) the unaudited balance sheet (the "Latest Balance Sheet") of each Station as of March 31, 2014 (the "Latest Balance Sheet Date") and the related statement of income for the period then ended. Except as set forth in Schedule 3.4, each of such balance sheets and statements of income have been prepared in accordance with the Agreed Accounting Principles and, together with the notes thereto, present fairly, in all material respects, the financial position and results of operations of the Stations as of their respective dates and for the respective periods covered thereby subject to the absence of all required notes and changes resulting from normal

year-end adjustments and subject to being prepared in accordance with the Agreed Accounting Principles, which contain exceptions to GAAP.

**Section 3.5. Operations Since Balance Sheet Date.**

(a) Except as set forth in Schedule 3.5(a), since the Balance Sheet Date, there has been:

(i) no change in the financial condition or the results of operations of the Business which has had or would reasonably be expected to have a Material Adverse Effect; and

(ii) no damage, destruction, loss or claim (whether or not covered by insurance) or condemnation or other taking which Materially Adversely Effects the Purchased Assets, any of the Stations or the Business.

(b) Except as set forth in Schedule 3.5(b), since the Balance Sheet Date the Business has been conducted only in the ordinary course and in conformity with past practice. Without limiting the generality of the foregoing, since the Balance Sheet Date, except as set forth in Schedule 3.5(b), no Seller has, in respect of any of the Stations, the Business or the Purchased Assets:

(i) sold, leased, transferred or otherwise disposed of (including any transfers to any Affiliate of any Seller), or mortgaged or pledged, or imposed or suffered to be imposed any Encumbrance (other than Permitted Encumbrances) on, any of the Purchased Assets, other than assets sold or otherwise disposed of for fair value in the ordinary course of the Business consistent with past practice;

(ii) canceled without fair consideration therefor any debts owed to or claims held by any Seller (including the settlement of any claims or litigation) or waived any right of significant value to the Business, other than in the ordinary course of the Business consistent with past practice;

(iii) created, incurred, guaranteed or assumed, or agreed to create, incur, guarantee or assume, any indebtedness for borrowed money (other than money borrowed or advances from any Affiliates of any Seller in the ordinary course of the Business consistent with past practice) or entered into any capitalized leases;

(iv) accelerated collection of notes or accounts receivable generated by the Business to a date prior to the date such collection would have occurred in the ordinary course of the Business;

(v) delayed payment of any account payable or other liability of the Business beyond its due date or the date when such liability would have been paid in the ordinary course of the Business consistent with past practice;

(vi) terminated or cancelled any insurance coverage maintained by any Seller with respect to any material assets without replacing such coverage with a comparable amount of insurance coverage, other than in the ordinary course of Business consistent with past practice;

(vii) other than in the ordinary course of the Business consistent with past practice or as required by Law or contract, hired any employee or granted or instituted any increase in any rate of salary or compensation or any profit sharing, bonus, incentive, deferred compensation, insurance, pension, retirement, medical, hospital, disability, welfare or other employee benefit plan; or

(viii) entered into any agreement or made any commitment to take any action described in subparagraphs (i) through (vii) above.

**Section 3.6. No Undisclosed Liabilities.** Except as set forth in Schedule 3.6, to the Knowledge of Sellers, no Seller is subject, with respect to the Business, to any material liability (including, without limitation, unasserted claims, whether known or unknown), whether absolute, contingent, accrued or otherwise, which is not shown or reserved for in the Latest Balance Sheet, other than (a) liabilities of the same nature as those set forth in the Latest Balance Sheet and the notes thereto and incurred in the ordinary course of the Business after the Latest Balance Sheet Date or (b) which are the type of liabilities not required to be reflected or reserved for in the Latest Balance Sheet prepared in accordance with the Agreed Accounting Principles.

**Section 3.7. Taxes.** Except as set forth in Schedule 3.7:

(a) Sellers have, in respect of the Business, either filed or obtained extensions for filings pursuant to established procedures all material foreign, federal, state, county or local income, excise, property, sales, use, franchise or other Tax returns and reports which are required to have been filed by Sellers under applicable law on or prior to the date of this Agreement and has paid or made provision for the payment of all material Taxes which have become due pursuant to such returns or pursuant to any assessments which have become payable and which are not being contested in good faith by appropriate proceedings.

(b) All such Tax returns filed were correct and complete in all material respects. All material Taxes required to be withheld by the applicable Seller from employees of the Business for income Taxes, social security and other payroll Taxes have been collected or withheld, and either paid to the respective Governmental Bodies, set aside in accounts for such purpose, or accrued reserved against and entered upon the books of the applicable Seller.

(c) There is no material liability for Taxes arising out of the operation or ownership of the Stations or the Business prior to Closing that could give rise to an Encumbrance on the Purchased Assets in the hands of Buyer, excepting any Permitted Encumbrance and excepting any Encumbrance arising as a result of actions by Buyer or the failure of Buyer to perform its obligations under this Agreement.

(d) There are no material disputes, claims, proceedings or other actions currently pending or threatened in writing for the assessment or collection of Taxes from any Seller with respect to the Business or any of the Purchased Assets.

(e) No Seller has requested or been granted an extension of time for filing any Tax return with respect to the Business or the Purchased Assets which has not yet been filed or consented to extend, to a date later than the date of this Agreement, the time in which any Tax attributable to the Business or the Purchased Assets may be assessed or collected by any Tax authority.

(f) No claim has been made in writing or, to the Knowledge of Seller, threatened to be made, by a Tax authority in a jurisdiction where any Seller does not file Tax returns claiming that such Person is or may be subject to Taxes assessed by such jurisdiction, where any Seller has located any Purchased Asset, has any employee working with respect to the Business, has any sales with respect to the Business, or otherwise conducts any business with respect to the Business.

(g) No Seller is bound by any Tax allocation or Tax sharing agreement that includes the Purchased Assets or the Business; and

(h) No Seller is a foreign person so that Section 897 of the Code is not applicable to the purchase and sale of the Purchased Assets.

This Section 3.7 is the only Section in this Agreement, other than Section 3.22, in which representations and warranties relating to Taxes are made.

**Section 3.8. Sufficiency of Assets and Legality of Use.** Except as set forth in Schedule 3.8 and except for the Excluded Assets, the Purchased Assets constitute all the material assets necessary for and used by Sellers or their Affiliates in the conduct of the Business and are in such good and serviceable condition (subject to normal wear and tear) as is necessary for the conduct of the Business and the operations of the Stations as presently conducted.

**Section 3.9. Governmental Permits; FCC Matters.**

(a) Except as set forth in Schedule 3.9(a), Sellers own, hold or possess all registrations, licenses, permits, approvals and other regulatory authorizations from a Governmental Body that are necessary to entitle Sellers to own or lease, operate and use the assets of the Stations and to carry on and conduct the Business substantially as conducted immediately prior to the date of this Agreement (herein collectively called “Governmental Permits”), except for such Governmental Permits (i) as to which the failure to so own, hold or possess would not have a Material Adverse Effect or (ii) with respect to the Bluebonnet Stations. Schedule 3.9(a) sets forth a list and brief description of each material Governmental Permit applicable to the Stations as of the date of this Agreement. The Seller FCC Authorizations constitute all registrations, licenses, franchises and permits issued by the FCC to Sellers in respect of the Stations.

(b) Each Seller has fulfilled and performed its obligations under each of the Governmental Permits, except, in each case and in the aggregate, for noncompliance that has not had and could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each of the Governmental Permits is valid, subsisting and in full force and effect and has not been revoked, suspended, canceled, rescinded or terminated, other than those

that, individually and in the aggregate, have not had and could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(c) Each Station is being operated in all material respects in accordance with the Seller FCC Authorizations and in compliance in all material respects with the Communications Act and all other laws and published regulations, federal, state and local, applicable to such Station. No Seller has received any written notice of any violation of, or any written inquiry into an alleged violation of, the Seller FCC Authorizations or the Communications Act or the published rules and regulations thereunder. There is no action by or before the FCC currently pending or, to the Knowledge of Sellers, threatened, to revoke, cancel, rescind, modify or refuse to renew in the ordinary course any of the Seller FCC Authorizations. There is not (i) pending, or, to the Knowledge of Sellers, threatened, any legal proceeding by or before the FCC to revoke, suspend, cancel, rescind, terminate or materially adversely modify any Seller FCC Authorization (other than, in the case of modifications, proceedings to amend the FCC rules of general applicability) or (ii) issued or outstanding, by or before the FCC, any (A) order to show cause, (B) notice of violation, (C) notice of apparent liability or (D) order of forfeiture, in each case, against the Stations or any Seller with respect to any Station, that has resulted or would reasonably be expected to result in any action described in the foregoing clause (i) with respect to such Seller FCC Authorizations. The Seller FCC Authorizations have been issued by the FCC for full terms customarily issued by the FCC for each class of Station, and with the terms expiring as indicated on Schedule 3.9(a). The Seller FCC Authorizations are not subject to any condition except for those conditions appearing on the face of the Seller FCC Authorizations and conditions applicable to broadcast licenses generally or otherwise disclosed in Schedule 3.9(a). Except (i) as set forth on Schedule 3.9(a) or (ii) with respect to the Bluebonnet Stations, Seller has (i) paid or caused to be paid all FCC regulatory fees due in respect of the Stations, and (ii) timely filed all material registrations and reports required to have been filed with the FCC relating to the Seller FCC Authorizations. As of the date of this Agreement, no Seller, with respect to any of the Stations, has entered into a tolling agreement or otherwise waived any statute of limitations relating to any of the Stations during which the FCC may assess any fine or forfeiture or take any other action or agreed to any extension of time with respect to any FCC action, complaint, investigation or legal proceeding before or brought by the FCC.

(d) Except as disclosed in Schedule 3.9(d), to the Knowledge of Sellers, there are no facts or circumstances relating to any Seller which would reasonably be expected to (i) result in the FCC's refusal to grant the FCC Consent, (ii) materially delay the obtaining of the FCC Consent, or (iii) cause the FCC to impose any material condition on its granting of the FCC Consent. Except as disclosed in Schedule 3.9(d), no Seller has reason to believe that the FCC Applications might be challenged or might not be granted by the FCC in the ordinary course due to any fact or circumstance relating to any Seller or any Seller's operation of the Stations. To the Knowledge of Sellers, there are no facts or circumstances that would, under the Communications Act or any other applicable Law, disqualify any Seller as an assignor of the Seller FCC Authorizations with respect to the Stations or as the owner and operator of the Stations.

### **Section 3.10. Real Property; Real Property Leases.**



(a) Schedule 3.10(a) contains a brief description of all real property owned by any Seller (the “Owned Real Property”) and each option held by any Seller to acquire any real property. To the Knowledge of Sellers, there is no proceeding pending or threatened to impose any special assessment on any of the Owned Real Property.

(b) Sellers have good and marketable fee simple title (free and clear of any Encumbrances other than Permitted Encumbrances) to the Owned Real Property.

(c) Schedule 3.10(c) also sets forth a list of each lease or similar agreement under which any Seller is lessee of, or holds or operates, any real property owned by any third Person (collectively, the “Real Property Leases” and the property leased under such Real Property is referred to herein, together with the Owned Real Property, as the “Real Property”). Sellers’ interests under the Real Property Leases are free and clear of all Encumbrances, other than Permitted Encumbrances.

(d) Neither the whole nor any part of the Owned Real Property nor, to the Knowledge of Sellers, any property leased by any Seller under any Real Property Lease is subject to any pending or threatened suit for condemnation or other taking by any public authority. To the Knowledge of Sellers, the Real Property has all utility connections that are required for use of the Real Property as presently used by Sellers, including electric, water, sewer, telephone and similar services. Except as set forth on Schedule 3.10(d), to the Knowledge of Sellers, all Real Property has legal access from a public roadway for vehicles and by foot. Sellers’ use and occupancy of the Real Property complies, in all material respects, with all regulations, codes, ordinances and statutes of all applicable Governmental Bodies.

**Section 3.11. Personal Property.** Schedule 3.11 contains a list as of the Latest Balance Sheet Date of all machinery, equipment, vehicles, furniture and other personal property owned by Sellers having an original cost of \$5,000 or more and primarily used in the Business.

**Section 3.12. Personal Property Leases.** Schedule 3.12 contains a list of each lease or other agreement or right under which Seller is lessee of, or holds or operates, any machinery, equipment, vehicle or other tangible personal property owned by a third Person and used in or relating to the Business, except those which are terminable by Sellers without penalty on 90 days’ notice or less or which provide for annual rentals less than \$50,000.

**Section 3.13. Intellectual Property.**

(a) Schedule 3.13(a) contains a list of all Intellectual Property (other than goodwill associated with trademark registrations and pending trademark applications) owned by or assigned to any Seller and primarily used in connection with the Business (“Seller Intellectual Property”).

(b) Except as disclosed in Schedule 3.13(b), to the Knowledge of Sellers, Sellers either: (i) own the entire right, title and interest in and to the Seller Intellectual Property, free and clear of Encumbrances except for Permitted Encumbrances; or (ii) have the right and license to use the same in the conduct of the Business.

(c) Except as disclosed in Schedule 3.13(c), to the Knowledge of Sellers: (i) all patents and registrations identified in Schedule 3.13(a) are subsisting, and all applications identified in Schedule 3.13(a) are pending without third party challenge (other than office actions that may be pending before the Patent and Trademark Office or its foreign equivalents); (ii) the Seller Intellectual Property is valid and enforceable; and (iii) Sellers have the right to bring actions for infringement or unauthorized use of the Seller Intellectual Property that is material to the conduct of the Business.

(d) Except as disclosed in Schedule 3.13(d), to the Knowledge of Sellers: (i) during the two (2) years prior to the date of this Agreement, no written claim has been made or asserted that alleges the Seller Intellectual Property infringes the Intellectual Property of another Person; (ii) no litigation, arbitration or other proceeding is currently pending with respect to the Seller Intellectual Property; and (iii) during the two (2) years prior to the date of this Agreement, no written claim has been made or asserted that challenges the validity or ownership of any Seller Intellectual Property that is material to the conduct of the Business.

**Section 3.14. Accounts Receivable.** All accounts receivable of Sellers relating to the Business have arisen from bona fide transactions in the ordinary course of the Business.

**Section 3.15. Title to Purchased Assets.** Sellers have good and marketable title to all of the tangible personal properties included in the Purchased Assets, free and clear of all Encumbrances, except for Permitted Encumbrances.

**Section 3.16. Employees.** Schedule 3.16 contains: (a) a list of all individuals employed by Sellers in connection with the Business as of the Latest Balance Sheet Date in each case excluding the Excluded Employees (the “Company Employees”); and (b) the current rate of compensation provided by Sellers to such Company Employees as of the Latest Balance Sheet Date. Since the Latest Balance Sheet Date, except as disclosed in Schedule 3.16, or as required by Law, or contract (including any Collective Bargaining Agreement) or has occurred in the ordinary course of the Business and consistent as to timing and amount with past practices or as would not reasonably be expected to become a liability of the Business or Buyer, no Seller has, with respect to the Company Employees: (i) increased the compensation payable or to become payable to or for the benefit of any of its employees (other than normal annual salary increases consistent with past practice), (ii) provided any of its employees with increased job security or tenure of employment, (iii) increased the amount payable to any of its employees upon the termination of such person’s employment, or (iv) increased, augmented or improved benefits granted to or for the benefit of its employees under any bonus, incentive compensation, commissions, profit sharing, pension, retirement, deferred compensation, insurance or other direct or indirect benefit plan or arrangement.

**Section 3.17. Employee Relations.**

(a) Except as set forth in Schedule 3.17, no Seller is a party to any Collective Bargaining Agreement or employment agreement with or covering any Company Employee. A true and correct copy of each agreement set forth in Schedule 3.17 has been delivered to Buyer.

(b) Except as set forth in Schedule 3.17, to the Knowledge of Sellers, no union or similar organization or labor organization represents employees of any Seller and no such organization is attempting to organize such employees or has attempted to organize such employees during the two (2) years prior to the date of this Agreement. Except as disclosed on Schedule 3.20, as of the date of this Agreement, no unfair labor practice charge against any Seller in respect of the Stations is pending or, to the Knowledge of Sellers, threatened before the National Labor Relations Board, any state labor relations board or any court or tribunal, nor has any written complaint pertaining to any such charge or potential charge been filed against any Seller. As of the date of this Agreement, there is no pending strike, or, to the Knowledge of Sellers, any pending or threatened slowdown, work stoppage or other material labor dispute pending or in respect of any of the Stations.

**Section 3.18. Contracts.** Except as set forth in Schedule 3.18, no Seller, with respect to the Business, is a party to or bound by:

(a) any contract for the acquisition, sale, lease or license of properties or assets with a value in excess of \$75,000;

(b) any contract for the purchase, rental or use of any recordings, programming or programming services which is not terminable by Seller without penalty on thirty (30) days' notice or less or which involves the payment after the date hereof of more than \$75,000 over the remaining term of such contract;

(c) any contract for the purchase of merchandise, supplies or personal property or for the receipt of services (other than services referred to in clause (b) above) which is not terminable by Seller on thirty (30) days' notice or less or which involves the payment after the date hereof of more than \$75,000 over the remaining term of such contract;

(d) any contract that is a "local marketing agreement" or time brokerage agreement, joint sales agreement, shared services agreement, management services agreement, local news sharing agreement or similar contract;

(e) any sales agency, advertising representative or advertising or public relations contract which is not terminable by Seller without penalty on thirty (30) days' notice or less or which involves the payment after the date hereof of more than \$75,000 over the remaining term of such contract;

(f) any contract for the sale of time on any of the Stations in exchange for (i) programming or (ii) merchandise or services used or useful for the benefit of any of the Stations, in each case, having aggregate fair market value in excess of \$75,000;

(g) any contract with on-air talent with a commitment for annual consideration with a value in excess of \$50,000 with respect to any of the Stations;

(h) any employment agreement, consulting agreement or similar contract, providing for compensation, severance or a fixed term in respect of services performed by an employee or consultant of any Seller with a value in excess of \$75,000 per annum or \$125,000 in the aggregate with respect to any individual employee or consultant;

- (i) any Collective Bargaining Agreement;
- (j) any partnership, joint venture or other similar agreement or arrangement;
- (k) any agreement or instrument which provides for, or relates to, the incurrence by any Seller of debt for borrowed money (except for such agreements or instruments which shall not apply to the Buyer or its Affiliates upon Closing);
- (l) any affiliation agreement with a television network;
- (m) any retransmission agreement with any MVPD that has more than five thousand (5,000) subscribers with respect to any of the Stations or any similar agreement;
- (n) any contract for capital expenditures in excess of \$75,000 for any single item and \$125,000 in the aggregate; or
- (o) any agreement outside of the ordinary course of the Business containing any covenant or provision prohibiting any Seller from engaging in any line or type of business or any non-solicitation or similar agreement (except for such agreements which shall not apply to the Buyer or its Affiliates upon Closing).

Schedule 3.18 also indicates whether each contract, agreement or other instrument listed therein is to be deemed an “Assumed Contract” or a “Contract Not Assumed” for purposes of this Agreement.

**Section 3.19. Status of Contracts.** Except as set forth in Schedule 3.19, each of the leases, contracts and other agreements listed in Schedules 3.10(c), 3.12 and 3.18, in each case which is a Purchased Contract or other agreement designated on Schedule 3.18 as an “Assumed Contract”, but excluding the contracts and other agreements designated in Schedule 3.18 as a “Contract Not Assumed,”) (collectively, the “Station Agreements”) constitutes a valid and binding obligation of the applicable Seller and, to the Knowledge of Sellers, the other parties thereto (subject to bankruptcy, insolvency, reorganization or other similar laws relating to or affecting the enforcement of creditors’ rights generally) and is in full force and effect (subject to bankruptcy, insolvency, reorganization or other similar laws relating to or affecting the enforcement of creditors’ rights generally) and (except as set forth in Schedule 3.3 and except for those Station Agreements which by their terms will expire at or prior to the Closing Date or will be otherwise terminated at or prior to the Closing Date in accordance with the provisions hereof or at the direction of Buyer) may be transferred to the Buyer pursuant to this Agreement and will be in full force and effect at the time of such transfer, in each case without breaching the terms thereof or resulting in the forfeiture or impairment of any rights thereunder and without the consent, approval or act of, or the making of any filing with, any other Person. No Seller is in material breach of, or material default under, any of the Station Agreements to which such Seller is a party, and, to the Knowledge of Sellers, no other party to any of the Station Agreements is in material breach of, or material default under, any Station Agreement, and to the Knowledge of Sellers, no event has occurred and no condition or state of facts exists which, with the passage of time or the giving of notice or both, would constitute such a material default or material breach by any Seller or by any such other party. Complete and correct copies of each of the Station

Agreements, together with all amendments thereto, have heretofore been delivered or made available to Buyer by Sellers.

**Section 3.20. No Violation, Litigation or Regulatory Action.** Except as set forth in Schedule 3.20:

(a) At all times since December 31, 2012, Sellers have complied in all material respects with all laws, published regulations and rules, writs, injunctions, ordinances, franchises, judgments, injunctions, rulings, decrees or orders of any court or of any Governmental Body which are applicable to the Purchased Assets, the Stations or the Business;

(b) there are no actions, suits, proceedings, claims or investigations by or before any court or any Governmental Body which are pending or, to the Knowledge of Sellers, threatened against any Seller in respect of the Purchased Assets, the Stations or the Business or which question the legality or propriety of the transactions contemplated by this Agreement, which, if adversely determined, would reasonably be expected to have a Material Adverse Effect;

(c) neither any of the Sellers nor any of the Purchased Assets are subject to any order of any court or Governmental Body; and

(d) no written inquiry has been received by any Seller during the twenty-four (24) months prior to the date of this Agreement from any Governmental Body which is specifically concerned with the Business, the Stations or the Purchased Assets and alleges a violation of applicable Law or regulations or requests any action on the part of Sellers to maintain the Seller FCC Authorizations, in each case, other than those inquiries that have been resolved without any liability or ongoing obligations on any Seller.

**Section 3.21. Insurance.** Sellers currently maintain, in respect of the Purchased Assets, the Stations and the Business, policies of fire and extended coverage and casualty, liability and other forms of insurance in such amounts and against such risks and losses as are in the judgment of Sellers prudent for the Business. Except as set forth in Schedule 3.21 with respect to the Business, there are no outstanding claims under any insurance policy or default with respect to provisions in any such policy which claim or default individually or in the aggregate would reasonably be expected to have a Material Adverse Effect.

**Section 3.22. Employee Plans; ERISA.**

(a) Schedule 3.22 sets forth a list of (i) each pension, retirement, profit sharing, deferred compensation, bonus, incentive compensation, severance, stock option, stock bonus, company award or other similar plan, (ii) each medical, vision, dental or other health plan relating to the Business, (iii) each vacation, paid time off, disability, salary continuation, life insurance plan and (iv) any other material employee benefit or compensation plan, in each case, to which any Seller or Affiliate of Sellers is on the date hereof required to contribute on behalf of any Company Employee, or which any Seller or Affiliate of Sellers on the date hereof sponsors for the benefit of any Company Employee, or under which any Company Employee is on the date hereof eligible to receive benefits, including, without limitation, any Employee Benefit Plan (as defined in Section 3(3) of ERISA) (collectively, the “Employee Plans”). With respect to

each Employee Plan, Sellers have delivered or made available to the Buyer correct and complete copies of (A) the plan document and any related trust documents or insurance policies and all amendments to each of the foregoing, (B) as applicable, the most recent summary plan description, summaries of material modifications, summaries of benefits and coverage, schedules of employer/employee cost-sharing and other material communications to employees, (C) the most recent IRS determination or opinion letter for any Employee Plan intended to qualify under Code Section 401(a), (D) to the extent required to be filed or prepared for each Employee Plan, the most recent actuarial report and annual Form 5500 (including all accompanying schedules and attachments), and (E) a written description of any Employee Plan that is not in writing.

(b) All Employee Plans are in compliance in all material respects with the provisions of ERISA, the Code and other applicable law and the rules and regulations promulgated thereunder to the extent that ERISA, the Code and other applicable law and such rules and regulations are intended to apply. No Seller nor any ERISA Affiliate maintains, sponsors, participates in, contributes to, or has any liability with respect to any employee pension benefit plan (as defined in Section 3(2) of ERISA) that is subject to Title IV of ERISA or Section 412 of the Code. No Seller nor any ERISA Affiliate participates in, owes withdrawal liability to, or has any liability with respect to any Multiemployer Plan (as defined in Section 4001(a)(3) of ERISA).

(c) No Seller nor any ERISA Affiliate is currently liable for any tax or penalty under the Code or ERISA (including, without limitation, Chapters 43 and 100 of the Code and Section 502 of ERISA) that could reasonably be expected to become a liability of Buyer, and, to the Knowledge of Sellers, no fact or event exists which could reasonably be expected to give rise to any such liability.

**Section 3.23. Environmental Protection.** Except as set forth in Schedule 3.23:

(a) As of the date of this Agreement, the Business is in compliance with all Environmental Laws, except where the failure to comply would not have a Material Adverse Effect;

(b) Sellers have, in respect of the Business, obtained all environmental, health and safety Governmental Permits necessary for its operation, and all such Governmental Permits are in good standing and Sellers are in compliance in all material respects with all terms and conditions of such Governmental Permits;

(c) None of the Sellers, with respect to the Business, or any of the Seller Property or operations, is subject to any on-going investigation by, order from or agreement with any Person (including without limitation any prior owner or operator of Seller Property) respecting (i) any Environmental Law, (ii) any Remedial Action or (iii) any claim of Losses and Expenses arising from the Release or threatened Release of a Contaminant into the environment;

(d) No Seller is, with respect to the Business, subject to any judicial or administrative proceeding, investigation, order, judgment, decree or settlement alleging or addressing a material violation of or liability under any Environmental Law;

(e) No Seller has, with respect to the Business:

(i) reported a Release of a hazardous substance pursuant to Section 103(a) of CERCLA, or any state equivalent;

(ii) filed a notice pursuant to Section 103(c) of CERCLA;

(iii) filed a notice pursuant to Section 3010 of RCRA, indicating the generation of any hazardous waste, as that term is defined under 40 CFR Part 261 or any state equivalent; or

(iv) filed any notice under any applicable Environmental Law reporting a substantial violation of any applicable Environmental Law; and

(f) to the Knowledge of Sellers there is not currently and there never has been, on or in any Owned Seller Property:

(i) any treatment, recycling, storage or disposal of any hazardous waste, as that term is defined under 40 CFR Part 261 or any state equivalent, that requires or required a Governmental Permit pursuant to Section 3005 of RCRA; or

(ii) any underground storage tank or surface impoundment or landfill or waste pile.

(g) To the Knowledge of Sellers, no Seller is required to take any Remedial Action with respect to (i) any polychlorinated biphenyls (PCB) used in pigments, hydraulic oils, electrical transformers or other equipment or (ii) any asbestos-containing material, in each case that is located on or in the Real Property;

(h) No Seller has received any written notice or written claim to the effect that it is or may be liable to any Person as a result of the Release or threatened Release of a Contaminant; and

(i) no Environmental Encumbrance has attached to any Owned Real Property.

**Section 3.24. MVPD Matters.** Schedule 3.24 contains, as of the date hereof, (i) a list of each retransmission consent contract to which any Seller is a party with any MVPD that has more than five thousand (5,000) subscribers with respect to any of the Stations and (ii) with respect to any of the Stations, a list of the MVPDs that, to the Knowledge of Sellers, carry such Station and have more than five thousand (5,000) subscribers with respect to such Station outside of such Station's Market. To the Knowledge of Sellers, each Seller has entered into retransmission consent contracts with respect to each MVPD that has more than five thousand (5,000) subscribers in any of the Stations' Markets, and no MVPD is retransmitting the signal of the Stations without the authorization of such Seller. Except as set forth on Schedule 3.24, each Station has made timely retransmission consent elections for the 2012-2014 retransmission consent election cycle with respect to each MVPD that has more than five thousand (5,000) subscribers in such Station's Market. Since December 31, 2011, (A) no such MVPD has provided written notice to any Seller of any material signal quality issue or has failed to respond to a request for carriage or sought any form of relief from carriage of any of the Stations from the

FCC; (B) no Seller has received any written notice from any such MVPD of such MVPD's intention to delete any Station from carriage or to change any Station's channel position; and (C) to the Knowledge of Sellers, no MVPD that had previously carried the signal of any Station ceased to carry the signal of such Station for a period of more than 24 hours for any reason, including upon expiration of retransmission consent with respect to such Station.

**Section 3.25. Certain Business Practices.** No Seller nor, to the Knowledge of Sellers, any authorized representative of any Seller (acting in such capacity), has, directly or indirectly, (a) offered, paid, promised to pay, or authorized a payment, of any money or other thing of value (including any fee, gift, sample, travel expense or entertainment) or any commission payment, or any payment related to political activity, to any government official or employee, to any employee of any organization owned or controlled in part or in full by any Governmental Body, or to any political party or candidate, to influence the official or employee to act or refrain from acting in relation to the performance of official duties, with the purpose of obtaining or retaining business or any other improper business advantage or (b) taken any action which would cause them to be in violation of the Foreign Corrupt Practices Act of 1977 or any other anti-corruption or anti-bribery law applicable to any Seller (whether by virtue of jurisdiction or organization or conduct of business).

**Section 3.26. No Finder.** No Seller nor any party acting on any Seller's behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary, for or on account of the transactions contemplated by this Agreement.

## **ARTICLE IV**

### **REPRESENTATIONS AND WARRANTIES OF BUYER AND PARENT**

As an inducement to Sellers to enter into this Agreement and to consummate the transactions contemplated hereby, Buyer and Parent represent and warrant to Sellers and agree as follows:

**Section 4.1. Organization.** Each of the Buyer and Parent is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware. Buyer has the requisite corporate power and authority to own, lease and operate the properties and assets used in connection with its business as currently being conducted or to be acquired pursuant hereto.

**Section 4.2. Authority of Buyer.**

(a) Each of Buyer and Parent has the requisite corporate power and authority to execute and deliver this Agreement and all of the other agreements and instruments to be executed and delivered by Buyer or Parent pursuant hereto (collectively, the "Buyer Ancillary Agreements"), to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

(b) The execution, delivery and performance of this Agreement and the Buyer Ancillary Agreements by Buyer and Parent (to the extent a party thereto) have been duly authorized and approved by all necessary action of Buyer and Parent and do not require any



further authorization or consent of Buyer or Parent, or their respective stockholders. This Agreement is, and each other Buyer Ancillary Agreement when executed and delivered by Buyer, Parent and the other parties thereto will be, a legal, valid and binding agreement of Buyer and Parent (to the extent a party thereto) enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) Except as set forth in Schedule 4.2, none of the execution, delivery and performance by either Buyer or Parent of this Agreement or the other Buyer Ancillary Agreements, the consummation by Buyer or Parent of any of the transactions contemplated hereby or thereby or compliance by Buyer or Parent with or fulfillment by Buyer or Parent of the terms, conditions and provisions hereof or thereof will:

(i) conflict with, result in a breach of the terms, conditions or provisions of, or constitute a default, an event of default or an event creating rights of acceleration, termination or cancellation or a loss of rights under, or result in the creation or imposition of any Encumbrance upon any assets of Buyer or Parent under, (A) the certificate of incorporation or bylaws of Buyer, (B) the certificate of incorporation or bylaws of Parent, (C) any indenture, note, mortgage, lease, guaranty or material agreement, or any judgment, order, award or decree, to which Buyer or Parent is a party or any of the assets of Buyer or Parent is subject or by which Buyer or Parent is bound, or (D) any statute, other law or regulatory provision affecting Buyer or Parent or its assets; or

(ii) require the approval, consent, authorization or act of, or the making by Buyer or Parent of any declaration, filing or registration with, any third Person or any foreign, federal, state or local court, governmental or regulatory authority or body, except for such of the foregoing as are necessary pursuant to the HSR Act or the Communications Act.

**Section 4.3. Litigation.** Neither Buyer nor Parent is a party to any action, suit or proceeding pending or, to the knowledge of Buyer or Parent, threatened which, if adversely determined, would reasonably be expected to restrict the ability of Buyer or Parent to consummate the transactions contemplated by this Agreement. There is no order to which Buyer or Parent is subject which would reasonably be expected to restrict the ability of Buyer or Parent to consummate the transactions contemplated by this Agreement.

**Section 4.4. No Finder.** None of Buyer, Parent or any party acting on either Buyer or Parent's behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement, except for Stephens Inc. (the fees and expenses of which shall be payable by Parent).

**Section 4.5. Qualifications as FCC Licensee.** Buyer is legally, financially and otherwise qualified to be the licensee of, and to acquire, own, operate and control, the Stations

under the Communications Act, including the provisions relating to media ownership and attribution, foreign ownership and control, and character qualifications. To the knowledge of Buyer, there are no facts or circumstances that would, under the Communications Act or any other applicable Law, disqualify Buyer as the assignee of the Seller FCC Authorizations with respect to the Stations. Except as disclosed on Schedule 4.5, no waiver of or exemption from, whether temporary or permanent, any provision of the Communications Act, or any divestiture or other disposition by Buyer or any of their respective Affiliates of any asset or property, is necessary for the FCC Consent to be obtained under the Communications Act, as in effect as of the date hereof. To the knowledge of Buyer, there are no facts or circumstances related to the FCC qualifications of Buyer or of any of their respective Affiliates, which might reasonably be expected to (i) result in the FCC's refusal to grant the FCC Consent with respect to the transactions contemplated herein or otherwise disqualify Buyer, (ii) materially delay the obtaining of the FCC Consent, or (iii) cause the FCC to impose any material condition on its granting of the FCC Consent.

**Section 4.6. Adequacy of Financing.** Buyer and Parent have, as of the date of this Agreement, or will have, as of the Closing Date, on hand (or access through committed credit facilities to) adequate funds to pay the Closing Date Payment and the Escrow Amount in accordance with Sections 2.6(b) and 2.5(e).

**Section 4.7. Solvency.** Immediately after giving effect to the transactions contemplated hereby and the payment of other necessary fees, expenses and other amounts in connection therewith, Buyer and each of its subsidiaries shall be able to pay their respective debts as they become due and shall own property which has a fair saleable value greater than the amounts required to pay their respective debts (including a reasonable estimate of the amount of all contingent liabilities). Immediately after giving effect to the transactions contemplated hereby, Buyer and each of its subsidiaries will have adequate capital to carry on their respective businesses. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of Buyer and its subsidiaries.

## ARTICLE V

### ACTION PRIOR TO THE CLOSING DATE

The respective parties hereto covenant and agree to take the following actions between the date hereof and the Closing Date:

**Section 5.1. Investigation of the Business.** From the date hereof until the earlier of the date this Agreement is terminated pursuant to Section 10.1 and the Closing Date (the "Executory Period"), upon the request of Buyer, Sellers shall afford to the officers, employees and authorized representatives of Buyer (including, without limitation, independent public accountants, attorneys and consultants) reasonable access during normal business hours, and upon not less than 24-hours prior notice, to the offices, properties, employees and business and financial records (including computer files, retrieval programs and similar documentation) of the Business to the extent Buyer shall reasonably deem necessary or desirable and shall furnish to Buyer or its authorized representatives such additional information concerning the Business as

shall be reasonably requested; provided, however, that Sellers shall not be required to violate any obligation of confidentiality or other obligation under applicable Laws to which it is subject in discharging its obligations pursuant to this Section 5.1. Buyer agrees that any such access, inspection, or investigation shall be conducted in such a manner as not to interfere unreasonably with the operations of any Seller and each of Buyer and Parent agrees to indemnify and hold harmless each Seller Group Member from and against any and all Loss and Expense incurred by such Seller Group Member directly arising from such access, inspection or investigation by Buyer or its Representatives. The immediately preceding sentence shall survive Closing and any termination of this Agreement.

**Section 5.2. Preserve Accuracy of Representations and Warranties; Notification of Certain Matters.**

(a) During the Executory Period, each of the parties hereto shall refrain from taking any action which would render any representation or warranty contained in Article III or IV of this Agreement inaccurate as of the Closing Date. During the Executory Period, Buyer and Sellers shall promptly notify the other upon becoming aware of any breach of any representations or warranties, covenants or agreements contained in this Agreement.

(b) During the Executory Period, each party shall promptly notify the other of any action, suit or proceeding that shall be instituted or threatened against such party to restrain, prohibit or otherwise challenge the legality of any transaction contemplated by this Agreement. During the Executory Period, each Seller shall promptly notify Buyer, and Buyer shall promptly notify Sellers, of any lawsuit, claim, proceeding or investigation that may be threatened, brought, asserted or commenced against the other which would have been listed in Schedule 3.20 or would be an exception to Section 4.3 if such lawsuit, claim, proceeding or investigation had arisen prior to the date hereof.

(c) Notwithstanding anything to the contrary contained herein, any of Sellers may provide notice of any updates to Sellers' Schedules (a) if (i) such notice describes an action that is permitted to be taken pursuant to Section 5.4 without the consent of Buyer and (ii) such notice (1) adds any Purchased Assets without increasing or adversely modifying any liability to Buyer, (2) adds any Intellectual Property to Schedule 3.13(a), or (3) adds a contract or agreement to or amends a contract or agreement on Schedule 3.18, in each case, solely to the extent such contract, agreement or amendment was entered into in the ordinary course of business and (b) if Buyer nonetheless proceeds with the Closing, then from and after the Closing Buyer Group Members shall be deemed to have waived and shall have no right to seek indemnification pursuant to ARTICLE IX for a breach of a representation and warranty of Sellers solely by virtue of the addition of any of the foregoing item(s) to the Schedules, except for indemnification sought with respect to a breach of any covenant set forth in Section 5.4 applicable to the matters(s) so disclosed. Further, from and after the Closing, references to the Schedules shall be references thereto as so supplemented, modified or updated by such notices described in and in accordance with the preceding sentence.

**Section 5.3. FCC Consent; HSR Act Approval; Other Consents and Approvals.**

(a) As promptly as practicable after the date of execution of this Agreement, but in any event no later than five (5) calendar days thereafter, Sellers and Buyer shall file with the FCC applications requesting its consent to the assignment of the Seller FCC Authorizations (and any extensions or renewals thereof) to Buyer from Sellers, other than the Bluebonnet FCC Authorizations (the “FCC Applications”). Sellers and Buyer shall cooperate in the preparation of such applications and will diligently take, or cooperate in the taking of, all necessary, desirable and proper steps, provide any additional information required by the FCC and otherwise use commercially reasonable efforts to obtain promptly the FCC Consent. Parent and Sellers shall bear the cost of FCC filing fees relating to the FCC Applications equally. Sellers shall make available to Parent, promptly after the filing thereof, copies of all reports filed by it or its Affiliates on or prior to the Closing Date with the FCC in respect of the Stations. Buyer and Parent shall oppose any petitions to deny or other objections filed with respect to the FCC Applications to the extent such petition or objection relates to such party. As may reasonably be necessary to facilitate the grant of the FCC Consent, in the event that the FCC advises that, to obtain the FCC Consent in an expeditious manner, it is necessary for Buyer or Sellers to enter into a customary assignment, tolling, or other similar arrangement with the FCC to resolve any complaints with the FCC relating to any Seller FCC Authorization with respect to the Stations, each of the applicable Seller and/or Buyer shall, subject to the indemnification obligations set forth in Section 9.1, enter into such a customary assignment or other arrangement with the FCC.

(b) With respect to the pending Bluebonnet FCC Applications, LBC, KUIL License Company and KUIL Operating Company each agree to take all actions necessary to obtain prompt FCC approval of the Bluebonnet FCC Applications, to consummate their acquisition of the Bluebonnet FCC Authorizations and other Bluebonnet Assets pursuant to the Bluebonnet APA, and to work with Buyer to expeditiously prepare and file applications with the FCC to assign the Bluebonnet FCC Authorizations to Buyer as soon as such applications can be filed pursuant to the Communications Laws. In the event that the Bluebonnet FCC Applications remain pending at such time as the FCC Consent is granted, LBC, KUIL License Company and KUIL Operating Company shall, at Parent’s option, assign their right to acquire the Bluebonnet FCC Authorizations and Bluebonnet Assets pursuant to the Bluebonnet APA to Buyer, cause the Bluebonnet FCC Applications to be withdrawn, and use commercially reasonable efforts to cause Bluebonnet to file, with Buyer, new applications at the FCC seeking consent to assign the Bluebonnet FCC Authorizations to Buyer. Parent and Sellers shall bear the cost of FCC filing fees relating to such applications equally. As may reasonably be necessary to facilitate the grant of the Bluebonnet FCC Consent, in the event that the FCC advises that, to obtain such consent in an expeditious manner, it is necessary for LBC, KUIL License Company, KUIL Operating Company, or any of their Affiliates to enter into a customary assignment, tolling, or other similar arrangement with the FCC to resolve any complaints with the FCC relating to any Bluebonnet FCC Authorization, each of the applicable LBC, KUIL License Company, KUIL Operating Company, or Affiliate shall enter into such a customary assignment or other arrangement with the FCC.

(c) As promptly as practicable after the date of execution of this Agreement, but in any event no later than five (5) business days thereafter, to the extent required by applicable Law, Parent and Sellers shall file with the Federal Trade Commission and the Antitrust Division of the Department of Justice the notifications and other information required to be filed by such commission or department under the HSR Act, or any rules and regulations

promulgated thereunder, with respect to the transactions contemplated by this Agreement. Each of the Parent and Sellers shall file as promptly as practicable such additional information as may be requested to be filed by such commission or department. To the extent permitted by applicable Law, each of the applicable Sellers and Parent shall notify the other of any notice or communication from any Governmental Body in connection with the transactions contemplated by this Agreement. Parent and Seller shall equally bear the cost of any filing fees payable under the HSR Act in connection with the notifications and information described in this Section 5.3(c).

(d) During the Executory Period, the parties hereto shall use their respective reasonable best efforts to take all actions necessary to consummate and make effective the transactions contemplated hereby and to cause the conditions to the transaction set forth in Article VII and Article VIII to be satisfied. Each of Seller, Buyer and Parent agrees not to, and shall not permit any of their respective Affiliates to, take any action that would reasonably be expected to materially delay, materially impede or prevent receipt of the Governmental Consents.

(e) In connection with the expiration of the Seller FCC Authorizations and the Bluebonnet FCC Authorizations set forth on Schedule 3.9(a) applicable to the Stations, Sellers and/or or Bluebonnet, as applicable, have filed one or more applications (the “Renewal Applications”) with the FCC requesting the renewal of certain Seller FCC Authorizations and the Bluebonnet FCC Authorizations pursuant to the Communications Laws. In order to avoid disruption or delay in the processing of the FCC Applications, Buyer shall, and shall cause its Affiliates to, (A) agree as part of the FCC Applications, to request that the FCC apply its policy of permitting the assignment of FCC licenses in transactions involving multiple stations to proceed, notwithstanding the pendency of any application for the renewal of any such FCC license, and (B) make such representations and undertakings as are necessary or appropriate to invoke such policy, including undertakings to assume, as between the parties and the FCC, the position of the applicant before the FCC with respect to any pending Renewal Application for a Seller FCC Authorization and to assume the corresponding regulatory risks relating to any such Renewal Application, subject to the indemnification obligation set forth in Section 9.1. In order to avoid disruption or delay in the processing of the Bluebonnet FCC Applications, LBC shall, and shall cause its Affiliates to, (A) agree as part of the Bluebonnet FCC Applications, to request that the FCC apply its policy of permitting assignment of FCC licenses in transactions involving multiple stations to proceed, notwithstanding the pendency of any application for the renewal of any such FCC license, and (B) make such representations and undertakings as are necessary or appropriate to invoke such policy, including undertakings to assume, as between the parties and the FCC, the position of the applicant before the FCC with respect to any pending Renewal Application for a Bluebonnet FCC Authorization and to assume the corresponding regulatory risks relating to any such Renewal Application. In addition, Buyer acknowledges that, to the extent reasonably necessary to obtain the grant by the FCC of any Renewal Application with respect to the Stations and thereby to facilitate the grant of the FCC Consent with respect to the FCC Applications and the Bluebonnet FCC Applications, the applicable Sellers shall, and shall cause Bluebonnet and its Affiliates to, enter into tolling, assignment, or similar agreements with the FCC to extend the statute of limitations for the FCC to determine or impose a forfeiture penalty against any of the Stations in connection with (i) any pending complaints that a Station aired programming that contained obscene, indecent or profane material or (ii) any other

enforcement matters against such Station with respect to which the FCC may permit Seller and/or Bluebonnet to enter into a tolling, assignment, or similar agreements. Buyer and Seller shall consult in good faith with each other prior to entering into, or causing Bluebonnet to enter into, any such tolling agreement under this Section 5.3(e).

(f) Sellers and Buyer shall each use reasonable efforts to obtain all consents and amendments from the parties to the Station Agreements which are required by the terms thereof or this Agreement for the consummation of the transactions contemplated by this Agreement; provided, however, that no Seller nor Buyer shall have any obligation to offer or pay any consideration in order to obtain any such consents or amendments; and provided, further, that the parties acknowledge and agree that such third party consents are not conditions to Closing, except for those certain third party consents applicable to the Stations set forth on Schedule 5.3(f) (the “Required Consents”). If a third party consent or notice is required in order to assign an agreement included in the Purchased Assets is not obtained or provided before the Closing, the Sellers and Buyer shall use reasonable efforts in good faith to cooperate, and to cause each of their respective Affiliates to cooperate, in effecting any lawful arrangement to provide Buyer with the economic benefits of each such agreement for which such a third party consent is being sought after the Closing, and to have Buyer assume and discharge the liability obligations under each such agreement from and after the Closing Date, in each case until such consent is obtained. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any license, certificate, approval, authorization, agreement, contract, lease, easement or other commitment included in the Purchased Assets if an attempted assignment thereof without the consent of a third party thereto would constitute a breach thereof.

#### **Section 5.4. Operations of the Stations Prior to the Closing Date.**

(a) During the Executory Period, except (i) as approved by Buyer pursuant to Section 5.4(b), (ii) as required by the explicit terms of the Bluebonnet APA, or (iii) as set forth on Schedule 5.4(b), Sellers shall use reasonable efforts to operate and carry on the Business only in the ordinary course consistent with past practice, continue to promote and conduct advertising on behalf of the Stations at levels substantially consistent with past practice, keep and maintain the Purchased Assets in good operating condition and repair (wear and tear in ordinary usage excepted), maintain the business organization of the Stations intact, maintain insurance on the Purchased Assets and preserve the goodwill of the suppliers, contractors, licensors, employees, customers, distributors and others having business relations with the Business; provided, however, that no Seller shall be required to commence or participate in any litigation (other than currently pending litigation) in order to comply with this Section 5.4(a).

(b) Notwithstanding Section 5.4(a), and except (i) as expressly contemplated by this Agreement, (ii) as required by the explicit terms of the Bluebonnet APA, (iii) as set forth in Schedule 5.4(b), (iv) if required under Law, or (v) with the express prior written approval of Buyer, no Seller shall, in respect of any Station:

- (i) make any material change in the Business or the operations of the Station;

(ii) enter into or amend any contract or commitment that would be binding on Buyer after the Closing Date and that involves the payment or potential payment of more than \$75,000 per annum or \$150,000 in the aggregate;

(iii) make or authorize any new capital expenditures other than those set forth in the budget provided to Buyer prior to the date of this Agreement in excess of \$100,000 in the aggregate;

(iv) enter into any contract for the purchase of real property or exercise any option to extend a lease listed in Schedule 3.10 or enter into any real property lease (as tenant);

(v) sell, lease (as lessor), transfer or otherwise dispose of (including any transfers to any Affiliates of any Seller), or mortgage or pledge, or impose or suffer to be imposed any Encumbrance on, any of the Purchased Assets, other than property sold or otherwise disposed of in the ordinary course of the Business or pursuant to existing contracts or commitments, and other than Permitted Encumbrances;

(vi) make any (A) equity investment in or acquisition of any Person or (B) acquisition of any amount of assets material to the Business, except, with respect to clause (B), in the ordinary course of the Business;

(vii) create, incur or assume, or agree to create, incur or assume, any indebtedness for borrowed money, except in the ordinary course of the Business or pursuant to existing contracts or commitments;

(viii) guarantee, or otherwise become liable for, any material liability of any third Person other than pursuant to existing contracts or commitments;

(ix) adopt, or institute any increase in, any profit sharing, bonus, incentive, deferred compensation, insurance, pension, retirement, medical, hospital, disability, welfare or other employee benefit plan with respect to its employees, other than in the ordinary course of the Business or as such Seller may determine to be necessary in its reasonable discretion to retain any employee through the Closing Date or as required by any such plan or Laws or as would not become a liability of the Business or Buyer;

(x) make or change any material Tax election with respect to the Purchased Assets, except in the ordinary course of the Business;

(xi) (A) fail to use all commercially reasonable efforts to maintain in full force and effect in accordance with their respective terms and conditions, any of the Seller FCC Authorizations, or to not take or fail to take any action that could reasonably be expected to cause the FCC or any other Governmental Body to institute proceedings for the suspension, revocation or adverse modification of any of the Seller FCC Authorizations in any material respect, or (B) enter into any FCC consent decree with respect to the Station or any of the Seller FCC

Authorizations if such FCC consent decree would be binding on the Station or Buyer or Parent after Closing;

(xii) except as required by Law or contract enter into any Collective Bargaining Agreement without giving advance notice to Buyer;

(xiii) terminate or cancel any insurance coverage maintained by such Seller with respect to any material assets without replacing such coverage with a comparable amount of insurance coverage other than in the ordinary course of the Business;

(xiv) make any material change in the compensation of its employees, other than changes made in accordance with normal compensation practices and consistent with past compensation practices, as required by Law or contract;

(xv) enter into any employment agreement or independent contractor agreement for services to be performed on behalf of the Stations or the Business, except for such agreements that are terminable by such Seller without penalty upon no more than 30 days' prior notice;

(xvi) make any material modification to the buildings or other fixtures located on the Owned Real Property or to any leasehold improvement on the premises leased by such Seller under the Real Property Leases, other than capital expenditures or repairs included in the Station's current capital expenditure plan; or

(xvii) cause, whether by action or inaction, any Station to have must-carry status for the 2015-2017 must-carry/retransmission consent election cycle;

(xviii) fail to take such actions as are necessary to promptly perfect any Station's network nonduplication rights, including by failing to secure necessary documentation of network nonduplication rights from each network with which each Station is affiliated and/or failing to send timely notices to all MVPDs in each Station's FCC-defined zone of exclusivity with respect to such rights;

(xix) amend or waive any provision of the Bluebonnet APA; or

(xx) agree or commit to do any of the foregoing.

(c) During the Executory Period, Sellers will deliver to Buyer, reasonably promptly after filing, copies of any reports, applications or communications with the FCC related to the Stations which are filed between the date of this Agreement and the Closing Date.

(d) Sellers shall pay all charges that are due under Program Rights Agreements through the end of the month prior to the month in which the Closing Date occurs. Any charges under Program Rights Agreements that are payable during the month in which the Closing Date occurs shall be pro-rated in accordance with Section 2.5(b).



**Section 5.5. Public Announcement.** None of Sellers, Buyer or any of their Affiliates shall, without the approval of the other, make any press release or other public announcement concerning the transactions contemplated by this Agreement, except as and to the extent that any such party shall be so obligated by Law or by the rules, regulations or policies of any national securities exchange or association, in which case the other party shall be advised and the parties shall use reasonable efforts to cause a mutually agreeable release or announcement to be issued.

**Section 5.6. Interim Financial Statements.** During the Executory Period, Sellers shall deliver to Buyer (a) as promptly as practicable following their completion and availability for use by Sellers, copies of any monthly, quarterly or annual financial statements relating solely to the Business that may be prepared by Sellers or any of their Affiliates and (b) on the second business day following their completion and availability for use by Sellers, weekly revenue pacing reports related to the Business (collectively, the financial statements and weekly revenue pacing reports delivered pursuant to this Section 5.6 (the “Interim Financial Statements”).

**Section 5.7. Transition of Stations Out of Seller Group Agreements.** Buyer and Sellers acknowledge that the agreements set forth in Schedule 5.7 relating to the Stations are Seller agreements that also cover other television stations of Sellers or LBC (the “Group Agreements”). As such, to the extent not specifically addressed in the Schedules to this Agreement, Buyer and Sellers agree, and agree to cause their respective Affiliates to, use commercially reasonable efforts to work together prior to the Closing Date to arrange with the third parties to the Group Agreements to (a) remove stations KTXD and KCEB from the coverage of the Group Agreements as of the Closing Date and (b) provide coverage for such retained stations of LBC under separate agreements between LBC (or its Affiliates) and such third parties.

**Section 5.8. Company Employees.**

(a) At least ten (10) business days prior to the Closing Date, Seller shall provide Buyer with an updated list of the Company Employees.

- (i) Immediately upon the Closing Date, Buyer shall extend employment offers to the Company Employees on such list who are, on the Closing Date, active employees of the Sellers and not covered by a Collective Bargaining Agreement. If such Company Employees accept such employment offer, Buyer shall hire such employees. To the extent such Company Employees are covered by a talent contract assumed by Buyer, such employment shall be governed by the applicable talent contract. The base compensation and welfare benefits offered by Buyer to such Company Employees not covered by a Collective Bargaining Agreement or talent contract assumed by Buyer, on the Closing Date shall be substantially similar, in the aggregate, to the base compensation and welfare benefits provided by the applicable Sellers to such Company Employees immediately prior to the Closing Date.
- (ii) Immediately upon the Closing Date, Buyer shall extend employment offers to the Company Employees on such list who are, on the Closing Date, active employees of the Sellers and covered by a Collective Bargaining Agreement.

If such Company Employees covered by a Collective Bargaining Agreement accept such employment offer, Buyer shall hire such employees. The employment by Buyer of the Company Employees covered by a Collective Bargaining Agreement shall be governed by the applicable Collective Bargaining Agreement and applicable Law.

(b) For purposes of this Section, only employees on long-term disability shall not be treated as active employees. Company Employees on such list who accept such offer of employment under clause (a)(i) or (a)(ii) above are hereinafter referred to as “Transferred Employees”. The Transferred Employees shall receive credit with Buyer for periods of employment with the applicable Sellers for purposes of determining eligibility and the amount of vacation, sick leave and paid time off provided to such employees.

(c) Sellers shall have full responsibility under the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar applicable state or local law requiring notice to employees in the event of a plant closing or mass layoff (the “WARN Act”), for all acts or omission of Sellers prior to the Closing Date. Buyer shall have full responsibility under the WARN Act with respect to the Transferred Employees for all acts or omissions of Buyer on or after the Closing Date.

(d) Nothing herein shall be construed to require Buyer to continue to employ the Transferred Employees for any amount of time after the Closing Date. Nothing contained in this Section 5.8 or otherwise, express or implied, is intended to confer any right or benefit upon any employee of the Sellers or their spouses, dependents or beneficiaries. The provisions of this Agreement are for the sole benefit of the parties to this Agreement and are not for the benefit of any third party.

**Section 5.9. Conveyance Free and Clear of Liens.** Except for Permitted Encumbrances, at or prior to the Closing, Sellers shall obtain the release of all Liens disclosed in the Schedules hereto and any other Liens on the Purchased Assets, as applicable, and shall duly file releases of all such Liens in each governmental agency or office in which any such Lien or evidence thereof shall have been previously filed, and Sellers shall transfer and convey, or cause to be transferred and conveyed, to Buyer at the Closing good and marketable title to all of the Purchased Assets, as applicable, free and clear of all Liens, except for Permitted Encumbrances.

**Section 5.10. Assignment of Texas Rangers Contract.** At the Closing and prior to the expiration of the Texas Rangers Baseball Affiliation Agreement, dated as of October 28 2009, by and between KXTA-TV and LBC, Sellers shall use commercially reasonable efforts to assign such Agreement to Buyer.

## ARTICLE VI

### ADDITIONAL AGREEMENTS

#### **Section 6.1. Taxes; Sales, Use and Transfer Taxes.**

(a) Sellers shall be liable for and shall pay all Taxes (whether assessed or unassessed) applicable to the Business or the Purchased Assets, in each case attributable to

periods (or portions thereof) ending on or prior to the Closing Date. Buyer shall be liable for and shall pay all Taxes (whether assessed or unassessed) applicable to the Business or the Purchased Assets, in each case attributable to periods (or portions thereof) beginning after the Closing Date. For purposes of this Section 6.1(a), any period beginning before and ending after the Closing Date (a “Straddle Period”) shall be treated as two partial periods, one ending on the Closing Date and the other beginning after the Closing Date. Notwithstanding this Section 6.1(a), all real property Taxes, personal property Taxes and similar ad valorem obligations levied with respect to the Purchased Assets for any Tax period that includes (but does not end on) the Closing Date shall be apportioned between Sellers, on the one hand, and Buyer, on the other hand, based on the number of days of such Tax period up to and including the Closing Date and the number of days of such Tax period after the Closing Date, and Sellers shall be liable for the proportionate amount of such Taxes that is attributable to the portion of the Tax period up to and including the Closing Date, and Buyer shall be liable for the proportionate amount of such Taxes that is attributable to the portion of the Tax period beginning after the Closing Date.

(b) Any sales, use or other transfer Taxes payable by reason of transfer and conveyance of the Business or the Purchased Assets hereunder and any documentary stamp or transfer Taxes payable by reason of the real estate or interests therein included in the Purchased Assets shall be borne by Buyer and Sellers equally. Except as expressly provided otherwise in this Agreement, all fees relating to any filing with any Governmental Body required for transfer and conveyance of the Purchased Assets hereunder, other than amounts owing to any Governmental Body as of the date hereof or with respect to events occurring prior to the date hereof, shall be borne by Buyer and Sellers equally. Seller and Buyer shall cooperate in the preparation, execution and filing of all Tax Returns, questionnaires, applications or other documents regarding any such sales, use, documentary stamp or transfer Taxes and any similar Taxes that become payable as a direct result of the transactions contemplated hereby.

(c) Sellers or Buyer, as the case may be, shall provide reimbursement for any Tax paid by the other party all or a portion of which is the responsibility of Sellers or Buyer, as the case may be, in accordance with the terms of this Section 6.1. Within a reasonable time prior to the payment of any said Tax, the party paying such Tax shall give notice to the other party of the Tax payable and the portion which is the liability of each party, although failure to do so will not relieve the other party from its liability hereunder.

(d) Buyer shall promptly notify Sellers in writing upon receipt by Buyer or any of its Affiliates of notice of any pending or threatened federal, state, local or foreign Tax audits, examinations or assessments which may affect the Tax liabilities for which Sellers would be required to indemnify any Buyer Group Member pursuant to this Agreement; provided, however, that failure to comply with this provision shall not affect Buyer’s right to indemnification hereunder except to the extent, and only to the extent, that Seller is prejudiced by such failure. Sellers shall have the sole right to control any Tax audit or administrative or court proceeding relating to taxable periods ending on or before the Closing Date, and to employ counsel of its choice at its expense; provided, however, that Sellers agree with Buyer in writing that, as between Buyer and Sellers, Sellers would be liable for any Taxes that may result from such audit or proceeding to the extent of Sellers’ indemnification obligation pursuant to this Agreement; and provided further, however, that Buyer shall have the right, at its own expense, to participate in any such Tax matter that would affect Parent or any of its Affiliates for a Tax

period that includes any day after the Closing Date. If a Seller does not assume the defense of any Tax proceeding, neither Buyer nor any of its Affiliates may settle any Tax claim for any taxable year or period ending on or prior to the Closing Date which may be the subject of indemnification by Sellers under this Section 6.1 without the prior written consent of Sellers, which consent may, in the sole discretion of Sellers, be withheld.

(e) In the case of any Straddle Period, with respect to a proposed adjustment for which both the Buyer and Sellers or any Affiliate thereof could be liable, (i) the Sellers and the Buyer may each participate in the proceeding and (ii) the proceeding shall be controlled by that party which would bear the burden of the greater portion of the sum of the adjustment and any corresponding adjustments that may reasonably be anticipated for future Tax periods. Neither the Sellers nor Buyer shall enter into any settlement of such proceeding that would adversely affect the other party without the written consent of such other party, which consent may not be unreasonably withheld, conditioned or delayed.

(f) (i) Sellers acknowledge that Buyer may intend that the transaction contemplated by this Agreement qualify as a part of a tax-deferred, like-kind exchange under Section 1031 of the Code (an “Exchange”). Sellers acknowledge that the Purchase Price may be paid by a qualified intermediary, as that term is used in Treasury Regulations Section 1.1031(k)-1(g)(4) and/or an “exchange accommodation titleholder” under IRS Revenue Procedure 2000-37 and that Buyer’s rights (but not its obligations) under this Agreement may be assigned to such a qualified intermediary or “exchange accommodation titleholder.” Sellers agree to reasonably cooperate with Buyer and its Affiliates in respect of any such Exchange, if Buyer so chooses, provided that: (A) the party conducting an Exchange shall effect the Exchange through a qualified intermediary and the other party shall not be required to take an assignment of the purchase agreement for the exchange property or be required to acquire or hold title to any real property for purpose of consummating such Exchange; and (B) the party conducting an Exchange shall pay any additional costs that would not otherwise have been incurred by the parties had such party not consummated this transaction through the Exchange. Sellers by this agreement of acquiescence to an Exchange shall not have their rights under this Agreement affected in any manner and no assignment by Buyer pursuant to this Section 6.1(f)(i) shall affect Buyer’s obligations under this Agreement. Sellers shall not be responsible for compliance with or be deemed to have warranted to the party conducting an Exchange that such Exchange in fact complies with §1031 of the Code and the Sellers will not be required to incur any obligation, liability or expense with respect to such Exchange.

(ii) Buyer acknowledges that Sellers may intend that the transaction contemplated by this Agreement qualify as a part of an Exchange. Buyer acknowledges that the Purchase Price may be paid to a qualified intermediary, as that term is used in Treasury Regulations Section 1.1031(k)-1(g)(4) and/or an “exchange accommodation titleholder” under IRS Revenue Procedure 2000-37 and that Sellers’ rights (but not its obligations) under this Agreement may be assigned to such a qualified intermediary or exchange accommodation titleholder. Buyer agrees to cooperate with Sellers and their respective Affiliates in respect of any such Exchange, if Sellers so choose, provided that (A) the party conducting an Exchange shall effect the Exchange through a qualified intermediary and the other party shall not be required to take an assignment of the purchase agreement for the exchange property or be required to acquire or hold title to any real property for purpose of consummating such

Exchange; and (B) the party conducting an Exchange shall pay any additional costs that would not otherwise have been incurred by the parties had such party not consummated this transaction through the Exchange. Buyer by this agreement of acquiescence to an Exchange shall not have its rights under this Agreement affected in any manner and no assignment by any Seller pursuant to this Section 6.1(f)(ii) shall affect such Seller's (or any other Seller's) obligations under this Agreement. Buyer shall not be responsible for compliance with or be deemed to have warranted to the party conducting an Exchange that such Exchange in fact complies with §1031 of the Code and the Buyer will not be required to incur any obligation, liability or expense with respect to such Exchange.

(g) Buyer and Sellers shall cooperate fully, as and to the extent reasonably requested by any of them, in connection with the filing of any Tax Returns pursuant to this Section 6.1. Such cooperation shall include the retention and (upon the request by any of them) the provision of records and information which are reasonably relevant to any proceeding involving any such Tax Return or the Taxes owed with respect thereto, and making employees and representatives available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

**Section 6.2. Control of Operations Prior to Closing Date.** Notwithstanding anything contained herein to the contrary, the Closing shall not be consummated prior to the grant by the FCC of the FCC Consent. Sellers and Buyer acknowledge and agree that at all times commencing on the date hereof and ending on the Closing Date, neither Buyer nor Parent nor any of their employees, agents or representatives, directly or indirectly, shall, or have any right to, control, direct or otherwise supervise, or attempt to control, direct or otherwise supervise any of the management or operations of the Stations, it being understood that the operation, management, control and supervision of all programs, equipment, operations and other activities of the Stations shall be the sole responsibility, and at all times prior to the Closing Date remain within the complete control and discretion, of Sellers, subject to the terms of Section 5.4.

**Section 6.3. Use of Names.** Seller is not conveying ownership rights or granting Buyer a license to use any of the trade names or trademarks of Seller or any Affiliate of Seller (other than the trademarks identified in Schedule 3.13(a) which are Purchased Assets) and, except during a transition period for up to ninety (90) days after the Closing, Buyer shall

(a) not and shall not permit any of its Affiliates to use in any manner the names or marks of any Seller or any Affiliate of any Seller or any word that is similar in sound or appearance to such names or marks to the extent such names or marks are not Purchased Assets.

(b) In the event Buyer or any Affiliate of Buyer violates any of its obligations under this Section 6.3, Sellers and their respective Affiliates may proceed against it in law or in equity for such damages or other relief as a court may deem appropriate. Buyer acknowledges that a violation of this Section 6.3 may cause Sellers and their respective Affiliates irreparable harm which may not be adequately compensated for by money damages. Buyer therefore agrees that in the event of any actual or threatened violation of this Section 6.3, Sellers and any of their respective Affiliates shall be entitled, in addition to other remedies that they may have, to a temporary restraining order and to preliminary and final injunctive relief against Buyer or such

Affiliate of Buyer to prevent any violations of this Section 6.3, without the necessity of posting a bond.

**Section 6.4. Non-Solicitation.**

(a) Sellers agree that, for twelve (12) months after the Closing, neither any Seller nor LBC nor any of their respective Subsidiaries shall, directly or indirectly, solicit or attempt to induce any employee, agent, licensor, content provider, supplier, distributor or customer of the Business, as of the Closing Date to terminate such employment, agency or business relationship with the Buyer or Parent; provided, however, that nothing in this Section 6.4 shall prohibit or restrict (i) any Seller, LBC or any of their Affiliates from soliciting, inducing or employing (A) any employees who are not Transferred Employees or (B) any Transferred Employees in the Tyler-Longview-Lufkin-Nacogdoches designated market area for six (6) months after the Closing, or (ii) any solicitation or inducement of any agent, licensor, content provider, supplier, distributor or customer of the Business for business transactions (including the placement of advertising on stations other than the Stations) which occur outside of the designated market areas in which the Stations are located or which occur in the Tyler-Longview-Lufkin-Nacogdoches designated market area.

(b) Sellers agree that if any court or agency of competent jurisdiction determines that this Section 6.4 is unenforceable as drafted, it shall be deemed modified to the extent necessary to make it enforceable by such court or agency.

**ARTICLE VII**

**CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER**

The obligations of Sellers under this Agreement to consummate the Closing shall, at the option of Sellers, be subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

**Section 7.1. No Misrepresentation or Breach of Covenants and Warranties.**

(a) There shall have been no breach by Buyer or Parent in the performance of any of its covenants and agreements contained herein; and (b) each of the representations and warranties of Buyer and Parent contained in this Agreement shall be true and correct on the date of this Agreement and the Closing Date as though made on the Closing Date (except to the extent that they expressly speak as of a specific date or time other than the Closing Date, in which case they need only have been true and correct as of such specified date or time), except for changes therein specifically permitted by this Agreement or resulting from any transaction expressly consented to in writing by Sellers; provided, that, in the case of each of clauses (a) and (b) above, except where the failure of such representations and warranties to be true and correct (without giving effect to any limitation as to “materiality” set forth in such representations and warranties), or the failure to perform such covenants and agreements, individually or in the aggregate, has not had and could not reasonably be expected to have a Buyer Material Adverse Effect. In addition, Buyer shall have delivered to Sellers a certificate, dated as of the Closing Date, signed by an officer of Buyer and certifying as to the satisfaction of the conditions specified in clauses (a) and (b) above.

**Section 7.2. No Restraint.** Any applicable waiting period under the HSR Act shall have expired or have been terminated and there shall not be in effect any preliminary or permanent injunction or other order, decree or ruling by a court of competent jurisdiction or by a Governmental Body, no statute, rule, regulation or executive order shall have been promulgated or enacted by a Governmental Body and there shall not be in effect any temporary restraining order of a court of competent jurisdiction, which, in any case, restrains or prohibits the transactions contemplated hereby.

**Section 7.3. Certain Governmental Approvals.**

(a) The FCC Consent (which, for the avoidance of doubt, excludes the Bluebonnet FCC Authorizations) shall have been granted and shall be effective; and

(b) Any waiting period (and any extension thereof) applicable to consummation of the transactions contemplated by this Agreement under the HSR Act shall have expired or shall have been terminated.

Notwithstanding the failure of any one or more of the foregoing conditions, Sellers may proceed with the Closing without satisfaction, in whole or in part, of any one or more of such conditions and without written waiver.

## **ARTICLE VIII**

### **CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER AND PARENT**

The obligations of Buyer and Parent under this Agreement to consummate the Closing shall, at the option of Buyer, be subject to the satisfaction on or prior to the Closing Date, of the following conditions:

**Section 8.1. No Misrepresentation or Breach of Covenants and Warranties.**

(a) There shall have been no breach by any Seller in the performance of any of its respective covenants and agreements contained herein; and (b) each of the representations and warranties of Sellers contained in this Agreement shall be true and correct on the date of this Agreement and the Closing Date as though made on the Closing Date (except to the extent that they expressly speak as of a specific date or time other than the Closing Date, in which case they need only have been true and correct as of such specified date or time), except for changes (i) therein specifically permitted by this Agreement or (ii) resulting from any transaction expressly consented to in writing by Buyer or any transaction contemplated by this Agreement; provided, that, in the case of each of clauses (a) and (b) above, except where the failure of such representations and warranties to be true and correct (without giving effect to any limitation as to “materiality” or “Material Adverse Effect” set forth in such representations and warranties), or the failure to perform such covenants and agreements, individually or in the aggregate, has not had and could not reasonably be expected to have a Material Adverse Effect. In addition, Sellers shall have delivered to Buyer a certificate, dated as of the Closing Date, signed by an officer of each Seller and certifying as to the satisfaction of the conditions specified in clauses (a) and (b).

**Section 8.2. No Restraint.** Any applicable waiting period under the HSR Act shall have expired or been terminated and there shall not be in effect any preliminary or permanent

injunction or other order, decree or ruling by a court of competent jurisdiction or by a Governmental Body, no statute, rule, regulation or executive order shall have been promulgated or enacted by a Governmental Body and there shall not be in effect any temporary restraining order of a court of competent jurisdiction, which, in any case, restrains or prohibits the transactions contemplated hereby.

**Section 8.3. Certain Governmental Approvals.**

(a) The FCC Consent (which, for the avoidance of doubt, excludes the Bluebonnet FCC Authorizations) shall have been granted and shall be effective;

(b) Any waiting period (and any extension thereof) applicable to consummation of the transactions contemplated by this Agreement under the HSR Act shall have expired or shall have been terminated; and

(c) For the avoidance of doubt, the applicable FCC Consent and any other Governmental Consent that is or may become necessary for Buyer to own and operate each and every Station listed on Schedule A attached hereto shall have been granted and shall be effective.

**Section 8.4. Consents.** The Required Consents shall have been obtained and delivered to Buyer.

**Section 8.5. Liens Released.** All Liens pertaining to the Purchased Assets shall be released of record and there shall be no Liens in respect of the Purchased Assets, except Permitted Encumbrances and Liens resulting from actions of Buyer.

Notwithstanding the failure of any one or more of the foregoing conditions, Buyer may proceed with the Closing without satisfaction, in whole or in part, of any one or more of such conditions and without written waiver.

## **ARTICLE IX**

### **INDEMNIFICATION**

**Section 9.1. Indemnification by Sellers.**

(a) From and after the Closing, Sellers agree to indemnify and hold harmless each Buyer Group Member from and against any and all Loss and Expense incurred by such Buyer Group Member in connection with or arising from:

(i) any breach by Sellers, or any other failure of Sellers to perform, any of its covenants, agreements or obligations in this Agreement or in any Seller Ancillary Agreement;

(ii) any breach of any warranty or the inaccuracy of any representation of Sellers contained or referred to in this Agreement or any certificate delivered



by or on behalf of Sellers pursuant hereto (disregarding any materiality or Material Adverse Effect qualifications contained in such representations and warranties);

(iii) the failure of Sellers to perform any Excluded Liabilities;

(iv) (A) any Tax liability in respect of the Purchased Assets or Sellers relating to any Tax period that ends on or prior to the Closing Date or the portion of the Straddle Period that ends on or prior to the Closing Date (calculated pursuant to Section 6.1(a)), (B) any Taxes imposed on the Buyer as a transferee or successor, by contract or pursuant to any Law, relating to any Tax period that ends on or prior to the Closing Date or the portion of the Straddle Period that ends on or prior to the Closing Date (calculated pursuant to Section 6.1(a)), and (C) any Tax liability in respect of the Purchased Assets that is the responsibility of Sellers pursuant to Section 6.1(b);

(v) any Losses which Buyer incurs as a result of accepting liability for any enforcement action by the FCC relating to any period prior to the Closing pursuant to Section 5.3(a) and (e) above; or

(vi) any matter set forth on Schedule 9.1(a)(vi).

(b) The indemnification provided for in this Section 9.1 shall terminate twelve (12) months after the Closing Date (and no claims shall be made by any Buyer Group Members under this Section 9.1 thereafter), except that the indemnification by Sellers shall continue in any event as to:

(A) the representations and warranties in Sections 3.3(a), 3.3(b), 3.7, 3.10(b), 3.15 and 3.26, as to all of which no time limitation shall apply other than the full period of any applicable statute of limitations (and no claims shall be made by any Buyer Group Members under this Section 9.1 thereafter);

(B) the representations and warranties in Section 3.23, which shall terminate thirty-six (36) months after the Closing Date (and no claims shall be made by any Buyer Group Members under this Section 9.1 thereafter) (the representations and warranties in Sections 3.3(a), 3.3(b), 3.7, 3.10(b), 3.15, 3.23 and 3.26, the “Seller Fundamental Representations”);

(C) the covenants of Sellers set forth in Sections 6.1, 9.1(a)(iv), 9.1(a)(vi), 11.2 or 11.10, as to all of which no time limitation shall apply other than the full period of any applicable statute of limitations (and no claims shall be made by any Buyer Group Members under this Section 9.1 thereafter);

(D) any Loss or Expense incurred by any Buyer Group Member in connection with or arising out of the failure of Sellers to pay or perform any Excluded Liability, as to which no time limitation shall apply; and

(E) any Loss or Expense of which any Buyer Group Member has notified Sellers in accordance with the requirements of Section 9.3 on or prior to the date such indemnification would otherwise terminate in accordance with this Section 9.1, as to which the obligation of Sellers shall continue until the liability of Sellers shall have been determined pursuant to this Article IX, and Sellers shall have reimbursed all Buyer Group Members for the full amount of such Loss and Expense in accordance with this Article IX subject to the limitations in Section 9.5.

**Section 9.2. Indemnification by Buyer and Parent.**

(a) From and after the Closing, Buyer and Parent, jointly and severally, agree to indemnify and hold harmless each Seller Group Member from and against any and all Loss and Expense incurred by such Seller Group Member in connection with or arising from:

(i) any breach by Buyer or Parent, or any other failure of Buyer or Parent to perform, any of its covenants, agreements or obligations in this Agreement or in any Buyer Ancillary Agreement;

(ii) any breach of any warranty or the inaccuracy of any representation of Buyer or Parent contained or referred to in this Agreement or any certificate delivered by or on behalf of Buyer or Parent pursuant hereto (disregarding any materiality or Material Adverse Effect qualifications contained in such representations and warranties);

(iii) the failure of Buyer to perform any of the Assumed Liabilities and, except for claims in respect of which Seller is obligated to indemnify Buyer pursuant to Section 9.1, Buyer's (or any successor's or assignee's) operation of the Business and/or the ownership and/or use of the Purchased Assets after the Closing Date; or

(b) any Tax liability in respect of the Purchased Assets or the Buyer relating to any Tax period that commences after the Closing Date or the portion of the Straddle Period that commences after the Closing Date (calculated pursuant to Section 6.1(a)) and any Tax liability in respect of the Purchased Assets that is the responsibility of Buyer pursuant to Section 6.1(b);

(c) The indemnification provided for in this Section 9.2 shall terminate twelve (12) months after the Closing Date (and no claims shall be made by any Seller Group Member under this Section 9.2 thereafter), except that the indemnification by Buyer and Parent shall continue in any event as to:

(A) the representations and warranties in Sections 4.2(a), 4.2(b), 4.4, and 4.7, as to which no time limitation shall apply other than the full period of any applicable statute of limitations (and no claims shall be made by any Seller Group Members under this Section 9.2 thereafter) (the representations and warranties in Sections 4.2(a), 4.2(b), 4.4, and 4.7, the "Buyer Fundamental Representations" and, together with the Seller Fundamental Representations, the "Fundamental Representations");

(B) the covenants of Buyer set forth in Sections 6.1, 9.2(a)(iii), 11.2 or 11.10, as to all of which no time limitation shall apply other than the full period of any applicable statute of limitations (and no claims shall be made by any Seller Group Members under this Section 9.2 thereafter);

(C) any Loss or Expense incurred by any Seller Group Member in connection with or arising out of the failure of Buyer to pay or perform any Assumed Liabilities, as to which no time limitation shall apply; and

(D) any Loss or Expense of which any Seller Group Member has notified Buyer in accordance with the requirements of Section 9.3 on or prior to the date such indemnification would otherwise terminate in accordance with this Section 9.2, as to which the obligation of Buyer shall continue until the liability of Buyer shall have been determined pursuant to this Article IX, and Buyer shall have reimbursed all Seller Group Members for the full amount of such Loss and Expense in accordance with this Article IX subject to the limitations in Section 9.5.

**Section 9.3. Notice of Claims; Determination of Amount.**

(a) Any Buyer Group Member or Seller Group Member seeking indemnification hereunder (the “Indemnified Party”) shall give promptly to the party obligated to provide indemnification to such Indemnified Party (the “Indemnitor”) a written notice (a “Claim Notice”) describing in reasonable detail the facts giving rise to the claim for indemnification hereunder and shall include in such Claim Notice (if then known) the amount or the method of computation of the amount of such claim, and a reference to the provision of this Agreement or any other agreement, document or instrument executed hereunder or in connection herewith upon which such claim is based. The failure of any Indemnified Party to give the Claim Notice promptly as required by this Section 9.3 shall not affect such Indemnified Party’s rights under this Article IX except to the extent such failure is actually prejudicial to the rights and obligations of the Indemnitor.

(b) In calculating any Loss or Expense there shall be deducted any insurance recovery in respect thereof (and no right of subrogation shall accrue hereunder to any insurer).

(c) After the giving of any Claim Notice pursuant hereto, the amount of indemnification to which an Indemnified Party shall be entitled under this Article IX shall be determined: (i) by the written agreement between the Indemnified Party and the Indemnitor; (ii) by a final judgment or decree of any court of competent jurisdiction; or (iii) by any other means to which the Indemnified Party and the Indemnitor shall agree. The judgment or decree of a court shall be deemed final when the time for appeal, if any, shall have expired and no appeal shall have been taken or when all appeals taken shall have been finally determined. The Indemnified Party shall have the burden of proof in establishing the amount of Losses and Expenses suffered by it. Once the indemnification claim is finally determined, as described in (i), (ii) or (iii) above, Buyer and Sellers shall notify the Escrow Agent of the final indemnification amount and direct the Escrow Agent to promptly release a portion of the Escrow Amount equal to such claim to the Buyer. For the avoidance of doubt, this section shall not be construed to limit the ability of Buyer or Parent to demand payment directly from Sellers.

**Section 9.4. Third Person Claims.** In the event of the initiation of any legal proceeding against the Indemnified Party by a third Person, the Indemnitor shall have the sole and absolute right after the receipt of notice, at its option and at its own expense, to be represented by counsel of its choice and to control, defend against, negotiate, settle or otherwise deal with any proceeding, claim, or demand which relates to any loss, liability or damage indemnified against hereunder; provided, however, that the Indemnified Party may participate in any such proceeding with counsel of its choice and at its expense. The parties hereto agree to cooperate fully with each other in connection with the defense, negotiation or settlement of any such legal proceeding, claim or demand. To the extent the Indemnitor elects not to defend such proceeding, claim or demand, and the Indemnified Party defends against or otherwise deals with any such proceeding, claim or demand, the Indemnified Party may retain counsel, reasonably acceptable to the Indemnitor, at the expense of the Indemnitor, and control the defense of such proceeding. Neither the Indemnitor nor the Indemnified Party may settle any such proceeding which settlement obligates the other party to pay money, to perform obligations or to admit liability without the consent of the other party, such consent not to be unreasonably withheld. After any final judgment or award shall have been rendered by a court, arbitration board or administrative agency of competent jurisdiction and the time in which to appeal therefrom has expired, or a settlement shall have been consummated, or the Indemnified Party and the Indemnitor shall arrive at a mutually binding agreement with respect to each separate matter alleged to be indemnified by the Indemnitor hereunder, the Indemnified Party shall forward to the Indemnitor notice of any sums due and owing by it with respect to such matter and the Indemnitor shall pay all of the sums so owing to the Indemnified Party by wire transfer, certified or bank cashier's check within thirty (30) days after the date of such notice.

To the extent of any inconsistency between this Section 9.4 and Section 6.1(d), the provisions of Section 6.1(d) shall control.

**Section 9.5. Limitations.**

(a) Notwithstanding anything herein to the contrary, the indemnification obligations of the parties shall be limited as follows:

(i) No Seller Group Member shall have any liability under, nor shall any Seller Group Member be required to indemnify and hold harmless any party pursuant to, Section 9.1(a)(ii) with respect to Loss and Expense until, and then only to the extent that, the aggregate amount of all such Losses and Expenses exceeds \$1,075,000;

(ii) No Buyer Group Member shall have any liability under, nor shall any Buyer Group Member be required to indemnify and hold harmless any party pursuant to, Section 9.2(a)(ii) with respect to Loss and Expense until, and then only to the extent that, the aggregate amount of all such Losses and Expenses exceeds \$1,075,000;

(iii) the amount that an indemnified party may recover with respect to any and all Losses and Expenses pursuant to Section 9.1(a)(ii) is and shall be limited, in the aggregate, to the lesser of (x) the amount of such Loss and Expense

and (y) an amount equal to ten percent (10%) of the Purchase Price as finally determined in accordance with Section 2.7; and

(iv) the amount that an indemnified party may recover with respect to any and all Losses and Expenses pursuant to Section 9.2(a)(ii) is and shall be limited, in the aggregate, to the lesser of (x) the amount of such Loss and Expense and (y) an amount equal to ten percent (10%) of the Purchase Price as finally determined in accordance with Section 2.7.

(b) Notwithstanding anything herein to the contrary, but subject to the additional limitations above, the amount that an indemnified party may recover with respect to any and all Losses and Expenses pursuant to Section 9.1 or Section 9.2 is and shall be limited, in the aggregate, to the lesser of (x) the amount of such Loss and Expense and (y) the Purchase Price as finally determined in accordance with Section 2.7.

(c) Notwithstanding anything contained herein to the contrary, no Buyer Group Members shall have any right to indemnification pursuant to Section 9.1 with respect to any Loss or Expense to the extent that such Loss or Expense is reflected in the Closing Date Working Capital Calculation, or the calculation of the Purchased Price based thereon, in each case, as finally determined in accordance with Section 2.7.

(d) In any case where an Indemnified Party recovers from third Persons any amount in respect of a matter with respect to which an Indemnitor has indemnified it pursuant to this Article IX, such Indemnified Party shall promptly pay over to the Indemnitor the amount so recovered (after deducting therefrom the full amount of the expenses incurred by it in procuring such recovery), but not in excess of any amount previously so paid by the Indemnitor to or on behalf of the Indemnified Party in respect of such matter.

(e) Except for remedies that cannot be waived as a matter of law and injunctive and provisional relief (including specific performance), if the Closing occurs, this Article IX shall be the exclusive remedy for breaches of this Agreement, any Seller Ancillary Agreement, Buyer Ancillary Agreement, and/or matters arising out of or relating to this Agreement (including any covenant, obligation, representation or warranty contained in this Agreement or in any certificate delivered pursuant to this Agreement) or any Buyer Ancillary Agreement or Seller Ancillary Agreement.

**Section 9.6. Escrow.** Any payment any Sellers are obligated to make to any Buyer Group Members pursuant to this Article IX shall first be recovered solely by release of funds to the Buyer Group Members from the Escrow Account in accordance with the terms of the Escrow Agreement and shall accordingly reduce the Escrow Amount; provided, however, that to the extent, and solely to the extent that, (i) any of the Sellers are obligated to make a payment to any Buyer Group Member pursuant to this Article IX and (ii) the Escrow Amount is insufficient to pay such claim, then Sellers shall pay directly the remaining sums due in connection with such claim following the payments made from the Escrow Account in connection therewith; provided, further, however, that the maximum aggregate liability of Sellers under this Agreement will be subject to the limitations in Section 9.5.

**Section 9.7. No Special Damages; Mitigation.** Notwithstanding anything to the contrary contained in this Agreement, none of the parties hereto shall have any liability under any provision of this Agreement for any punitive, incidental, consequential, special or indirect damages, including loss of future profits, revenue or income, diminution in value or loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, regardless of whether such damages were foreseeable, except to the extent such damages are payable to a third party. Each of the parties agrees to take all reasonable steps to mitigate their respective Losses and Expenses upon and after becoming aware of any event or condition which could reasonably be expected to give rise to any Losses and Expenses that are indemnifiable hereunder.

**Section 9.8. Disclaimer Regarding Interim Financial Statements.** Notwithstanding anything to the contrary contained in this Agreement, in connection with the Interim Financial Statements, (a) Buyer and Parent acknowledge and agree that they have not relied on any representations or warranties whatsoever, with respect to the Interim Financial Statements and (b) Buyer and Parent expressly disclaim and waive any claims based on the Interim Financial Statements which are not otherwise the subject of a representation, warranty or covenant of the Sellers contained in this Agreement; provided, however, that the Interim Financial Statements shall not qualify, affect or expand any representation, warranty or covenant of the Sellers contained in this Agreement.

**Section 9.9. Proposed Bluebonnet Acquisition.** Notwithstanding anything to the contrary contained in this Agreement, if the closing conditions set forth in Articles VII and VIII have been satisfied with respect to the Stations other than the Bluebonnet Stations, and the parties proceed with the Closing:

(a) \$3,300,000 of the Purchase Price otherwise payable by Buyer under Section 2.5 (the “Holdback Amount”) shall be held back by Buyer (without interest) until the date that the Bluebonnet Assets are purchased by Buyer and the Bluebonnet FCC Authorizations have been assigned to Buyer, in accordance with and subject to the terms and conditions of this Section 9.9, at a subsequent closing (the “Second Closing”); provided, however, that the entire Holdback Amount shall be forfeited, and no party shall have any further obligations or liabilities with respect to the purchase of the Bluebonnet Stations, the Bluebonnet Assets or the Bluebonnet APA, if the Second Closing has not occurred on or before the Termination Date so long as such party shall not have breached or failed to fulfill any of its obligations under this Agreement which were the cause of, or resulted in, the failure of the Second Closing to occur on or prior to such date as a condition to the Second Closing;

(b) if the Bluebonnet Assets have been purchased by KUIL Operating Company and KUIL License Company pursuant to the Bluebonnet APA prior to the Closing, then during the Executory Period:

(i) at the Closing, KUIL Operating Company and KUIL License Company shall assign all of their rights under the Bluebonnet APA to Buyer, pursuant to an assignment agreement in a form reasonably acceptable to Buyer and Sellers, and the Bluebonnet APA shall be a Purchased Contract,

(ii) promptly following the Closing, LBC shall cause KUIL Operating Company and KUIL License Company to (A) deliver to Buyer at the time of the Second Closing such bills of sale, deeds, endorsements, assignments and other instruments, and to take all actions, as may be reasonably necessary to vest in Buyer all right, title and interest of KUIL Operating Company and KUIL License Company in the Bluebonnet Assets as acquired by KUIL Operating Company and KUIL License Company under the Bluebonnet APA to transfer the Bluebonnet Assets as if they were Purchased Assets; provided, however, that Sellers (1) make no representation or warranties with respect to the Bluebonnet Assets, (2) shall have no obligation with respect to the Bluebonnet Assets under Section 9.1(a)(ii) of this Agreement, (3) agree to comply with the covenants set forth in Section 5.4(b) of this Agreement in all material respects as applied *mutatis mutandis* to the Bluebonnet Assets and (4) Sellers shall use reasonable efforts to keep and maintain the Bluebonnet Assets in the operating condition and state of repair (wear and tear in ordinary usage excepted) as acquired from Bluebonnet, maintain insurance on the Bluebonnet Assets and preserve the goodwill of the suppliers, contractors, licensors, employees, customers, distributors and others having business relations with the Bluebonnet Assets; provided, however, that no Seller shall be required to commence or participate in any litigation in order to comply with this Section 9.9(b). and (B) use their reasonable best efforts to obtain the Bluebonnet FCC Consent with respect to the assignment of the Bluebonnet FCC Authorizations to Buyer, which Bluebonnet FCC Consent shall have been granted and effective as of the date of the Second Closing as a condition to the Second Closing,

(iii) at the Second Closing, Buyer shall pay the Holdback Amount, by bank wire transfer of immediately available funds, to such bank account designated by LBC for such purpose not less than two (2) business days before the date such payment is required to be made,

(iv) the promissory note of KUIL Operating Company and/or KUIL License Company and the related guaranty of LBC delivered pursuant to the Bluebonnet APA shall be Excluded Liabilities and shall not be assigned, conveyed or assumed by Buyer, and

(v) from and after the Second Closing, Buyer's sole recourse with respect to any representations or warranties (express or implied) relating to the Bluebonnet Stations shall be against Bluebonnet pursuant to the representations and warranties of Bluebonnet set forth in the Bluebonnet APA;

(c) if the Bluebonnet Assets have not been purchased by KUIL Operating Company and KUIL License Company pursuant to the Bluebonnet APA prior to the Closing, then:

(i) promptly following the Closing, LBC, KUIL Operating Company and KUIL License Company shall each use their respective reasonable best

efforts to obtain the consent of Bluebonnet to the assignment of the Bluebonnet APA to Buyer, in the form of Exhibit G attached hereto (the “Bluebonnet Consent”), by no later than ten (10) business days after the Closing,

(ii) if the fully executed Bluebonnet Consent is delivered to Buyer within ten (10) business days after the Closing, then (A) Buyer shall purchase the Bluebonnet Assets directly from Bluebonnet pursuant to the Bluebonnet APA, as modified by the terms of the Bluebonnet Consent, (B) Buyer shall pay \$1,490,000 of the Holdback Funds (without interest) (*i.e.*, \$3,300,000 minus the purchase price of \$1,810,000 payable by Buyer as assignee under the Bluebonnet APA), by bank wire transfer of immediately available funds, to such bank account designated by LBC for such purpose not less than two (2) business days before the date such payment is required to be made, (C) Buyer shall retain the balance of the Holdback Funds to fund the assignee’s obligation to pay the purchase price to Bluebonnet pursuant to the Bluebonnet APA, and (D) from and after the date that such fully executed Bluebonnet Consent is delivered to Buyer as provided above, Buyer’s sole recourse with respect to any representations or warranties (express or implied) relating to the Bluebonnet Stations shall be against Bluebonnet pursuant to the representations and warranties of Bluebonnet set forth in the Bluebonnet APA, and

(iii) if the fully executed Bluebonnet Consent is not delivered to Buyer within ten (10) business days after the Closing, then LBC, KUIL Operating Company and KUIL License Company shall each use their respective reasonable best efforts to complete the purchase of the Bluebonnet Assets pursuant to the Bluebonnet APA prior to the Termination Date and, if the Bluebonnet Assets have been purchased by KUIL Operating Company and KUIL License Company pursuant to the Bluebonnet APA prior to the Termination Date, then promptly following such purchase by KUIL Operating Company and KUIL License Company, LBC shall cause KUIL Operating Company and KUIL License Company to (A) deliver to Buyer at the Second Closing such bills of sale, deeds, endorsements, assignments and other instruments, and to take all actions, as may be reasonably necessary to vest in Buyer all right, title and interest of KUIL Operating Company and KUIL License Company in the Bluebonnet Assets as acquired under the Bluebonnet APA, (B) use their reasonable best efforts to obtain the Bluebonnet FCC Consent with respect to the assignment of the Bluebonnet FCC Authorizations to Buyer, which Bluebonnet FCC Consent shall have been granted and effective as of the date of the Second Closing, (C) at the Second Closing, Buyer shall pay the Holdback Amount, by bank wire transfer of immediately available funds, to such bank account designated by LBC for such purpose not less than two (2) business days before the date such payment is required to be made, (D) the promissory note made by KUIL Operating Company and/or KUIL License Company and the related guaranty of LBC delivered pursuant to the Bluebonnet APA shall be Excluded Liabilities and shall not be assigned, conveyed or assumed by Buyer, and (E) from and after the Second



Closing, Buyer's sole recourse with respect to any representations or warranties (express or implied) relating the Bluebonnet Stations shall be against Bluebonnet pursuant to the representations and warranties of Bluebonnet set forth in the Bluebonnet APA; provided, however, that the entire Holdback Amount shall be forfeited, and Buyer shall have no further obligations or liabilities with respect to the purchase of the Bluebonnet Stations, the Bluebonnet Assets or the Bluebonnet APA, if the Second Closing has not occurred on or before the Termination Date, so long as Buyer shall not have breached or failed to fulfill any of its obligations under this Agreement which were the cause of, or resulted in, the failure of the Second Closing to occur on or prior to such date, and, in the event that the entire Holdback Amount is forfeited, Sellers shall have no obligation to transfer the Bluebonnet Stations to Buyer and the Bluebonnet Stations and Bluebonnet APA shall be Excluded Assets and Excluded Contracts, respectively.

## **ARTICLE X**

### **TERMINATION**

#### **Section 10.1. Termination.**

(a) Notwithstanding anything contained in this Agreement to the contrary, this Agreement may be terminated at any time prior to the Closing:

(i) by the mutual written consent of Sellers and Buyer;

(ii) by Sellers in the event of a breach by Buyer of any of its covenants, agreements, representations or warranties contained in this Agreement or if any of the representations or warranties of Buyer contained in this Agreement shall have been inaccurate when made, and the failure of Buyer to cure such breach within thirty (30) days after receipt of written notice from Sellers requesting such breach to be cured, in each case, except where the failure of such representations and warranties to be true and correct (without giving effect to any limitation as to "materiality" set forth in such representations and warranties), or the failure to perform such covenants and agreements, individually or in the aggregate, has not had and could not reasonably be expected to have a Buyer Material Adverse Effect;

(iii) by Buyer in the event of a breach by Sellers of any of their covenants agreements, representations or warranties contained in this Agreement or if any of the representations or warranties of Sellers contained in this Agreement shall have been inaccurate when made, and the failure of Sellers to cure such breach within thirty (30) days after receipt of written notice from Buyer requesting such breach to be cured, in each case, except where the failure of such representations and warranties to be true and correct (without giving effect to any limitation as to "materiality" or "Material Adverse Effect" set forth in such representations and warranties), or the failure to perform such covenants and

agreements, individually or in the aggregate, has not had and could not reasonably be expected to have a Material Adverse Effect;

(iv) by Sellers or Buyer if any court of competent jurisdiction in the United States or other United States Governmental Body shall have issued a final and non-appealable order, decree or ruling permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby;

(v) by Sellers or Buyer if (i) the Closing shall not have occurred on or before 5:00 p.m., local New York time, on December 31, 2014 (the “Termination Date”) and (ii) the party seeking the right to terminate this Agreement pursuant to this Section 10.1(a)(v) shall not have breached or failed to fulfill any of its obligations under this Agreement which were the cause of, or resulted in, the failure of the Closing to occur prior to such date;

(vi) by Buyer if the condition set forth in Schedule 10.1 is satisfied; or

(vii) by Buyer if (i) the Closing shall not have occurred on or before 5:00 p.m., local New York time, on August 26, 2014 and (ii) the Buyer shall not have breached or failed to fulfill any of its obligations under this Agreement which were the cause of, or resulted in, the failure of the Closing to occur prior to such date.

(b) In the event that this Agreement shall be terminated pursuant to this Article X, all further obligations of the parties under this Agreement (other than Sections 11.2 and 11.10) shall be terminated without further liability of any party to the other; provided that nothing herein shall relieve any party from liability for any breach of this Agreement.

**Section 10.2. Withdrawal of Certain Filings.** All filings, applications and other submissions relating to the transactions contemplated by this agreement as to which termination has occurred shall, to the extent practicable, be withdrawn from the Governmental Authority or other Person to which made.

## ARTICLE XI

### GENERAL PROVISIONS

**Section 11.1. Survival of Representations, Warranties and Obligations.** All representations, warranties, covenants and obligations contained in this Agreement shall survive the consummation of the transactions contemplated by this Agreement; provided, however, that, except as otherwise provided in Article IX, the representations, warranties, covenants and agreements contained in this Agreement shall terminate on the applicable Survival Date. Except as otherwise provided herein, no claim shall be made for, and no party shall have any liability for, any breach of any representation, warranty, covenant or agreement contained in this Agreement after the applicable Survival Date on which such representations and warranties terminate.

**Section 11.2. Confidential Nature of Information.** Each party agrees that it will treat in confidence all documents, materials and other information which it shall have obtained regarding the other party during the course of the negotiations leading to the consummation of the transactions contemplated hereby (whether obtained before or after the date of this Agreement), the investigation provided for herein and the preparation of this Agreement and other related documents, and, in the event the transactions contemplated hereby shall not be consummated, each party will return to the other party all copies of nonpublic documents and materials which have been furnished in connection therewith. Without limiting the right of either party to pursue all other legal and equitable rights available to it for violation of this Section 11.2 by the other party, it is agreed that other remedies cannot fully compensate the aggrieved party for such a violation of this Section 11.2 and that the aggrieved party shall be entitled to injunctive relief to prevent a violation or continuing violation hereof.

**Section 11.3. Governing Law.** This Agreement and the transactions contemplated hereby shall be governed by and construed in accordance with the laws of the State of Delaware without reference to its choice of law rules.

**Section 11.4. Notices.** All notices, claims, demands and other communications hereunder shall be in writing and shall be deemed given (a) when sent by facsimile transmission (providing confirmation of transmission by the transmitting equipment) (provided, that any notice received by facsimile transmission or otherwise at the addressee's location on any business day after 5:00 p.m. (local New York time) shall be deemed to have been received at 9:00 a.m. (local New York time) on the next business day) or (b) when sent by an internationally recognized overnight carrier (providing proof of delivery) or when delivered by hand, addressed to the respective parties at the following addresses (or such other address for a party as shall be specified by like notice):

If to any Seller or LBC:

London Broadcasting Company, Inc.  
15455 Dallas Parkway, Suite 1447  
Addison, Texas 75001  
Attention: Terry E. London, President and Chief Executive Officer  
Fax: (469) 730-2010

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

SunTx Capital Partners  
5420 LBJ Freeway, Suite 1000  
Dallas, Texas 75240  
Attention: Barrett Bruce  
Fax: (972) 661-9977

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

Akin Gump Strauss Hauer & Feld, LLP  
1700 Pacific Avenue, Suite 4100  
Dallas, Texas 75201

Attention: James A. Deeken  
Fax: (214) 969-4343

If to Buyer, to:

KMOV-TV, Inc.  
7950 Jones Branch Drive  
McLean, Virginia 22107  
Attention: Tom Cox  
Fax No. (703) 854-2042

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

Gannett Co., Inc.  
7950 Jones Branch Drive  
McLean, Virginia 22107  
Attention: Todd A. Mayman, Esq.  
Fax No. (703) 854-2031

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

John C. Partigan, Esq.  
Nixon Peabody LLP  
401 9th Street NW, Suite 900  
Washington, DC 20004  
Fax No. (202) 585-8080

or to such other address as such party may indicate by a notice delivered to the other parties hereto.

**Section 11.5. Successors and Assigns; Third Party Beneficiaries.**

(a) This Agreement and all of its terms shall be binding upon and inure to the benefit of the parties and their respective successors and permitted assigns. Except as provided in this Section 11.5(a), this Agreement shall not be assigned by any party hereto without the prior written consent of the other parties hereto and any attempted assignment without such consents shall be void *ab initio*; provided, however, that any party hereto may assign its rights (but not its obligations) without the written consent of the other parties hereto (i) to an Affiliate of such party or (ii) consistent with the provisions of Section 6.1(f); provided further, however, that no such assignment or transfer shall operate to relieve a party of any of its liabilities or obligations hereunder.

(b) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns. Except as expressly provided in Article IX and Section 11.5(a), nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any Person other than the parties and successors and assigns permitted by this Section 11.5 any right, remedy or claim under or by reason of this Agreement.

#### **Section 11.6. Access to Records after Closing.**

(a) For a period of seven years after the Closing Date, Sellers and their Representatives shall have reasonable access to all of the books and records of the Business transferred to Buyer hereunder to the extent that such access may reasonably be required by Sellers in connection with matters relating to or affected by the operations of the Business prior to the Closing Date or any of Sellers' obligations pursuant to this Agreement, any Seller Ancillary Agreement, or any Buyer Ancillary Agreement (including any claims related thereto). Such access shall be afforded by Buyer upon receipt of reasonable advance notice and during normal business hours. Sellers shall be solely responsible for any costs or expenses incurred by it pursuant to this Section 11.6(a). If Buyer shall desire to dispose of any of such books and records prior to the expiration of such seven-year period, it shall, prior to such disposition, give Sellers a reasonable opportunity, at Sellers' expense, to segregate and remove such books and records as the other party may select.

(b) For a period of seven years after the Closing Date, Buyer and its Representatives shall have reasonable access to all of the books and records relating to the Business which Sellers or any of their Affiliates may retain after the Closing Date. Such access shall be afforded by Sellers and their Affiliates upon receipt of reasonable advance notice and during normal business hours. Buyer shall be solely responsible for any costs and expenses incurred by it pursuant to this Section 11.6(b). If Sellers or any of their Affiliates shall desire to dispose of any of such books and records prior to the expiration of such seven-year period, Sellers shall, prior to such disposition, give Buyer a reasonable opportunity, at Buyer's expense, to segregate and remove such books and records as the other party may select.

**Section 11.7. Entire Agreement; Amendments.** This Agreement, the Exhibits and Schedules referred to herein and the other documents delivered pursuant hereto contain the entire understanding of the parties hereto with regard to the subject matter contained herein or therein, and supersede all prior agreements, understandings or intents between or among any of the parties hereto. The parties hereto, by mutual agreement in writing, may amend, modify and supplement this Agreement.

#### **Section 11.8. Interpretation.**

(a) Article titles and headings to Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. The Schedules and Exhibits referred to herein shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein. For purposes of this Agreement, (i) the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation," (ii) the word "or" is not exclusive and (iii) the words "herein", "hereof", "hereby", "hereto" and "hereunder" refer to this Agreement as a whole. Pronouns in masculine, feminine or neuter genders shall be construed to state and include any other gender, and words, terms and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires. Any reference in this Agreement to \$ shall mean U.S. dollars. Unless the context otherwise requires, references herein (a) to Articles, Sections, Exhibits and Schedules mean the Articles and Sections of, and the Exhibits and Schedules attached to, this Agreement and (b) to

an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and by this Agreement. This Agreement, the Buyer Ancillary Agreements and the Seller Ancillary Agreements shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting an instrument or causing any instrument to be drafted. The specification of any dollar amount or the inclusion of any item in the representations and warranties contained in this Agreement is not intended to imply that the amounts, or higher or lower amounts, or the items so included, are required to be disclosed (including whether such amounts or items are required to be disclosed as material or threatened), are within or outside of the ordinary course of business, or are or are not material, and no party shall use the fact of the setting of the amounts or the fact of the inclusion of any item in this Agreement in any dispute or controversy between the parties as to whether any obligation, item or matter not described or included in this Agreement is material within or outside of the ordinary course of business for purposes of this Agreement. With respect to all dates and time periods set forth or referenced in this Agreement, time is of the essence. References to any Laws shall be deemed also to include any and all rules and regulations promulgated thereunder and shall refer to such Laws, rules and regulations as amended from time to time and include any successor legislation thereto; provided, however, that no party shall be liable for any amended Laws, rules and regulations promulgated thereunder, or any successor legislation thereto pursuant to this Agreement to the extent such Law, rule, regulation or successor legislation was not in effect on the date hereof.

**Section 11.9. Waivers.** Any term or provision of this Agreement may be waived, or the time for its performance may be extended, by the party or parties entitled to the benefit thereof. The failure of any party hereto to enforce at any time any provision of this Agreement shall not be construed to be a waiver of such provision, nor in any way to affect the validity of this Agreement or any part hereof or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to constitute a waiver of any other or subsequent breach.

**Section 11.10. Expenses.** Except as otherwise expressly provided herein, Sellers and Buyer will pay all of their own respective costs and expenses incident to its negotiation and preparation of this Agreement and to its performance and compliance with all agreements and conditions contained herein on its part to be performed or complied with, including the fees, expenses and disbursements of its counsel and accountants.

**Section 11.11. Partial Invalidity.** Wherever possible, each provision hereof shall be interpreted in such manner as to be effective and valid under applicable law, but in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

**Section 11.12. Execution in Counterparts.** This Agreement may be executed in one or more counterparts (including by facsimile, portable document format (pdf) or email), each of which shall be considered an original instrument, but all of which shall be considered one and

the same agreement, and shall become binding when one or more counterparts have been signed by each of the parties and delivered to each of Sellers, Parent and Buyer.

**Section 11.13. Disclaimer of Warranties.** Sellers make no representations or warranties, nor shall they be liable for any Loss and Expense (whether pursuant to Article IX or otherwise), with respect to any projections, forecasts or forward-looking information provided to Buyer, Parent or any of their Representatives. There is no assurance that any projected or forecasted results will be achieved. EXCEPT AS TO THOSE MATTERS EXPRESSLY COVERED BY THE REPRESENTATIONS AND WARRANTIES IN THIS AGREEMENT AND THE CERTIFICATES DELIVERED BY SELLERS PURSUANT TO SECTION 8.1, SELLERS ARE SELLING THE BUSINESS AND THE PURCHASED ASSETS ON AN “AS IS, WHERE IS” BASIS AND SELLERS DISCLAIM ALL OTHER WARRANTIES, REPRESENTATIONS AND GUARANTIES WHETHER EXPRESS OR IMPLIED. SELLERS MAKE NO REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE AND NO IMPLIED WARRANTIES WHATSOEVER. Buyer and Parent acknowledge and agree that none of Sellers or any of their Representatives or Affiliates nor any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any memoranda, charts, summaries or schedules heretofore made available by Seller or its Representatives or Affiliates to Buyer or any other information which is not expressly included in this Agreement or the Schedules hereto, and none of Sellers or any of their Representatives or Affiliates nor any other Person will have or be subject to any liability to Buyer, its Representatives, any Affiliate of Buyer or any other Person (including for any Loss and Expense pursuant to Article IX or otherwise) resulting from the distribution of any such information to, or use of any such information by, Buyer, any Affiliate of Buyer or any of their agents, consultants, accountants, counsel or other Representatives for any such information or for any representation or warranty other than the matters expressly covered by the representations and warranties in this Agreement and the certificates delivered by Sellers pursuant to Section 8.1.

**Section 11.14. WAIVER OF JURY TRIAL.** EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

**Section 11.15. Specific Performance.** The parties agree that irreparable damage would occur in the event that any provision of this Agreement was not performed in accordance with its specific terms or was otherwise breached or the Closing was not consummated, and that money damages would not be an adequate remedy, even if available. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions, or any other appropriate form of specific performance or equitable relief, to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof (including the parties’ obligations to consummate the Closing) in any court of competent jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity. Each of the parties agrees that it will not oppose the granting of an injunction, specific performance and other equitable relief on the basis that any other party has an adequate remedy at law or that any award of specific performance is not an appropriate remedy for any reason at law or in equity. Any party seeking an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this

Agreement shall not be required to post any bond or other security in connection with any such order or injunction.

**Section 11.16. LBC Guaranty.** LBC (or any successor acquiring substantially all of the assets and business of LBC which expressly assumes the obligations of LBC under this Agreement) irrevocably guarantees each and every obligation of the Sellers under Article IX, in each case, subject to the terms and limitations applicable to Sellers' obligations under Article IX. This is a guarantee of payment and performance, and not merely of collection, and LBC acknowledges and agrees that this guarantee is full and unconditional, and no release or extinguishments of a Seller's obligations or liabilities (other than in accordance with the terms and provisions of this Agreement), whether by decree in any bankruptcy proceeding or otherwise, shall affect the continuing validity and enforceability of this guarantee. LBC hereby waives, for the benefit of Buyer and Parent, (a) any right to require Buyer or Parent, as a condition of payment or performance by LBC, to proceed against a Seller or pursue any other remedies whatsoever and (b) to the fullest extent permitted by law, any defenses or benefits that may be derived from or afforded by law that limit the liability of or exonerate guarantors or sureties. LBC understands that Buyer and Parent are relying on this guarantee in entering into this Agreement.

[Signatures on following page]



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

**KMOV-TV, INC.**

By: Todd Mayman  
Name: TODD MAYMAN  
Title: SECRETARY

**KTVK, INC.**

By: Todd Mayman  
Name: TODD MAYMAN  
Title: SECRETARY

**GANNETT CO., INC.**

By: Todd Mayman  
Name: TODD MAYMAN  
Title: SENIOR VICE PRESIDENT

**KCEN OPERATING COMPANY, LLC**

By: Terry E. London  
Name: Terry E. London  
Title: President

**KCEN LICENSE COMPANY, LLC**

By: Terry E. London  
Name: Terry E. London  
Title: President

**KYTX OPERATING COMPANY, LLC**

By: Terry E. London  
Name: Terry E. London  
Title: President

**KYTX LICENSE COMPANY, LLC**

By: Terry E. London  
Name: Terry E. London  
Title: President

**KIII OPERATING COMPANY, LLC**

By: Terry E. London  
Name: Terry E. London  
Title: President

**KIII LICENSE COMPANY, LLC**

By: Terry E. London  
Name: Terry E. London  
Title: President

**KIII BUILDING, LLC**

By: Terry E. London  
Name: Terry E. London  
Title: President

**KBMT OPERATING COMPANY, LLC**

By: Terry E. London  
Name: Terry E. London  
Title: President

**KBMT LICENSE COMPANY, LLC**

By: Terry E. London  
Name: Terry E. London  
Title: President

**KIDY/KXVA OPERATING COMPANY, LLC**


By: Terry E. London  
Name: Terry E. London  
Title: President

**KIDY/KXVA LICENSE COMPANY, LLC**

By:

Name:

Title:

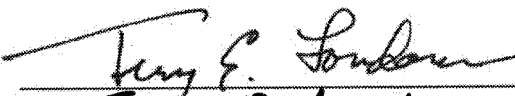
  
Terry E. London  
President

**KUIL OPERATING COMPANY, LLC**

By:

Name:

Title:

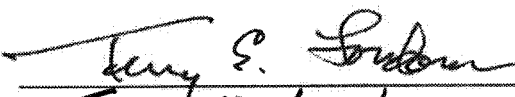
  
Terry E. London  
President

**KUIL LICENSE COMPANY, LLC**

By:

Name:

Title:

  
Terry E. London  
President

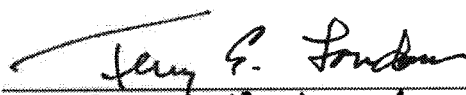
**SOLELY FOR PURPOSES OF SECTIONS 5.3, 6.4, 9.9 AND 11.16**

**LONDON BROADCASTING COMPANY, INC.**

By:

Name:

Title:

  
Terry E. London  
President