

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (“**Agreement**”), dated as of the 27th day of May, 2011, by and between North Pacific International Television, Inc. D.I.P., a Washington corporation and debtor-in-possession (“**Seller**”) and **OTA Broadcasting, LLC** a Delaware limited liability company (hereinafter “**Buyer**”) or its assigns.

WHEREAS, on January 21, 2009, North Pacific International Television, Inc., the licensee and operator of Commercial Digital Television Broadcast Station KFFV(TV), Ch. 44, Seattle, Washington, FCC Facility ID # 49264 (hereinafter, the “**Station**”), filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”) with the United States Bankruptcy Court for the Western District of Washington (Case No. 10-10481) (the “**Bankruptcy Proceeding**”);

WHEREAS, Seller applied for and received FCC consent to assign the Station’s FCC licenses from North Pacific International Television, Inc., to Seller, as a debtor-in-possession (File No. BALCDT-20100618AYZ), which assignment was consummated on June 29, 2010;

WHEREAS, Seller continues to operate the Station as a debtor-in-possession;

WHEREAS, the Seller desires to sell and the Buyer desires to purchase in accordance with the relevant provisions of the Bankruptcy Code certain of the assets, authorizations and goodwill of the Station in order to serve the public interest, convenience and necessity;

WHEREAS, consummation of this transaction is expressly conditioned upon the grant of approval of the transaction by the United States Bankruptcy Court for the Western District of Washington (“**Bankruptcy Court**”); and

WHEREAS, consummation of this transaction is further expressly conditioned upon the grant by the Federal Communications Commission (“**Commission**” or “**FCC**”) of an application on FCC Form 314 for Commission consent to the assignment of the Commission license of the Station (which application will contain this Agreement) to Buyer;

NOW, THEREFORE, the parties hereto agree as follows:

1. **Assets to Be Sold.**

a. In consideration for the payments and other good and valuable consideration stated in the paragraphs below, and upon the terms and conditions set forth herein, on the Closing Date, Seller shall sell, assign, transfer, convey and deliver to

Execution Copy

Buyer, free and clear of all liens, claims, encumbrances, security interests, charges and restrictions (except as specifically stated herein and except for Permitted Liens, as defined in Subparagraph 1(b), below), all of the assets used in or necessary for the conduct of its business, or otherwise associated with the Station or its commercial operation (hereinafter referred to as the “**Sale Assets**”) including, but not limited to:

(1) All of Seller's right, title and interest to the licenses, construction permits and other authorizations granted by the Commission for the operation of the Station now held or hereafter obtained, including the FCC authorizations for all of its related broadcast auxiliary facilities (if any), as set forth on Schedule A (and any renewals, extensions, amendments or modifications thereof) , to the extent such other permits, licenses and authorizations pertain to or are used in the operation of the Station (the “**Licenses**”).

(2) All of Seller's right, title and interest in and to the tangible personal property owned by it and used in operation of the Station, including but not limited to the transmitter, towers and guy wires (if any), directional antenna, studio equipment, office fixtures and furniture, supplies, inventory, computers and computer software, spare parts and other tangible personal property now owned by Seller and set forth on Schedule B (the “**Tangible Personal Property**”) and any improvements, replacements and alterations thereto made between the date of this Agreement and the Closing Date. Schedule B (i) shall also reflect all liens to which any of the Tangible Personal Property is currently subject; and (ii) all leases by which any of the Tangible Personal Property is made available to Seller or to any other party

(3) All of Seller's rights, duties and obligations in all contracts (including advertising contracts, time brokerage agreements and leases) relating to the operations or other business of the Station as set forth on Schedule C and incorporated by reference herein, including, but not limited to, all of Seller's rights under and interest in all contracts entered into in the ordinary course by Seller (and approved in writing by Buyer) between the date hereof and the Closing Date and any renewals, extensions, amendments or modifications of those agreements which are made in the ordinary course of Seller's operation of the Station in accordance with the terms and provisions of this Agreement (the “**Contracts**”). To the extent assignable in whole or part, Buyer expressly agrees to assume in writing all of the foregoing Contracts (collectively referred to herein as the “**Assumed Contracts**”). Schedule C will indicate for each contract listed whether the contract is (i) freely assignable by Seller to Buyer; (ii) assignable by Seller to Buyer, subject to the consent of a third party; or (iii) expressly not assignable by Seller to Buyer; and (iv) which contracts were entered subsequent to the commencement of the Bankruptcy Proceeding. Notwithstanding the foregoing, it is expressly understood and agreed that Buyer will assume (or be responsible for full payment and release or discharge of) all post-petition contracts including but not limited to the Station's tower and studio leases. All Contracts other than the Assumed Contracts shall be retained by Seller and remain the sole responsibility of Seller. (Those of the Assumed Contracts that

Execution Copy

are designated on Schedule C as “material contracts” shall be collectively referred to herein as the “**Material Contracts**”).

(4) All of Seller’s right, title and interest in and to the call letters KFFV(TV), business goodwill, patents patent applications, trademarks, tradenames, service marks, and copyright registrations or copyright applications and any other intangible assets such as phone numbers, jingles, slogans and other promotional material used in connection with the operation of the Station (the “**Intellectual Property**”).

(5) Any and all logs pertaining to the Station’s operations, the public inspection file required by 47 C.F.R. §73.3526 to be maintained for the Station, and other records, reports, files or logs (whether in electronic or paper form) relating to the Station and its operations maintained by or on behalf of Seller, with the exception of corporate and financial records pertaining to the Seller.

b. All of the Sale Assets shall be transferred to Buyer free and clear of any debts, liens, security interest or encumbrances of any kind or nature (“**Liens**”), except for (i) assumed liabilities as provided for in Paragraph 5, (ii) liens for taxes not yet due and payable, (iii) recorded easements and restrictive covenants that do not in any material way interfere with or impair the present use thereof, (iv) and liens securing indebtedness that will be removed prior to or at the Closing, (collectively, “**Permitted Liens**”).

2. **Consideration.** As the total consideration for Seller’s sale to Buyer of all of the Sale Assets listed in the preceding paragraph and all other performance by Seller under this Agreement, Buyer shall pay to Seller a purchase price of THREE MILLION FOUR HUNDRED FIFTY THOUSAND DOLLARS (\$3,450,000.00) in lawful money of the United States of America (the “**Purchase Price**”), in the following manner:

a. On or before May 31, 2011, Buyer shall provide by wire transfer of immediately available federal funds for deposit into the trust account of Riordan Law, PS, the sum of **ONE HUNDRED FIFTY THOUSAND DOLLARS (\$150,000.00.00)** (the “**Escrow Deposit**”). The Escrow Deposit will be held by Seller’s attorney in escrow and will be retained by Seller or returned to Buyer as provided herein.

b. At the Closing of the transactions contemplated by this Agreement, (1) unless otherwise agreed to by Seller and Buyer, Seller shall retain the Escrow Deposit as partial payment of the Purchase Price and, and (2) simultaneously therewith Buyer shall pay by wire transfer of immediately available federal funds, pursuant to wire transfer instructions to be delivered by Seller to Buyer not later than 2 business days prior to the Closing, the amount of the Purchase Price, less the Escrow Deposit, less the Holdback, and subject to any adjustments contemplated by Section 2(c) below. The Holdback shall be disbursed pursuant to Section 2(e).

Execution Copy

c. All operating income and expenses (including taxes and assessments, rental payments under leases assumed by the Buyer, taxes, utility bills and other ongoing revenue or costs of usual operation of the Station shall be prorated as of 12:01 a.m. on the date of Closing (the "Effective Time") and an adjustment to the Purchase Price shall be made to reflect the principle that all such income and expenses attributable to the operation of the Station before the Closing Date shall be for the account of Seller, and all income and expenses attributable to the operation of the Station on or after the Closing Date shall be for the account of Buyer. For purposes of making the adjustments pursuant to this Section 2(c), Buyer shall prepare and deliver a list to Seller within forty-five (45) days following the Closing Date, or such earlier or later date as shall be mutually agreed to by Seller and Buyer ("**Adjustment List**"). The Adjustment List shall set forth each prorated income or expense item and include the net adjustment ("**Adjustment**") to be made to the Purchase Price as a result thereof. If the Adjustment is a credit to Buyer, then Seller shall promptly pay the Adjustment amount to Buyer. If the Adjustment is a charge to the account of Buyer, then Buyer shall promptly pay the Adjustment amount to Seller. In the event Seller disagrees with the Adjustment amount determined by Buyer or with any other matter arising out of this subsection, and Buyer and Seller cannot within sixty (60) days resolve the disagreement themselves, the Parties will refer the disagreement to an independent certified public accounting firm mutually agreeable to Buyer and Seller, whose decision shall be final and whose fees and expenses shall be allocated between and paid by Seller and Buyer, respectively, to the extent that such party does not prevail on the disputed matters decided by the accountants.

d. All sales or use taxes, transfer taxes, and similar taxes and fees incurred in connection with this Agreement, together with any costs of recordation, filing fees or the like, and taxes incurred on or after the Closing Date, shall be paid by Buyer. Annual FCC regulatory fees for the Station shall be paid by the party who is the Station licensee on the last day such fees are due to be paid, unless such party is exempt from such fees.

e. At Closing, Buyer shall deliver **ONE HUNDRED THOUSAND DOLLARS (\$100,000.00)** of the Purchase Price ("**Holdback**") to Kalil & Co., Inc. ("**Holdback Agent**") for deposit into an escrow account to be held, invested and disbursed by the Holdback Agent pursuant to the terms of the Holdback Escrow Agreement in the form attached hereto as Exhibit A to protect Buyer against any Losses (as defined in Section 26(a)). The parties agree that if no claim for Losses under Section 26(a) has been made by Buyer on the date which is six (6) months after the Closing Date, Buyer shall instruct the Holdback Agent to pay one-half of the Holdback to Seller. Buyer shall instruct the Holdback Agent to release the remaining portion of the Holdback on the date which is twelve (12) months after the Closing Date (provided no Buyer claims are pending) ("**Holdback Release Date**").

3. **Excluded Assets.** It is specifically agreed and understood that any cash on hand at the Station at Closing shall be retained by the Seller. Further, Seller shall

Execution Copy

retain any bank accounts, cash equivalents and securities and other investments owned by Seller as of the Closing Date. All accounts receivable of the Station and notes receivable in favor of Seller in existence prior to Closing shall be the property of the Seller, subject to the provisions of Paragraph 4 below. Further, the Sale Assets shall not include Seller's books and records pertaining to corporate organization, taxation, employee pension, and other benefit plans, accounts receivable, insurance policies, pension, profit sharing or cash or deferred plans.

4. **Collection of Accounts Receivable.** All accounts receivable of the Station and notes receivable in favor of Seller in existence prior to the Closing Date shall remain the property of the Seller. All accounts receivable of the Station derived on or after the Closing Date (if any) shall be the property of the Buyer. With respect to Seller's accounts receivable, Seller shall be responsible for collecting its own accounts receivable, and may take any lawful collection actions it deems necessary to collect such unpaid accounts receivable for its own account; provided, however, that any checks or other payments received by the Buyer after the Closing Date which belong to the Seller shall be promptly forwarded by Buyer to Seller. Amounts received from an account of both Seller and Buyer shall be applied to the oldest receivable first, unless the payor explicitly designates otherwise without encouragement from the party designated by the payor.

5. **No Liabilities Assumed Other Than Those Expressly Disclosed.** The parties hereto agree and understand that this Agreement is for the sale and purchase of the Sale Assets, free and clear of all Liens, except for Permitted Liens. Except as specifically agreed to herein, Buyer does not assume, or agree to pay or discharge any debts or obligations, incurred by Seller with respect to the Station prior to the Closing Date or related to the operation of the Station prior to Closing (whether such obligations are known or unknown, contingent, disclosed or undisclosed). Any and all liabilities authorized by Buyer and not by Seller, pertaining to Buyer's operation of the Station subsequent to the Closing, or which are otherwise incurred by or on behalf of Buyer and not by Seller in relation to the Sale Assets subsequent to the Closing, shall be the responsibility of, and discharged by, the Buyer and not the Seller. Notwithstanding the foregoing, and subject to the provisions of this Paragraph 5 and Paragraph 2(c) of this Agreement, at the Closing, Buyer shall assume and undertake to pay, satisfy or discharge the liabilities, obligations and commitments arising or accruing after the Closing Date under the Assumed Contracts.

6. **FCC Consent.** It is understood and agreed by all parties that the prior written consent of the FCC to an application on FCC Form 314 (the "**Application**") for consent to the voluntary assignment of the licenses of the Station (the "**FCC Consent**") is required before consummation of this Agreement can occur. Seller and Buyer each hereby agree to undertake the various activities necessary by each to complete the Application. Seller shall take the initial responsibility to complete its part of the Application. The Application shall be filed within ten (10) business days after this Agreement is approved by the Bankruptcy Court or otherwise becomes effective pursuant to the plan of reorganization approved by the Bankruptcy Court. Each party shall pay

Execution Copy

its own legal fees and other expenses incurred in the preparation and execution of this Agreement and the Application. Buyer shall pay the required FCC application filing fee. The parties agree to cooperate to achieve approval by the FCC of the Application, including but not limited to diligently prosecuting the Application in good faith to achieve grant and finality thereof as expeditiously as practicable, and to take no action to delay or defeat approval. Notwithstanding the foregoing, neither Seller nor Buyer shall be required to participate in any trial-type administrative hearing or judicial appeal.

7. **Bankruptcy Approval.** It is understood and agreed by all parties that the terms of this Agreement and consummation of the proposed transaction shall be subject to approval by the Bankruptcy Court ("**Bankruptcy Court Approval**") either by order confirming Seller's First Amended Plan of Reorganization filed on April 7, 2011, or any subsequent amended plan ("**Reorganization Plan**") or by 363 sale motion with the Bankruptcy Court ("**Sale Motion**"), which method of approval shall be selected by Seller at Seller's sole discretion. In the event Seller files a Sale Motion seeking approval of the terms of this Agreement, the auction, minimum bid, buyer qualification and overbid procedures shall be consistent with the terms proposed in Seller's First Amended Plan of Reorganization filed on April 7, 2011 ("**Reorganization Plan**").

8. **Station Information/Documentation.** Seller and Buyer acknowledge that Seller has provided or allowed Buyer access to various documents, records and other information regarding the Station. Buyer has completed its review of the Station and the Sale Assets and has elected to go forward with the transaction on the terms set forth in this Agreement and the terms and conditions imposed by the Bankruptcy Court.

9. **Closing Date; Time of the Essence.** Consummation of all transactions effecting transfer of the Sale Assets under this Agreement (herein referred to as the "**Closing**") shall occur on the Closing Date. Except as otherwise provided herein, the date of Closing shall be on a mutually agreed-upon weekday not later than the tenth (10th) calendar day subsequent to the date upon which: all necessary actions of governmental authorities at the federal, state and municipal levels, which are required in order to for each party to perform under this Agreement, are completed, including any necessary Bankruptcy Court Approval, the action of the FCC granting consent to the assignment of license of the Station from Seller to Buyer (the "**FCC Consent**") which shall be final and no longer subject to administrative or judicial action, review, rehearing or appeal ("**Final Order**"); and satisfaction of conditions precedent to the obligations of the parties to close to the extent not waived by a party (the "**Closing Date**"). On the Closing Date, unless the Parties mutually agree otherwise, completion of all transactions to effect the Closing shall take place at the office of Seller's counsel in the Seattle, Washington area beginning no later than 1:00 p.m. Eastern Time. To the extent feasible, the closing shall be conducted by an exchange of documents by fax, e-mail and overnight courier service, and application of the Escrow Deposit and wire transfer for the remainder of the Purchase Price as provided in Section 2 above, and without personal attendance by principals of the parties. Notwithstanding the foregoing, Buyer shall have the sole right to advance the Closing and schedule the Closing Date to a date at any time after Bankruptcy Court

Execution Copy

Approval and FCC Consent have been obtained, subject to giving Seller five (5) calendar days' advance written notice of the Closing Date. Time is of the essence in the completion of this Agreement and the consummation thereof.

10. **Seller's Representations and Warranties.** The parties agree and understand that the Sale Assets to be sold hereunder are to be conveyed to Buyer "as is, where is", without warranty as to their condition. Notwithstanding the foregoing, Seller (i) hereby makes the following limited representations and warranties with respect to the Sale Assets and Seller's right and authority to effectuate this Agreement. Seller recognizes its ongoing obligations (i) to provide the representations and warranties set forth herein on an ongoing basis beginning on the date hereof and continuing through the Closing (referred to herein as the "**Seller Performance Period**") and (ii) agrees to notify Buyer immediately whenever Seller becomes aware of circumstances affecting the ongoing truth and accuracy of the following representations and warranties during the Seller Performance Period. Seller shall have thirty (30) days after it notifies Buyer that Seller is in breach of any representation or warranty hereunder to cure such breach. If Seller fails to cure such breach within such thirty (30) day period, Buyer may elect to terminate the Agreement on account of such breach by delivering written notice to Seller within fifteen (15) days after expiration of the cure period, or such breach shall be deemed waived by Buyer and shall not be a condition to closing.

a. *Organization, Standing and Authority.* Seller is a corporation duly organized and validly existing under the laws of the State of Washington. Subject to obtaining the Bankruptcy Court Order, Seller has all requisite corporate power and authority to enter into, perform and be bound by this Agreement, and this Agreement constitutes a valid and binding agreement of Seller.

b. *Absence of Conflicting Agreements.* Subject to obtaining the Consents required for the assignment and assumption of the Assumed Contracts listed in Schedule C hereto, the FCC Consent described in Paragraph 6 hereof, and any necessary Bankruptcy Court Approval as described in Paragraph 7, Seller's execution of, delivery of, and performance under this Agreement and any other documents contemplated thereby: (i) do not require the consent of any third party; (ii) will not conflict with any provision of the organizational documents of Seller; (iii) will not conflict with, result in a breach of, or constitute a default under, any applicable law, judgment, order, ordinance, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality; (iv) will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of, any agreement, instrument, license, or permit to which Seller is a party or by which Seller may be bound; and (v) will not create any claim, liability, mortgage, lien, pledge, condition, charge, or encumbrance of any nature whatsoever upon any of the Sale Assets.

c. *Governmental Licenses.* The Seller is the FCC authorized licensee of the Station. As of the date hereof, Seller has paid or obtained relief from all regulatory

Execution Copy

fees (including those due on or before August 31, 2010, if any), non-tax debt and penalties to the FCC (or federal government). To Seller's knowledge, there are no FCC ongoing enforcement proceedings or investigations pertaining to the Station, and Seller has no knowledge of or reason to believe that any such proceedings or investigations are pending or threatened against the Station. To Seller's knowledge, the Station is not transmitting or receiving any objectionable interference to or from any other station.

d. *Other Consents.* Except for the FCC Consent described in Paragraph 6 above, Bankruptcy Court Approval described in Paragraph 7, and any consents that may be required to effectuate the assignment and assumption of the Assumed Contracts described above, no consent, approval, permit, or authorization of, or declaration to or filing with any judicial court or any governmental or regulatory authority, or any other third party (including shareholders of Seller) is required (i) to consummate this Agreement and all transactions contemplated hereby, or (ii) to permit Seller to assign or transfer the Sale Assets to Buyer. Seller shall use commercially reasonable efforts to obtain all consents required to consummate the purchase of the Sale Assets.

e. *Contracts.* No multi-channel video programming distributor has, to the knowledge of Seller, sought any form of relief from carriage of the Station from the FCC. The Station is currently being carried in the Seattle market on the DISH Network, DIRECTV, Comcast and certain other cable television systems. Timely must carry elections have been made by Seller for carriage of the Station on the DISH Network and DIRECTV. Seller has a retransmission consent agreement with Comcast which is in full force and effect and is a legal, valid and binding obligation of Seller. Seller has not received notice from Comcast that alleges that Seller is in default or breach under such retransmission consent agreement.

f. *Claims, Liabilities and Legal Actions.* Except for any investigations or rulemaking proceedings generally affecting the broadcasting industry and the Bankruptcy Proceeding, there are no claims, legal actions, counterclaims, suits, arbitrations, governmental investigations or other legal, administrative, or tax proceedings, nor any order, decree or judgment, in progress or pending against or relating to Seller with respect to its ownership or operation of the Station or otherwise relating to the Sale Assets or the business or operations of the Station. Seller knows of no contingent or undisclosed liabilities relative to the Sale Assets. Seller is not aware of any environmental hazards or contaminants located at any of Seller's facilities and Seller has not assumed any environmental liability.

g. *Brokers.* Except for Kalil & Co., Inc. (the "**Broker**"), there are no brokers, finders, agents or other individuals or firms who would be owed a brokerage fee, finders' fee or commission as a result of the consummation of the sale transactions contemplated by this Agreement. Seller shall pay all fees due to Broker arising from consummation of this transaction.

Execution Copy

h. *No Employees; Employee Benefit Plans.* Seller makes no representation or warranty regarding the availability of employees who will be available for hire by Buyer. Buyer undertakes no commitment to hire or otherwise compensate any employee of Seller or the Station. No liability exists under any employee benefit plan that will result in a Lien being placed on any of the Sale Assets and no facts or set of circumstances exists under which liability could be asserted against Buyer in connection with any employee benefit plan as a result of the transfers and events contemplated by this Agreement.

i. *Construction of full-power digital facility and operational status.* The construction permit (FCC File No. BMPCDT-20100629BDP) (the "CP") for the Station's full-power digital facility has been granted pursuant to a Final Order. The Station is on the air and operating from the transmitter site specified in the CP. However the Station is currently operating at 169 kW effective radiated power rather than the 235 kW effective radiated power specified in the CP. A request for Special Temporary Authority to operate at variance is pending (FCC File No. BDSTA-20110214AAT). Seller shall modify the CP to specify the facilities currently in operation and file an application for license to cover such modified CP.

j. *Title and Condition to Sale Assets.* Except as specifically disclosed in this Agreement, Seller has good and marketable title to all of the Sale Assets and none of the Sale Assets are subject to any Lien, except as specifically disclosed. Except for the changes contemplated by Section 10(i), the Sale Assets as of the Closing will be in substantially similar condition to the Sale Assets that existed on the execution date of this Agreement. At Closing, the Sale Assets will permit Buyer to continue the business and operations of the Station consistent with the manner in which the Station was operating as of the execution date of this Agreement.

k. *Financial Statements.* The Monthly Operating Reports Filed by the Seller in the Seller's bankruptcy fairly and accurately represent revenue and expenses of the Seller for the periods those Monthly Operating Reports cover.

l. *Environmental Laws.* To Seller's knowledge, Seller's operation of the Station and the Sale Assets are in compliance in all material respects with the provisions of Environmental Laws. "**Environmental Laws**" includes the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Clean Water Act, the Clean Air Act and the Toxic Substances Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, the Emergency Planning and Community Right-to-Know Act, the Safe Drinking Water Act, each as amended, and any other applicable federal, state and local laws, statutes, rules or regulations concerning or relating to the treating, producing, handling, storing, releasing, spilling, leaking, pumping, pouring, emitting or dumping of hazardous materials, or the pollution or protection of human health or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata).

Execution Copy

11. **Buyer's Representations and Warranties.** Buyer recognizes its ongoing obligations (i) to provide the representations and warranties set forth herein on an ongoing basis beginning on the date hereof and continuing through the Closing (referred to herein as the “**Buyer Performance Period**”) and (ii) to notify Seller immediately whenever Buyer becomes aware of circumstances affecting the ongoing truth and accuracy of the following representations and warranties during the Buyer Performance Period. Recognizing the truth and accuracy of each of the following as expressly material to (i) Seller's execution of this Agreement; and (ii) Seller's decision to consummate all of transactions contemplated herein: at all times during the Buyer Performance Period Buyer represents and warrants to Seller as follows:

a. *Organization, Standing and Authority.* Buyer is a limited liability company duly organized and validly existing under the laws of the State of Delaware. Buyer has all requisite corporate power and authority (i) to own, lease, and use the Sale Assets and (ii) to execute and deliver this Agreement and the documents contemplated hereby and thereby, and to perform and comply with all of the terms, covenants, and conditions to be performed and complied with by Buyer hereunder and thereunder.

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

c. *Absence of Conflicting Agreements.* Subject to obtaining the Consents and the FCC Consent as set forth in Paragraph 6 hereof, Buyer's execution of, delivery of, and performance under this Agreement and the documents contemplated hereby and thereby during the Performance Period: (i) do not require the consent of any third party; (ii) will not conflict with the Articles of Incorporation or By-laws of Buyer; (iii) will not conflict with, result in a breach of, or constitute a default under, any law, judgment, order, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality; and (iv) will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of, any agreement, instrument, license, or permit to which Buyer is a party or by which Buyer may be bound, such that Buyer could not acquire or operate the Sale Assets.

d. *Broker.* Seller shall pay all fees due to Kalil arising from consummation of this transaction. Buyer shall pay any and all brokers, finders, agents or other individuals or firms who would be owed a brokerage fee, finders' fee or commission as a result of the consummation of the sale contemplated by this Agreement based upon a contract or agreement with the Buyer.

Execution Copy

e. *Qualification.* Buyer is legally and financially qualified under the Communications Act of 1934, as amended, and the rules, regulations and policies of the FCC to acquire and operate the Station and no waiver will be necessary under the rules, regulations and policies of the FCC for Buyer to acquire the Station.

f. *Full Disclosure.* No representation or warranty made by Buyer in this Agreement or in any certificate, document, or other instrument furnished or to be furnished by Buyer pursuant hereto contains or will contain any untrue statement of a material fact, or omits or will omit to state any material fact required to make any statement made herein or therein not misleading.

12. **Conditions Precedent to Buyer's Obligations.** The obligations of Buyer under this Agreement are, at its election, subject to the fulfillment on or prior to the Closing Date of each of the following conditions precedent:

a. Prior to and at all times between the date hereof and the Closing Date and unless consented to by Buyer in writing, Seller shall have been, is, or shall be the holder of all of the Licenses relating to the Station and there shall not have been any modification of any of the Licenses that could have a materially adverse effect on the Station or the conduct of its business and operations. No proceeding shall be pending or threatened the effect of which could be to revoke, cancel, fail to renew, suspend, or modify adversely any of the Licenses.

b. The FCC Consent shall have been granted without any conditions materially adverse to Buyer or the Station, and such consent shall have become a Final Order.

c. The Bankruptcy Court shall have confirmed a Reorganization Plan or granted approval of a Sale Motion on substantially the terms provided therein and without any conditions adverse to Buyer or the Station. Such approval shall be in full force and effect and shall not have been stayed, modified, reversed or amended. In the event the Debtor files a Sale Motion and a Sale Motion is approved the Bankruptcy Court approval shall also ensure that Buyer is deemed a good faith purchaser entitled to the protections of Section 363(m) of the Bankruptcy Code.

d. Seller shall have performed and complied in all material respects with all covenants, agreements, and conditions required to be performed or complied with by Seller under this Agreement prior to or on the Closing Date, and that all representations made by Seller in this Agreement shall be true and complete in all material respects as of the Closing Date.

e. All Consents for the Assumed Contracts shall have been obtained and delivered to Buyer without any adverse change in the terms or conditions of any agreement or any governmental license, permit, or other authorization.

Execution Copy

f. Seller shall have made or stand willing to make all the deliveries to Buyer set forth in Paragraph 14 below.

g. The application for license to cover the CP as modified to specify the facilities currently in operation (as referenced in Paragraph 10(i) above) shall have been granted by the FCC.

h. The Material Contracts shall be in full force and effect, assignable to Buyer without any adverse change and Buyer shall not be required to assume or pay any liabilities arising under the Assumed Contracts and the Material Contracts attributable to the period prior to Closing.

13. **Conditions Precedent to Seller's Obligations.** The obligations of Seller under this Agreement are, at its election, subject to the fulfillment on or prior to the Closing Date of each of the following conditions precedent:

a. All representations and warranties of Buyer contained in this Agreement shall be true and complete in all material respects at and as of the Closing Date as though made at and as of that time, except for changes contemplated by this Agreement.

b. The FCC Consent shall have been granted without any conditions materially adverse to Seller, and such consent shall have become a Final Order.

c. The Bankruptcy Court Approval shall have been granted without any conditions materially adverse to Seller and such order shall be in full force and effect and shall not have been stayed, modified, reversed or amended.

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

e. Buyer shall have made or stand willing to make all the deliveries set forth in Paragraph 15 below.

14. **Closing Deliveries By Seller.** At the Closing, in accord with the provisions set forth in Paragraph 9 above, Seller shall make the following Closing Deliveries to Buyer:

a. *Transfer Documents.* Duly executed bills of sale, assignments (including an assignment of Licenses, Assignment and Assumption of the Assumed Contracts), and other transfer documents which shall be sufficient to vest good and marketable title to the Sale Assets in the name of Buyer, free and clear of all claims,

Execution Copy

liabilities, security interests, mortgages, liens, pledges, conditions, charges or encumbrances.

b. *Consents.* An executed copy of each instrument evidencing receipt of each of the Consents required hereunder to effectuate the assignment and assumption of the Assumed Contracts.

c. *Certificate.* A certificate, dated as of the Closing Date, executed by an officer of Seller, certifying (1) that the representations of Seller contained in this Agreement are true and complete in all respects as of the Closing Date as though made on and as of that date; and (2) that Seller has in all material respects performed and complied with all of its obligations, covenants, and agreements set forth in this Agreement to be performed and complied with on or prior to the Closing Date.

d. *Licenses, Contracts, Business Records, Etc.* Copies of all Licenses (excluding those that are not transferable), Assumed Contracts, blueprints, engineering records, and all files and records used by Seller in connection with its operations of the Station.

15. Closing Deliveries By Buyer. At the time and place prescribed in Paragraph 9 above, Buyer shall make the following Closing Deliveries to Seller:

a. *Purchase Price.* The purchase price as described in Paragraph 2 above, plus or minus any closing adjustments.

b. *Assumption Agreements.* Necessary and appropriate assumption agreements pursuant to which Buyer shall assume and undertake to perform Seller's obligations under the Licenses and Assumed Contracts insofar, as to Buyer, they only relate to the time on and after the Closing Date and arise out of events relating to Buyer's ownership of the Sale Assets on or after the Closing Date.

c. *Buyer's Certificate.* A certificate, dated as of the Closing Date, executed by an officer of Buyer, certifying (1) that the representations and warranties of Buyer contained in this Agreement are true and complete in all material respects as of the Closing Date as though made on and as of that date, and (2) that Buyer has in all material respects performed and complied with all of its obligations, covenants, and agreements set forth in this Agreement to be performed and complied with on or prior to the Closing Date.

16. Termination.

a. In the event that the Closing has not taken place on or before the date which is six (6) months after the date the Application was filed, either party shall have the right thereafter to unilaterally terminate this agreement by giving written notice to the other party of its intention to do so, provided, however, that the party seeking to so

Execution Copy

terminate is not itself in material breach hereof. Upon such notice, this Agreement shall have no further force and effect, and Seller shall return the Escrow Deposit to the Buyer.

b. This Agreement may be terminated by Seller and the purchase and sale of the Sale Assets abandoned, if Seller is not then in material default (i) upon written notice to Buyer should the Seller not obtain Bankruptcy Court Approval or (ii) upon written notice to Buyer, upon the occurrence of any of the following:

(1) If on the date that would otherwise be the Closing Date any of the conditions precedent to the obligations of Seller set forth in Paragraph 13 of this Agreement have not been satisfied by Buyer or waived in writing by Seller.

(2) If there shall be pending or in effect on the date that would otherwise be the Closing Date any judgment, decree, or order against Buyer that would prevent or make unlawful the Closing.

(3) Without limiting Seller's rights under the other provisions of this Agreement, if Buyer has failed to cure any material breach of any of its representations, warranties or covenants under this Agreement, provided that Buyer has first received written notice of such breach from Seller and has been granted a fifteen (15) day cure period.

c. This Agreement may be terminated by Buyer and the purchase and sale of the Sale Assets abandoned, and Buyer will immediately be entitled to the return of the Escrow Deposit from Seller, if Buyer is not then in material default (i) upon written notice to Seller, should the Bankruptcy Court Approval not be obtained, (ii) upon the selection by Seller of another bidder's higher offer for the Sale Assets or (iii) upon written notice to Seller upon the occurrence of any of the following:

(1) If on the date that would otherwise be the Closing Date any of the conditions precedent to the obligations of Buyer set forth in Paragraph 12 of this Agreement have not been satisfied by Seller or waived in writing by Buyer or deemed waived pursuant to Section 10 of this Agreement.

(2) If there shall be pending or in effect on the date that would otherwise be the Closing Date any judgment, decree, or order against Buyer that would (i) prevent or make unlawful the Closing, (ii) impose material limitations on or prohibit consummation of the transactions contemplated hereby or Buyer's management, ownership or control of the Station

(3) If any event shall have occurred that permits Buyer to terminate this Agreement under Paragraph 19 hereof.

Execution Copy

(4) If any event shall have occurred which prevents signal transmission by the Station for a continuous period in excess of five (5) days (and Seller shall be obligated to notify Buyer if such event has occurred).

(5) Without limiting Buyer's rights under the other provisions of this paragraph, if Seller has failed to cure any material breach of any of its representations, warranties or covenants under this Agreement provided that Seller received written notice of such breach from Buyer and has been granted a fifteen day cure period.

d. Seller acknowledges (i) that Buyer has made a substantial investment of time and out-of-pocket expenses in connection with the negotiation and execution of this Agreement, its due diligence of the Station, and its effort to consummate the transactions contemplated hereby; and (ii) that Buyer's efforts have substantially benefited Seller and will benefit Seller and will benefit the bankruptcy estate of the Seller through the submission of the offer that is reflected in this Agreement, that will serve as a minimum bid on which other potential interested bidders can rely, thus increasing the likelihood that the price at which the Sale Assets are sold will reflect its true worth. Therefore, in the event that this Agreement is terminated as a result of the receipt of a bid by another qualified bidder in excess of the bid advanced by Buyer for the Sale Assets, then as compensation for entering into this Agreement, taking action to consummate the transactions hereunder and incurring the costs and expenses related thereto and other losses and damages, including foregoing other opportunities, Seller agrees to pay to Buyer, in accordance with the provisions of this Section 16(d), the amount of One Hundred Fifty Thousand Dollars (\$150,000.00) (the "**Break-Up Fee**"). The Break-Up Fee, until indefeasibly paid in full in cash, shall constitute an administrative expense of the Seller's bankruptcy estate. Seller shall also return the Escrow Deposit to Buyer.

17. **Seller's Default; Specific Performance.** It is agreed and understood that the Station and the Sale Assets are of a special, unique and extraordinary character. Therefore, if Seller is unwilling to proceed to Closing (i) despite Seller's Closing Conditions in Section 13 having been satisfied, (ii) Buyer is ready, willing and able to proceed with the Closing, (iii) Buyer has waived any and all defaults by Seller in writing, and (iv) Seller is not prevented from proceeding with the Closing due to some matter or issue that is outside the power of the Seller to resolve, then Buyer shall be entitled to seek equitable remedies including specific performance to enforce Seller's obligations hereunder to sell the Sale Assets to Buyer. Accordingly, Seller waives any defense to such action in equity that Buyer has an adequate remedy at law. Notwithstanding the foregoing, whenever Buyer claims that Seller has breached this Agreement, Buyer shall give written notice thereof to Seller, and Seller shall have fifteen days after receipt of written notice in which to cure such breach before Buyer shall be entitled to seek such equitable remedies.

Execution Copy

18. **Buyer's Default; Liquidated Damages.** Where Seller has a claim that Buyer has breached this Agreement, Seller shall give written notice to Buyer, and Buyer shall have fifteen days after receipt of written notice in which to cure such breach. Should said breach remain uncured upon the end of the cure period, Buyer shall be in default. At that point, Seller may terminate this Agreement and, at its sole option, elect liquidated damages by sending written notice to Buyer, whereupon the Seller may retain the Escrow Deposit ("**Liquidated Damages Amount**"). Upon Seller's receipt of the Liquidated Damages Amount, this Agreement shall be null and void. Such payment shall constitute liquidated damages and not a penalty, and shall be Seller's sole remedy at law or in equity for Buyer's breach hereunder if Closing does not occur. Buyer and Seller each acknowledge and agree that the Liquidated Damages Amount is reasonable in light of the anticipated harm which will be caused by Buyer's breach of this Agreement, the difficulty of proof of loss, the inconvenience and non-feasibility of otherwise obtaining an adequate remedy, and the value of the transaction to be consummated hereunder. In the event that Seller terminates this Agreement in accordance herewith, then Seller shall be free to sell the Sale Assets and assign the license of the Station (subject to prior written FCC and Bankruptcy Court approval) to any other party of its choosing.

19. **Risk of Loss; Set-off.** Seller shall bear all risk of loss in connection with the operation of the Station and ownership of the Sale Assets generally prior to the Closing. Seller currently has and shall maintain adequate insurance to cover any damage to the Sale Assets or Station prior to Closing. Should the Station, or any of the Sale Assets be damaged or destroyed, or diminished through force majeure, vandalism, negligence, neglect, failure to properly maintain or any other reason, and not be replaced or repaired to comparable condition by Seller (a "Loss Event"), then Buyer shall be entitled to all insurance claims or proceeds insuring such damaged, destroyed or diminished Sale Assets. If material Sale Assets were damaged, destroyed or diminished, then in lieu of receiving insurance claims or proceeds as noted above, Buyer (in its sole discretion) may terminate this Agreement or consummate its purchase of the Sale Assets subject to a set-off or credit for such damaged, destroyed or diminished Sale Assets as and if approved by the Bankruptcy Court. If Buyer fails to terminate this Agreement within thirty (30) days of receipt of written notice from Seller of a Loss Event, Buyer's right to terminate pursuant to this Paragraph 19 shall be deemed waived by Buyer and shall not be a condition to closing, and Buyer must consummate its purchase of the Sale Assets subject to a set-off or credit for such damaged, destroyed or diminished Sale Assets as and if approved by the Bankruptcy Court.

20. **Taxes.** Seller shall be solely responsible for any and all taxes applicable to the Station until and including the Closing Date. Thereafter, all such taxes applicable to the Station shall be the sole responsibility of the Buyer.

21. **Allocations.** On or before the Closing Date, the parties hereto will reach allocations as to the purchase price consistent with the federal Internal Revenue Code and

Execution Copy

the rules and regulations of the Internal Revenue Service, and will jointly prepare IRS Form 8594 at the Closing.

22. **Interference with Operations.** From the Effective Date until the Closing Date, Buyer shall not attempt to interfere with the operations of Seller and the Station; however, upon reasonable advance notice to Seller and at times calculated to cause the least disruption to the operations of the Station, Buyer shall be permitted a reasonable opportunity to review books and records of the Seller and to inspect the Sale Assets. Upon the Closing Date, and thereafter, Seller shall make no attempt to control the Station or the Sale Assets, incur any debts or obligations against the Sale Assets, or otherwise interfere in the operations of the Station.

However, and notwithstanding any provision in this Agreement, prior to the Closing Seller will not, without the prior consent of the Buyer:

- a. make any substantial change in the business of the Station, except such changes as are unlikely to have any material adverse impact upon the Sale Assets;
- b. sell, lease, transfer or otherwise dispose of any material Sale Asset without obtaining a suitable replacement acceptable to Buyer before the Closing Date;
- c. mortgage, pledge or encumber any Sale Asset;
- d. waive or agree to waive any rights of material value relating to the Sale Assets or allow to lapse or fail to keep in force any license, permit, authorization or other right relating to the Station (except as set forth in Section 10(h));
- e. except in the ordinary course of business, make or permit any amendment or termination of any material contract, agreement or license included in the Sale Assets;
- f. enter into any agreement with any employee binding Seller and/or Buyer to utilize said employee's services in connection with the Station other than an employment agreement terminable at will; or
- g. become a party to any trade or barter agreement for the sale of air time requiring announcements to be made over the Station subsequent to the Closing Date.

23. **Seller's Covenants.** Seller covenants and agrees that from and after the date hereof and until Closing it will:

- a. continue to operate the Station consistent with past practice;
- b. comply with its obligations under any Assumed Contract;
- c. maintain the Sale Assets in their current condition;

Execution Copy

d. not make any substantial change in the business of the Station, except such changes as are unlikely to have any material adverse impact upon the Sale Assets (except as set forth in Section 10(i));

e. not sell, lease, transfer or otherwise dispose of any material Sale Asset without obtaining a suitable replacement acceptable to Buyer before the Closing Date;

f. not mortgage, pledge or encumber any Sale Asset;

g. not waive or agree to waive any rights of material value relating to the Sale Assets or allow to expire, lapse or fail to keep in full force any License, permit, authorization or other right relating to the Station (except as set forth in Section 10(i));

h. except in the ordinary course of business, not make or permit any amendment or termination of any material contract, agreement or license included in the Sale Assets or reject any executory Contract in the Bankruptcy Proceeding which is part of the Assumed Contracts or related to the Sale Assets;

i. not enter into any agreement with any employee binding Seller and/or Buyer to utilize said employee's services in connection with the Station other than an employment agreement terminable at will;

j. not become a party to any trade or barter agreement for the sale of air time requiring announcements to be made over the Station subsequent to the Closing Date;

k. use commercially reasonable measures to maintain relations with Seller's customers, advertisers, suppliers or other business relationships; and

l. maintain insurance on the Station and Sale Assets comparable to that maintained as of the execution date of this Agreement.

24. **Public Notices.** Seller shall prepare and broadcast at its expense all public notices as are required pursuant to 47 C.F.R. §73.3580. Seller shall publish the newspaper notice required by the foregoing regulation and Buyer shall reimburse Seller for the cost of publishing such newspaper notice.

25. **Confidentiality.** Except (i) for information acquired by Buyer as part of the Sale Assets, (ii) as necessary for the consummation of the transaction contemplated by this Agreement or (iii) as and to the extent required by law or legal process, including, without limitation, disclosure requirements of federal or state securities laws and the rules and regulations of securities markets, each party will keep confidential any non-public information obtained from the other party in connection with the transactions contemplated by this Agreement. If this Agreement is terminated without Closing, each party will return to the other party or destroy all information obtained by such party from the other party in connection with the transactions contemplated by this Agreement. The parties understand this Agreement will be filed with the Bankruptcy Court, and shall be viewable by any party reviewing the case docket in the Seller's bankruptcy.

26. **Indemnification.**

a. *Indemnification By Both Parties.*

Execution Copy

(1) Seller (both as a debtor-in-possession and following its emergence from bankruptcy) will indemnify, defend and save Buyer, its affiliates, successors and assigns harmless against and from all liabilities, claims, losses, damages, costs and expenses (including reasonable attorney's fees) ("**Losses**") resulting from (i) any misrepresentation or breach of warranty, representation or covenant by Seller contained in this Agreement, (ii) any Excluded Asset or contract that is not an Assumed Contract, (iii) Seller's conduct of business and operations of the Sale Assets prior to Closing, including liabilities of Seller under any Assumed Contract for which the Closing condition in Section 12(h) was not satisfied or waived and (iv) all actions, suits, proceedings, demands, damages, assessments, judgments, costs, reasonable attorney's fees (including reasonable attorney's fees on any appeal) and expenses incident to any of the foregoing or incident to any enforcement by Buyer of any covenant or agreement on the part of Seller set forth in this Agreement.

(2) Buyer will indemnify, defend and save Seller, its affiliates, successors and assigns harmless against and from all liabilities, claims, losses, damages, costs and expenses (including reasonable attorney's fees) resulting from (i) any misrepresentation or breach of warranty, representation or covenant by Buyer contained in this Agreement, (ii) the conduct of business and operations by Buyer of the Sale Assets following the Closing, and (iii) all actions, suits, proceedings, demands, damages, assessments, judgments, costs, reasonable attorney's fees (including reasonable attorney's fees on any appeal) and expenses incident to any of the foregoing or incident to any enforcement by Seller of any covenant or agreement on the part of Buyer set forth in this Agreement.

b. *Claims Pursuant to Indemnities.*

(1) If any claim covered by the foregoing indemnities is asserted against any other indemnified party (the "**Claimant**"), the Claimant shall promptly give the other party (the "**Indemnifying Party**") notice of such claim. Under no circumstance shall any claim for indemnification hereunder arise until the aggregate amount of all such Losses exceeds the sum of \$20,000.00. Once the threshold is met, the Claimant shall be entitled to recover all Losses in excess of the \$20,000.00 threshold.

(2) With respect to claims solely between the parties, following receipt of notice from the Claimant of a claim, the Indemnifying Party shall have thirty (30) days to make such investigation of the claim as the Indemnifying Party seems necessary or desirable. For the purposes of such investigation, the Claimant agrees to make available to the Indemnifying Party and/or its authorized representatives the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnifying Party agree at or prior to the expiration of the thirty (30) day period (or any mutually agreed upon extension thereof) to the validity and amount of such claim, the Indemnifying Party shall immediately pay the Claimant the full amount of the claim, or if the claim is in favor of Buyer, Buyer may retain the amount of such claim from the Holdback Amount. If the Claimant and the Indemnifying Party do not agree within the

Execution Copy

thirty (30) day period (or any mutually agreed upon extension thereof), the Claimant may seek appropriate remedy at law or equity or under the arbitration provisions of this Agreement, as applicable.

(3) With respect to any claim by a third party, the Indemnifying Party shall have the right at its own expense, to participate in or assume control of the defense of such claim, and the Claimant shall cooperate fully with the Indemnifying Party subject to reimbursement for reasonable out-of-pocket expenses incurred by the Claimant as a result of a request by the Indemnifying Party. If the Indemnifying Party elects to assume control of the defense of any third-party claim, the Claimant shall have the right to participate in the defense of such claim at its own expense. If the Indemnifying Party does not elect to assume control or otherwise participate in the defense of any third-party claim, it shall be bound by the results obtained by the Claimant with respect to such claim. An Indemnifying Party shall not settle a third party claim without the consent of the Claimant unless the Claimant is granted a complete release from all aspects of the claim, the settlement solely involves payment of monetary damages and Indemnifying Party promptly pays the settlement amount.

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

(5) In no event shall Buyer take possession of or be obliged to deliver the Holdback Amount to any third party unless and until the claim for Losses is fully and finally settled and is no longer appealable.

(6) Any and all Losses suffered by Buyer hereunder shall be paid out of the Holdback. Once the Holdback has been delivered to the Seller, Buyer may no longer make any claims for Losses against Seller.

27. **Benefit and Binding Effect; Successors and Assigns.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors and permitted assigns. Neither party hereto may assign this Agreement without the prior written consent of the other party hereto provided, however, that Buyer may assign its rights and obligations under this Agreement, in whole or in part, to one or more subsidiaries or commonly controlled affiliates of Buyer without seeking or obtaining Seller's prior approval. Buyer shall remain liable for the performance of any assignee of Buyer. Upon any permitted assignment by Buyer or Seller in accordance with this paragraph, all references to "Buyer" herein shall be deemed to be references to Buyer's assignee and all references to "Seller" herein shall be deemed to be references to Seller's assignee, as the case may be.

28. **Further Assurances.** The parties each agree to take any and all reasonable actions and execute any other documents that may be necessary or desirable to

Execution Copy

the implementation of, and consummation of all transaction under, this Agreement, including, in the case of Seller, any additional bills of sale or other transfer documents that, in the reasonable opinion of Buyer, may be necessary to ensure, complete, and evidence the full and effective transfer of the Sale Assets to Buyer pursuant to this Agreement.

29. **Governing Law and Interpretation.** This Agreement and the rights and obligations of the parties hereunder shall be governed by, and construed and enforced in accordance with, the Bankruptcy Code. To the extent not governed by federal law, this Agreement shall be governed, construed and enforced by and in accordance with the laws of the State of Washington, without regard to the "Choice of Law" provisions thereof. This Agreement shall be construed according to its fair meaning and not strictly for or against either party.

30. **Headings.** The headings of the paragraphs of this Agreement are for the convenience of the parties only, and do not in any way modify, interpret or construe the meaning of the provisions hereof.

31. **Gender and Number.** Words used in this Agreement, regardless of the gender and number specifically used, shall be deemed and construed to include any other gender, masculine, feminine, or neuter, and any other number, singular or plural, as the context requires.

32. **Notices and Deliveries.** All notices, deliveries, demands, and requests required or permitted to be given under the provisions of this Agreement shall be (a) in writing, (b) delivered by personal delivery or sent by commercial delivery service or registered or certified mail, return receipt requested, (c) deemed to have been given on the date of personal delivery or the date set forth in the records of the delivery service or on the return receipt as the date of first attempted delivery on a business day, and (d) addressed as follows:

If to Seller:

Charlene F. Casey, President
North Pacific International Television. D.I.P.
3223 - 3RD Ave. South, Suite 200
Seattle, Washington 98134

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

Peter Tannenwald, Esquire
Fletcher Heald & Hildreth, PLC
1300 N. 17th Street, Suite 1100
Arlington, VA 22209

Execution Copy

If to Buyer:

OTA Broadcasting, LLC
11710 Plaza America Drive, Suite 2000
Reston, VA 20190
Attention: Todd Lawyer

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

F. Thomas Moran, Esq.
Wilkinson, Barker, Knauer, LLP
2300 N. Street, N.W.
Washington, D.C. 20037-1128

except that each party may designate in writing to the other party (i) an alternate person or alternate address information for receipt of all notices, deliveries, demands and requests; and (ii) up to two additional persons, with address information provided, to receive copies of all notices, deliveries, demands and requests.

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

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

35. **Counterparts.** This Agreement may be signed in one or more counterparts and/or by facsimile, each of which shall be considered an original

Execution Copy

counterpart, and shall become a binding Agreement when the parties shall have each executed one counterpart.

[THIS SPACE LEFT INTENTIONALLY BLANK;
SIGNATURES APPEAR ON FOLLOWING PAGES]

Execution Copy

IN WITNESS WHEREOF, THE BELOW PERSONS EACH HAVING AUTHORITY TO EXECUTE THIS AGREEMENT ON BEHALF OF SELLER OR BUYER, RESPECTIVELY, EACH SO EXECUTE THIS AGREEMENT ON THE DATE INDICATED AND THEREBY BIND SELLER AND BUYER TO ALL OF THE TERMS OF THIS AGREEMENT AS OF THE DATE FIRST WRITTEN ABOVE:

SELLER

**NORTH PACIFIC INTERNATIONAL
TELEVISION, INC., D.I.P.**

By: Charlene F. Casey
Name: Charlene F. Casey
Title: President

BUYER

OTA BROADCASTING, LLC

By: _____
Name: Todd Lawyer
Title: President and Chief Executive Officer

Execution Copy

IN WITNESS WHEREOF, THE BELOW PERSONS EACH HAVING AUTHORITY TO EXECUTE THIS AGREEMENT ON BEHALF OF SELLER OR BUYER, RESPECTIVELY, EACH SO EXECUTE THIS AGREEMENT ON THE DATE INDICATED AND THEREBY BIND SELLER AND BUYER TO ALL OF THE TERMS OF THIS AGREEMENT AS OF THE DATE FIRST WRITTEN ABOVE:

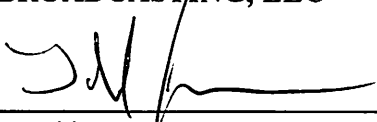
SELLER

**NORTH PACIFIC INTERNATIONAL
TELEVISION, INC., D.I.P.**

By: _____
Name: _____
Title: _____

BUYER

OTA BROADCASTING, LLC

By:  _____
Name: Todd Lawyer
Title: President and Chief Executive Officer

LIST OF EXHIBITS AND SCHEDULES

1. Exhibit A Holdback Escrow Agreement with Kalil & Co., Inc.
2. Schedule A FCC Licenses and Applications for FCC Licenses
3. Schedule B Tangible Personal Property
4. Schedule C Contracts to be Assigned and Assumed