

EXECUTION COPY - 2/2/05

OPTION AGREEMENT FOR PURCHASE OF LICENSE ASSETS

BETWEEN

SMITH MEDIA BURLINGTON, LLC,

AS OPTION HOLDER

AND

LAMBERT BROADCASTING OF BURLINGTON, LLC,

AS GRANTOR

DATED AS OF FEBRUARY 2, 2005

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OPTION AGREEMENT FOR PURCHASE OF LICENSE ASSETS

THIS OPTION AGREEMENT FOR PURCHASE OF LICENSE ASSETS (this “**Agreement**”) is dated as of _____, 2005 (the “**Option Grant Date**”), and is by and between Lambert Broadcasting of Burlington, LLC, a Delaware limited liability company (“**Grantor**”), and Smith Media Burlington, LLC, a Delaware limited liability company (“**Option Holder**”).

RECITALS:

WHEREAS, Option Holder, Channel 22 Television Station, Inc., a Delaware corporation (“**TV**”), and C-22 FCC Licensee Subsidiary, LLC, a Delaware limited liability company (“**C-22**” and, collectively, with TV, the “**Sellers**”), are parties to the Purchase Agreement, pursuant to which the Sellers desire to sell to Option Holder, and Option Holder desires to buy from Sellers, substantially all of the assets which are used and useful in connection with the business and operation of television broadcast station WVNY-TV, Channel 22, located in the Burlington, Vermont – Plattsburgh, New York Designated Market Area (the “**Station**”);

WHEREAS, Option Holder has assigned certain of its rights under the Purchase Agreement to purchase the License Assets to Grantor pursuant to that certain Assignment and Assumption Agreement of even date herewith (the “**Assignment and Assumption Agreement**”);

WHEREAS, Grantor desires to grant an option to Option Holder to acquire the License Assets (as defined herein), and Option Holder desires to acquire an option to acquire the License Assets, all on the terms described herein; and

WHEREAS, if Option Holder exercises the Option (as defined herein), at the Option Closing (as defined herein), on the Option Closing Date (as defined herein), Grantor will sell to Option Holder, and Option Holder will purchase from Grantor, all of the License Assets and Grantor will assume the Assumed Liabilities, all on the terms described herein.

NOW, THEREFORE, IN CONSIDERATION OF the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENTS:

ARTICLE I

GRANT OF OPTION

1.1 **Purchase Option Grant.** Subject to the occurrence of the Purchase Closing, Grantor hereby grants to Option Holder a purchase option (the “**Purchase Option**”) to acquire all of Grantor’s rights in, to and under the License Assets, subject to the terms and conditions stated in this Agreement. Upon exercise of the Purchase Option and upon and subject to the terms and conditions stated in this Agreement at the Option Closing on the Option Closing Date, Grantor will sell, convey, transfer, assign and deliver to Option Holder, and Option Holder will acquire from Grantor, all of Grantor’s rights, title and interest in, to and under the following assets, rights and properties, free and clear of any Liens other than Permitted Liens, whether held

by Grantor on the date hereof or acquired by Grantor between the date hereof and the Option Closing Date to the extent acquired by Grantor under the Purchase Agreement (the following assets, rights and properties, the **“License Assets”**):

(a) **FCC Authorizations**. All licenses and authorizations issued by the FCC with respect to the Station, including all applications therefor and all renewals, extensions or modifications thereof and additions thereto (the **“FCC Authorizations”**);

(b) **Licenses**. All licenses, qualifications, registrations, permits, franchises, certificates, approvals and other authorizations (other than the FCC Authorizations) issued by any Governmental Entity (collectively, the **“Licenses”**) issued to or held by Grantor with respect to the Station, including all applications therefor and all renewals, extensions, or modifications thereof and additions thereto;

(c) **Programming Contracts and Copyrights**. All program and programming materials and elements of whatever form or nature owned by Grantor and used in connection with the business and operation of the Station as of the time of the Option Closing, whether recorded on tape or any other substance or intended for live performance, and whether completed or in production, and all related common law and statutory copyrights owned by or licensed to Grantor and used in the business and operation of the Station, including all the Program Contracts of the Station, as such Contracts, may be amended or renewed pursuant to the terms and subject to the conditions of this Agreement and the Joint Sales Agreement;

(d) **Tower and Studio Leases**. The lease agreements for the Station's transmitting tower site and main studio identified on Schedule 1.1(d), as such Contracts may be amended or renewed pursuant to the terms and subject to the conditions of the Agreement and the Joint Sales Agreement (such Contract, together with the Programming Contracts described in Section 1.1(c), the **“Assumed Contracts”**);

(e) **Transmitting Equipment**. All transmitting equipment identified on Schedule 1.1(d) attached hereto, as such equipment may be replaced or disposed of pursuant to the terms and subject to the conditions of this Agreement and the Joint Sales Agreement;

(f) **Trademarks, etc.** All rights to the call letters WVNY (TV) and WVNY-DT (the **“Call Letters”**);

(g) **Files and Records**. All filings with the FCC, and any logs and records related to such filings or otherwise required to be kept by the FCC, specifically related to the business or operation of the Station;

(h) **Goodwill**. All of Grantor's goodwill in, and going concern value of, the License Assets; and

(i) **Claims and Rights**. All of Grantor's interest in all claims, rights and choses in action relating to the License Assets or otherwise associated with the Station, which are related to the License Assets described in Section 1.1(a) through 1.1(f).

1.2 **Excluded Assets.** Notwithstanding anything in Section 1.1 to the contrary, the following assets, to the extent in existence on the Option Closing Date, shall be excluded from the License Assets (collectively, the “**Excluded Assets**”):

(a) **Cash.** All cash, cash equivalents, and cash items of any kind whatsoever, certificates of deposit, money market instruments, bank balances and rights in and to bank accounts held by Grantor;

(b) **Intercompany Receivables.** Any intercompany or interoffice receivable balances between Grantor and/or its Affiliates;

(c) **Non-Assumed Contracts.** All contracts of Grantor, other than the Assumed Contracts (the “**Non-Assumed Contracts**”);

(d) **Insurance Policies.** Any of Grantor’s insurance policies, together with all rights and claims thereunder;

(e) **Records.** Any of Grantor’s corporate records and other books and records that pertain to internal corporate matters of Grantor and any of Grantor’s Tax records;

(f) **Joint Sales Agreement.** All rights of Grantor under and in connection with the Joint Sales Agreement, and all claims relating thereto; and

(g) **Name.** All rights to the name “Lambert” or “Lambert Broadcasting” and any logo or variation thereof, and any other name or mark of Grantor other than the Call Letters, and goodwill associated therewith.

1.3 **Liabilities.** On the Option Closing Date, subject to the terms and conditions of this Agreement and the other Transaction Documents, Option Holder will assume and become responsible to pay, satisfy, perform and discharge as and when due, and will hold Grantor harmless from and against, the liabilities, obligations and commitments of Grantor, of whatever kind or nature (whether primary or secondary, direct or indirect, absolute or contingent, known or unknown, accrued or not accrued, or otherwise) set forth below (collectively, the “**Assumed Liabilities**”)

(a) **Post-Closing Liabilities.** All liabilities, obligations and commitments relating to, or arising from, the ownership of the License Assets, other than Excluded Liabilities;

(b) **Assumed Contract Liabilities.** All liabilities, obligations and commitments under the Assumed Contracts, other than the Excluded Liabilities;

(c) **Accounts Payable.** All outstanding Accounts Payable related to the License Assets that relate to the period of time from and after the Adjustment Time to the extent Grantor has not previously received reimbursement therefor pursuant to the Joint Sales Agreement; and

(d) **Employee-Related Liabilities.** All liabilities associated with Grantor’s employment of individuals in connection with the business and operation of the Station.

1.4 **Excluded Liabilities.** Option Holder will not assume or have any responsibility with respect to, and Grantor will hold Option Holder harmless from and against, any liabilities, obligations or commitments in respect of the following to the extent not included in the definition of Assumed Liabilities (the “**Excluded Liabilities**”): (i) liabilities arising out of or relating to the operation or ownership of the License Assets by Grantor and solely during the period of such ownership; (ii) liabilities arising out of or relating to any Contract that is not an Assumed Contract, (iii) Grantor’s obligations under this Agreement, (iv) any Indebtedness of Grantor, (v) any Taxes incurred by Grantor prior to the Adjustment Time or relating to the operation of the License Assets prior to the Adjustment Time, including any Transfer Taxes, (vi) liabilities arising out of or relating to any Excluded Asset or (vii) any liabilities of Grantor to any of its Affiliates.

1.5 **Put Option**

(a) In consideration of Grantor’s agreement to grant the Purchase Option and to enter into the Joint Sales Agreement, subject to the occurrence of the Purchase Closing, Option Holder hereby grants to Grantor a put option to acquire all of Grantor’s rights in, to and under the License Assets, subject to the terms and conditions stated in this Agreement (the “**Put Option**”). The Put Option shall be exercisable upon six (6) months’ prior notice and only if Option Holder has not delivered an Exercise Notice with respect to the Purchase Option on, or prior to, the date of exercise of the Put Option by Grantor. Upon such notice and exercise of the Put Option and upon and subject to the terms and conditions stated in this Agreement at the Option Closing on the Option Closing Date, Grantor will sell, convey, transfer, assign and deliver to Option Holder, and Option Holder will acquire and purchase from Grantor, all of Grantor’s rights, title and interest in, to and under the License Assets, and assume the Assumed Liabilities on the terms and conditions set forth herein.

(b) Following the Purchase Closing, the Put Option shall be exercisable by Grantor upon written notice to Option Holder at any time during the following periods:

(i) At any time following the date that is one hundred eighty (180) days prior to the eighth (8th) anniversary of the date of this Agreement;

(ii) At any time during the thirty (30) day period following termination of the Joint Sales Agreement pursuant to Section 2.2(b) thereof;

(iii) At any time following the date ninety (90) days after an Unenforceability Event (as defined in the Joint Sales Agreement), unless the parties shall have agreed upon a modification to the Joint Sales Agreement prior to such date as contemplated by Section 9.7 of the Joint Sales Agreement;

(iv) At any time following an Invalidity Event (as defined in the Joint Sales Agreement);

(v) Upon termination of the Joint Sales Agreement;

(vi) At any time following an Ownership Rule Change or an Ownership Status Change;

(vii) At any time following a material breach or default by Sales Agent (as defined in the Joint Sales Agreement) of its obligations under the Joint Sales Agreement; or

(viii) At any time after the occurrence and during the continuation of an "Event of Default" under the Credit Agreement, dated as of August 26, 2004, by and among Option Holder, the several lenders from time to time party thereto, Wells Fargo Foothill, Inc., as Syndication Agent, and The Bank of New York, as administrative agent, as amended from time to time (the "**Smith Media Credit Agreement**"); provided, however, that the parties acknowledge that the Grantor's exercise of the Put Option pursuant to this clause (viii) is subject to Grantor's obligations under the Credit Agreement and the agreements executed or delivered in connection therewith

ARTICLE II

OPTION GRANT PRICE, OPTION EXERCISE PRICE AND OPTION EXERCISE

2.1 Purchase Option Grant Price and Option Exercise Price.

(a) **Payment for Purchase Option Grant.** In consideration of Grantor's grant of the Purchase Option, Option Holder has paid to Grantor, simultaneously with the execution and delivery of this Agreement, the sum of Twenty-Two Thousand Dollars (\$22,000.00) (the "**Grant Date Payment**") by wire transfer of immediately available funds, and Grantor hereby acknowledges receipt of the Grant Date Payment.

(b) **Option Exercise Price.** Upon, and subject to, exercise of the Option on the terms and conditions set forth herein, in consideration of Grantor's sale of the License Assets on the Option Closing Date, Option Holder will pay to Grantor, in the aggregate, for the License Assets the amount specified below (the "**Option Exercise Price**"), by wire transfer of immediately available funds:

(i) to the extent not otherwise paid pursuant to the Joint Sales Agreement, an amount equal to the unpaid principal and accrued, but unpaid, interest on the Bank Loan as of the Option Closing Date as set forth in the Bank Payoff Letter, plus

(ii) (A) If the Option is being exercised in connection with a sale of all or substantially all of the other assets of the Station held by Smith Media, LLC and its subsidiaries (but not in connection with or as part of a series of one or more related transactions involving (y) the sale of assets of Smith Media, LLC or any of its subsidiaries or any other Person that constitute all or substantially all of the assets of (1) any one or more television broadcast stations, in addition to the Station or (2) any one or more businesses of Smith Media, LLC or any of its subsidiaries, in addition to the business of the Station or (z) a sale of the all or substantially all of the equity interests in Smith Media, LLC) and in the case of either clause (y) or clause (z), clause (C) below is not applicable, an amount equal to ten percent (10%) of the difference, if a positive number, between the total consideration to be received by the sellers in such transaction, minus Fifteen Million Dollars (\$15,000,000); or

(B) If the Option is being exercised in connection with or as part of a series of one or more related transactions involving (x) the sale of assets of Smith

Media, LLC or any of its subsidiaries or any other Person that constitute all or substantially all of the assets of (1) any one or more television broadcast stations, in addition to the Station or (2) any one or more businesses of Smith Media, LLC or any of its subsidiaries, in addition to the business of the Station or (y) a sale of all or substantially all of the equity interests in Smith Media, LLC or any of its subsidiaries, and, in the case of either clause (x) or clause (y), clause (C) below is not applicable, an amount equal to ten percent (10%) of the difference, if a positive number, between the Cash Flow Value, minus Fifteen Million Dollars (\$15,000,000);

(C) If Option Holder shall have given the Grantor written notice that Grantor is in material breach or material default of its obligations under this Agreement or the Joint Sales Agreement (i) to the extent that such material breach or material default arises from, relates to, or is as a result of the actions or inactions of Grantor's employees and representatives in performing their duties under this Agreement or the Joint Sales Agreement or in acting outside the scope of their employment, which actions or inactions constitute willful misconduct or gross negligence, and (ii) such material breach or material default has not been cured as of the date of the Option Closing, an amount equal to \$5,000 per month for each full calendar month in the period from the Base Date through the end of the calendar month immediately preceding the month in which the Option is exercised;

(D) If the Option is being exercised in connection with an acquisition of the License Assets by Smith Media, LLC or any of its subsidiaries (or any combination of the foregoing) in a transaction limited solely to the acquisition of the License Assets and clause (A), clause (B) and clause (C) of this Section 2.1(b)(ii) are not applicable, an amount equal to ten percent (10%) of the difference, if a positive number, between the Cash Flow Value, minus Fifteen Million Dollars (\$15,000,000).

For purposes hereof, "Cash Flow Value" means an amount equal to the product of (a) ten and one-half (10.5), multiplied by (b) the Station Broadcast Cash Flow for the twelve full calendar months immediately preceding the date of exercise of the Option. In connection with any exercise of the Option, the sum of the amount set forth in clause (i), plus the amount applicable in the circumstances pursuant to clause (ii) is herein referred to as the "Final Option Exercise Price". With respect to determination of the Final Option Exercise Price, including the determination of Cash Flow Value, Grantor shall have the right to inspect certain of Option Holder's books and records as provided in the Joint Sales Agreement.

(c) Manner of Payment.

(i) The Option Holder shall pay the Final Option Exercise Price at the Option Closing as follows: (A) An amount equal to the Final Option Exercise Price *less* the Bank Payoff Amount, if any, shall be paid to the Grantor at the Option Closing by wire transfer of immediately available funds; and (B) an amount equal to the Bank Payoff Amount, if any, shall be paid to BONY at the Option Closing by wire transfer of immediately available funds. Notwithstanding the foregoing, an amount equal to \$5,000 of the JSA Fee paid by Option Holder to Grantor under the Joint Sales Agreement each month from the Base Date (as defined in the Joint Sales Agreement) through the Option Closing Date shall be credited by Grantor against Option Holder's obligation to pay the Final Option Exercise Price hereunder.

(ii) A Party entitled to payment pursuant to this Section 2.1(d) shall provide the Party obligated to make such payment with written wire transfer instructions no later than two (2) Business Days prior to the date any such payment is required to be made hereunder.

(iii) Allocation of Option Exercise Price. Grantor and Option Holder agree to use their commercially reasonable efforts to agree upon an allocation of the Option Exercise Price among the Assets in accordance with the asset classes specified in Internal Revenue Service Form 8594 as soon as reasonably practicable following the Option Closing (the “Allocation Statement”). The Allocation Statement shall be used by the Parties for all tax and other government reporting purposes. In the event the Parties are unable to agree on such allocation by the 60th day after the Option Closing Date and Option Holder shall jointly select an independent appraiser who shall be hired to determine such allocation, which determination shall be deemed the Allocation Statement for purposes of this Section 2.1(b). The fees and expenses of such independent appraiser shall be borne equally by Grantor and Option Holder.

2.2 Option Exercise. (a) In order to exercise the Purchase Option during the Exercise Period, Option Holder must deliver to Grantor written notice (“Purchase Option Exercise Notice”) of Option Holder’s exercise of the Purchase Option. Option Holder may withdraw any Purchase Option Exercise Notice prior to the Option Closing by written notice to that effect to Grantor. No such withdrawal (and no withdrawal of any subsequent Purchase Option Exercise Notice) shall have any other effect on any of Option Holder’s rights. Upon the withdrawal of any Purchase Option Exercise Notice, Option Holder shall reimburse Grantor for all reasonable out-of-pocket expenses incurred by Grantor in connection with its preparations for the Option Closing under this Agreement. Following Option Holder’s delivery of a Purchase Option Exercise Notice to Grantor, Grantor shall sell, convey, transfer, assign and deliver and Option Holder shall purchase all of Grantor’s rights in, to, and under the License Assets, subject to the terms and conditions set forth in this Agreement. Option Holder may not exercise the Purchase Option unless each of the following conditions is satisfied by Option Holder or waived by Grantor:

(i) Option Holder shall have made the payment required under Section 2.1(a);

(ii) All representations and warranties of Option Holder contained in this Agreement and the Joint Sales Agreement shall be true in all material respects at and as of the date that Option Holder exercises the Option as though made at and as of that time; and all covenants and obligations to be performed by Option Holder under this Agreement and the Joint Sales Agreement to be performed or discharged as of such date shall have been performed and discharged in all material respects, except with respect to any payment obligations of Option Holder which shall have been performed in full; and

(iii) Subject to any Invalidity Event or Unenforceability Event, the Joint Sales Agreement shall be in full force and effect; provided, however, that Purchase Option may be exercised at any time in the 30 day period following termination of the Joint Sales Agreement and the Put Option may be exercised at any time following termination and, in each such case, this Section 2.2(a)(iii) shall be deemed satisfied.

(b) In order to exercise the Put Option during the Exercise Period, Grantor must deliver to Option Holder written notice (“**Put Option Exercise Notice**” and, together with the Purchase Option Exercise Notice, the “**Exercise Notice**”) of Grantor’s exercise of the Put Option. Grantor may withdraw any Put Option Exercise Notice prior to the Option Closing by written notice to that effect to Option Holder. No such withdrawal (and no withdrawal of any subsequent Put Option Exercise Notice) shall have any other effect on any of Grantor’s rights. Upon the withdrawal of any Put Option Exercise Notice, Grantor shall reimburse Option Holder for all reasonable out-of-pocket expenses incurred by Option Holder in connection with its preparations for the Option Closing under this Agreement. Following Grantor’s delivery of an Exercise Notice to Option Holder, Grantor shall sell, convey, transfer, assign and deliver and Option Holder shall purchase all of Grantor’s rights in, to, and under the License Assets, subject to the terms and conditions set forth in this Agreement. Grantor may not exercise the Put Option unless all representations and warranties of Grantor contained in this Agreement and the Joint Sales Agreement shall be true in all material respects at and as of the date that Grantor exercises the Option as though made at and as of that time; and all covenants and obligations to be performed by Grantor under this Agreement and the Joint Sales Agreement to be performed or discharged as of such date shall have been performed and discharged in all material respects.

2.3 **Term of Option.** Option Holder shall exercise the Option, if at all, during the Exercise Period and upon failure of the Option Holder to deliver the Exercise Notice during the Exercise Period, the Purchase Option shall be deemed to have expired; provided, however, that the Option Closing may take place after the Exercise Period so long as Option Holder has delivered the Purchase Option Exercise Notice to Grantor, or the Grantor has delivered the Put Option Exercise Notice to Option Holder, as the case may be, in accordance with Section 2.2 during the Exercise Period.

2.4 **Closing on Option Closing Date.**

(a) **Option Closing Date.** The term “**Option Closing**” as used herein shall refer to the actual sale, conveyance, transfer, assignment and delivery of the License Assets to Option Holder in exchange for the consideration payable to Grantor pursuant to Section 2.1(b) and the assumption of the Assumed Liabilities, and shall be deemed effective as of 12:01 a.m. on the Option Closing Date (the “**Adjustment Time**”). The Option Closing will occur at the offices of Dow Lohnes & Albertson, PLLC, 1200 New Hampshire Avenue, N.W., Washington, D.C. 20036 at 10:00 A.M. local time on the Option Closing Date or at such other location and time as shall be mutually acceptable to both parties in writing. The Option Closing shall be held on (a) the fifth (5th) Business Day after the conditions precedent set forth in Article VI have been satisfied or waived by the party entitled to the benefits of such condition (other than the conditions which are to be satisfied at Closing), or (b) such other date as the parties may mutually agree in writing (the “**Option Closing Date**”).

(b) **Option Closing Transactions and Deliveries.** Subject to the conditions set forth in Sections 6.1 and 6.2, the parties will consummate the following transactions (including the purchase and sale of the License Assets and the assumption of the Assumed Liabilities, the “**Closing Transactions**”) and make the following deliveries at the Option Closing:

(i) Option Holder and Grantor will execute a Bill of Sale, Assignment and Assumption Agreement, dated the Option Closing Date, in substantially the form of Exhibit A hereto;

(ii) Option Holder will deliver the payment provided to be made to Grantor, as described in Section 2.1(c)(i), hereof;

(iii) Grantor will deliver to Option Holder copies of all Consents received by Grantor prior to and as of the Option Closing Date;

(iv) Grantor will deliver to Option Holder a release and termination of each Lien (other than Permitted Liens) on any License Asset, in form and substance reasonably acceptable to Option Holder and its counsel;

(v) Grantor will deliver to Option Holder certificate of non-foreign status satisfying the requirements of Treasury Regulations Section 1.1445-2(b), in form and substance reasonably acceptable to Option Holder and its counsel;

(vi) Grantor will execute such other documents, or instruments of assignment, as Option Holder, or its counsel, reasonably deems necessary in order to effect the sale of the License Assets to Option Holder and to carry out the purpose of this Agreement;

(vii) Grantor shall deliver to Option Holder a statement setting forth its costs and expenses in connection with the consummation of the Option Closing, including all attorneys fees of Grantor in connection with preparing and filing any Consents including the FCC Consent (the “**Reimbursable Closing Costs**”), together with documentation reasonably evidencing such Reimbursable Closing Costs, and the Option Holder shall at the Option Closing deliver to Grantor a cash amount equal to such Reimbursable Closing Costs.

(viii) Option Holder will execute such other documents, or instruments evidencing the assumption of the Assumed Liabilities, as Grantor or its counsel reasonably deems necessary to carry out the purpose of this Agreement.

(c) Post-Closing Cooperation. Option Holder and Grantor shall, on request, on or after the Option Closing Date, use commercially reasonable efforts to cooperate with one another by furnishing additional information, executing and delivering any additional documents and/or instruments, and doing any and all such other things as may be reasonably required by the parties or their counsel to consummate or otherwise implement the transactions contemplated by this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF GRANTOR

Subject to the exceptions set forth in Grantor’s Disclosure Schedules attached to this Agreement, Grantor makes the following representations and warranties to Option Holder; *provided, however*, that Grantor makes no representation or warranty as to any act or action or omission, event or occurrence or other matter that (i) was or shall be caused by Option Holder,

its agents or affiliates, (including any predecessor in interest thereto), (ii) arose from or relates to any omission by Option Holder or breach by Option Holder (including any predecessor in interest to the Option Holder) of any of its obligations under the Joint Sales Agreement; or (iii) of which Option Holder (or any predecessor in interest thereto) has knowledge (including without limitation in connection with its due diligence investigation relating to the Purchase Agreement or its performance of its duties under the Joint Sales Agreement):

3.1 **Organization and Power.**

(a) Grantor is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business and is in good standing in every jurisdiction where the conduct of its business requires it to be so qualified. Grantor was organized on January 26, 2005. Grantor has all requisite limited liability company power and authority to execute, deliver and perform its obligations under this Agreement and each other agreement, document or instrument required to be executed and delivered by it pursuant to the terms and conditions hereof, including the power to carry on its business as now conducted, and to own, lease and operate its assets, properties and business. Grantor has no subsidiaries or equity interests in any other Person.

(b) Prior to the date hereof, Grantor has not engaged in any business and had no liabilities or obligations, except those liabilities and obligations incurred in connection with its organization, the negotiation, execution, delivery and performance of this Agreement and the Joint Sales Agreement and the transactions contemplated hereby and thereby and incidental expenses incurred in connection therewith. As of the date hereof, except for the Transaction Documents, the Assumed Contracts and any Non-Assumed Contracts, Grantor is not a party to or subject to any Contract. Grantor has no indebtedness for borrowed money, other than indebtedness pursuant to the Bank Loan. All of the outstanding equity interests of Grantor, however designated, are owned, beneficially and of record, by Mr. Michael Lambert, and there are no outstanding subscriptions, warrants, options, calls, commitments or other rights to purchase or acquire, or securities convertible into or exchangeable for, any equity or debt interests of Grantor or any obligation of Grantor to issue or grant any thereof.

3.2 **Authorization of Transactions; Binding Effect.** The execution and delivery of this Agreement by Grantor, and the consummation by Grantor of the transactions contemplated herein, have been duly and validly authorized by all necessary limited liability company actions on the part of Grantor. This Agreement has been duly executed and delivered by Grantor and this Agreement represents, and the other Transaction Documents and all other agreements, documents or instruments executed pursuant to the Transaction Documents when executed and delivered by Grantor will represent, valid and legally binding obligations of Grantor, enforceable against Grantor in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, insolvency, reorganization, or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity limiting the availability of equitable remedies.

3.3 **Absence of Conflicts.** Assuming the accuracy of the representations and warranties of Option Holder set forth in Section 4.3, neither the execution, delivery or performance of any of the Transaction Documents or any other agreements, documents or

instruments executed pursuant thereto by Grantor nor the consummation by Grantor of the transactions contemplated hereby or thereby does or will violate any provision of the limited liability company agreement of Grantor or certificate of formation of Grantor.

3.4 **FCC Matters.** Grantor is qualified under applicable Legal Requirements to hold the FCC Authorizations.

3.5 **Brokerage.** Neither this Agreement nor the transactions contemplated by this Agreement was induced or procured through any person, firm, corporation or other entity acting on behalf of or representing Grantor as broker, finder, investment banker, financial advisor or in any similar capacity.

3.6 **Litigation.** As of the date hereof, there are no actions, suits, proceedings, orders, judgments, decrees or investigations pending (or, to Grantor's knowledge, threatened) against or affecting Grantor at law or in equity, or before or by any Person or Governmental Equity, which would reasonably be expected to prevent the consummation of any of the Closing Transactions or to result in any of the Closing Transactions being declared unlawful or which could materially adversely affect the ability of Grantor to perform its obligations under the Transaction Documents.

3.7 **Taxes.** Grantor has filed or caused to be filed all material Tax Returns that it was required to file with respect to the Station and the License Assets. Grantor has timely paid or caused to be paid when due, or will timely pay or cause to be paid, all material Taxes owed by Grantor in respect of the Station and the License Assets which are due and payable prior to the Option Closing Date pursuant to such Tax Returns.

3.8 **Insolvency.** Grantor is not insolvent within the meaning of the Federal Bankruptcy Code or any applicable fraudulent transfer law and will not be rendered insolvent by virtue of the transactions contemplated herein.

3.9 **Disclaimers.**

(a) EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS ARTICLE III, (i) OPTION HOLDER UNDERSTANDS, ACKNOWLEDGES, AND AGREES THAT UPON EXERCISE OF THE OPTION, AT THE OPTION CLOSING THE LICENSE ASSETS ARE BEING SOLD, CONVEYED, ASSIGNED, TRANSFERRED AND DELIVERED TO OPTION HOLDER IN "AS IS" CONDITION, AND (ii) GRANTOR MAKES NO OTHER WARRANTY WITH RESPECT TO THE LICENSE ASSETS, INCLUDING (A) ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED, (B) ANY WARRANTY AS TO THE OPERATION CONDITION OR ADEQUACY OF REPAIR OF ANY OF THE LICENSED ASSETS OR THE WORKING ORDER OR SOUNDNESS OF ANY OF THE LICENSE ASSETS, AND (C) ANY WARRANTY WITH RESPECT TO THE NON-INFRINGEMENT OF THE LICENSED ASSETS ON ANY PROPRIETARY RIGHT OR ANY OTHER INTELLECTUAL PROPERTY RIGHT OF ANY THIRD PARTY.

(b) Except for those certain representations and warranties expressly set forth in this Agreement, in the Exhibits and Schedules hereto, and in the certificates required to be delivered pursuant to or in connection herewith, neither Grantor nor any other person acting for Grantor makes any representation or warranty, express or implied, and Grantor hereby disclaims, and Option

Holder hereby acknowledges such disclaimer of, any such representation or warranty, whether by Grantor or its officers, directors, employees, agents, representatives or any other Person, with respect to the execution, delivery or performance by Grantor of this Agreement or with respect to the transactions contemplated hereby, notwithstanding the delivery or disclosure to Option Holder or any of its officers, directors, employees, agents or representatives or any other Person of any documentation or other information by Grantor or any of its officers, directors, employees, agents or representatives or any other Person with respect to any one or more of the foregoing, and subject only to those certain representations and warranties of Grantor set forth herein.

(c) This Section 3.9 shall not limit the rights and obligations of the parties under the Joint Sales Agreement.

3.10 **Knowledge.** Where the term "to Grantor's knowledge" (or similar term) is used herein, it shall mean the actual knowledge of the senior management of, or senior management of the managing member of, as applicable, Grantor.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF OPTION HOLDER

Option Holder represents and warrants to Grantor as follows:

4.1 **Organization and Power.** Option Holder is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware and is duly qualified to do business and is in good standing in every jurisdiction in which the conduct of its business requires it to be so qualified. Option Holder has all requisite limited liability company power and authority to execute, deliver and perform its obligations under this Agreement and each other agreement, document or instrument required to be executed and delivered by Option Holder pursuant to the terms and conditions hereof, including the power to carry on its business as now conducted, and to own, lease and operate its assets, properties and business.

4.2 **Authorization of Transaction.** The execution and delivery of this Agreement by Option Holder, and the consummation by Option Holder of the transactions contemplated herein, have been, or will be when executed, duly and validly authorized by all necessary limited liability company actions on the part of Option Holder. This Agreement has been duly executed and delivered by Option Holder and this Agreement represents, and the other Transaction Documents and all other agreements, documents or instruments executed pursuant to the Transaction Documents when executed and delivered by Option Holder will represent, valid and legally binding obligations of Option Holder, enforceable against Option Holder in accordance with their terms, except as the enforceability hereof and thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium, in insolvency, reorganization or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity limiting the availability of equitable remedies.

4.3 **Absence of Conflicts.** Assuming the accuracy of the representations and warranties set forth in Section 3.3 (as to Grantor), neither the execution, delivery and performance of any of the Transaction Documents or any other agreements, documents or

instruments executed pursuant thereto by Option Holder nor the consummation by Option Holder of the transactions contemplated hereby or thereby does or will violate any provision of the limited liability company agreement of Option Holder or certificate of formation of Option Holder.

4.4 **Brokerage.** There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of Option Holder.

4.5 **Qualification.** Option Holder is financially, and as of the Option Closing Date shall be legally and otherwise qualified to be the licensee of the Station, and to own and operate the License Assets under the Communications Act, with no waiver of any requirement of the Communications Act that shall not have been obtained prior to the Option Closing being necessary.

4.6 **Litigation.** As of the date hereof, there are no actions, suits, proceedings, orders, judgments, decrees or investigations pending (or, to Option Holder's knowledge, threatened) against or affecting Option Holder at law or in equity, or before or by any Person or Governmental Entity, which would reasonably be expected to prevent the consummation of any of the Closing Transactions or to result in any of the Closing Transactions being declared unlawful or which could materially adversely affect the ability of Option Holder to perform its obligations under the Transaction Documents.

ARTICLE V

COVENANTS

5.1 **Exclusivity.** Except as expressly permitted by this Agreement, until this Agreement is terminated in accordance with its terms, Grantor will not, and will not cause or permit any of its Affiliates, directors, officers, employees, stockholders or agents to, directly or indirectly: (a) solicit, initiate or encourage the submission of any proposal or offer from any Person (including any of them) relating to any (i) liquidation, dissolution or recapitalization of, (ii) merger or consolidation with or into, (iii) acquisition or purchase of any License Asset (or any material portion of the License Assets) of, or any equity interest in, (iv) lease, sale, transfer, assignment or other disposition of any License Asset or any interest therein, or (v) similar transaction or business combination involving Grantor or any License Assets (other than dispositions in the Ordinary Course consistent with the terms of this Agreement); or (b) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner any effort or attempt by any other Person to do or seek any of the foregoing. Grantor further agrees to promptly notify Option Holder in the event that Grantor receives any bona fide inquiries of the type mentioned above from any other Person indicating or suggesting an interest in acquiring all or any part of Grantor's equity or of the Station's business or the License Assets. Until this Agreement is terminated in accordance with its terms, Grantor will notify Option Holder if any Person makes any proposal or offer with respect to any of the foregoing, identifying the offeror and the offeror's terms.

5.2 Operation and Maintenance of the Business. Until the earlier of (a) the Option Closing Date and (b) the date this Agreement is terminated in accordance with its terms, except as otherwise contemplated by this Agreement or as Option Holder otherwise consents in writing:

(a) Conduct of the Business. Grantor will comply in all material respects with the terms of the Joint Sales Agreement as long as the Joint Sales Agreement is in effect, and maintain its books, accounts and records in the Ordinary Course. From and after the Purchase Closing, Grantor will not sell, lease, license, assign, transfer or otherwise dispose of any of the License Assets or any portion of the License Assets, except for (i) the sale, lease, license, assignment, transfer or other disposition of obsolete License Assets that are no longer used or necessary in the operations of the Station; and (ii) the sale, lease, license, assignment, transfer or other disposition of License Assets that are sold or disposed of by Grantor and replaced by Grantor with applicable License Assets of reasonably equivalent quality and utility acquired after the date of this Agreement. From and after the Purchase Closing, other than as specifically permitted by this Agreement or as set forth on Schedule 5.2(a) attached hereto, Grantor shall use commercially reasonable efforts to conduct the business and operations of the Station in the Ordinary Course, subject to the Joint Sales Agreement. From and after the Purchase Closing, Grantor shall pay, satisfy and discharge as promptly as practicable all liabilities and obligations for which it has received payment as Reimbursable Station Expenses pursuant to the Joint Sales Agreement.

(b) Liabilities and Dividends; Equity Ownership. Grantor will not increase the principal amount of any of its Indebtedness or incur any material obligations or liabilities, except pursuant to the Assumed Contracts and Contracts entered into in accordance with this Agreement. Grantor will not make, pay or declare any distribution, dividend or other payment to its equity owners or redeem or otherwise acquire for value any of its equity interests or debt securities.

(c) Contracts. Grantor shall provide Option Holder with reasonable notice of any default, or event which with notice or lapse of time or both, would constitute a default by Grantor or any other Person under any Contract included in the License Assets. Grantor will not renew, extend, amend or terminate or waive any material right under, or enter into or become a party to, nor cause, or take any action which could result in, any License Asset becoming subject to, any Contract or transaction which would be binding on Option Holder or the License Assets after the Option Closing, except for the renewal or extension of any existing Contract on its existing terms in the Ordinary Course in all material respects or any Contract entered into pursuant to the Joint Sales Agreement.

(d) Tangible Property. From and after the Purchase Closing, Grantor will maintain and retain good title to all Tangible Personal Property included in the License Assets, except for Permitted Liens, and will operate the License Assets in all material respects in accordance with the Joint Sales Agreement.

(e) Insurance. Except to the extent that insurance is required under the terms of the Joint Sales Agreement, in which case the parties agree that this Section 5.2(e) shall not apply, from and after the Purchase Closing, Grantor will maintain insurance (or reinsurance)

policies (including any binders) for the License Assets at levels and covering such risks in accordance with practices that are customary for the television broadcasting industry.

(f) [Intentionally Omitted.]

(g) [Intentionally Omitted.]

(h) Employees. Grantor will employ such Persons as shall be reasonably necessary to comply with the Communications Act.

(i) [Intentionally Omitted.]

(j) [Intentionally Omitted.]

(k) [Intentionally Omitted.]

(l) Deliveries. No later than 15 Business Days after the date of the Exercise Notice, Grantor shall deliver to Option Holder a schedule setting forth a true, correct and complete list, as of the date of such list, of the following:

(i) Except for the Transaction Documents, any Non-Assumed Contract and any advertising sales contracts for cash at the Station's then prevailing standard rate card that may be canceled by Grantor on not more than ninety days' notice entered into in the Ordinary Course, all material Contracts to which Grantor is a party or to which Grantor is bound, or to which Grantor or any License Asset is subject, including, with respect to each Program Contract, listing of the number of unused exhibitions of such Program Contract as of the corresponding date specified on such Schedule.

(ii) All Indebtedness of Grantor other than Indebtedness giving rise to a Permitted Lien.

(iii) All of Grantor's material items of owned or leased Tangible Property included in the License Assets.

(m) Cooperation. Following exercise of the Option as provided herein, Grantor shall reasonably cooperate with Option Holder to determine:

(i) All FCC Authorizations and the expiration dates of such authorizations (in each case, an "**Expiration Date**") in Grantor's possession;

(ii) All U.S. and Canadian cable television systems and satellite carriers as defined in Section 76.66(a)(1) of the FCC Regulations which carry the Station's signal, including the approximate number of subscribers covered by each cable television system and satellite carrier, and the channel number on which the Station's signal is carried;

(iii) All cable systems in the DMA (the "**Market Cable Systems**") on which the Station made a must-carry election for the current must-carry election period (by default or otherwise) and on which the Station is not currently carried;

(iv) All Market Cable Systems to which the Station has not provided a must-carry election;

(v) All retransmission consent agreements, if any, entered into on behalf of the Station with any cable television system or satellite carrier;

(vi) All Market Cable Systems and satellite carriers, if any, which are carrying the Station's signal and which have given notice of such Market Cable System's or satellite carrier's intention to delete the Station from carriage or to change the Station's channel position on such cable or satellite system;

(vii) All notices, if any, received by Grantor from any Market Cable System or satellite carrier alleging that the Station does not deliver an adequate signal level, as defined in Sections 76.55(c)(3) and 76.66(g)(2) of the FCC Regulations, to such Market Cable System's principal headend or satellite carrier's local receive facility (other than any such notice as to which such failure has been remedied or been determined not to exist), and all further correspondence with or from any such Market Cable System or satellite carrier relating to such notice;

(viii) All pending petitions for special relief to include any additional community or area as part of the Station's television market as defined in Section 76.55(e) of the FCC Regulations that have been served upon Grantor or the Station, if any;

(ix) All pending petitions for special relief requesting the deletion of any community or area from the Station's television market that have been served upon Grantor or the Station, if any; and

(x) All Consents received by Grantor required under all Assumed Contracts and applicable law in connection with the consummation of the Option Closing.

(n) Limitation on Business. During the term of this Agreement, Grantor shall not: (i) engage in any business, other than the business of holding and operating the License Assets; (ii) incur any liabilities or obligations, except those liabilities and obligations incurred in the Ordinary Course in connection with the business and operation of the Station or those liabilities and obligations pursuant to the terms and subject to the conditions of this Agreement and the Joint Sales Agreement; (iii) incur any indebtedness for borrowed money, including guaranteeing or becoming a surety with respect to the indebtedness of another Person, except indebtedness pursuant to the Bank Loan; (iv) file a voluntary petition in bankruptcy, any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment of debt, liquidation or dissolution or similar relief under any present or future insolvency statute, law or regulation of any jurisdiction; petition or apply to any tribunal for any receiver, custodian or any trustee for substantially all of its properties or assets; file any answer to any such petition admitting or not contesting the material allegations of any such petition sufficient to support the grant or approval of any such order, judgment or decree; seek, approve or consent to any such proceeding or in the appointment of any trustee, receiver, sequestrator, custodian, liquidator or fiscal agent for it or substantially all of its properties or assets; or take any action for the purpose of effecting any of the foregoing; or an order is entered appointing any such trustee, receiver,

custodian, liquidator or fiscal agent; (v) undergo any Change in Control; (vi) amend, modify, supplement or change any of the Loan Documents.

(o) **Cure Right.** If, in the reasonable judgment of Option Holder, (i) Grantor has taken an action or has failed to take an action which would be reasonably likely to result in a breach or default or event, which with notice or lapse of time or both would constitute a breach or default under any Assumed Contract, or (iii) Grantor has taken an action or has failed to take an action which would be reasonably likely to result in the revocation, non-renewal or material impairment of the Station's FCC Authorizations, Option Holder shall have the right to take such actions as it deems reasonably appropriate, at Option Holder's election, with respect to such Assumed Contract or the FCC Authorizations, as the case may be, to avoid or cure such breach, default, revocation, non-renewal or material impairment and Grantor shall use commercially reasonable efforts to cooperate with Option Holder in taking such actions; provided that any such actions do not have a material adverse effect on Grantor or unreasonably interfere with Grantor's business and Option Holder shall reimburse Grantor for its reasonable costs, expenses or Losses incurred as a result of any such action taken by Option Holder pursuant to this **Section 5.2(o).**

Notwithstanding the provisions of **Section 5.2(a)**, Grantor may sell, assign or transfer all of the License Assets to another Person with the prior written consent of Option Holder, which consent shall not be unreasonably withheld; provided that as a condition to such sale, assignment or transfer, (A) the prior written consent of the Required Lenders (as defined in the Credit Agreement) is obtained, (B) this Agreement, the Joint Sales Agreement and the Bank Loan and all of Grantor's rights and obligations hereunder and thereunder are assigned to such Person, which assignments are to be effective simultaneously, (C) such Person is legally and financially qualified to hold the FCC Authorizations of the Station and (D) such Person executes and delivers to Option Holder and the Lenders (as defined in the Credit Agreement) an instrument in form and substance reasonably acceptable to Option Holder, the Lenders (as defined in the Credit Agreement) and their respective counsel, accepting such assignments of this Agreement, the Joint Sales Agreement and the Bank Loan and the rights and obligations of Grantor hereunder and thereunder and agreeing to pay, discharge and perform the obligations and liabilities of Grantor hereunder and thereunder in accordance with the terms hereof and thereof and such other documents and instruments as Option Holder and the Lenders may reasonably request.

5.3 **Information and Access.** From and after the Purchase Closing, upon reasonable prior notice, Grantor shall, at all reasonable times prior to the Option Closing Date, provide to Option Holder, representatives of Option Holder and its financing parties and each of their agents, employees and accounting, tax, legal, engineering, environmental and other advisors (collectively, the **"Investigating Parties"**): (i) reasonable access to the License Assets; (ii) all information and records in Grantor's possession relating to the License Assets and (iii) copies of all License Assets, information and records which are capable of being copied. Such access shall not unreasonably interfere with Grantor's business.

5.4 **Consents Generally.** Upon exercise of the Option as provided herein, Grantor will use commercially reasonable efforts and reasonably cooperate with Option Holder to obtain such Consents as may be reasonably necessary to consummate the transaction contemplated by such Exercise Notice and this Agreement. No later than five (5) Business Days prior to the

Option Closing Date, Grantor shall deliver to Option Holder a payoff letter from the Lenders (the “**Bank Payoff Letter**”) setting forth the amount which must be paid to the Lenders by Grantor to pay in full all amounts due by Grantor to the Lenders pursuant to the Bank Loan on the Option Closing Date, and cause the Lenders to release their Liens on the License Assets on the Option Closing Date (the “**Bank Payoff Amount**”).

5.5 **Application(s) for FCC Consent.** As soon as practicable upon receipt of the Exercise Notice by Grantor, but in any event not later than ten (10) Business Days after the receipt of the Exercise Notice by Grantor, each of Grantor and Option Holder will complete their portion of the application(s) to the FCC for the FCC Consents and, together with the other Persons who are required to join in such filings, jointly file such application(s) with the FCC. Each party will diligently take or cooperate in the taking of all reasonable steps that are necessary, proper or desirable to expedite the preparation and filing of such application(s) and their prosecution to Final Orders and to obtain any extension of the effectiveness of any FCC Consent which may be required in order to permit the purchase and sale of the License Assets to be consummated pursuant to this Agreement. Grantor will provide Option Holder, and Option Holder will provide Grantor, with a copy of any pleading, order or other document served on such Person, relating to any such application(s). No party will, and each party will use its best efforts not to cause or permit any of its officers, directors, or other Affiliates to, take any action which would reasonably be expected to materially or adversely affect the likelihood of the grant of any FCC Consent or any FCC Consent becoming a Final Order.

5.6 **Further Assurances.** Each party shall reasonably cooperate with the other in taking any reasonable actions (including without limitation, reasonable actions to obtain any Consent) necessary or helpful to accomplish the transactions contemplated by this Agreement, including, without limitation, satisfaction of any condition to Closing set forth herein; (b) shall not take any action that would be reasonably likely to conflict with its obligations hereunder and (c) shall not take any action would materially hinder or otherwise materially delay the consummation of the transactions contemplated by this Agreement.

(a) **Efforts to Close.** Upon receipt of the Exercise Notice by Grantor, each party will use commercially reasonable efforts to cause the conditions to Option Holder’s and Grantor’s respective obligations to consummate the Closing Transactions to be satisfied (including the preparation, execution and delivery of all agreements and instruments contemplated hereunder to be executed and delivered by such party in connection with or prior to the Closing).

(b) **Notice of Breach.** Not later than three calendar days after it obtains knowledge thereof, but in all events prior to the Option Closing, Option Holder will inform Grantor of any fact or circumstance which, if it existed on the Option Closing Date, would cause any of the conditions set forth in Section 6.2 not to be satisfied as of the Option Closing Date (assuming for this purpose that all other conditions to Closing set forth in Article VI of this Agreement will have been satisfied as of the Option Closing Date). Not later than three calendar days after Grantor obtains knowledge thereof, but in all events prior to the Closing, Grantor will inform Option Holder of any fact or circumstance which, if it existed on the Option Closing Date, would cause any of the conditions set forth in Section 6.1 not to be satisfied as of the Option Closing Date (assuming for this purpose that all other conditions to Closing set forth in

Article VI of this Agreement will have been satisfied as of the Option Closing Date). The failure of any party to give any such notice shall not result in liability to any party hereunder or an adverse effect on its rights or remedies hereunder.

(c) Notice of Certain Other Events. Without limiting Section 5.6(b), not later than three calendar days after Grantor obtains knowledge of such circumstances, Grantor will give written notice to Option Holder if to Grantor's knowledge (as defined into the Joint Sales Agreement) (i) any portion of the License Assets suffers damage on account of fire, explosion, or other cause of any nature which is sufficient to prevent or affect the business or operation of the Station in any material respect, (ii) the regular broadcast transmission of the Station in the normal and usual manner in which it heretofore has been operating is interrupted or interfered with for a period of more than four consecutive hours, or (iii) any party to a material Assumed Contract takes any action or makes any request (or gives any notice to the effect that it intends to take any action or make any request) with respect to the cancellation, amendment, termination or other adverse modification of any material Assumed Contract included in the License Assets.

5.7 No Premature Assumption of Control. Option Holder shall not, directly or indirectly control, supervise or direct the operations of the Station prior to the Option Closing Date. Consistent with the Communications Act, control, supervision and direction of all Station operations prior to the Option Closing Date shall remain the responsibility of Grantor as holder of the FCC Authorizations.

5.8 Updates. Grantor shall update and amend its schedules from time to time to reflect any event, circumstance or condition occurring after the date of this Agreement which shall render any of its representations or warranties untrue or incomplete in any material respect; provided, however, that any such updated or amended schedules shall be ignored for purposes of determining Option Holder's rights to indemnification hereunder except to the extent of any such update or amendment that reflects any event, circumstance or condition permitted by a specific provision of this Agreement.

ARTICLE VI

CONDITIONS TO CLOSING

6.1 Option Holder's Closing Conditions. The obligation of Option Holder to consummate the Closing Transactions is subject to the satisfaction (or waiver by Option Holder in writing) of the following conditions as of the Closing:

(a) The representations and warranties of Grantor set forth in Article III, which representations and warranties shall be deemed for purposes of this Section 6.1(a) not to include any qualification or limitation with respect to materiality (whether by reference to "Material Adverse Effect" or otherwise), shall be true and correct as of the Option Closing Date, with the same effect as though those representations and warranties had been made on and as of the Option Closing Date, except to the extent that any such representation or warranty is made as of a specified date, in which case such representation or warranty need only be true and correct as of such date (subject to the foregoing standard) and the conditions set forth in Schedule 6.1(a) attached hereto shall have been satisfied, except where the matters in respect of which such

representations and warranties are not true and correct or such conditions are not satisfied, in the aggregate, have not had or resulted in and would not be reasonably likely to have or result in a Material Adverse Effect;

(b) [Intentionally Omitted.]

(c) Grantor shall have delivered to Option Holder a certificate dated as of the Option Closing Date certifying that each of the conditions set forth in Section 6.1(a) has been and is satisfied as of the Option Closing Date;

(d) No Governmental Entity of competent jurisdiction shall have instituted (or, if instituted, shall not have withdrawn) any proceeding wherein an unfavorable judgment, decree, injunction or order could prevent or adversely affect in any material respect the consummation of any Closing Transaction or the operation and ownership of the License Assets by Option Holder thereafter, result in any Closing Transaction being declared unlawful, require Option Holder or any Affiliate thereof to pay any material damages, penalty, or expenditures as a result thereof, or have a Material Adverse Effect, and no such judgment, decree, injunction or order will be in effect, instituted, threatened or proposed (other than such proceeding instituted by or on behalf of Option Holder and its Affiliates);

(e) [Intentionally Omitted.]

(f) The FCC Consents shall have been granted and shall have become Final Orders and shall be in full force and effect as of the Option Closing Date;

(g) [Intentionally Omitted.]

(h) [Intentionally Omitted.]

(i) All amounts due to BONY in respect of the Bank Loan shall have been paid in full, and BONY shall have delivered a release and termination agreement in form and substance reasonably satisfactory to Option Holder.

6.2 Grantor's Closing Conditions. The obligations of Grantor to consummate the Closing Transactions are subject to the satisfaction (or waiver by Grantor in writing) of the following conditions as of the Option Closing Date:

(a) The representations and warranties of Option Holder set forth in Article IV (other than the representations and warranties set forth in Section 4.5), which representations and warranties shall be deemed for purposes of this Section 6.2 not to include any qualification or limitation with respect to materiality, shall be true and correct as of the Option Closing Date, except where the matters in respect of which such representations and warranties are not true and correct, in the aggregate, would not reasonably be expected to adversely affect Option Holder's performance under this Agreement or the other agreements contemplated hereby to which Option Holder is a party or the consummation of the transactions contemplated hereby or thereby, with the same effect as though those representations and warranties had been made on and as of the Option Closing Date, except to the extent that any

such representation or warranty is made as of a specified date, in which case such representation or warranty need only be true and correct as of such date (subject to the foregoing standard);

(b) Option Holder shall have performed and discharged in all material respects all covenants and obligations under this Agreement and the Joint Sales Agreement to be performed or discharged as of such date, except with respect to any payment obligations of Option Holder which shall have been performed in full.

(c) Option Holder shall have delivered to Grantor a certificate dated as of the Option Closing Date certifying that each of the conditions set forth in Section 6.2(a) has been and is satisfied as of the Option Closing Date;

(d) The FCC Consents shall have been granted and, if a third party, which is not Grantor or an Affiliate of Grantor, has timely filed a petition to deny the transfer of the FCC Authorizations to Option Holder in accordance with the FCC Regulations, such FCC Consents shall have become Final Orders, and in either case, such FCC Consents shall be in full force and effect as of the Option Closing Date; and

(e) No Governmental Entity of competent jurisdiction shall have instituted (or if instituted, shall not have withdrawn) any proceeding wherein an unfavorable judgment, decree, injunction or order could prevent the consummation of any Closing Transactions or result in the Closing Transactions being declared unlawful and no such judgment, decree, injunction or order will be in effect (other than such proceeding instituted by or on behalf of Grantor and its Affiliates).

ARTICLE VII

TERMINATION

7.1 **Termination**. This Agreement and the transactions contemplated hereby may be terminated in any of the following ways at any time prior to the Closing:

(a) By mutual written agreement of Grantor and Option Holder;

(b) By Option Holder if there has been a breach of any representation, warranty, covenant or agreement made by Grantor in this Agreement, or any such representation, warranty, covenant or agreement shall have become untrue or incorrect after the execution of this Agreement, such that Section 6.1(a) would not be satisfied and such breach or failure to be true and correct is not curable by the Option Closing Date or is not cured within 30 days after written notice thereof is given by Option Holder to Grantor; provided, however, that if such breach has not been cured by the earlier of the Termination Date or the expiration of such 30-day period, Option Holder may terminate this Agreement on the earlier of such dates;

(c) By Grantor if there has been a breach of any representation, warranty, covenant or agreement made by Option Holder in this Agreement, or any such representation, warranty, covenant or agreement shall have become untrue or incorrect after the execution of this Agreement, such that Section 6.2(a) would not be satisfied and such breach or failure to be true and correct is not curable by the Option Closing Date or is not cured within 30 days after written

notice thereof is given by Grantor to Option Holder; provided, however, that if such breach has not been cured by the earlier of the Termination Date or the expiration of such 30-day period, Grantor may terminate this Agreement on the earlier of such dates;

(d) By Grantor if Option Holder has failed to deliver the Exercise Notice prior to the expiration of the Exercise Period, provided that such failure is not due primarily to the actions of Grantor or a breach or default by Grantor of any of the covenants, agreements, representations or warranties in this Agreement;

(e) By Grantor or Option Holder if the Purchase Agreement is terminated or if the Credit Agreement is not executed and delivered by the parties thereto on or prior to the date scheduled for the Purchase Closing;

(f) By Grantor at any time 30 days or more following termination of the Joint Sales Agreement provided that an Exercise Notice has not been given prior to such date of termination; or

(g) By Option Holder if Grantor has failed to deliver the Exercise Notice prior to expiration of the Exercise Period, provided that such failure is not due primarily to the actions of Option Holder or a breach or default by Option Holder of any of the covenants, agreements, representations or warranties in this Agreement.

7.2 Effect of Termination. In the event this Agreement is terminated pursuant to Section 7.1, all further obligations of the parties hereunder shall terminate, except for the provisions set forth in Sections 10.2, 10.4, 10.5, 10.7, 10.8, 10.9, 10.10, 10.11, 10.14 and 10.15, provided that, except as set forth in this Section 7.2, nothing in this Article VII shall relieve any party hereto of any liability for such party's willful or intentional breach of this Agreement.

ARTICLE VIII

POST-OPTION CLOSING COVENANTS

8.1 Press Releases and Announcements. Except for any public disclosure which either party in good faith believes is required by any Legal Requirement (in which case, if practicable, the disclosing party will give the other parties an opportunity to review and comment upon such disclosure before it is made), no press releases related to this Agreement or any Closing Transaction will be issued or made without the approval of both Grantor and Option Holder.

8.2 Further Transfers and Post-Closing Cooperation. Each party will execute and deliver such further instruments of conveyance and transfer and take such additional actions as any other party may reasonably request to effect, consummate, confirm or evidence the transfer to Option Holder of the License Assets, the assumption by Option Holder of the Assumed Liabilities and the other transactions contemplated hereby. Grantor shall provide Option Holder access and the right to copy for a period of seven years from the Option Closing Date any books and records relating to the License Assets but not included in the License Assets. Option Holder shall provide Grantor access and the right to copy for a period of seven years after the Option

Closing Date any books and records relating to the License Assets that are included in the License Assets.

8.3 **Post-Closing Receipt of Funds and Other Items Belonging to Other party.** If after the Option Closing, Grantor or any of its Affiliates, on the one hand, or Option Holder or any of its Affiliates, on the other hand, receives any funds that, pursuant to the terms of this Agreement, belong to the other party, the receiving party shall hold such funds in trust for, and promptly as practicable pay over such funds to, the party entitled to such funds. If after the Option Closing Grantor or any of its Affiliates, on the one hand, or Option Holder or any of its Affiliates, on the other hand, receives any mail and other communications or documents that, pursuant to the terms of this Agreement, belong to the other party, the receiving party shall promptly deliver such mail, communications or documents to the party entitled to such mail, communications or documents.

ARTICLE IX

INDEMNIFICATION AND RELATED MATTERS

9.1 **Survival; Absence of Other Representations.** Except as specifically set forth in this Section 9.1 or in any other provision of this Agreement, all representations, warranties, covenants and agreements set forth in this Agreement or in any writing or certificate delivered in connection with this Agreement will survive until the first (1st) anniversary of the Option Closing Date (except the representations and warranties set forth in Sections 3.1, 3.2, 4.1 and 4.2 shall survive the Closing without limitation and will not be affected by any examination, investigation, review, or due diligence made for or on behalf of, or any notice to, any party, the knowledge of any party or any of their respective officers, directors, stockholders, partners, employees, agents or other representatives, or the acceptance of any certificate or opinion; provided that all claims (other than for fraud) made in respect of any such representations, warranties, covenants or agreements will be subject to any applicable limitations set forth in this Article IX. Notwithstanding the foregoing, any covenant to be performed in whole or in part after the Option Closing shall survive the Option Closing until performed in full, plus 90 days thereafter.

9.2 **Indemnification by Grantor.** Upon and following the Option Closing, Grantor will indemnify, defend and hold harmless Option Holder, and its successors and assigns, from and against, and reimburse and pay Option Holder as incurred, any loss, liability, damage or expense (including reasonable legal expenses and costs and any cost or expense arising from or incurred in connection with any action, suit, proceeding, claim or judgment) relating to any matter described in this Section 9.2, or in enforcing the indemnity provided by this Section 9.2 (any such amount being a "**Loss**"), which Option Holder may suffer, sustain or become subject to, as a result of:

- (a) any Excluded Liability;
- (b) any material breach by Grantor of any representation or warranty of Grantor set forth in this Agreement; provided, however, that, the liability of Grantor pursuant to

this Section 9.2(b), other than with respect to the representations and warranties contained in Sections 3.1 and 3.2, will be subject to the following limitations:

(i) Grantor's maximum liability for the aggregate amount of any such Losses described in this clause (b) is an amount equal to fifty percent (50%) of all JSA Fees paid to Grantor as of the Option Closing Date, and

(ii) Grantor will not be liable for any Loss described in this clause (b) unless Option Holder gives Grantor written notice asserting the inaccuracy, misrepresentation, breach or other matter in question on or prior to the first anniversary of the Option Closing Date; provided that, with respect to a breach of Sections 3.1 and 3.2, the indemnity period (and Option Holder's right to give notice of claims) shall survive without limitation.

9.3 Indemnification by Option Holder. Option Holder will indemnify, defend and hold harmless Grantor from and against any Loss which Grantor may suffer, sustain or become subject to, as the result of:

(a) any Assumed Liability;

(b) any bulk sales tax or any other Transfer Tax that Grantor may incur in connection with the consummation of the transactions contemplated hereby; or

(c) any material breach by Option Holder of any representation or warranty of Option Holder set forth in this Agreement; provided, however, that Option Holder's liability pursuant to this Section 9.3(c) will be subject to the following limitations:

(i) Option Holder's maximum liability for the aggregate amount of any such Losses described in this clause (c) is an amount equal to the Option Exercise Price, and

(ii) Option Holder will not be liable for any Loss described in this clause (c) unless Grantor gives Option Holder written notice asserting the inaccuracy, misrepresentation, breach or other matter in question on or prior to the first anniversary of the Option Closing Date, provided that with respect to a breach of Section 4.1 or Section 4.2, the indemnity period (and Grantor's right to give notice of claims) shall survive without limitation.

9.4 Application of Indemnification Rights.

(a) Determination of Loss and Amount. For purposes of determining whether a breach of representations, warranties, covenants or agreements has occurred, or the amount of any Loss related to such a breach, any materiality qualifiers (whether by reference to "Material Adverse Effect" or otherwise) set forth in the representations, warranties, covenants and agreements will be disregarded.

(b) Exclusive Remedy. Each of Option Holder and Grantor acknowledges and agrees that, except for claims of fraud or any claim that as a matter of law cannot be waived,

its sole and exclusive remedy subsequent to the Closing with respect to any and all claims for Losses covered by the indemnification provisions in Sections 9.2 and 9.3, as the case may be, shall be pursuant to the indemnification provisions set forth in Sections 9.2 and 9.3. Such exclusive remedy however, shall in no way limit Option Holder's rights under Section 10.10 hereto.

(c) Affiliates. For purposes of Grantor's obligations to indemnify Option Holder and License Option Holder under Section 9.2, "Option Holder" shall include Option Holder and its Affiliates and each of their respective officers, directors, employees, shareholders, partners, managers, members, agents and representatives, and the successors and assigns of each. For purposes of Option Holder's obligations to indemnify Grantor under Section 9.3, "Grantor" shall include Grantor and its Affiliates and each of their respective officers, directors, employees, shareholders, partners, managers, members, agents and representatives, and the successors and assigns of each.

9.5 Indemnification Procedures. (a) If any Person entitled to indemnification under this Agreement (an "**Indemnified Party**") asserts a claim for indemnification for or receives notice of the assertion or commencement of any Third Party Claim as to which such Indemnified Party intends to seek indemnification under this Agreement, such Indemnified Party shall give reasonably prompt written notice of such claim to the party from whom indemnification is to be sought (an "**Indemnifying Party**"), together with a statement of any available information regarding such claim. The Indemnifying Party shall have the right, upon written notice to the Indemnified Party (the "**Defense Notice**") within 15 days after receipt from the Indemnified Party of notice of such claim, by which notice the Indemnifying Party shall specify the counsel it will appoint to defend such claim ("Defense Counsel"), to conduct at its expense the defense against such Third Party Claim in its own name, or if necessary in the name of the Indemnified Party; provided, however, that the Indemnified Party shall have the right to approve the Defense Counsel, which approval shall not be unreasonably withheld or delayed. The parties hereto agree to cooperate fully with each other in connection with the defense, negotiation or settlement of any Third Party Claim. If the Indemnifying Party delivers a Defense Notice to the Indemnified Party, the Indemnified Party will cooperate with and make available to the Indemnifying Party such assistance and materials as may be reasonably requested by the Indemnifying Party, all at the expense of the Indemnifying Party.

(b) If the Indemnifying Party shall fail to give a Defense Notice, it shall be deemed to have elected not to conduct the defense of the subject Third Party Claim, and in such event the Indemnified Party shall have the right to conduct such defense in good faith. If the Indemnified Party defends any Third Party Claim, then the Indemnifying Party shall reimburse the Indemnified Party for the costs and expenses of defending such Third Party Claim upon submission of periodic bills. If the Indemnifying Party elects to conduct the defense of the subject Third Party Claim, the Indemnified Party may participate, at his or its own expense, in the defense of such Third Party Claim; provided, however, that such Indemnified Party shall be entitled to participate in any such defense with separate counsel at the expense of the Indemnifying Party if (i) so requested by the Indemnifying Party to participate or (ii) in the reasonable opinion of counsel to the Indemnified Party, a conflict or potential conflict exists between the Indemnified Party and the Indemnifying Party that would make such separate representation advisable; and provided, further, that the Indemnifying Party shall not be required

to pay for more than one counsel for all Indemnified Parties in connection with any Third Party Claim.

(c) Regardless of which party defends a Third Party Claim, the other Party shall have the right at its expense to participate in the defense of such Third Party Claim, assisted by counsel of its own choosing. The Indemnified Party shall not compromise, settle, default on, or admit liability with respect to a Third Party Claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed, and, if the Indemnified Party settles, compromises, defaults on, or admits liability with respect to a Third Party Claim except in compliance with the foregoing, the Indemnified Party will be liable for all Losses paid or incurred in connection therewith and the Indemnifying Party shall have no obligation to indemnify the Indemnified Party with respect thereto. The Indemnifying Party shall not compromise or settle a Third Party Claim without the consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed, unless such compromise or settlement includes as a term thereof an unconditional release of the Indemnified Party and such compromise or release does not impose any non-monetary obligations on the Indemnified Party other than immaterial administrative obligations (and all monetary obligations are subject to the indemnification provisions of this Agreement), in which case the consent of the Indemnified Party shall not be required.

(d) After any final decision, judgment or award shall have been rendered by a governmental entity of competent jurisdiction and the expiration of the time in which to appeal therefrom, or a settlement shall have been consummated, or the Indemnified Party and the Indemnifying Party shall have arrived at a mutually binding agreement with respect to a Third Party Claim hereunder, the Indemnified Party shall deliver to the Indemnifying Party notice of any sums due and owing by the Indemnifying Party pursuant to this Agreement with respect to such matter and the Indemnifying Party shall be required to pay all of the sums so due and owing to the Indemnified Party by wire transfer of immediately available funds within ten (10) Business Days after the date of such notice.

(e) It is the intent of the parties that all direct claims by an Indemnified Party against a party not arising out of Third Party Claims shall be subject to and benefit from the terms of this Section 9.5. Any claim under this Section 9.5 by an Indemnified Party for indemnification other than indemnification against a Third Party Claim (a “**Direct Claim**”) will be asserted by giving the Indemnifying Party reasonably prompt written notice thereof, and the Indemnifying Party will have a period of 20 days within which to satisfy such Direct Claim. If the Indemnifying Party does not so respond within such 20 day period, the Indemnifying Party will be deemed to have rejected such claim, in which event the Indemnified Party will be free to pursue such remedies as may be available to the Indemnified Party under this Section 9.

(f) A failure by an Indemnified Party to give timely, complete, or accurate notice as provided in this Section 9.5 shall not affect the rights or obligations of either party hereunder except to the extent that, as a result of such failure, any party entitled to receive such notice was deprived of its right to recover any payment under its applicable insurance coverage or was otherwise materially adversely affected or damaged as a result of such failure to give timely, complete, and accurate notice.

(g) The parties shall use their commercially reasonable efforts to collect the proceeds of any insurance that would have the effect of reducing any Losses (in which case such proceeds shall reduce such Losses). To the extent any Losses of an Indemnified Party are reduced by receipt of payment under insurance policies or from third parties not affiliated with the Indemnified Party, such payments (net of the expenses of the recovery thereof) shall be credited against such Losses and, if indemnification payments shall have been received prior to the collection of such proceeds, the Indemnified Party shall remit to the Indemnifying Party the amount of such proceeds (net of the cost of collection thereof) to the extent of indemnification payments received in respect of such Losses. The indemnification obligations hereunder shall survive any termination of this Agreement.

ARTICLE X

MISCELLANEOUS

10.1 **Amendment and Waiver.** This Agreement may be amended and any provision of this Agreement may be waived; provided that any such amendment or waiver will be binding upon a party only if such amendment or waiver is set forth in a writing executed by such party. Notwithstanding the foregoing, Section 6.1(f) of this Agreement may be amended at any time by Option Holder without the Agreement of Grantor to delete the requirement that the FCC Consents shall have become Final Orders if Option Holder delivers a written notice to such effect to Grantor. No course of dealing between or among any of the parties will be deemed effective to modify, amend or discharge any part of this Agreement or any rights or obligations of any party under or by reason of this Agreement. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof will constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

10.2 **Notices.** All notices, demands and other communications given or delivered under this Agreement will be in writing and will be deemed to have been given (i) when personally delivered, (ii) upon delivery by express courier service or (iii) on the third (3rd) Business Day after it is mailed by registered or certified mail (with postage and other fees prepaid and with return receipt requested). Notices, demands and communications to the parties will, unless another address is specified in writing, be sent to the address indicated below:

to Option Holder:

Smith Media Burlington LLC
c/o Smith Media LLC
c/o Mr. Ian Guthrie
1215 Cole Street
St. Louis, MO 63106
Phone: (314) 853-7736
Fax: (314) 259-5532

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

Dow, Lohnes & Albertson, PLLC
1200 New Hampshire Avenue, N.W.
Suite 800
Washington, DC 20036
Telephone: (202) 776-2000
Fax: (202) 776-2222
Attention: John T. Byrnes, Esq.

to Grantor:

Lambert Broadcasting of Burlington, LLC
120 N. Crescent Drive
Suite 200
Beverly Hills, CA 90210
Attention: Mr. Michael Jones
Phone: (310) 551-1900
Fax: (310) 385-4004

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

Covington & Burling
1201 Pennsylvania Avenue, NW
Washington, DC 20004
Attention: Eric Greenberg, Esq.
Phone: (202) 662-5193
Fax: (202) 778-5193

10.3 **Binding Agreement; Assignment.** This Agreement and all of the provisions hereof will be binding upon and inure to the benefit of the parties and their respective successors and assigns; provided that, subject to Section 5.2, neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by Grantor without the prior written consent of Option Holder. Any such assignment made by Grantor without the prior written consent of Option Holder shall be null and void. Notwithstanding the foregoing, Option Holder may, without obtaining the prior consent of Grantor, assign this Agreement and any of its rights or obligations hereunder to any Person, including, without limitation, after Option Holder or Grantor has delivered an Exercise Notice hereunder. Option Holder shall provide to Grantor written notice of any assignment of this Agreement and any of its rights or obligations hereunder. Notwithstanding anything to the contrary contained herein, Grantor may assign this Agreement and all of its rights and obligations hereunder to any Person with the prior written consent of Option Holder, which consent shall not be unreasonably withheld as long as (i) the prior written consent of the Required Lenders (as defined in and pursuant to the terms, and subject to the conditions of, the Credit Agreement) to such assignment is obtained, (ii) the Joint Sales Agreement and the Bank Loan and all of Grantor's rights and obligations thereunder are assigned to such Person, which assignment is to be effective simultaneously with the assignment of this Agreement to such Person, (iii) such Person is legally and financially qualified to be the holder of the FCC Authorizations of the Station and (iv) such Person executes and delivers to Option

Holder and the Lenders (as defined in the Credit Agreement) an instrument in form and substance reasonably acceptable to Option Holder, the Lenders (as defined in the Credit Agreement) and their respective counsel, accepting such assignments of this Agreement, the Joint Sales Agreement and the Bank Loan and the rights and obligations of the Grantor hereunder and thereunder and agreeing to pay, discharge and perform the obligations and liabilities of Grantor hereunder and thereunder in accordance with the terms hereof and thereof. Any permitted assignee of Grantor or Option Holder hereunder shall be a “party” to this Agreement for all purposes hereof.

10.4 **Severability.** Whenever possible, each provision of this Agreement will be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Agreement.

10.5 **No Strict Construction.** The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties, and no presumption or burden of proof will arise favoring or disfavoring any Person by virtue of the authorship of any of the provisions of this Agreement.

10.6 **Captions.** The captions used in this Agreement are for convenience of reference only and do not constitute a part of this Agreement and will not be deemed to limit, characterize or in any way affect any provision of this Agreement, and all provisions of this Agreement will be enforced and construed as if no caption had been used in this Agreement.

10.7 **Entire Agreement.** This Agreement and the attachments and schedules hereto (which are hereby incorporated by reference and made a part hereof), the Joint Sales Agreement, the letter agreement dated the date hereof from Option Holder to Grantor (the “Letter Agreement”), the Assignment and Assumption Agreement (as defined in the Letter Agreement) and, when executed and delivered by the parties thereto, the Credit Agreement, collectively represent the entire understanding and agreement among the parties hereto with respect to the subject matter hereof and thereof and supercede all prior agreements with respect to the subject matter hereof and thereof.

10.8 **Counterparts; Facsimile Signatures.** This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which taken together will constitute one and the same instrument. Signatures delivered by facsimile shall have the effect of originals.

10.9 **Governing Law.** All questions concerning the construction, validity and interpretation of this Agreement will be governed by and construed in accordance with the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. In furtherance of the foregoing, the internal law of the State of New York will control the interpretation and construction of this Agreement (and all schedules and exhibits hereto), even if under that

jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

10.10 **Specific Performance.** Grantor acknowledge that the Station and its business and operations are unique, and recognize and affirm that in the event of a breach of this Agreement by Grantor, monetary damages may be inadequate and Option Holder may have no adequate remedy at law. Accordingly, in the event of any such breach, Option Holder and/or its successors or assigns may, in addition to any other rights and remedies existing in their favor, enforce its rights and Grantor's obligations hereunder by an action or actions for specific performance, injunctive and/or other relief, without any requirement of proving actual damages or posting any bond or other security either before or after the termination of this Agreement.

10.11 **Expenses.** Except as otherwise expressly provided herein, Grantor and Option Holder each will pay all of its own fees, costs and expenses (including fees, costs and expenses of legal counsel, investment bankers, accountants, brokers or other representatives and consultants and appraisal fees, costs and expenses). Option Holder will prepare and file, on or before the due dates thereof, any required forms with respect to any Transfer Taxes imposed by any Taxing jurisdiction by reason of the transactions contemplated by this Agreement, and Grantor shall reasonably cooperate in connection therewith. Grantor and Option Holder agree to cooperate in connection with the preparation and filing of any forms relating to Transfer Taxes. Option Holder shall be responsible for all Transfer Taxes imposed on Option Holder and Grantor by reason of any transactions contemplated by this Agreement. If valuations of any property or leases are required to determine the amount of any Transfer Taxes, Grantor and Option Holder will reasonably determine such valuations, and the parties agree that they will not take (or cause to be taken) any position inconsistent with such valuations in connection with any Tax Return or otherwise.

10.12 **Parties in Interest.** Except as provided in Section 9.4(c), nothing in this Agreement, express or implied, is intended to confer on any Person other than the parties and their respective successors and permitted assigns any rights or remedies under or by virtue of this Agreement.

10.13 **Generally Accepted Accounting Principles.** Where any accounting determination or calculation is required to be made under this Agreement, such determination or calculation (unless otherwise provided) will be made in accordance with GAAP and, to the extent consistent therewith, applied on a consistent basis by Grantor in the preparation of the Financial Statements.

10.14 **Waiver of Jury Trial; Arbitration**

(a) EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT AND ANY OF THE AGREEMENTS DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS

CONTEMPLATED HEREBY OR THEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE SUCH WAIVER, (B) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVER, (C) IT MAKES SUCH WAIVER VOLUNTARILY, AND (D) IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.14.

(b) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS AGREEMENT, RESOLUTION OF ANY AND ALL DISPUTES ARISING FROM OR IN CONNECTION WITH THE EXERCISE OF THE OPTION OR THE DETERMINATION OF THE OPTION EXERCISE PRICE, WHETHER BASED ON CONTRACT, TORT OR OTHERWISE (COLLECTIVELY, "**OPTION EXERCISE DISPUTES**"), SHALL BE EXCLUSIVELY GOVERNED BY AND SETTLED IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION 10.14(b), AND GRANTOR AND OPTION HOLDER SHALL TAKE ACTION IN NO OTHER FORUM TO ATTEMPT TO RESOLVE, OR IN CONNECTION WITH, SUCH OPTION EXERCISE DISPUTE. GRANTOR AND OPTION HOLDER SHALL USE ALL COMMERCIALY REASONABLE EFFORTS TO SETTLE ALL OPTION EXERCISE DISPUTES WITHOUT RESORTING TO THE OTHER PROVISIONS OF THIS SECTION 10.14(b). IF ANY OPTION EXERCISE DISPUTE REMAINS UNSETTLED TEN (10) BUSINESS DAYS AFTER NOTICE OF SUCH OPTION EXERCISE DISPUTE IS GIVEN BY ONE PARTY TO SUCH DISPUTE TO ALL OTHER PARTIES TO SUCH DISPUTE, A PARTY TO SUCH OPTION EXERCISE DISPUTE MAY SUBMIT SUCH OPTION EXERCISE DISPUTE TO ARBITRATION UNDER THE TERMS HEREOF BY GIVING NOTICE OF THE INTENTION TO ARBITRATE SUCH OPTION EXERCISE DISPUTE TO THE OTHER PARTIES THERETO (THE "**ARBITRATION NOTICE**"), WHICH ARBITRATION SHALL BE FINAL AND BINDING UPON THE PARTIES, THEIR SUCCESSORS AND ASSIGNS. THE ARBITRATION SHALL BE CONDUCTED IN NEW YORK, NEW YORK BY THREE ARBITRATORS ACTING BY MAJORITY VOTE (THE "**PANEL**") SELECTED BY AGREEMENT OF THE PARTIES NOT LATER THAN FIVE (5) BUSINESS DAYS AFTER DELIVERY OF THE ARBITRATION NOTICE OR, FAILING SUCH AGREEMENT, APPOINTED PURSUANT TO THE COMMERCIAL ARBITRATION RULES OF THE AMERICAN ARBITRATION ASSOCIATION, AS AMENDED FROM TIME TO TIME (THE "**AAA RULES**"). THE DECISION OF THE PANEL SHALL BE RENDERED PROMPTLY , BUT IN NO EVENT MORE THAN 30 DAYS AFTER THE CONCLUSION OF THE SUBMISSION OF EVIDENCE. IF AN ARBITRATOR SO SELECTED BECOMES UNABLE TO SERVE, HIS OR HER SUCCESSORS SHALL BE SIMILARLY SELECTED OR APPOINTED. THE ARBITRATION SHALL BE CONDUCTED PURSUANT TO THE FEDERAL ARBITRATION ACT AND SUCH PROCEDURES AS THE PARTIES SUBJECT TO SUCH ARBITRATION MAY AGREE OR, IN THE ABSENCE OR FAILURE OF SUCH AGREEMENT, PURSUANT TO THE AAA RULES. NOTWITHSTANDING THE FOREGOING: (i) EACH PARTY TO AN OPTION EXERCISE DISPUTE SHALL HAVE THE RIGHT TO AUDIT THE BOOKS AND RECORDS OF THE OTHER PARTY TO SUCH DISPUTE THAT ARE REASONABLY RELATED TO THE OPTION EXERCISE DISPUTE; (ii) EACH PARTY TO AN OPTION EXERCISE DISPUTE SHALL PROVIDE TO THE

OTHERS, REASONABLY IN ADVANCE OF ANY HEARING, COPIES OF ALL DOCUMENTS WHICH SUCH PARTY INTENDS TO PRESENT IN SUCH HEARING; AND (iii) EACH PARTY TO AN OPTION EXERCISE DISPUTE SHALL BE ALLOWED TO CONDUCT REASONABLE DISCOVERY THROUGH WRITTEN REQUESTS FOR INFORMATION, DOCUMENT REQUESTS, REQUESTS FOR STIPULATION OF FACT AND DEPOSITIONS, THE NATURE AND EXTENT OF WHICH DISCOVERY SHALL BE DETERMINED BY THE PARTIES. THE AWARD OF THE PANEL SHALL BE IN WRITING AND SHALL SPECIFY THE FACTUAL AND LEGAL BASIS FOR THE AWARD. THE PANEL SHALL APPORTION ALL COSTS AND EXPENSES OF ARBITRATION, INCLUDING THE PANEL'S FEES AND EXPENSES AND THE FEES AND EXPENSES OF ALL EXPERTS, BETWEEN THE PREVAILING AND NON-PREVAILING PARTIES AS THE PANEL DEEMS FAIR AND REASONABLE. NOTWITHSTANDING THE FOREGOING, IN NO EVENT MAY THE PANEL AWARD CONSEQUENTIAL, SPECIAL, EXEMPLARY OR PUNITIVE DAMAGES. ANY ARBITRATION AWARD SHALL BE BINDING AGAINST THE PARTIES HERETO AND JUDGMENT MAY BE ENTERED THEREON IN ANY COURT OF COMPETENT JURISDICTION.

10.15 Consent To Jurisdiction

(a) SUBJECT TO SECTION 10.14(B), EACH OF THE PARTIES HERETO HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION OF ALL STATE AND FEDERAL COURTS LOCATED IN THE CITY OF NEW YORK, AS WELL AS TO THE JURISDICTION OF ALL COURTS TO WHICH AN APPEAL MAY BE TAKEN FROM SUCH COURTS, FOR THE PURPOSE OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OF THE TRANSACTION DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY HEREBY EXPRESSLY WAIVES ANY AND ALL RIGHTS TO BRING ANY SUIT, ACTION OR OTHER PROCEEDING IN OR BEFORE ANY COURT OR TRIBUNAL OTHER THAN THE COURTS DESCRIBED ABOVE AND COVENANTS THAT IT SHALL NOT SEEK IN ANY MANNER TO RESOLVE ANY DISPUTE OTHER THAN AS SET FORTH IN THIS SECTION 10.15 OR TO CHALLENGE OR SET ASIDE ANY DECISION, AWARD OR JUDGMENT OBTAINED IN ACCORDANCE WITH THE PROVISIONS HEREOF.

(b) EACH OF THE PARTIES HERETO HEREBY EXPRESSLY WAIVES ANY AND ALL OBJECTIONS IT MAY HAVE TO VENUE, INCLUDING, WITHOUT LIMITATION, THE INCONVENIENCE OF SUCH FORUM, IN ANY OF SUCH COURTS. IN ADDITION, EACH OF THE PARTIES CONSENTS TO THE SERVICE OF PROCESS BY PERSONAL SERVICE OR ANY MANNER IN WHICH NOTICES MAY BE DELIVERED HEREUNDER IN ACCORDANCE WITH SECTION 10.2 OF THIS AGREEMENT.

ARTICLE XI

DEFINED TERMS

11.1 **Defined Terms.** As used herein, the following terms will have the following respective meanings:

“Affiliate” means with respect to any Person, a Person that is controlled by, controls or is under common control with such first referenced Person.

“Bank Loan” means the loan or loans from time to time outstanding pursuant to the Credit Agreement (the “Credit Agreement,” and together with all other documents, agreements and instruments executed and delivered in connection therewith, the “Loan Documents”) to be entered into by and among Grantor, the Lenders party thereto, and The Bank of New York, as Administrative Agent, and BNY Capital Markets, Inc., as Sole Lead Arranger and Book Runner (collectively, the “Lenders”) relating to the acquisition of the License Assets from the Sellers at the Purchase Closing.

“Bill of Sale, Assignment and Assumption” means a bill of sale, assignment and assumption agreement between Grantor and Option Holder with respect to the License Assets and the Assumed Liabilities, and otherwise substantially in the form of Exhibit A to the Purchase Agreement.

“Business Day” means a day, other than a Saturday or Sunday, on which commercial banks in the City of New York or Boston, Massachusetts are open for the general transaction of business.

“Change in Control” means, with respect to Grantor, if at any time Mr. Michael Lambert shall fail to have legal or beneficial ownership of 100% of the ordinary voting power and economic membership interests of Grantor; provided, however, that transfer of legal or beneficial ownership of membership interests to Option Holder or Boston Ventures Limited Partnership VI pursuant to the exercise of the Option shall not constitute a “Change in Control”.

“Communications Act” means, collectively, the Communications Act of 1934, as amended from time to time, and/or the FCC Regulations.

“Consent” means any consent, order, approval, authorization, order, license, certification, permit or other action of, or any filing with or notice to or other action with respect to, any Governmental Entity or any other Person which is required for any of the execution, delivery or performance of this Agreement or any other Transaction Document, the consummation of any Closing Transaction or other transaction contemplated hereby or thereby, or the conduct of the business or operation of the Station by Option Holder or the holding or utilization of any Asset thereafter, whether such requirement arises pursuant to any Legal Requirement or Contract, including any of the foregoing which is required in order to prevent a breach of or a default under or a termination or modification of any Contract.

“Contract” means any oral or written agreement, instrument, document, lease, employee benefit or welfare plan or other business or commercial arrangement (in each case, including any extension, renewal, amendment or other modification thereof) to which Grantor is a party or by which it is bound or to which it or any License Asset is subject or which pertains to the business or properties of Grantor.

“Environmental and Safety Requirements” means all Legal Requirements, and all obligations under any Contract, concerning public health and safety, worker health and safety, and pollution or protection of the environment, including but not limited to all those relating to the presence, use, production, generation, handling, transport, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, or cleanup of any hazardous or otherwise regulated materials, substances or wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, polychlorinated biphenyls, noise or electromagnetic radiation.

“Exercise Period” means the period beginning on the Purchase Closing and ending at 5:00 p.m., Burlington, VT time, on the ten (10) year anniversary of the Purchase Closing; provided, however, that the Exercise Period may be extended by an additional period of ten (10) years by Option Holder by delivery by Option Holder to Grantor of written notice of such extension at any time no earlier than the ninth (9th) anniversary of the Purchase Closing and no later than 30 days prior to the tenth (10th) anniversary of the Purchase Closing.

“FAA” means the Federal Aviation Administration or any successor thereto.

“FCC” means the Federal Communications Commission or any successor thereto.

“FCC Consents” means all Consents of the FCC necessary in connection with the execution of this Agreement and consummation of the transactions contemplated hereby.

“FCC Regulations” means all published regulations and policies promulgated by the FCC, under the Communications Act or otherwise, as in effect from time to time.

“FCC Regulatory Fees” means the various fees payable to the FCC pursuant to the FCC Regulations in the Ordinary Course of the Station’s business.

“Final Order” means any FCC Consent (a) which has not been reversed, stayed, set aside, enjoined, annulled or suspended (whether under Section 402 or 405 of the Communications Act or otherwise) and (b) as to which (i) no request has been filed for administrative or judicial review, reconsideration, appeal, certiorari or stay and the time for filing any such request and for the FCC to review such FCC Consent on its own motion has expired, or (ii) if such a review, reconsideration or appeal has occurred, such review, reconsideration or appeal has been denied or dismissed and the time for further review, reconsideration or appeal has expired.

“GAAP” means United States generally accepted accounting principles, consistently applied.

“Governmental Entity” means any government, agency, governmental department, commission, board, bureau, court, arbitration panel or instrumentality of the United States of America or any state or other political subdivision thereof (whether now or hereafter constituted or existing) and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

“Indebtedness” means without duplication, (i) any indebtedness for borrowed money or issued in substitution for or exchange of indebtedness for borrowed money, (ii) any indebtedness evidenced by any note, bond, debenture or other debt security, (iii) any indebtedness for the deferred purchase price of property or services with respect to which a Person is liable, contingently or otherwise, as obligor or otherwise (other than trade payables and other current liabilities incurred in the ordinary course of business which are not more than six months past due), (iv) any commitment by which a Person assures a creditor against loss (including contingent reimbursement obligations with respect to letters of credit), (v) any indebtedness guaranteed in any manner by a Person (including guarantees in the form of an agreement to repurchase or reimburse), (vi) any obligations under capitalized leases with respect to which a Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or with respect to which obligations a Person assures a creditor against loss, (vii) any indebtedness secured by a Lien on a Person’s assets, and (viii) any unsatisfied obligation for “withdrawal liability” to a “multi-employer plan” as such terms are defined under the Employee Retirement Income Security Act of 1974, as amended (**“ERISA”**).

“Joint Sales Agreement” means the Joint Sales and Shared Services Agreement between Grantor and Option Holder, in the form of Exhibit 11.1 attached hereto, which is being executed and delivered by Grantor and Option Holder simultaneously with the execution and delivery of this Agreement.

“JSA Fees” shall have the meaning ascribed thereto in the Joint Sales Agreement.

“Legal Requirement” means any of the Communications Act, the FCC Regulations, and all other federal, state and local constitutions, laws, statutes, codes, rules, regulations, ordinances, judgments, orders, decrees and the like of any Governmental Entity, including common law.

“Lien” means any mortgage, pledge, hypothecation, lien (statutory or otherwise), preference, priority, security agreement or other encumbrance of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any lease having substantially the same effect as any of the foregoing and any assignment or deposit arrangement in the nature of a security device).

“Material Adverse Effect” means a material adverse effect on the License Assets or the business, financial condition or results of operations of the Station, taken as a whole, or on the ability of Grantor to perform their material obligations under the Transaction Documents, excluding any such effect resulting from changes in political or regulatory conditions or changes or conditions generally affecting the U.S. economy or financial markets or generally affecting the U.S. television broadcasting industry as a whole.

“Option” means either the Purchase Option or the Put Option, as applicable.

“Ordinary Course” means with respect to any Person, in the ordinary course with Person’s assets consistent with past practice, including as to the quantity, quality and frequency.

“Ownership Rule Change” means any amendment or modification of the Communications Act, including the FCC Regulations, with respect to the local television ownership restrictions for multiple ownership rules (including Section 73.3555(b) of the FCC

Regulations) so as to permit the common ownership of the Station and television station WFFF-TV (Burlington, Vermont).

“Ownership Status Change” means the consummation or occurrence of an event or transaction after which Option Holder may own the Station in compliance with the Communications Act, including the FCC Regulations, with respect to the local television ownership restrictions for multiple ownership rules (including Section 73.3555(b) of the FCC Regulations).

“Permitted Liens” means:

(1) Liens on Assets arising by operation of law and securing the payment of Taxes which are not yet due and payable or which are being contested in good faith by appropriate proceedings (and, as to which contested Liens, Grantor has disclosed the same to Option Holder in writing and at the time of the Option Closing has in effect arrangements which are reasonably satisfactory to Option Holder for the payment of any underlying liability or obligation without recourse to Option Holder, the Station or any Assets);

(2) easements, rights-of-way, reservations of rights, conditions or covenants, zoning, building or similar restrictions or other restrictions or encumbrances that do not, individually or in the aggregate, materially interfere with the use of the affected property in the operation of the Station as conducted or as proposed to be conducted by Grantor;

(3) restrictions on transfer imposed pursuant to the Communications Act or the FCC Regulations;

(4) the lessors' and sublessors' rights under the leases of personal property by Grantor as lessee which are part of the Assets;

(5) mechanics', carriers', workers', repairers', and similar non-consensual Liens arising by operation of law and relating to obligations which are incurred in the ordinary course of business and which secure only Assumed Liabilities which are not yet due and payable on the Option Closing Date; and

(6) Liens on the License Assets which are in existence on the date of this Agreement and which do not secure indebtedness for borrowed money, other than the Bank Loan;

(7) Liens on the License Assets arising on or after the date of this Agreement by operation of law, which do not secure indebtedness for borrowed money and do not arise as a result of the violation of any such law; and

(8) Liens in connection with the Bank Loan.

“Person” means an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or any Governmental Entity.

“Purchase Agreement” means that certain Asset Purchase Agreement, among Option Holder and Sellers, dated as of December 22, 2004.

“Purchase Closing” means the date of the consummation of the assignment of the FCC Authorizations for the Station to Grantor pursuant to FCC consent upon the occurrence of the Closing under the Purchase Agreement.

“Program Contracts” means all program licenses and other Contracts under which Grantor is authorized to broadcast film or other products or programs on the Station.

“Proprietary Rights” means all of the following items owned by, issued to or licensed to, Grantor, along with all income, royalties, damages and payments due or payable at the Closing or thereafter, including damages and payments for past, present or future infringements or misappropriations thereof, the right to sue and recover for past infringements or misappropriations thereof and any and all corresponding rights that, now or hereafter, may be secured throughout the world: patents, patent applications, patent disclosures and inventions (whether or not patentable and whether or not reduced to practice) and any reissue, continuation, continuation-in-part, division, revision, extension or reexamination thereof; trademarks, service marks, trade dress, logos, trade names and corporate names together with all goodwill associated therewith; copyrights (registered or unregistered) and copyrightable works; mask works; and all registrations, applications and renewals for any of the foregoing; trade secrets and confidential information (including ideas, formulae, compositions, know-how, manufacturing and production processes and techniques, drawings, specifications, designs, plans, proposals, technical data, financial, business and marketing plans, and customer and supplier lists and related information); computer software, computer software licenses, and software systems (including data, databases and related documentation), firmware, computers, equipment; other proprietary rights; licenses or other agreements to or from third parties regarding the foregoing; all of the aforementioned as used, or is necessary for use in the conduct of Grantor’s business and current operation of the Station, and as presently proposed to be conducted by Option Holder, and all copies and tangible embodiments of the foregoing (in whatever form or medium), in each case including the items set forth on Schedule 3.11.

“Real Property” means all real property used in Grantor’s business, including the real property on which sits the Towers, studio facilities, offices, Transmitter Building, and the Additional Transmitting, Generating, and Supporting Equipment.

“Station Broadcast Cash Flow” for any calendar month means broadcast operating income of the Station, determined in accordance with generally accepted accounting principles consistently applied, adjusted as follows:

- (1) plus the sum of (i) depreciation and amortization (including film amortization and amortization of deferred and stock based compensation) relating to the Station (to the extent such depreciation and amortization were deducted in calculating operating income of the Station), and (ii) any trade/barter expenses; and
- (2) less the sum of the following items (without duplication of any item): (i) all amounts actually paid by Option Holder to Grantor as JSA Fees and Reimbursable

Station Expenses (as defined in the Joint Sales Agreement); (ii) cash payments made for program contract rights relating to the Station; (iii) payments made by Sales Agent to Lambert to the extent not otherwise taken into account in calculating operating income; (iv) any rental income earned by Sales Agent from real property leased to the extent taken into account in calculating broadcast operating income; (v) any rent paid with respect to any capital leases of the Station; (vi) the allocable portion, to the extent taken into account in calculating operating income, of any fees received by any Affiliate of Lambert for entering into any arrangement with a third party that relates to the Station and any other television station owned and/or programmed by Lambert or any Affiliate; (vii) any trade/barter revenue; and (viii) any income attributable to any other television station owned and operated by any Affiliate of Lambert (a "Lambert Affiliate Station") that is part of any "group deals" which include the Station and such Lambert Affiliate Station, to the extent taken into account in calculating broadcast operating income. Notwithstanding anything to the contrary contained herein, (x) amounts paid by Option Holder to Grantor pursuant to clause (v) of the definition of "Reimbursable Station Expenses" in the Joint Sales Agreement, and (y) amounts paid to Grantor as "Reimbursable Station Expenses" pursuant to the Joint Sales Agreement to the extent such amounts are reimbursements for amounts that would be characterized as capital expenditures or interest expense in accordance with GAAP shall not be included in determining the amounts or payments pursuant to clause (i) or clause (iii) of this paragraph (2); and amounts that would be characterized as interest income or interest expense in accordance with GAAP shall not be included in "Station Broadcast Cash Flow".

"Tax" (and, with correlative meaning, **"Taxes"**, **"Taxable"** and **"Taxing"**) means any federal, state, local or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profits, environmental (including under Section 59A of the Tax Code), customs, duties, real property, real property gains, personal property, capital stock, social security, unemployment, disability, payroll, license, employment or other withholding, or other tax of any kind whatsoever, including any interest, penalties or additions to tax or additional amounts in respect of the foregoing.

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

"Tax Return" means any return, declaration, report, claim for refund, information return or other document (including any related or supporting schedules, statements or information) filed or required to be filed in connection with the determination, assessment or collection of Taxes of any Person or the administration of any Legal Requirement relating to any Taxes.

"Transaction Documents" means this Agreement, the Joint Sales Agreement, Bill of Sale, Assignment and Assumption and the other agreements of even date herewith by and among certain parties to this Agreement relating to the License Assets.

"Transfer Taxes" means any federal, state, local or foreign excise, sales, use, stamp, value added, transfer (including real property transfer or gains), documentary, filing, recordation and other similar Taxes, fees (including recording fees) or governmental charges (for the

avoidance of doubt, excluding income taxes) that may be imposed in connection with the transfer of Assets and Liabilities pursuant to Article I.

11.2 **List of Additional Definitions.** The following terms used in this Agreement are defined in the referenced Section:

<u>Term</u>	<u>Section</u>
AAA Rules	10.14(b)
Adjustment Time	2.4(a)
Agreement	Preamble
Allocation Statement	2.1(c)(iii)
Arbitration Notice	10.14(b)
Assignment and Assumption Agreement	Recitals
Assumed Contracts	1.1(d)
Assumed Liabilities	1.3
Bank Payoff Amount	5.4
Bank Payoff Letter	5.4
C-22	Recitals
Call Letters	1.1(f)
Closing Transactions	2.4(b)
Defense Notice	9.5(a)
Direct Claim	9.5(e)
ERISA	11.1
Excluded Assets	1.2
Excluded Liabilities	1.4
Exercise Notice	2.2(b)
Expiration Date	5.2(m)(i)
FCC Authorizations	1.1(a)
Grantor	Preamble
Grant Date Payment	2.1(a)
Indemnified Party	9.5(a)
Indemnifying Party	9.5(a)
Investigating Parties	5.3

License Assets	1.1
Licenses	1.1(b)
Loss	9.2
Market Cable Systems	5.2(m)(iii)
Non-Assumed Contracts	1.2(c)
Option Closing	2.4(a)
Option Closing Date	2.4(a)
Option Exercise Disputes	10.14(b)
Option Exercise Price	2.1(b)
Option Grant Date	Preamble
Option Holder	Preamble
Panel	10.14(b)
Purchase Option	1.1
Purchase Option Exercise Notice	2.2(a)
Put Option	1.5(a)
Put Option Exercise Notice	2.2(b)
Reimbursable Closing Costs	2.4(b)(vii)
Sellers	Recitals
Smith Media Credit Agreement	Error! Reference source not found.
Station	Recitals
TV	Recitals

11.3 Other Definitional Provisions. The terms “hereof,” “herein” and “hereunder” and terms of similar import will refer to this Agreement as a whole and not to any particular provision of this Agreement. Section, clause, Exhibit and Schedule references contained in this Agreement are references to Sections, clauses, Exhibits and Schedules in or attached to this Agreement, unless otherwise specified. Each defined term used in this Agreement has a comparable meaning when used in its plural or singular form. Each gender-specific term used in this Agreement has a comparable meaning whether used in a masculine, feminine or gender-neutral form. Whenever the term “including” is used in this Agreement (whether or not that term is followed by the phrase “but not limited to” or “without limitation” or words of similar effect) in connection with a listing of items within a particular classification, that listing will be interpreted to be illustrative only and will not be interpreted as a limitation on, or an exclusive listing of, the items within that classification. Each reference in this Agreement to any Legal Requirement will be deemed to include such Legal Requirement as it hereafter may be amended,

supplemented or modified from time to time and any successor thereto, unless such treatment would be contrary to the express terms of this Agreement.


[Signature page follows.]

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

SMITH MEDIA BURLINGTON, LLC

By: _____
Name:
Title:

LAMBERT BROADCASTING OF
BURLINGTON, LLC

By:  _____
Name: MICHAEL LAMBERT
Title: SOLT MEMBER

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

SMITH MEDIA BURLINGTON, LLC

By: 

Name: Ian Guthrie

Title: VP / CFO / Treasurer

LAMBERT BROADCASTING OF
BURLINGTON, LLC

By: _____

Name: _____

Title: _____

DCLIB01:1462899

Schedule 6.1(a)

(a) None of the Tax Returns filed by Grantor or otherwise relating to the Station or the License Assets is currently being audited by any Taxing authority, and there are no other requests for information or other administrative or judicial proceedings pending with respect to Taxes relating to the Station or the License Assets that could affect Option Holder after the Option Closing.

(b) Grantor has not received written notice of any dispute or claim concerning any Tax liability of Grantor with respect to the Station or the License Assets from any Governmental Entity. Grantor has not waived any statute of limitations in respect of Taxes with respect to the Station or the License Assets or agreed to any extension of time with respect to a Tax assessment or with respect to the Station or the License Assets.

(c) There has been no event or change in the financial condition, results of operations, business, assets or liabilities of Grantor or of the Station which individually or in the aggregate has had or would be reasonably likely to have a Material Adverse Effect

(d) The Grantor has not suffered any theft, damage, destruction or casualty loss to any material License Asset or any material portion of the License Assets, or any substantial destruction of its books and records (in each case whether or not covered by insurance);

(e) Grantor owns and has good title to the Tangible Personal Property included in the License Assets and none of the Tangible Personal Property included in the License Assets is subject to any Liens, except for Permitted Liens.

(f) The Station is operating in accordance with the parameters established by the FCC Regulations and the FCC Authorizations. The broadcast tower and the microwave relay tower located at the studio site for the Station are in compliance in all material respects with all applicable laws, including, without limitation, the Federal Aviation Act and all rules and regulations promulgated thereunder, and has been registered with the FCC as required by the FCC Regulations, and the information in such registrations is true and correct in all material respects.

(g) To the knowledge of Grantor, none of the Tangible Property requires or may require, because of incorrect, improper or unlawful construction, installation or location, or due to the requirements of any authorizations pursuant to which it has been installed or otherwise due to directives of or claims by the Person giving the authorization or any other Person, any rearrangement, relocation, rehabilitation, reinstallation or removal or any expenditure for any additional or different equipment or facilities or labor in connection therewith, which rearrangements, relocation, rehabilitation, reinstallation or removal or expenditure has had or would reasonably be expected to have a Material Adverse Effect.

(h) The License Assets have been constructed, installed and maintained properly and in good and workmanlike manner, are in good operating condition and are free from material defects, reasonable wear and tear excepted, and satisfy in all material respects the

FCC Regulations, applicable technical grants and federal, state and local laws, rules, regulations and Legal Requirements.

(i) The FCC Authorizations constitute all of the licenses and authorizations required under the Communications Act and the FCC Regulations for the operation of the Station and the conduct of the business of Grantor as now currently conducted, and no further FCC Authorization is necessary for the continuation of the operation of the Station and its four translators as conducted. Grantor is the holder of each FCC Authorization, and each FCC Authorization is in full force and effect and is not subject to or scheduled for renewal prior to the Expiration Date specified for such FCC Authorization on the schedule to be delivered by Grantor to Option Holder pursuant to Section 5.2(l). Each FCC Authorization is valid for the full term thereof, and Grantor has no reason to believe that any FCC Authorization will not be renewed for a full and customary term in the ordinary course with no materially adverse conditions (except with respect to general rule-making and similar matters relating generally to television broadcast stations). There is not pending (or, to Grantor's knowledge, threatened) any action by or before the FCC to revoke, cancel, rescind, modify, or refuse to renew in the ordinary course any FCC Authorization, and there is not now pending, issued or outstanding (or, to Grantor's knowledge, threatened) by or before the FCC, any investigation, order to show cause, cease and desist order, notice of violation, notice of apparent liability, or notice of forfeiture, petition or complaint with respect to Grantor, the Station or any FCC Authorization. The Station is operating in compliance with the FCC Authorizations, the Communications Act and the FCC Regulations. The Station is not short-spaced, on a grandfathered basis or otherwise, to any existing broadcast television station, outstanding construction permit or pending application therefor, domestic or international, or to any existing or proposed TV allotment, domestic or international. Grantor has not received any written notice to the effect that Grantor or the Station is causing objectionable interference to the transmissions of any other television station or communications facility or received any written complaints with respect thereto. No other television station or communications facility is causing objectionable interference to the Station's transmissions or the public's reception of the Station's transmissions. For the 36 full calendar months prior to the Option Closing Date, Grantor has been compliant with FCC regulations and has not received notice, and has no knowledge during its period of operation of the Station, of non-compliance with FCC or FAA regulations as of that date, if any.

(j) Grantor has complied and has caused the Station to comply in all material respects with all obligations of the Station under the rules and orders of the FCC for the construction of digital television facilities and the implementation of digital television service by the Station.

(k) Each of the material Contracts included in the License Assets is in full force and effect and constitutes the binding and legally enforceable obligation of the Grantor (and, to the knowledge of Grantor, of the other parties thereto); no material Contract included in the License Assets has been breached, canceled or repudiated by Grantor or, to Grantor's knowledge, by any other party thereto or is subject to any existing default, event of default or other event which, with or without notice or lapse of time or both, would constitute a default or event of default by Grantor or, to the knowledge of Grantor, any other party thereto; no such other party has indicated in writing to Grantor that it will stop or decrease the rate of business done with Grantor or the Station or that it desires to renegotiate its arrangements with Grantor;

Grantor is not in receipt of any claim of default under any material Contract included in the License Assets and Grantor has no present expectation or intention of not fully performing any material obligation pursuant to any material Contract included in the License Assets. Except for the need to obtain the Consents, Grantor has the full legal power and authority to assign its rights under the material Contract included in the License Assets, and such assignment will not affect the validity, confidentiality or continuation of any material Contract included in the License Assets.

(l) Grantor owns and possesses all right, title and interest in and to, or have a valid and enforceable right to use, the name "WVNY" and each of the call letters and material registered Proprietary Rights included in the License Assets, free and clear of all Liens, other than Permitted Liens contesting the validity, enforceability, use or ownership of any of the foregoing has been made, is currently outstanding or, to Grantor's knowledge, is threatened, (ii) no loss or expiration of any material Proprietary Right is pending, reasonably foreseeable or, to Grantor's knowledge, threatened, (iii) Grantor has not received any notice of, and Grantor is not aware of any fact which indicates a likelihood of, any infringement or misappropriation by, or any conflict with, any third party with respect to any Proprietary Right, including any demand or request that Grantor license rights from a third party, (iv) Grantor has not infringed, misappropriated or otherwise conflicted with any rights of any third party and Grantor is unaware of any infringement, misappropriation or conflict which will occur as a result of the continued operation of Grantor's business as currently conducted or as proposed to be conducted by Grantor, and (v) to Grantor's knowledge, the call name "WVNY" and the call names and registered Proprietary Rights included in the License Assets have not been infringed, misappropriated or conflicted by any third party.

(m) Except for any FCC rulemaking proceedings generally affecting the television broadcasting industry, there are no claims, counterclaims, arbitrations, actions, suits, proceedings, orders, judgments, decrees or investigations or other legal, administrative, or tax proceedings, nor any order, decree, or judgment, in progress or pending (or, to Grantor's knowledge, threatened) against Grantor, the Station or any License Asset at law or in equity by any Person, or before or by any Governmental Entity.

(n) No loss or expiration of any material License is pending, reasonably foreseeable or, to Grantor's knowledge, threatened (including as a result of the transactions contemplated by this Agreement) other than by reason of expiration in accordance with the terms thereof. Each material License is in effect and Grantor is the legal holder thereof. The conduct of the business and operations of the Station comply in all material respects with the Licenses.

(o) Grantor has complied and is in compliance in all material respects with all applicable Legal Requirements which affect the business and operations of the Station (including Grantor's broadcasting, production, promotion, marketing and sales activities) or any License Assets or to which Grantor or any License Assets is subject, and no material claim has been filed against Grantor alleging a violation of any such Legal Requirement that has not been resolved as of the Option Closing Date. To Grantor's knowledge, Grantor is not now subject (nor has Grantor been subject during the previous three (3) years) to any investigation, penalty assessment, or audit by any Governmental Entity or to any other allegation that Grantor (including any agent, representative or broker acting on behalf of Grantor) violated the

regulations of any such Governmental Entity in any material respect or made a material false statement or omission to any Governmental Entity.