

**Exhibit 10**  
**Agreements for Sale of Station**

Attached to this exhibit is the execution copy of the Purchase and Sale Agreement between Mississippi Television, LLC (Buyer), KB Prime Media LLC (Seller), and Pegasus Satellite Communications, Inc. (Option Holder). Also attached, as exhibits to the Purchase and Sale Agreement, are the form of Local Marketing Agreement (“LMA”) and the form of Lease Agreement. Although the station subject to the instant assignment application presently is not on the air, the parties anticipate that they will enter into an LMA and Lease Agreement substantially in the forms attached in the event FCC consent to the instant application has not been received when the station commences operation. In the event FCC consent to the instant application is received by the time the station commences operation, the parties will not enter into the attached forms of LMA and Lease Agreement.

Below is a list of exhibits and schedules to the Purchase and Sale Agreement that have been omitted. These exhibits and schedules should not be material to the Commission’s consideration of the instant application and routinely are omitted from Commission consideration of assignment and transfer applications. These exhibits and schedules address and resolve, for example, corporate governance and property issues falling under applicable state law.

Exhibit A	Bill of Sale and Assignment
Exhibit B-1 and B-2	Buyer’s Closing Certificate
Exhibit C	Buyer’s Opinion of Counsel
Exhibit D	Consent and Waiver
Exhibit E	Escrow Agreement
Exhibit H	Permit Assignment
Exhibit I-1 and I-2	Seller’s Closing Certificate
Exhibit J-1 and J-2	Seller’s Opinions of Counsel
Schedule 4.5	Title to Assets; Liens and Encumbrances
Schedule 4.6	Litigation
Schedule 4.7	Taxes
Schedule 4.8	Governmental Authorizations

**PURCHASE AND SALE AGREEMENT**

**MISSISSIPPI TELEVISION, LLC (“BUYER”)**

**AND**

**KB PRIME MEDIA LLC (“SELLER”)**

**AND**

**PEGASUS SATELLITE COMMUNICATIONS, INC. (“PEGASUS”)**

**\_\_\_\_\_, 2003**

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Exhibit F	Lease Agreement
Exhibit G	LMA Agreement
Exhibit H	Permit Assignment
Exhibit I-1 and I-2	Seller's Closing Certificate
Exhibit J-1 and J-2	Seller's Opinions of Counsel

## **PURCHASE AND SALE AGREEMENT**

This PURCHASE AND SALE AGREEMENT is made as of this \_\_\_\_ day of \_\_\_\_\_, 2003, by and among Mississippi Television, LLC, a limited liability company organized under the laws of the State of Delaware (“Buyer”), KB Prime Media LLC, a limited liability company organized under the laws of the state of Delaware (“Seller”) and Pegasus Satellite Communications, Inc., a corporation organized under the laws of the State of Delaware (“Pegasus”).

### **R E C I T A L**

A. WHEREAS, Seller is the holder of FCC Construction Permit File No. BPCT-199610016LB for the construction of a new television broadcast station, Channel 35, Vicksburg, Mississippi and the owner of certain tangible and intangible assets used or useful in the anticipated construction of the Station (as defined below):

B. WHEREAS, Pegasus is the holder of an option to acquire the Assets (as defined below) pursuant to an Option Agreement (as defined below);

C. WHEREAS, Seller is willing to sell to Buyer and Buyer is willing to purchase from Seller the Assets, on the terms and subject to the conditions set forth herein;

D. WHEREAS, Pegasus is willing to waive its rights under the Option Agreement on the terms and subject to the conditions set forth herein; and

E. WHEREAS, Buyer is willing to construct the Station, and Seller wishes for Buyer to construct the Station, subject to Seller’s review and supervision.

NOW, THEREFORE, in consideration of the Recitals and of the mutual covenants, conditions and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it hereby is agreed as follows:

### **ARTICLE 1**

#### **DEFINITIONS**

1.1 Definitions. When used in this Agreement, the following terms shall have the meanings specified:

“Agreement” shall mean this Purchase and Sale Agreement, together with the Schedules and the Exhibits attached hereto, as the same shall be amended from time to time in accordance with the terms hereof.

“Assets” shall mean the Permit, the Miscellaneous Assets, the Real Property Option and the Records.



“Asset Purchase Price” shall mean the lesser of (i) Four Million One Hundred Thousand Dollars (\$4,100,000) or (ii) the Option Price.

“Bill of Sale and Assignment” shall mean an instrument in the form of EXHIBIT A attached hereto, by which Seller will convey to Buyer title to the Assets other than the Permit and by which Buyer will assume Seller’s obligations under the Real Property Option.

“Buyer” shall mean Mississippi Television, LLC, a Delaware limited liability company.

“Buyer’s Closing Certificate” shall mean a certificate of Buyer in the form of EXHIBIT B-1 and B-2 attached hereto.

“Buyer’s Opinion of Counsel” shall mean an opinion of counsel to Buyer in the form of EXHIBIT C attached hereto.

“Consent and Waiver” shall mean the Consent and Waiver in the form of EXHIBIT D attached hereto.

“Earnest Money” shall mean the sum of Two Hundred Five Thousand Dollars (\$205,000), to be deposited by Buyer with the Escrow Agent concurrently with the execution of this Agreement, to be held by Escrow Agent in accordance with the terms and provisions of this Agreement and the Escrow Agreement.

“Escrow Agent” shall mean SunTrust Bank, Atlanta, Georgia.

“Escrow Agreement” shall mean the Escrow Agreement in the form of EXHIBIT E attached hereto among Escrow Agent, Buyer and Seller to be entered into contemporaneously with the execution of this Agreement.

“Estimated Asset Purchase Price” shall mean an amount equal to [Two Million Six Hundred Fifty Thousand Dollars (\$2,650,000).]

“FCC” shall mean the Federal Communications Commission.

“FCC Closing” shall mean consummation of the purchase and sale of the Permit pursuant to this Agreement on the FCC Closing Date, which shall take place at 10:00 a.m. at the offices of Greenberg Traurig, LLP, 3290 Northside Parkway, Suite 400, Atlanta, Georgia 30327, or at such time and place or manner as designated by Buyer’s lenders and as the parties may mutually agree to in writing.

“FCC Closing Date” shall mean (a) the date designated by Buyer upon five (5) days prior written notice to Seller after the last to occur of the dates on which all requisite orders of the FCC consenting to the transactions as contemplated under this Agreement have become Final Orders; provided, however, that Buyer in its sole discretion and upon ten (10) days prior written notice may waive the requirement that the FCC Consent become a Final Order, or (b) such other date as Buyer and Seller may agree upon in writing.

“FCC Consent” shall mean action by the FCC, or FCC staff pursuant to delegated authority, granting its written consent to the assignment of the Permit from Seller to Buyer.

“Final Order” shall mean the FCC Consent shall not have been reversed, stayed, enjoined, set aside, annulled or suspended, with respect to which no timely request for stay, petition for reconsideration, appeal or certiorari or sua sponte action of the FCC with comparable effect shall be pending and as to which the time for filing any such petition, appeal, certiorari or for the taking of any such sua sponte action by the FCC shall have expired or otherwise terminated.

“First Closing” shall mean consummation of the purchase and sale of the Assets (other than the Permit) pursuant to this Agreement on the First Closing Date at 10:00 a.m. at the offices of Greenberg Traurig, LLP, 3290 Northside Parkway, Suite 400, Atlanta, Georgia 30327, or at such time and place or manner as designated by Buyer’s lenders and as the parties may mutually agree to in writing..

“First Closing Date” shall mean the date which is the later of (a) fifteen (15) days from the date hereof and (b) the date when all of the conditions to the First Closing have been satisfied or waived.

“Jackson Agreement” shall mean that certain Purchase and Sale Agreement dated the date hereof between Jackson Television, LLC and Pegasus Broadcast Television, Inc.

“Lease Agreement” shall mean the Lease Agreement between Seller and Buyer in the form of EXHIBIT F attached hereto.

“Lien” shall mean any mortgage, deed of trust, pledge, hypothecation, security interest, encumbrance, claim, lien, lease (including any capitalized lease) or charge of any kind, whether voluntarily incurred or arising by operation of law or otherwise, affecting any assets or property, including any agreement to give or grant any of the foregoing, any conditional sale or other title retention agreement and the filing of or agreement to give any financing statement with respect to any assets or property under the Uniform Commercial Code of the State of Mississippi or a comparable law of any jurisdiction.

“LMA Agreement” shall mean the agreement between Buyer and Seller in the form of EXHIBIT G attached hereto.

“Miscellaneous Assets” shall mean all tangible and intangible assets of Seller used or obtained by Seller for use in connection with the construction of the Station and not otherwise specifically referred to in this Agreement.

“Option Agreement” shall mean that certain Option Agreement dated April 14, 1998, as amended, by and among Pegasus, Seller and certain individual principals of Seller.

“Option Price” shall mean the Option Price as defined and calculated in accordance with the Option Agreement.

“Pegasus Option Waiver Fee” shall mean an amount equal to Four Million One Hundred Thousand Dollars (\$4,100,000) less the Asset Purchase Price.

“Permit” shall mean FCC Construction Permit (File No. BPCT-19961001LB) issued to Seller by the FCC for the construction of the Station.

“Permit Assignment” shall mean an instrument in the form of EXHIBIT H attached hereto, by which Seller shall assign to Buyer the Permit.

“Person” shall mean any natural person, general or limited partnership, corporation, limited liability company, firm, association or other legal entity.

“Purchase Price” shall mean the sum of the Asset Purchase Price and the Pegasus Option Waiver Fee.

“Real Property Option” means that certain Contract for the Sale and Purchase of Real Estate dated May 22, 1998 between Pegasus (as assignee of Pegasus Broadcast Television, Inc.) and Mrs. Coty Ray for the purchase of approximately forty (40) acres of real property on which it is planned that a broadcast tower for the Station will be constructed, which will be assigned to Seller by Pegasus prior to the First Closing and which will be included in the Assets.

“Records” shall mean files and records, including schematics, technical information and engineering data, correspondence, and FCC logs, files and records, and other written materials, of Seller relating to the Permit or the construction of the Station.

“Schedules” shall mean those schedules referred to in this Agreement which have been bound in that separate volume executed by or on behalf of the parties, and delivered concurrently with the execution of this Agreement, which volume is hereby incorporated herein and made a part hereof.

“Seller” shall mean KB Prime Media LLC, a limited liability company organized under the laws of Delaware.

“Seller’s Closing Certificate” shall mean a certificate of Seller in the form of EXHIBIT I-1 and I-2 attached hereto.

“Seller’s Opinion of Counsel” shall mean legal opinion of outside counsel to Seller addressed to Buyer in the form of EXHIBIT J-1 attached hereto.

“Seller’s Opinion of FCC Counsel” shall mean legal opinion of outside counsel to Seller addressed to Buyer in the form of EXHIBIT J-2 attached hereto.

“Station” shall mean the commercial television station Channel 35, in Vicksburg, Mississippi to be constructed in accordance with the Permit.

1.2 Singular/Plural; Gender. Where the context so requires or permits, the use of the singular form includes the plural, and the use of the plural form includes the singular, and the use of any gender includes any and all genders.

## ARTICLE 2

### PURCHASE AND SALE OF ASSETS

2.1 Purchase and Sale at First Closing. At the First Closing on the First Closing Date, and upon all of the terms and subject to all of the conditions of this Agreement, Seller shall sell, assign, convey, transfer and deliver to Buyer, and Buyer shall purchase all of Seller's right, title and interest, legal and equitable, in and to the Assets (other than the Permit) free and clear of all Liens.

2.2 Payments. At the First Closing on the First Closing Date, Buyer shall:

(a) cause Escrow Agent to wire transfer to Seller in immediately available funds the Earnest Money, plus any interest accrued thereon during the period the Earnest Money was held by Escrow Agent;

(b) pay to Seller, by wire transfer, in immediately available funds an amount equal to (i) Eighty Percent (80%) of the Estimated Asset Purchase Price, less the total amount paid by Escrow Agent in accordance with Section 2.2(a), plus (ii) Five Thousand Dollars (\$5,000) as payment for the deposit paid on behalf of Seller under the Real Property Option;

(c) pay to Pegasus, by wire transfer, in immediately available funds, an amount equal to Eighty Percent (80%) of the difference between Four Million One Hundred Thousand Dollars (\$4,100,000) and the Estimated Asset Purchase Price; and

(d) assume Seller's obligations under the Real Property Option pursuant to the Bill of Sale and Assignment.

2.3 First Closing Date Deliveries. At the First Closing on the First Closing Date:

(a) Seller shall deliver, or cause to be delivered to Buyer, properly executed and dated as of the First Closing Date:

(i) the Bill of Sale and Assignment;

(ii) Seller's Closing Certificate;

(iii) Seller's Opinion of Counsel;

(iv) such other documents as provided in Article 8 hereof or as Buyer shall reasonably request; and

(b) Buyer shall deliver, or cause to be delivered to Seller, properly executed and dated as of the First Closing Date:

(i) the Bill of Sale and Assignment

(ii) Buyer's Closing Certificate;

(iii) Buyer's Opinion of Counsel;

(iv) such other documents as provided in Article 9 hereof or as Seller shall reasonably request.

(c) Pegasus shall deliver, or cause to be delivered to Buyer, properly executed and dated as of the First Closing Date:

(i) the Consent and Waiver;

(ii) such other documents as provided in Article 8 hereof or as Buyer shall reasonably request.

(d) To the extent practicable, all documents to be delivered at the First Closing shall be delivered by facsimile and by overnight courier for receipt by the other party's counsel no later than the day immediately preceding the First Closing Date.

**2.4 Purchase and Sale at FCC Closing.** At the FCC Closing on the FCC Closing Date, and upon all of the terms and conditions of this Agreement, Seller shall sell, assign, convey, and transfer and deliver to Buyer, and Buyer shall purchase all of Seller's right, title and interest, legal and equitable, in and to the Permit, free and clear of all Liens.

**2.5 FCC Closing Date Payments.** At the FCC Closing on the FCC Closing Date, Buyer shall:

(a) pay to Seller, by wire transfer in immediately available funds, an amount equal to the Asset Purchase Price less (x) the amount paid to Seller pursuant to Sections 2.2(a) and 2.2(b) above and (y) the amount, if any, paid to Seller pursuant to Section 15.2(a) below; and

(b) pay to Pegasus, by wire transfer in immediately available funds, an amount equal to the Pegasus Option Waiver Fee less (x) the amount paid to Pegasus pursuant to Section 2.2(c) above and (y) the amount, if any, paid to Pegasus pursuant to Section 15.2(b) hereof.

**2.6 FCC Closing Date Deliveries.** At the FCC Closing on the FCC Closing Date:

(a) Seller shall deliver or cause to be delivered to Buyer, properly executed and dated as of the FCC Closing Date:

(i) the Permit Assignment;

(ii) Seller's Closing Certificate;

(iii) Seller's Opinion of FCC Counsel;

(iv) such other documents as provided in Article 11 hereof or as Buyer shall reasonably request.

(b) Buyer shall deliver or cause to be delivered to Seller, properly executed and dated as of the FCC Closing Date:

- (i) the Permit Assignment;
- (ii) Buyer's Closing Certificate;
- (iii) such other documents as provided in Article 12 hereof or as Seller shall reasonably request.

(c) To the extent practicable, all documents to be delivered at the FCC Closing shall be delivered by facsimile and by overnight courier for receipt by the other party's counsel no later than the day immediately preceding the FCC Closing Date.

**2.7 Non-Assumption of Liabilities.** Except for Seller's obligations under the Real Property Option, Buyer shall not assume, or in any way become liable for, any liabilities or obligations of Seller of any kind or nature, whether accrued, absolute, contingent or otherwise, or whether due or to become due, or otherwise, whether known or unknown, arising out of events, transactions or facts which shall have occurred, arisen or existed on or prior to the First Closing Date or events, transactions or facts with respect to or in connection with the Permit which shall have occurred, arisen or existed on or prior to the FCC Closing Date, any of which liabilities and obligations, if ever in existence, shall continue to be liabilities and obligations of Seller.

**2.8 Taxes.** All federal, state, local and other sales and use taxes applicable to, imposed upon or arising out of the transfer to Buyer of the Assets as contemplated by this Agreement shall be paid by Seller.

## **ARTICLE 3**

### **GOVERNMENTAL APPROVALS; CONTROL AND CONSTRUCTION OF STATION**

**3.1 FCC Consent.** It specifically is understood and agreed by Buyer, Seller and Pegasus that the FCC Closing shall be in all respects subject to the receipt of prior FCC Consent. Buyer and Seller shall prepare and file with the FCC as soon as practicable but in no event later than five (5) business days after the date of this Agreement, the requisite applications and other necessary instruments or documents requesting the FCC Consent. After the aforesaid applications and documents have been filed with the FCC, Buyer and Seller shall prosecute such applications with all reasonable diligence to obtain the requisite FCC Consent. Seller and Buyer shall each pay one-half (1/2) of all FCC filing or transfer fees relating to the transactions contemplated hereby.

**3.2 Other Governmental Approvals.** Promptly following the execution of this Agreement, Buyer and Seller shall prepare and file with the appropriate governmental authorities any other requests for approval or waiver, if any, that are required from other governmental authorities in connection with the First Closing or the FCC Closing, and shall diligently and expeditiously prosecute, and shall cooperate fully with each other in the prosecution of, such requests for approval or waiver and all proceedings necessary to secure such approvals and waivers.

**3.3 Construction of Station.** Buyer agrees that, after the First Closing, Buyer will begin the construction of the Station. The construction of the Station by Buyer shall be done, at

Buyer's expense, in accordance and consistent with the terms of the Permit, based on such construction schedule and timetable as Buyer shall determine, and subject to the review and supervision of Seller.

## **ARTICLE 4**

### **REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller represents, warrants and covenants to Buyer as follows:

4.1 Organization. Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. Seller is qualified to do business in each jurisdiction in which Seller is required to be qualified or registered to transact business, except where the failure to qualify would not be reasonably expected to have a material adverse effect on Seller or the Assets. Seller has the power and authority to own, lease and operate its properties and to carry on its business in the places where such properties are now owned, leased or operated as such business is now conducted.

4.2 Authorization; Enforceability. The execution, delivery and performance of this Agreement and all of the documents and instruments required hereby by Seller and the consummation by Seller of the transactions contemplated hereby and thereby, are within the power of Seller and have been duly authorized by all necessary action by Seller. This Agreement is, and the other documents and instruments required hereby to be executed by Seller will be, when executed and delivered by Seller, the valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms, subject only to bankruptcy, insolvency, reorganization, moratoriums or similar laws at the time in effect affecting the enforceability or rights of creditors generally and by general equitable principles which may limit the right to obtain equitable remedies.

4.3 Absence of Conflicting Agreements. Except for the requirements to obtain all governmental approvals in connection with Article 3 above, including, but not limited to, the FCC Consent, neither the execution, delivery or performance of this Agreement by Seller, nor the consummation of the sale and purchase of the Assets or any other transaction contemplated by this Agreement, does or will, after the giving of notice, or the lapse of time or both, or otherwise:

(a) conflict with, result in a breach of, or constitute a default under the certificate of formation, limited liability company agreement or other governance documents of Seller or any federal, state or local law, statute, ordinance, rule or regulation, or any court or administrative order or process, or any material contract, agreement, arrangement, commitment or plan to which Seller is a party or by which Seller is bound and which relates to the ownership or operation of the Assets;

(b) result in the creation of any Lien upon any of the Assets;

(c) terminate, amend or modify, or give any party the right to terminate, amend, modify, abandon or refuse to perform any material contract, or any other material agreement, arrangement, commitment or plan to which Seller is a party and which relates to the ownership or operation of the Assets;

(d) accelerate or modify, or give any party the right to accelerate or modify, the time within which, or the terms under which, any duties or obligations are to be performed, or any rights or benefits are to be received, under any material contract, or any other material agreement, arrangement, commitment or plan to which Seller is a party and which relates to the ownership or operation of the Assets;

(e) require the consent, waiver, approval, permit, license, clearance or authorization of, or any declaration or filing with, any court or public agency or other authority other than the FCC Consent; or

(f) require the consent of any Person under any agreement, arrangement or commitment of any nature to which Seller is a party or the Assets are subject or by which the Seller or Assets are bound, other than the consent of Pegasus pursuant to the Consent and Waiver.

4.4 Assets. The Assets include all of the assets, properties and rights of every type and description, real, personal and mixed, tangible and intangible, that are owned by Seller and are used or obtained for use in the construction of the Station.

4.5 Title to Assets; Liens and Encumbrances. Except as set forth on SCHEDULE 4.5, Seller owns good and marketable title to or good and valid rights and interest in and to all of the Assets, free and clear of any and all Liens except for current taxes not yet due and payable.

4.6 No Litigation. Except as set forth on SCHEDULE 4.6, there is no decree, judgment, order, litigation at law or in equity, arbitration proceeding or proceeding before or by any commission, agency or other administrative or regulatory body or authority pending or to Seller's knowledge threatened, to which Seller is a party or to which Seller or the Assets are subject or which could reasonably be expected to have a material adverse effect on the Assets, and to Seller's knowledge there is no basis for any other claim, litigation or proceeding. There is no investigation by any commission, agency or other administrative or regulatory body or authority pending or to Seller's knowledge threatened, which is concerned with the operations, business or affairs of Seller or the Assets, nor is there, to Seller's knowledge, any basis for any such investigation.

4.7 Taxes. Except as disclosed on SCHEDULE 4.7:

(a) Seller has filed all federal, state and local tax returns, reports and estimates for all years and periods (and portions thereof) for which any such returns, reports and estimates were due, and any and all amounts due and payable have been paid in full except to the extent such amounts have been contested in good faith. All of such returns, reports and estimates are true and complete in all material respects. Seller has withheld all tax required to be withheld under applicable law and regulations, and such withholdings have either been paid to the proper



governmental agency or set aside in accounts for such purpose, or accrued, reserved against and entered upon the books of Seller, as the case may be; and

(b) There are, and after the date of this Agreement will be, no tax deficiencies (including penalties and interest) of any kind assessed against or relating to Seller with respect to any taxable periods ending on or before, or including, the FCC Closing Date of a character or nature that could result in Liens or claims on any of the Assets or on Buyer's title or use of the Assets or that could result in any claim against Buyer.

4.8 Governmental Authorizations. Seller currently holds, and until the FCC Closing Seller will continue to hold, the Permit to construct the Station as a television broadcast station with the power disclosed on SCHEDULE 4.8. Except as set forth on SCHEDULE 4.8, no qualifications, registrations, filings, privileges, franchises, licenses, permits, approvals or authorizations, other than the Permit and those as set forth on SCHEDULE 4.8, are required in order for Seller to construct the Station. As of the date hereof, no action or proceeding is pending or to Seller's knowledge threatened before the FCC or any other governmental body to revoke, refuse to renew or modify such Permit or other authorizations of the Station.

4.9 Brokers. Except for Media Venture Partners, whose fees are the obligation of Seller and Pegasus, neither this Agreement nor the sale and purchase of the Assets or any other transaction contemplated by this Agreement was induced or procured through any Person acting on behalf of or representing Seller as broker, finder, investment banker, financial advisor or in any similar capacity.

4.10 Employees. Seller has no employees with respect to the Station.

4.11 Representation as of the First Closing Date and FCC Closing Date. Seller's representations and warranties set forth in this Agreement shall be true and correct on and as of the First Closing Date, as though such representations and warranties were made on and as of such time, except for changes permitted or contemplated by this Agreement. Seller's representations and warranties under Section 4.5 (with respect to the Permit only) and Section 4.8 shall be true and correct on and as of the FCC Closing Date, as though such representations and warranties were made on and as of such time, except for changes permitted or contemplated by this Agreement.

4.12 Disclosure. No statement of fact by Seller contained in this Agreement and no written statement of fact furnished or to be furnished by Seller to Buyer pursuant to or in connection with this Agreement contains or will contain any untrue statement of a fact, or omits or will omit to state a material fact necessary in order to make the statements herein or therein contained not misleading.

## ARTICLE 5

### REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents, warrants and covenants to Seller as follows:

5.1 Organization. Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware, and on the First Closing Date Buyer will be duly qualified to do business in Mississippi. Buyer has full power to purchase the Assets pursuant to this Agreement. On the FCC Closing Date, Buyer will be qualified to be a licensee of the FCC.

5.2 Authorization; Enforceability. The execution, delivery and performance of this Agreement and all of the documents and instruments required hereby by Buyer and the consummation by Buyer of the transactions contemplated hereby and thereby are within the power of Buyer and have been duly authorized by all necessary action by Buyer. This Agreement is, and the other documents and instruments required hereby will be, when executed and delivered by Buyer, the valid and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms, subject only to bankruptcy, insolvency, reorganization, moratoriums or similar laws at the time in effect affecting the enforceability or right of creditors generally and by general equitable principles which may limit the right to obtain equitable remedies.

5.3 Absence of Conflicting Agreements. Neither the execution, delivery or performance of this Agreement by Buyer nor the consummation of the sale and purchase of the Assets or any other transaction contemplated by this Agreement, does or will, after the giving of notice, or the lapse of time or otherwise:

(a) conflict with, result in a breach of, or constitute a default under, the certificate of formation or limited liability company agreement of Buyer, or any federal, state or local law, statute, ordinance, rule or regulation, or any court or administrative order or process, or any material contract, agreement, arrangement, commitment or plan to which Buyer is a party or by which Buyer or its assets is bound;

(b) require the consent, waiver, approval, permit, license, clearance or authorization of, or any declaration or filing with, any court or public agency or other authority other than the FCC Consent;

(c) require the consent of any Person under any agreement, arrangement or commitment of any nature to which Buyer is a party or the Assets are subject or by which the Buyer or Assets are bound.

5.4 No Litigation. There is no decree, judgment, order, litigation at law or in equity, arbitration proceeding or proceeding before or by any commission, agency or other administrative or regulatory body or authority pending or to Buyer's knowledge threatened, to which Buyer is a party or to which Buyer is subject or which could reasonably be expected to have a material adverse effect on the transactions contemplated herein, and to Buyer's knowledge there is no basis for any other claim, litigation or proceeding. There is no

investigation by any commission, agency or other administrative or regulatory body or authority pending or to Buyer's knowledge threatened, concerning the operations, business or affairs of Buyer which could reasonably be expected to have a material adverse effect on the transactions contemplated herein, nor is there, to Buyer's knowledge, any basis for any such investigation .

5.5 Brokers. Neither this Agreement nor the sale and purchase of the Assets or any other transaction contemplated by this Agreement was induced or procured through any Person acting on behalf of or representing Buyer as broker, finder, investment banker, financial advisor or in any similar capacity.

5.6 Representation as of the First Closing Date and FCC Closing Date. Buyer's representations and warranties set forth in this Agreement shall be true and correct on and as of the First Closing Date and the FCC Closing Date, as though such representations and warranties were made on and as of such time.

5.7 Disclosure. No statement of fact by Buyer contained in this Agreement and no written statement of fact furnished or to be furnished by Buyer to Seller pursuant to or in connection with this Agreement contains or will contain any untrue statement of a fact or omits or will omit to state a material fact necessary in order to make the statements herein or therein contained not misleading.

## **ARTICLE 6**

### **REPRESENTATIONS AND WARRANTIES OF PEGASUS**

Pegasus represents, warrants and covenants to Seller, as follows:

6.1 Organization. Pegasus is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Pegasus has full corporate power to grant the Consent and Waiver pursuant to this Agreement.

6.2 Authorization; Enforceability. The execution, delivery and performance of this Agreement and all of the documents and instruments required hereby by Pegasus and the consummation by Pegasus of the transactions contemplated hereby and thereby are within the corporate power of Pegasus and have been duly authorized by all necessary corporate action by Pegasus. This Agreement is, and the other documents and instruments required hereby will be, when executed and delivered by Pegasus, the valid and binding obligations of Pegasus, enforceable against Pegasus in accordance with their respective terms, subject only to bankruptcy, insolvency, reorganization, moratoriums or similar laws at the time in effect affecting the enforceability or right of creditors generally and by general equitable principles which may limit the right to obtain equitable remedies.

6.3 Absence of Conflicting Agreements. Neither the execution, deliver or performance of this Agreement by Pegasus nor any other transaction contemplated by this Agreement, does or will, after the giving of notice, or the lapse of time or otherwise, conflict with, result in a breach of, or constitute a default under the certificate of incorporation or by-laws of Pegasus, or any federal, state or local law, statute, ordinance, rule or regulation, or any court or administrative

order or process, or any material contract, agreement, arrangement, commitment or plan to which Pegasus is a party or by which Pegasus is bound.

6.4 Representations as of First Closing Date and FCC Closing Date. Buyer's representations and warranties set forth in this Agreement shall be true and correct on and as of the First Closing Date and the FCC Closing Date, as though such representations and warranties were made on and as of such time.

6.5 Disclosure No statement of fact by Pegasus contained in this Agreement and no written statement of fact furnished or to be furnished by Pegasus to Buyer pursuant to or in connection with this Agreement contains or will contain any untrue statement of a fact or omits or will omit to state a material fact necessary in order to make the statements herein or therein contained not misleading.

6.6 Brokers. Except for Media Venture Partners, whose fees are the obligation of Seller and Pegasus, neither this Agreement nor the sale and purchase of the Assets or any other transaction contemplated by this Agreement was induced or procured through any Person acting on behalf of or representing Pegasus as broker, finder, investment banker, financial advisor or in any similar capacity.

## **ARTICLE 7**

### **COVENANTS**

From and after the date of this Agreement and until the FCC Closing:

7.1 Access. Buyer and its authorized agents, officers and representatives shall have reasonable access, upon reasonable prior notice, to the business of Seller and the Assets to conduct such examination and investigation of the business of Seller and the Assets as it deems necessary.

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

(a) the commencement of any proceeding or litigation at law or in equity or before the FCC or any other commission, agency or administrative or regulatory body or authority involving the Permit;

(b) any violation by Seller of any federal, state or local law, statute, ordinance, rule or regulation which could reasonably be expected to have a material adverse effect on the Assets.

7.3 Actions Pending First Closing or FCC Closing. Seller shall not take or agree to take any action inconsistent with consummation of the First Closing or FCC Closing as contemplated by this Agreement; nor take any other actions with respect to the Station except as specifically contemplated by this Agreement.

**7.4 Cooperation.** Buyer, Seller and Pegasus will cooperate in all respects in connection with: (a) securing any nongovernmental approvals, consents and waivers of third parties necessary for the transfer of the Assets from Seller to Buyer; and (b) giving notices to any governmental authority, or securing the permission, approval, determination, consent or waiver of any governmental authority required by law in connection with the transfer of the Assets from Seller to Buyer. Buyer shall make available to Seller all information that may be reasonably requested by Seller or Seller's FCC counsel with respect to ownership and any related multiple ownership issues. If the FCC fails to issue the FCC Consent due, in part or in whole, to attributable interests among Buyer or White Knight Broadcasting of Natchez License Corporation ("White Knight") or their respective affiliates, then Buyer agrees to take whatever actions as may be reasonably required by the FCC or requested by Seller or Pegasus to effectuate the assignment of the Permit, including, but not limited to, using its commercially reasonable efforts to persuade White Knight to cancel or relinquish White Knight's approved minor modification application (File No. BPCT-20011115AAF).

**7.5 Tax Returns and Payments.**

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

(b) All taxes pertaining to ownership of the Assets prior to the FCC Closing Date will be paid when due and payable.

**7.6 Conveyance Free and Clear of Liens.** At or prior to the First Closing, Seller shall obtain the release of all Liens disclosed in the Schedules hereto and any other Liens on the Assets, and shall duly file releases of all such Liens in each governmental agency or office in which any such Lien or evidence thereof shall have been previously filed, and Seller shall transfer and convey, or cause to be transferred and conveyed, to Buyer at the First Closing or FCC Closing, as the case may be, good and marketable title to all of the Assets, free and clear of all Liens.

**7.7 Public Announcement.** Neither party hereto shall issue any press release or public announcement or otherwise divulge the existence of this Agreement or the transactions contemplated hereby without prior approval of the other party hereto, except as and to the extent that such party shall be obligated by law or regulation, in which case the other party shall be so advised and the parties shall use their best efforts to cause a mutually agreeable release or announcement to be issued

## **ARTICLE 8**

### **CONDITIONS PRECEDENT TO THE OBLIGATIONS OF BUYER AT THE FIRST CLOSING**

Each and every obligation of Buyer to be performed on the First Closing Date shall be subject to the satisfaction prior to or at the First Closing of the following express conditions precedent:

8.1 Compliance with Agreement. Seller and Pegasus shall have performed and complied in all material respects with all of their respective obligations under this Agreement which are to be performed or complied with by them prior to or at the First Closing.

8.2 Proceedings and Instruments Satisfactory. All proceedings, corporate or other, to be taken by Seller and Pegasus in connection with the performance of this Agreement, and all documents incident thereto, shall be complete to the reasonable satisfaction of Buyer and Buyer's counsel and Seller and Pegasus shall have made available to Buyer for examination the originals or true and correct copies of all documents which Buyer may reasonably request in connection with the transactions contemplated by this Agreement.

8.3 Representations and Warranties. The representations and warranties made by Seller and Pegasus in this Agreement shall be true and correct in all material respects as of the First Closing Date with the same force and effect as though such representations and warranties had been made on the First Closing Date, except for changes permitted or contemplated by this Agreement.

8.4 Deliveries at First Closing. Seller and Pegasus shall have delivered or caused to be delivered to Buyer the documents required pursuant to Sections 2.3(a) and 2.3(c) each properly executed and dated as of the First Closing Date.

8.5 Other Documents. Seller and Pegasus shall have delivered to Buyer such documents and certificates of Seller and Pegasus and public officials as shall be reasonably requested by Buyer's counsel to establish the existence and good standing of Seller and Pegasus and the due authorization of this Agreement and the transactions contemplated hereby by Seller and Pegasus.

8.6 Possession; Instruments of Conveyance and Transfer. Seller shall deliver to Buyer at the First Closing such other documents as shall be effective to vest in Buyer good and marketable title to or good and valid rights and interest in and to the Assets (other than the Permit) as contemplated by this Agreement.

8.7 Absence of Investigations and Proceedings. There shall be no decree, judgment, order or litigation at law or in equity, no arbitration proceedings, and no proceeding before or by any commission, agency or other administrative or regulatory body or authority pending to which Seller is a party or to which the Assets are subject, which could reasonably be expected to materially affect the ability of Buyer to construct the Station.

Without limiting the generality of the foregoing, no action, proceeding or formal investigation by any Person or governmental agency shall be pending with the object of challenging or preventing the First Closing and no other proceedings shall be pending with such object or to collect damages from Buyer on account thereof. No action or proceeding shall be pending before the FCC or any governmental body to revoke, modify in any material respect or refuse to renew the Permit. No suit, action or other proceeding shall be pending before any court or governmental agency in which it is sought to restrain or prohibit, or obtain damages or other relief in connection with, this Agreement or the consummation of the transactions contemplated hereby.

8.8 Governmental Consents. All material authorizations, consents or approvals of any and all governmental regulatory authorities necessary in connection with the First Closing, other

than the FCC Consent, shall have been obtained on terms and conditions reasonably acceptable to Buyer and be in full force and effect.

8.9 Permit. Seller shall be the holder of the Permit and there shall not have been any modification of such Permit which could reasonably be expected to have a material adverse effect on the Station or its construction or operation.

8.10 Absence of Liens. On the First Closing Date and simultaneously with the First Closing, there shall not be any Liens on the Assets.

8.11 Non-Foreign Affidavit. Seller and Pegasus shall have each furnished to Buyer an affidavit, in a form reasonably satisfactory to Buyer, stating under penalty of perjury Seller's and Pegasus's United States taxpayer identification number and that neither Seller nor Pegasus is a foreign Person within the meaning of Section 1445(b) (2) of the Internal Revenue Code of 1986, as amended.

8.12 Jackson Agreement. The Jackson Agreement shall have been executed and the First Closing (as defined thereunder) shall have occurred simultaneously with or prior to the First Closing.

If any of the conditions set forth in this Article 8 have not been satisfied, Buyer may nevertheless waive such condition, but only in writing, and proceed with the consummation of the transactions contemplated hereby but such waiver shall not relieve Seller of any of its obligations under Article 13 hereof.

## **ARTICLE 9**

### **CONDITIONS PRECEDENT TO THE OBLIGATIONS OF SELLER AT THE FIRST CLOSING**

Each and every obligation of Seller to be performed on the First Closing Date shall be subject to the satisfaction prior to or at the First Closing of the following express conditions precedent:

9.1 Compliance with Agreement. Buyer shall have performed and complied in all material respects with all of its obligations under this Agreement which are to be performed or complied with by it prior to or at the First Closing.

9.2 Proceedings and Instruments Satisfactory. All proceedings, corporate or otherwise, to be taken by Buyer in connection with the transactions contemplated by this Agreement, and all documents incident thereto, shall be complete to the reasonable satisfaction of Seller and Seller's counsel, and Buyer shall have made available to Seller for examination the originals or true and correct copies of all documents which Seller may reasonably request in connection with the transactions contemplated by this Agreement.

9.3 Representations and Warranties. The representations and warranties made by Buyer shall be true and correct in all material respects as of the First Closing Date with the same force

and effect as though such representations and warranties had been made on the First Closing Date.

9.4 Deliveries at First Closing. Buyer shall have delivered or caused to be delivered to Seller the documents, each properly executed and dated as of the First Closing Date required pursuant to Section 2.3(b). Buyer shall also have made the payments described in Section 2.2.

9.5 Other Documents. Buyer shall have delivered to Seller such documents and certificates of officers of Buyer and of public officials as shall be reasonably requested by Seller's counsel to establish the existence and good standing of Buyer and the due authorization of this Agreement and the transactions contemplated hereby by Buyer.

9.6 Absence of Investigations and Proceedings. No action, proceeding or formal investigation by any Person or governmental agency shall be pending with the object of challenging or preventing the First Closing and no other proceedings shall be pending with such object or to collect damages from Seller on account thereof. No suit, action or other proceeding shall be pending before any court or governmental agency in which it is sought to restrain or prohibit, or obtain damages or other relief in connection with, this Agreement or the consummation of the transactions contemplated hereby.

9.7 Governmental Consents. All material authorizations, consents or approvals of any and all governmental regulatory authorities necessary in connection with the First Closing, other than the FCC Consent, shall have been obtained and be in full force and effect.

9.8 Jackson Agreement. The Jackson Agreement shall have been executed and the First Closing ( as defined thereunder) shall have occurred concurrently with the First Closing.

If any of the conditions set forth in this Article 9 have not been satisfied, Seller may nevertheless waive such condition, but only in writing, and proceed with the consummation of the transactions contemplated hereby but such waiver shall not relieve Seller of any of its obligations under Article 13 hereof.

## **ARTICLE 10**

### **CONDITIONS PRECEDENT TO THE OBLIGATIONS OF PEGASUS**

Each and every obligation of Pegasus to be performed on the First Closing Date shall be subject to the satisfaction prior to or at the First Closing of the following express conditions precedent:

10.1 Compliance with Agreement. Buyer shall have performed and complied in all material respects with all of its respective obligations under this Agreement which are to be performed or complied with by it prior to or at the First Closing.

10.2 Proceedings and Instruments Satisfactory. All proceedings, corporate or other, to be taken by Buyer in connection with the performance of this Agreement, and all documents incident thereto, shall be complete to the reasonable satisfaction of Pegasus and Pegasus's counsel.



10.3 Representations and Warranties. The representations and warranties made by Buyer in this Agreement shall be true and correct in all material respects as of the First Closing Date with the same force and effect as though such representations and warranties had been made on the First Closing Date, except for changes permitted or contemplated by this Agreement.

10.4 Deliveries at Closing. Buyer shall have made the payments under Section 2.2.

10.5 Jackson Agreement. The Jackson Agreement shall have been executed and the First Closing (as defined thereunder) shall have occurred simultaneously with or prior to the First Closing.

If any of the conditions set forth in this Article 10 have not been satisfied, the Buyer may nevertheless waive such condition, but only in writing, and proceed with the consummation of the transactions contemplated hereby but such waiver shall not relieve Buyer of any of its obligations under Article 13 hereof.

## **ARTICLE 11**

### **CONDITIONS PRECEDENT TO THE OBLIGATIONS OF BUYER AT THE FCC CLOSING**

Each and every obligation of Buyer to be performed on the FCC Closing Date shall be subject to the satisfaction prior to or at the FCC Closing of the following express conditions precedent:

11.1 Compliance with Agreement. Seller shall have performed and complied in all material respects with all of its respective obligations under this Agreement which are to be performed or complied with by it after the First Closing prior to or at the FCC Closing.

11.2 Proceedings and Instruments Satisfactory. All proceedings, corporate or other, to be taken by Seller in connection with the performance of this Agreement, and all documents incident thereto, shall be complete to the reasonable satisfaction of Buyer and Buyer's counsel and Seller shall have made available to Buyer for examination the originals or true and correct copies of all documents which Buyer may reasonable request in connection with the transactions contemplated by this Agreement.

11.3 Representations and Warranties. The representations and warranties made by Seller under Section 4.5(with respect to the Permit only) and Section 4.8 shall be true and correct in all material respects as of the FCC Closing Date with the same force and effect as though such representations and warranties had been made on the FCC Closing Date, except for changes permitted or contemplated by this Agreement.

11.4 Deliveries at Closing. Seller shall have delivered or caused to be delivered to Buyer the documents required pursuant to Section 2.6(a) each properly executed and dated as of the FCC Closing Date.

11.5 Possession; Instruments of Conveyance and Transfer. Seller shall deliver to Buyer at the FCC Closing such other documents as shall be effective to assign to Buyer good and marketable title to the Permit as contemplated by this Agreement.

11.6 FCC Consent. The FCC Consent shall have been obtained and shall be a Final Order.

11.7 Permit. Seller shall be the holder of the Permit and there shall not have been any modification of the Permit which could reasonably be expected to have a material adverse effect on the Station or its construction. No proceeding shall be pending or to Seller's knowledge threatened, the effect of which could be to revoke, cancel, fail to renew, suspend or modify adversely the Permit.

If any of the conditions set forth in this Article 11 have not been satisfied, the Buyer may nevertheless waive such condition, but only in writing, and proceed with the consummation of the transactions contemplated hereby but such waiver shall not relieve Seller of any of its obligations under Article 13 hereof.

## **ARTICLE 12**

### **CONDITIONS PRECEDENT TO THE OBLIGATIONS OF SELLER AT THE FCC CLOSING**

Each and every obligation of Seller to be performed on the FCC Closing Date shall be subject to the satisfaction prior to or at the FCC Closing of the following express conditions precedent:

12.1 Compliance with Agreement. Buyer shall have performed and complied in all material respects with all of its obligations under this Agreement which are to be performed or complied with by it prior to or at the FCC Closing.

12.2 Proceedings and Instruments Satisfactory. All proceedings, corporate or otherwise, to be taken by Buyer in connection with the transactions contemplated by this Agreement, and all documents incident thereto, shall be complete to the reasonable satisfaction of Seller and Seller's counsel, and Buyer shall have made available to Seller for examination the originals or true and correct copies of all documents which Seller may reasonably request in connection with the transactions contemplated by this Agreement.

12.3 Deliveries at Closing. Buyer shall have delivered or caused to be delivered to Seller the documents, each properly executed and dated as of the FCC Closing Date required pursuant to Section 2.6(b). Buyer shall also have made the payments described in Section 2.5.

12.4 Governmental Consents. The FCC Consent shall have been obtained and be in full force and effect.

If any of the conditions set forth in this Article 12 have not been satisfied, Seller may nevertheless waive such condition, but only in writing, and proceed with the consummation of the transactions contemplated hereby but such waiver shall not relieve Seller of any of its obligations under Article 13 hereof.

## **ARTICLE 13**

### **INDEMNIFICATION**

From and after the First Closing, the parties shall be indemnified as set forth below.

13.1 Indemnification of Buyer by Seller. Seller covenants and agrees with Buyer that it shall reimburse and indemnify and hold Buyer and its members, managers, directors, officers, employees, agents, affiliates and subsidiaries (the “Buyer Indemnified Parties”) harmless from, against and in respect of any and all actions, suits, claims, proceedings, investigations, demands, assessments, fines, judgments, costs and expenses, (including, without limitation, reasonable attorneys’ fees) (“Claims”) incurred by any of the Buyer Indemnified Parties that result from:

(a) any inaccuracy in or breach of any representations or warranties made by the Seller in this Agreement, the Schedules or any other written statement, list, certificate or other instrument furnished to Buyer by or on behalf of the Seller, pursuant to this Agreement;

(b) any nonfulfillment by Seller of any covenant or agreement of Seller under this Agreement or the agreements and instruments contemplated herein;

(c) any liabilities and obligations of Seller;

(d) the ownership or operation of the Assets prior to the First Closing;

(e) any claims or litigation matters which relate or are due to the conduct of Seller on or prior to the FCC Closing Date, including, without limitation, the claims described in SCHEDULE 4.6 hereto, excluding, however, any portion thereof which (i) is the result of the conduct of Buyer or (ii) relates or is due to the execution and performance of this Agreement;

(f) the failure to comply with statutory provisions relating to bulk sales and transfers, if applicable;

(g) any fees, expenses or other payments incurred or owed by Seller to any brokers or comparable third parties retained or employed by them or their affiliates in connection with the transactions contemplated by this Agreement;

(h) any claims made by a third party alleging facts which, if true, would entitle Buyer to indemnification pursuant to (a) through (g) above;

(i) any failure of Seller to comply with its obligations under this Section 13.1; or

(j) any fees or expenses (including without limitation, reasonable attorneys' fees) incurred by Buyer in enforcing its rights hereunder.

The amounts for which Seller shall be liable under this Section 13.1 shall be net of any insurance proceeds paid to Buyer Indemnified Parties in connection with the facts giving rise to the right of indemnification.

13.2 Indemnification of Buyer by Pegasus. Pegasus covenants and agrees with Buyer that it shall reimburse and indemnify the Buyer Indemnified Parties harmless from, against, and in respect of any and all Claims incurred by Buyer Indemnified Parties that result from:

(a) any inaccuracy in or breach of any representations or warranties made by Pegasus in this Agreement, the Schedules or any other written statement, list, certificate or other instrument furnished to Buyer by or on behalf of Pegasus pursuant to this Agreement;

(b) any nonfulfillment of any covenant or agreement of Pegasus under this Agreement or the agreements and instruments contemplated herein;

(c) any fees, expenses or other payments incurred or owed by Pegasus to any brokers or comparable third parties retained or employed by them or their affiliates in connection with the transactions contemplated by this Agreement;

(d) any claims made by a third party alleging facts which, if true, would entitle Buyer to indemnify pursuant to (a) through (c) above;

(e) any failure of Seller to comply with its obligations under this Section 13.2; or

(f) any fees or expenses (including without limitation, reasonable attorneys' fees) incurred by Buyer in enforcing its rights hereunder.

13.3 Indemnification of Seller and Pegasus. Buyer covenants and agrees with Seller and Pegasus that it shall reimburse and indemnify and hold each of Seller and Pegasus and its direct and indirect stockholders, members, managers, directors, officers, employees, agents, affiliates and subsidiaries (the "Pegasus Indemnified Parties") harmless from, against and in respect of any and all Claims incurred by any of Pegasus Indemnified Parties that result from:

(a) any inaccuracy in or breach of any representations or warranties made by Buyer in this Agreement, the Schedules or any other written statement, list, certificate or other instrument furnished to Pegasus or Seller by or on behalf of Buyer pursuant to this Agreement;

(b) any nonfulfillment of any covenant or agreement of Buyer under this Agreement;

(c) the operation or ownership of the Assets (except the Permit) after the First Closing and the ownership of the Permit and the construction or operation of the Station after the FCC Closing;

(d) any fees, expenses or other payments incurred or owed by Buyer to any brokers or comparable third parties retained or employed by them or their affiliates in connection with the transactions contemplated by this Agreement;

(e) any claim, liability or obligation incurred or owed by Buyer relating to the Assets (except the Permit) after the First Closing;

(f) any claims made by a third party alleging facts which, if true, would entitle Seller to indemnification pursuant to (a) through (e) above;

(g) any failure of Buyer to comply with its obligations under this Section 13.3; or

(h) any fees or expenses (including without limitation, reasonable attorneys' fees) incurred by Seller or Pegasus in enforcing its rights hereunder.

The amounts for which Buyer shall be liable under this Section 11.2 shall be net of any insurance proceeds paid to Pegasus Indemnified Parties in connection with the facts giving rise to the right of indemnification.

#### 13.4 Method of Asserting Claims.

(a) The party seeking indemnification (the "Indemnitee") will give prompt written notice to the other party or parties (the "Indemnitor") of any Claim which it discovers or of which it receives notice after the First Closing and which might give rise to a claim by it against Indemnitor under Section 11 hereof, stating the nature, basis and (to the extent known) amount thereof; provided that failure to give prompt notice shall not jeopardize the right of any Indemnitee to indemnification except to the extent such failure shall have materially prejudiced the ability of the Indemnitor to defend such Claim. Subject to the Indemnitor's right to defend in good faith third party claims as hereinafter provided, the Indemnitor shall satisfy its obligations and this Article 13 within thirty (30) days after receipt of written notice thereof from the Indemnitee.

(b) In case of any Claim or suit by a third party or by any governmental body, or any legal, administrative or arbitration proceeding with respect to which Indemnitor may have liability under the indemnity agreement contained in this Section 13, Indemnitor shall be entitled to participate therein, and, to the extent desired by it, to assume the defense thereof, and after notice from Indemnitor to Indemnitee of the election so to assume the defense thereof, Indemnitor will not be liable to Indemnitee for any legal or other expenses subsequently incurred by Indemnitee in connection with the defense thereof, other than reasonable costs of investigation, unless Indemnitor does not actually assume the defense thereof following notice of such election. Indemnitee and Indemnitor will render to each other such assistance as may reasonably be required of each other in order to insure proper and adequate defense of any such suit, Claim or proceeding. If the Indemnitor actually assumes the defense of the Indemnitee, the Indemnitee will not make any settlement of any Claim which might give rise to liability of Indemnitor under the indemnity agreements contained in this Section without the written consent of Indemnitor, which consent shall not be unreasonably withheld, and the Indemnitor shall not agree to make any settlement of any Claim which would not include the unconditional release of

the Indemnatee without the written consent of Indemnitor, which consent shall not be unreasonably withheld.

(c) If the Indemnitor shall notify the Indemnitor of any claim or demand pursuant to Section 13.4(a), and if such claim or demand relates to a claim or demand asserted by a third party against the Indemnitor which the Indemnitor acknowledges is a claim or demand for which it must indemnify or hold harmless the Indemnitor under Sections 13.1, 13.2 or 13.3 the Indemnitor shall have the right to employ counsel reasonably acceptable to the Indemnitor to defend any such claim or demand asserted against the Indemnitor. The Indemnitor shall have the right to participate, at its own cost and expense, in the defense of any such claim or demand. The Indemnitor shall notify the Indemnitor in writing, as promptly as possible (but in any case before the due date for the answer or response to a claim) after the date of the notice of claim given by the Indemnitor to the Indemnitor under Section 13.4(a) of its election to defend in good faith any such third party claim or demand. So long as the Indemnitor is defending in good faith any such claim or demand asserted by a third party against the Indemnitor, the Indemnitor shall not settle or compromise such claim or demand. The Indemnitor shall make available to the Indemnitor or its agents all records and other materials in the Indemnitor's possession reasonably required by it for its use in contesting any third party claim or demand. Whether or not the Indemnitor elects to defend any such claim or demand, the Indemnitor shall have no obligation to do so.

13.5 Payment of Claims. Buyer shall have the right to cause any Claims it may have against Seller or Pegasus, whether under this Agreement or otherwise, to be paid by reduction or offset of such Claims against any amounts payable by Buyer pursuant to this Agreement. The rights contained herein shall not be exclusive, but shall be in addition to any other rights and remedies available to Buyer.

13.6 Nature and Survival of Representations. All statements made by or on behalf of Seller or Pegasus herein or in the Schedules, shall be deemed representations and warranties of Seller regardless of any investigation made by or on behalf of Buyer. The representations and warranties made by Seller, Pegasus, and Buyer, on the other hand, under this Agreement, and all covenants required to be performed prior to the First Closing, shall survive for a period of one year following the First Closing, except that the representations and warranties set forth in Section 4.9 (Brokers) and 5.5 (Brokers) shall survive indefinitely.

13.7 Limitation on Aggregate Claims. No Claims may be asserted by a party pursuant to Sections 13.1(a), 13.1(h) (as it relates to 13.1(a)) or 13.1(j) (as it relates to 13.1(a)) or 13.2(a), 3.2(d) (as it relates to 13.2(a)) or 3.2(f) (as it relates to 13.2(a)) or 13.3(a), 13.3(f) (as it relates to 13.3(a)) or 13.3(h) (as it relates to 13.3(a)) of this Agreement until the aggregate amount of all such Claims of such party shall exceed Fifty Thousand Dollars (\$50,000) (the "Threshold Amount"), at which time the party seeking indemnification shall be entitled to recover the full Threshold Amount from dollar one plus all amounts in excess thereof. Except for any such Claims involving fraud, the liability of Buyer, on the one hand, or Seller and Pegasus, collectively, on the other hand, for Claims asserted pursuant to Sections 13.1(a), 13.1(h) (as it relates to 13.1(a)) or 13.1(j) (as it relates to 13.1(a)) or 13.2(a), 3.2(d) (as it relates to 13.2(a)) or 3.2(f) (as it relates to 13.2(a)) or 13.3(a), 13.3(f) (as it relates to 13.3(a)) or 13.3(h) (as it relates to 13.3(a)) shall not exceed Three Million Dollars (\$3,000,000).

13.8 Remedies. Except as otherwise specifically provided in this Agreement, the foregoing indemnification provisions are the sole and exclusive remedy any party may have for a breach of any representation or warranty hereunder.

## **ARTICLE 14**

### **TERMINATION PRIOR TO FIRST CLOSING DATE**

14.1 Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the First Closing Date, as follows:

- (a) by mutual written agreement of Seller, Buyer and Pegasus; or
- (b) by Buyer if any of the conditions set forth in Article 8 of this Agreement shall not have been fulfilled or waived by the First Closing Date as applicable or as otherwise provided herein; or
- (c) by Seller if any of the conditions set forth in Article 9 of this Agreement shall not have been fulfilled or waived by the First Closing Date, as applicable; or
- (d) by Pegasus if any of the conditions set forth in Article 10 of this Agreement shall not have been fulfilled or waived by the First Closing Date, as applicable; or
- (e) by Buyer, Seller or Pegasus if the First Closing Date has not occurred on or before June 16, 2003.

### 14.2 Rights on Termination; Waiver.

(a) In the event of the termination of this Agreement as provided in Section 14.1 above, all further obligations of the parties under or pursuant to this Agreement shall terminate without further liability of either party to the other, except (i) as provided in Section 14.2(b) below, and (ii) for claims resulting from any breach of this Agreement prior to the termination of this Agreement, and except as set forth in Section 14.2(c), the Earnest Money, together with all accrued interest thereon, shall be returned promptly to Buyer pursuant to the terms of the Escrow Agreement.

(b) If Seller or Pegasus is in material default in the performance of its obligations under this Agreement or has breached in any material respect its representations and warranties hereunder and Buyer is not in material default of its obligations under this Agreement and has not breached in any material respects its representations and warranties hereunder, then Buyer shall be entitled to pursue all legal and equitable remedies against Seller and Pegasus for such default or breach, including specific performance (Seller and Pegasus hereby acknowledge that the Assets are unique and that Buyer has no adequate remedy at law if Seller or Pegasus breaches this Agreement) and Buyer shall be entitled to claim a return of the Earnest Money plus all interest earned thereon pursuant to the terms of the Escrow Agreement; provided however, that if

Seller objects to such claims, the Escrow Agent shall continue to hold the Earnest Money plus all interest earned thereon pursuant to the terms of the Escrow Agreement.

(c) If the First Closing has failed to occur and Buyer is in material default in the performance of its obligations under this Agreement, or Buyer has breached in any material respect its representations and warranties hereunder and neither Seller nor Pegasus is in material default of its obligations under this Agreement and has not breached in any material respect its representations and warranties hereunder, then Seller shall be entitled to claim as its sole liquidated damages, pursuant to Section 14.3, the Earnest Money, together with all interest earned thereon plus all reasonable and documented legal expenses incurred in connection with this Agreement and the transactions contemplated hereby, pursuant to the terms of the Escrow Agreement; provided, however, if Buyer objects to such claims, the Escrow Agent shall continue to hold the Earnest Money pursuant to the terms of the Escrow Agreement.

(d) The rights and duties of the parties hereto with respect to instructions and notices to the Escrow Agent shall be controlled by the Escrow Agreement.

14.3 Liquidated Damages. Buyer, Seller and Pegasus agree that if the First Closing has failed to occur for any reason set forth in Section 14.2(c), Seller's and Pegasus's sole and exclusive remedy under Section 14.2(c) shall be the Earnest Money, together with all interest earned thereon. Buyer further agrees in such case to reimburse Seller and Pegasus for all reasonable and documented legal expenses incurred in connection with this Agreement and the transactions contemplated hereby. The parties agree that the liquidated damages provided in this Section are intended to limit the claims which Seller may have against Buyer in the circumstances described herein. The parties acknowledge and agree that the liquidated damages provided in this Section bear a reasonable relationship to the anticipated harm which would be caused by Buyer's breach of the Agreement prior to the First Closing. The parties further acknowledge and agree that the amount of actual loss caused by Buyer's breach of this Agreement is incapable of precise estimation and that Seller and Pegasus would not have a convenient and adequate alternative to liquidated damages hereunder.

## **ARTICLE 15**

### **DELAY IN OBTAINING FCC CONSENT**

15.1 Program Test Authority. If operation of the Station is able to be commenced with program test authority prior to the date that the FCC issues the FCC Consent as a Final Order, then Buyer and Seller shall enter into the LMA Agreement and the Lease Agreement.

15.2 Assignment and Extension Fee. If the FCC fails to issue the FCC Consent as a Final Order within nine (9) months from the date the appropriate applications for transfer of the Permit to Buyer are made pursuant to Section 3.1 (the "FCC Filing Date"), then Buyer shall pay to Seller and Pegasus an extension fee as follows:

(a) Buyer shall pay to Seller by wire transfer, in immediately available funds, an amount equal to ten percent (10%) of the Estimated Asset Purchase Price; and



(b) Buyer shall pay to Pegasus by wire transfer in immediately available funds an amount equal to ten percent (10%) of the difference between Four Million One Hundred Thousand Dollars (\$4,100,000) and the Estimated Asset Purchase Price.

## ARTICLE 16

### MISCELLANEOUS

16.1 Further Assurances. From time to time after the First Closing Date, upon the reasonable request of Buyer, Seller and Pegasus shall execute and deliver, or cause to be executed and delivered, such further instruments of conveyance, assignment and transfer and take such further action as Buyer may reasonably request in order more effectively to sell, assign, convey, transfer, reduce to possession and record title to any of the Assets.

16.2 Schedules. Any disclosure with respect to a Section of this Agreement requires a specific reference in the Schedules to such Section of the Agreement to which any such disclosure applies, and no disclosure shall be deemed to apply with respect to any Section to which it does not expressly apply.

16.3 Survival. The obligations to indemnify contained in Article 13 hereof, the agreements contained herein, the representations and warranties made in this Agreement or made pursuant hereto shall survive the First Closing and FCC Closing, except as otherwise provided in Section 13.6, and the consummation of the transactions contemplated by this Agreement, and shall survive any independent investigation by Buyer, Seller or Pegasus, and any dissolution, merger or consolidation of Buyer, Seller or Pegasus and shall bind the legal representatives, assigns and successors of Buyer, Seller and Pegasus.

16.4 Entire Agreement; Amendment; and Waivers. This Agreement and the documents referred to herein and to be delivered pursuant hereto constitute the entire agreement between the parties pertaining to the subject matter hereof, and supersede all prior and contemporaneous agreements, understandings, negotiations and discussions of the parties, whether oral or written, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof, except as specifically set forth herein. No amendment, supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision or breach of this Agreement, whether or not similar, unless otherwise expressly provided.

16.5 Expenses. Except as otherwise specifically provided herein, whether or not the transactions contemplated by this Agreement are consummated, each of the parties hereto shall pay the fees and expenses of its respective counsel, accountants and other experts incident to the negotiation and preparation of this Agreement and consummation of the transactions contemplated hereby.

16.6 Benefit; Assignment. This Agreement shall be binding upon and inure to the benefit of and shall be enforceable by Buyer, Seller and Pegasus and their respective proper successors and assigns. This Agreement may be assigned by Buyer to an entity under common

control with Buyer without the consent of Seller, so long as such assignment is not anticipated in the opinion of Seller's and Pegasus' FCC counsel to materially adversely affect the timing of the FCC's consent to the transfer of the Permit. Buyer agrees that Seller may assign its rights hereunder to Pegasus, so long as such assignment is not anticipated in the opinion of Buyer's FCC Counsel to materially adversely affect the timing of the FCC's consent to the transfer of the Permit. Buyer further agrees that Pegasus may assign its rights hereunder to an entity purchasing all of the assets or stock of Pegasus or in connection with the transfer of some or all of the Assets to either a parent of Pegasus or a subsidiary of such parent holding all or substantially all of the assets of Pegasus, so long as such assignment is not anticipated in the opinion of Buyer's FCC Counsel to materially adversely affect the timing of the FCC's consent to the transfer of the Permit. Seller and Pegasus agree that Buyer may collaterally assign this Agreement to one or more lenders providing financing to Buyer for the consummation of the transactions contemplated herein.

#### 16.7 Confidentiality.

(a) Buyer agrees that prior to the First Closing, Buyer and its agents and representatives shall not use for its or their own benefit (except when required by law and except for use in connection with Buyer's financing of the transaction and Buyer's investigation of the Assets in connection with this Agreement), and shall hold in strict confidence and not disclose: (i) any data or information relating to Seller or Pegasus, their affiliates or the Assets obtained from Seller or Pegasus or any of their directors, members, managers, officers, employees, agents or representatives in connection with this Agreement; or (ii) any data and information relating to Seller or Pegasus, in each case which is confidential in nature and not generally known to the public (clauses (i) and (ii) together, "Seller's Information"). If the transactions contemplated in this Agreement are not consummated for any reason, Buyer shall return to Seller and Pegasus all data, information and any other written material obtained by Buyer from Seller and Pegasus in connection with this transaction and any copies, summaries or extracts thereof, and shall refrain from disclosing any of Seller's Information to any third party or using any of Seller's Information for its own benefit or that of any other Person.

(b) Seller and Pegasus agree that Seller and Pegasus and their respective agents and representatives shall not use for its own benefit (except when required by law and except for use in connection with their respective investigations and reviews of the Buyer in connection with this Agreement), and shall hold in strict confidence and not disclose: (i) any data or information relating to Buyer or its affiliates obtained from Buyer, or from any of its directors, officers, employees, agents or representatives, in connection with this Agreement; or (ii) any data and information relating to the business, customers, financial statements, conditions or operations of the Buyer which is confidential in nature and not generally known to the public (clauses (i) and (ii) together "Buyer's Information"). If the transactions contemplated in this Agreement are not consummated for any reason, Seller and Pegasus shall return to Buyer all data, information and any other written material obtained by Seller and Pegasus from Buyer in connection with this transaction and any copies, summaries or extracts thereof and shall refrain from disclosing any of Buyer's Information to any third party or using any of Buyer's Information for its own benefit or that of any other Person.

16.8 Notices. All communications or notices required or permitted by this Agreement shall be in writing and shall be deemed to have been given at the earlier of (i) the date when sent by telecopy or facsimile machine to the number shown below with confirmation of transmission, or (ii) the business day after being properly deposited for delivery by commercial overnight delivery service, prepaid, or (iii) five (5) days after deposit in the United States mail, certified or registered mail, postage prepaid, return receipt requested, and addressed as follows, unless and until either of such parties notifies the other in accordance with this Section of a change of address or change of telecopy number:

If to Buyer:	Mississippi Television, LLC 700 St. John Suite 300 Lafayette, Louisiana 70501 Attention: Sheldon Galloway Telecopy No.: (337) 237-1373
With a copy to:	Greenberg Traurig 3290 Northside Parkway Suite 400 Atlanta, Georgia 30327 Attention: James S. Altenbach, Esq. Telecopy No.: (678) 553-2188
If to Pegasus:	Pegasus Satellite Communications, Inc. c/o Pegasus Communications Management Company 225 City Line Avenue Suite 200 Bala Cynwyd, Pennsylvania 19004 Attn: Howard E. Verlin Attn: Scott A. Blank Telecopy No.: (610) 934-7121
With a copy to:	Drinker Biddle & Reath LLP One Logan Square 18 <sup>th</sup> and Cherry Streets Philadelphia, Pennsylvania 19103-6996 Attention: Michael B. Jordan Telecopy No.: (215) 988-2757
If to Seller:	Guyon W. Turner President and Chief Operating Officer KB Prime Media, LLC 1320 Lafayette Road Gladwyne, Pennsylvania 19035 Telecopy No.: (610) 526-0679

With a copy to: Cozen & O'Connor  
1900 Market Street  
Philadelphia, Pennsylvania 19103  
Attention: Larry S. Laubach  
Telecopy No. (215) 701-2346

16.9 Counterparts; Headings. This Agreement may be executed in counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same Agreement. The Table of Contents and Article and Section headings in this Agreement are inserted for convenience of reference only and shall not constitute a part hereof.

16.10 Income Tax Position. Neither Buyer, Seller nor Pegasus shall take a position for income tax purposes which is inconsistent with this Agreement.

16.11 Severability. If any provision, clause or part of this Agreement or the application thereof under certain circumstances is held invalid, or unenforceable, the remainder of this Agreement, or the application of such provision, clause or part under other circumstances, shall not be affected thereby.

16.12 Governing Law. This Agreement shall be construed and interpreted according to the laws of the State of Delaware, without regard to the conflict of law principles thereof.

16.13 Knowledge. As used herein with respect to any person, the “knowledge” of that Person or words to that effect shall mean matters actually known to such Person as well as matters that after due inquiry would reasonably be expected to be known.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Purchase and Sale Agreement as of the day and year first above written.

**“BUYER”**

**MISSISSIPPI TELEVISION, LLC**

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

**“SELLER”**

**KB PRIME MEDIA, LLC**

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

**“PEGASUS”**

**PEGASUS SATELLITE COMMUNICATIONS, INC.**

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

## **EXHIBIT "F"**

### **LEASE AGREEMENT**

**THIS LEASE AGREEMENT** (this "Lease"), is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between Mississippi Television, LLC, a Delaware limited liability company ("Lessor"), and KB Prime Media LLC, a Delaware limited liability company ("Lessee").

#### **RECITALS:**

WHEREAS, Lessee has sold to Lessor, and Lessor has purchased from Lessee, at the First Closing, the Assets (other than the Permit) (the "Purchased Assets") used by Lessee in the construction of the television broadcast station, Channel 35, in Vicksburg, Mississippi (the "Station") in accordance with that certain Purchase and Sale Agreement, dated as of \_\_\_\_\_, 2003, among Lessor, Lessee and Pegasus Satellite Communications, Inc. (the "Purchase Agreement");

WHEREAS, the Purchase Agreement contemplates the execution and delivery of this Lease by the parties in the event that the operation of the Station is able to be commenced pursuant to automatic program test authority (the "Program Test Authority") prior to the date that the FCC Consent becomes a Final Order in order to set forth the respective rights and obligations of the parties with respect to the use by Lessee of certain of the assets owned by Lessor in the operation of the Station; and

WHEREAS, contemporaneously herewith, Lessor and Lessee are entering into a Local Marketing Agreement (the "LMA"), pursuant to which Lessee will retain Lessor to provide programming and related services for the Station, all in conformity with Lessee's policies and procedures, Federal Communications Commission ("FCC") rules and policies for time brokerage arrangements, and the provisions thereof.

#### **AGREEMENT:**

NOW, THEREFORE, in consideration of the above recitals, and mutual promises and covenants contained herein, the parties, intending to be legally bound, agree as follows:

**1. DEFINITIONS.** Capitalized terms used herein without definition shall have the respective meanings assigned thereto in the Purchase Agreement for all purposes of this Lease. Unless otherwise specified, all references herein to "Sections" are to Sections of this Lease.

#### **2. LEASE AND RELATED MATTERS.**

**2.1 Term.** The term of this Lease shall begin upon the date hereof and shall terminate automatically upon the earlier of the FCC Closing under the Purchase Agreement or six (6) months after the termination of either the Purchase Agreement or the LMA (the "Term").

## 2.2 Lease; Use of Leased Assets.

(a) Lessor agrees to give Lessee unfettered access to the Purchased Assets, studio space, rights under leases and other property owned or held by Lessor (collectively, the “Leased Assets”) and to grant Lessee the right to use the Leased Assets on a non-exclusive basis, during the Term, subject to and upon the terms and conditions of this Lease and subject to the terms of the LMA.

(b) Lessee shall be permitted to use the Leased Assets to perform its obligations under the LMA and as licensee of the Station and to produce programming that Lessee is obligated or chooses to provide.

(c) The Leased Assets shall, to the extent used by Lessee throughout the Term, be used in all material respects in accordance with any FCC permits or licenses granted to Lessee for the ownership or operation of the Station, the Communications Act of 1934, as amended, and applicable FCC rules, regulations and policies. Lessee may not make alterations in, modifications to or additions to the Leased Assets, without the prior consent of Lessor.

(d) Lessee shall not use or permit the Leased Assets to be used in any manner or for any purpose for which the Leased Assets are not designated or reasonably suitable. Lessee shall comply with all laws, rules and regulations of any governmental agency or authority concerning the operation of the Leased Assets.

## 2.3 Lease Payments.

(a) In consideration of the lease by Lessor to Lessee of the Leased Assets, Lessee shall pay a monthly lease fee to Lessor in the amount of One Hundred Dollars (\$100.00) (the “Lease Fee”). The Lease Fee for the first month shall be paid by Lessee to Lessor on the date hereof, and each subsequent payment of the Lease Fee shall be due upon the monthly anniversary of that day.

(b) Personal property taxes assessed on any of the Leased Assets during the Term shall be paid by Lessor to the appropriate taxing authority, and Lessor shall file all required property tax returns and reports concerning the Leased Assets with all appropriate governmental agencies or authorities.

## 3. **MISCELLANEOUS.**

3.1 Further Assurances. Each of the parties hereto hereby agrees to take or cause to be taken such further actions, to execute, deliver and file or cause to be executed, delivered and filed such further documents, and will obtain such consents, as may be necessary or as may be reasonably requested in order to fully effectuate the purposes, terms and conditions of this Lease.

3.2 Expenses. Each party hereto will pay its own expenses incurred by such party in connection with the negotiation, preparation, execution and consummation of this Lease

and the transactions contemplated hereby, including, without limitation, all legal and accounting fees and disbursements.

3.3 Assignment and Subordination. This Lease shall be binding upon and inure to the benefit of and shall be enforceable by Lessor and Lessee and their respective proper successors and assigns. This Lease may be assigned by Lessor to an entity under common control with Lessor without the consent of Lessee, so long as such assignment is not anticipated in the opinion of Lessee's FCC counsel to materially adversely affect the timing of the FCC's consent to the transfer of the Permit or any FCC licenses granted to Lessee for the operation of the Station. Lessor may assign its rights hereunder with the consent of Lessee which may not be unreasonably withheld or delayed. Lessor agrees that Lessee may assign its rights hereunder to an entity acquiring substantially all of the assets or stock of Pegasus or in connection with the transfer of some or all of its assets to a parent or a subsidiary of a parent holding all or substantially all of the assets) of Lessee, so long as such assignment is not anticipated in the opinion of Lessor's FCC counsel to materially adversely affect the timing of the FCC's consent to the transfer of the Permit or any FCC licenses granted to Lessee for the operation of the Station. In addition, Lessor shall have the right to transfer, assign, mortgage and convey its interests in any or all of its fee simple and leasehold properties in the Station to one or more lenders acceptable to Lessor to finance its business operations (hereinafter "Lender"). Lessee hereby agrees that this Lease shall be subordinate and inferior automatically without any further action by Lessor or Lessee to any such financing entered into now or in the future by Lessor. Lessee further agrees to cooperate fully with Lessor and its Lender in executing any additional documentation to evidence this subordination. Except as permitted herein, no party shall assign its rights and obligations under this Lease, in whole or in part, whether by operation of law or otherwise, without the prior written consent of the other party hereto, and any such assignment contrary to the terms hereof shall be null and void and of no force and effect. In no event shall the assignment by any party of its respective rights or obligations under this Lease release such party from its respective liabilities and obligations hereunder.

3.4 Entire Agreement; Amendments. This Lease and the LMA constitute the entire agreement between the parties hereto with respect to the transactions contemplated herein and supersede all prior oral or written agreements, commitments or understandings with respect to the matters provided for herein. No amendment, modification or discharge of this Lease shall be valid or binding unless set forth in writing and duly executed and delivered by the party against whom enforcement of the amendment, modification, or discharge is sought. The parties hereto agree that to the extent the terms of this Lease are inconsistent with the terms of LMA, the terms of the LMA shall control.

3.5 Waiver. No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Lease or under any other documents furnished in connection with or pursuant to this Lease shall impair any such right, power or privilege or be construed as a waiver of any default or any acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of such right, power or privilege, or the exercise of any other right, power or privilege. No waiver shall be valid against any party hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.



3.6 Governing Law. This Lease, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of Delaware (excluding the choice of law rules thereof).

3.7 Notices. All communications or notices required or permitted by this Lease shall be in writing and shall be deemed to have been given at the earlier of (a) the date when sent by telecopy or facsimile machine to the number shown below with confirmation of transmission, or (b) the business day after being properly deposited for delivery by commercial overnight delivery service, prepaid, or (c) five (5) days after deposit in the United States mail, certified or registered mail, postage prepaid, return receipt requested, and addressed as follows, unless and until either of such parties notifies the other in accordance with this Section of a change of address or change of telecopy number:

If to Lessor: Mississippi Television, LLC  
700 St. John  
Suite 300  
Lafayette, Louisiana 70501  
Attention: Sheldon Galloway  
Telecopy No.: (337) 237-1373

With a copy to: Greenberg Traurig  
3290 Northside Parkway  
Suite 400  
Atlanta, Georgia 30327  
Attention: James S. Altenbach  
Telecopy No.: (678) 553-2188

If to Lessee: KB Prime Media LLC  
1320 Lafayette Road  
Gladwyne, Pennsylvania 19035  
Attention: Guyon W. Turner, President  
Telecopy No. (610) 526-0679

With a copy to: Cozen & O'Connor  
1900 Market Street  
Philadelphia, Pennsylvania 19103  
Attention: Larry S. Laubach  
Telecopy No. (215) 701-2346

3.8 Counterparts; Headings. This Lease may be executed in counterparts, each of which shall be deemed an original, but such counterparts shall together constitute but one and the same agreement. The Section headings in this Lease are inserted for convenience of reference only and shall not constitute a part hereof.

3.9 Limitation on Benefits. The covenants, undertakings and agreements set forth in this Lease shall be solely for the benefit of, and shall be enforceable only by, the parties

hereto and their respective successors, heirs, executors, administrators, legal representatives and permitted assigns.

3.10 Severability. If any provision, clause or part of this Lease or the application thereof under certain circumstances is held invalid, or unenforceable, the remainder of this Lease, or the application of such provision, clause or part under other circumstances, shall not be affected thereby.

3.11 No Joint Venture or Partnership. No party shall have any power or authority to act for or on behalf of any other or to bind any other in any manner whatsoever, except as and to the extent expressly provided for in this Lease. The parties hereto agree that nothing herein shall constitute a joint venture or partnership between them.

**[SIGNATURES ON FOLLOWING PAGE.]**

**IN WITNESS WHEREOF**, this Lease has been executed by the parties hereto as of the date first above written.

MISSISSIPPI TELEVISION, LLC

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

KB PRIME MEDIA LLC

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

## **LOCAL MARKETING AGREEMENT**

THIS LOCAL MARKETING AGREEMENT (this "LMA") is made and entered into as of \_\_\_\_\_, 2003 by and between Mississippi Television, LLC, a Limited Liability Company, organized under the laws of the State of Delaware ("Broker"), and KB Prime Media LLC, a Limited Liability Company, organized under the laws of the State of Delaware ("Licensee"):

### **W I T N E S S E T H:**

WHEREAS, Broker is in the business of producing and transmitting news, sports, informational, public-service, and entertainment programming and associated advertising; and

WHEREAS, Licensee has a valid construction permit (File No. BPCT-19961001LB) issued by the Federal Communications Commission (the "FCC"), for construction of the television broadcast station, Channel 35, in Vicksburg, Mississippi (the "Station"); and

WHEREAS, Broker and Licensee have entered into a Purchase and Sale Agreement for the sale of the authorizations and assets owned by Licensee and used or useful in the construction of the Station (the "APA"); and

WHEREAS, the APA contemplates that Broker and Licensee would enter into this LMA in the event that the operation of the Station is able to be commenced pursuant to automatic program test authority prior to the date that the FCC Consent becomes a Final Order (as such terms are defined in the APA); and

WHEREAS, the FCC Consent has not become a Final Order; and

WHEREAS, the operation of the Station is being commenced, pursuant to automatic program test authority, as of the date of this LMA; and

WHEREAS, contemporaneously herewith, Broker and Licensee are entering into a Lease Agreement (the "Lease") pursuant to which Licensee shall have access to and the right to use the assets, rights and properties of Broker in the operation of the Station; and

WHEREAS, Broker desires to provide programming to be transmitted on the Station pursuant to the provisions of this LMA and the applicable rules and regulations of the FCC; and

WHEREAS, Licensee desires to accept and to transmit programming supplied by Broker that conforms to the policies of the Licensee and the rules, regulations and policies of the FCC.

NOW, THEREFORE, in consideration of these premises and the mutual promises, undertakings, covenants, and agreements of the parties contained in this LMA, the parties hereto, intending to be legally bound, do hereby agree as follows:

## **ARTICLE I**

### **PROGRAMMING**

1.1 Brokered Programming. Broker will provide to the Licensee for transmission by the Station, at Broker's expense, up to one hundred sixty-six (166) hours per week of programming that shall include: (a) news, sports, informational, and entertainment programming, including any network programming as well as associated

advertising and promotional programming; (b) public service announcements; (c) an announcement in form sufficient to meet the station identification requirements of the FCC at the beginning of each hour; and (d) any other announcement that may be required by applicable law or regulation (including but not limited to EAS tests) (the "Brokered Programming"). All Brokered Programming and its transmission by the Station shall be subject to the supervision and control of Licensee.

1.2 Air Time Reserved to Licensee. The parties recognize that the Licensee has certain responsibilities to ensure that the Station's broadcast programming meets the needs and interests of the communities of license, and nothing in this Agreement shall interfere with the unrestricted authority of Licensee to discharge its obligations to the public and to comply with the Communications Act of 1934, as amended (the "Act") and the rules, regulations and policies of the FCC. Accordingly, notwithstanding Section 1.1 above, during the Term:

(a) Licensee may broadcast or cause Broker to produce and broadcast under Licensee's supervision up to two (2) hours per week on the Station such public affairs programming that responds to the needs and interests of the public in the Station's community of license. Such public affairs programming shall be presented between 6:00 a.m. and 9:00 a.m. on Saturdays and/or Sundays or at such other times as the public interest may require. From time to time, Licensee may also create or direct Broker to produce under Licensee's supervision public service announcements of local interest to be broadcast on the Station;

(b) Upon seven (7) days advance notice to Broker or less, as the

public interest may require, Licensee may elect to set aside additional hours of air time per broadcast week otherwise allocated to Broker in Section 1.1, to be scheduled at a mutually agreeable time, for the broadcast of specified non-entertainment programming on issues of importance to the local community; and

(c) Although both parties shall cooperate in the broadcast of emergency information over the Station, Licensee shall have the right to interrupt Broker's programming in case of an emergency or for programming that, in the reasonable good faith judgment of Licensee, is of overriding national or local importance. Licensee shall provide advance notice to Broker of such interruption of Broker's programming unless such advance notice is impossible or impractical, in which case Licensee shall notify Broker promptly upon making such determination.

### 1.3 Licensee and Broker Obligations.

(a) During the term of this Agreement, except as set forth in Section 1.2 and 1.4, Licensee will broadcast the Brokered Programming on the Station in its entirety (including commercials), without interruption, deletion or addition of any kind.

(b) Licensee and Broker will cooperate reasonably in an effort to avoid conflicts regarding the programming on the Station and to ensure that the Station's programming conforms with the Licensee's Programming Policy Statement, the Act and the FCC's rules, regulations and policies.

### 1.4 Programming Policy Statement. Licensee has adopted and will

enforce the Broadcast Station Programming Policy Statement (the "Policy Statement"), a copy of which appears as Exhibit A hereto, and by this reference is incorporated herein as though fully set forth herein. The Policy Statement may be amended from time to time by Licensee, upon notice to Broker. In providing programming for broadcast on the Station, including advertising spots and promotional material or announcements, Broker agrees and covenants to comply in all material respects with the Policy Statement, with the Act and all rules regulations and policies of the FCC, and with all other applicable federal and state laws and regulations. Licensee shall have the right, upon prior notice to the Broker, to reject or refuse any portions of the Brokered Programming that Licensee reasonably believes to be unsatisfactory, unsuitable or contrary to the public interest, and to suspend or cancel any program supplied by Broker that it reasonably determines does not comply with the Policy Statement.

1.5 Broker Compliance with Copyright Act. Broker represents and warrants to Licensee that Broker has full authority to broadcast the Brokered Programming on the Station, and that Broker shall not include in the Brokered Programming any material in violation of the Copyright Act. All music contained in Brokered Programming shall be: (i) licensed by ASCAP, SESAC, or BMI; (ii) in the public domain; or (iii) cleared at the source by Broker. The right to use the Brokered Programming and to authorize its use in any manner shall be, and shall remain, vested in Broker.

1.6 Sales. Broker shall be entitled to all of (i) the Station's network compensation revenues (if any), (ii) any promotion-related revenues received from any



network or program supplier with respect to affiliation with such network or for the broadcast of networks' or program suppliers' programming by the Station, (iii) revenues on account of the granting by Licensee of Licensee's consent to the retransmission by any other medium of distribution of the Station's signals that include the Brokered Programming, and (iv) all revenues from the sale of advertising time within the Brokered Programming provided by Broker for broadcast by the Station. Broker may sell advertising in the Brokered Programming for the Station in combination with any other broadcast stations of Broker's choosing. Broker shall be responsible for the payment of commissions due to any national regional or local sales representatives engaged by Broker for the purpose of selling advertising that is included in the Brokered Programming. Broker shall not represent, warrant or hold itself out as station Licensee and shall sell all advertising time in its own name. Unless otherwise agreed between the parties, Licensee shall retain all revenues from the sale of the Station's advertising during the Licensee Programming. Licensee and Broker each shall have the right, at his or its own expense, to seek copyright royalty payments for his or its own programming.

1.7 Political Advertising. Broker shall cooperate with Licensee to assist Licensee in complying with the provisions of the Communications Act regarding political advertising. Broker shall supply such information promptly to Licensee as may be necessary to comply with the public inspection file requirement, lowest unit charge ("LUC") requirement, equal opportunities requirement, and reasonable access requirements of the Communications Act and FCC rules, regulations and policies. At least thirty (30) days before the start of any political window, Broker will meet with

Licensee's Chief Operator or other senior management to review the Broker's proposed political disclosure statement as well as the rates Broker will offer to legally qualified candidates in the various dayparts and classes of time available in the Brokered Programming. Broker shall, upon request by Licensee, conduct an audit of all advertising spots cleared in a particular seven (7) day period to determine compliance with LUC requirements and issue rebates as necessary. If a legally qualified candidate for public office complains that Broker's advertising sales in the Brokered Programming do not comply with the applicable equal opportunity or reasonable access provisions of the Act and the FCC's rules, regulations and policies, then to the extent reasonably necessary, Broker shall release available advertising time to Licensee or recall previously sold advertising spots to permit Licensee to bring Station into compliance; provided, however, that all revenues realized by Licensee from the sale of such advertising time shall be promptly paid to Broker.

1.8 Payola. Broker agrees that neither it nor any of its employees will accept any consideration, compensation, gift, or gratuity of any kind whatsoever, regardless of its value or form, including, but not limited to, a commission, discount, bonus, material, supplies, or other merchandise, services, or labor (collectively, "Consideration"), whether or not pursuant to written contracts or agreements between Broker and merchants or advertisers, in consideration for the broadcast of any matter on the Station unless the payor is identified in the program for which the Consideration was provided as having paid for or furnished such Consideration, to the extent such identification is required by the Act, as amended, and the rules and regulations of the FCC. Broker agrees to execute and to have each of its employees in a position to

determine the content of any of the Brokered Programming execute and provide to Licensee a Payola Affidavit on an annual basis, or more frequently at the request of Licensee, substantially in the form attached hereto as Exhibit B and by this reference incorporated herein as though fully set forth herein.

## **ARTICLE II**

### **OPERATIONS**

#### **2.1 Compliance With FCC Regulations.**

(a) Licensee will have full authority, power, and control over the management and operations of the Station during the Initial Term of this LMA, as hereinafter defined, and during any renewal term of this LMA. Licensee will be ultimately responsible for the Station's compliance with all applicable provisions of the Act, and the rules, regulations, and policies of the FCC, including all technical regulations governing the operation of the Station, the maintenance of a main studio, providing a meaningful managerial and staff presence at the main studio, the ascertainment of and programming in response to community problems, issues, concerns, and needs (including the problems, issues, concerns, and needs of children) and the preparation of related quarterly or annual reports on same, political programming laws and regulations, sponsorship identification rules, lottery and contest regulations, maintenance of the Station's public and political files, compiling quarterly documentation of compliance with commercial limits applicable to certain children's television programming, maintaining employment records for the Station, and all other

FCC requirements and duties.

(b) To ensure compliance with the Act, the FCC's rules, regulations and policies, and the Station's policies, including the preparation by Licensee of its quarterly issues and program lists and the satisfaction of its community service obligations, Licensee shall be entitled to review at its reasonable discretion any programming material of Broker that it may request. Broker shall promptly provide Licensee with copies of all correspondence and complaints received from the public, including any telephone logs of complaints called in, and copies of all program logs and promotional materials as well as tapes of any complained of programming. Broker shall also maintain and promptly deliver to the Licensee such records and information required by the FCC to be placed in the public inspection file of the Station pertaining to the broadcast of political programming and advertisements, in accordance with the provisions of Sections 73.1940 and 73.3526 of the FCC's rules, and to the broadcast of sponsored programming addressing political issues or controversial issues of public importance, in accordance with the provisions of Section 73.1212 of the FCC's rules. Broker shall promptly provide to Licensee any other information that is reasonably necessary to enable Licensee to prepare any records or reports required by the FCC or other governmental entities. Nothing in this Section shall entitle Licensee to review the internal corporate or financial records of Broker.

2.2 Provision of Programming. Subject to Licensee's overall control and approval as specified in this Agreement, Broker shall provide the Brokered Programming and shall be responsible for implementing its transmission by the Station,

utilizing assets owned by either the Broker or Licensee as necessary.

### 2.3 Station Staffing.

(a) Licensee will employ such personnel as may be necessary to supervise the day-to-day operations of the Station and comply with the FCC's rules, regulations and policies concerning main studio staffing. Licensee shall employ a Chief Operator who shall have managerial control over and direct the Licensee's day-to-day operations at the Station. Licensee's employees shall report to and be solely accountable to Licensee. Licensee shall pay the salaries, taxes, insurance, and related costs of such personnel. Broker shall reimburse Licensee for these personnel costs as part of the monthly reimbursement specified in Section 3.1(c) hereof.

(b) Broker shall employ such personnel as may be necessary for the sale of commercial advertising time and the production of the Brokered Programming (including salespeople, traffic personnel, board operators, and programming staff). Broker shall be solely responsible for the salaries, taxes, insurance, and related costs of all such personnel. While performing work for the Station, Broker's employees shall be subject to the overall supervision and control of Licensee's Chief Operator at the Station.

(c) Broker agrees to provide Licensee such information as Licensee may request concerning Broker's recruitment, hiring, or employment practices in connection with Broker's provision of the Brokered Programming to the Station.

### 2.4 Station Maintenance. Broker shall be responsible, with the

cooperation of Licensee, for the maintenance in good working order and repair of the Station's transmission system and any equipment used or useful in connection with the operation of the Station. The Licensee shall have the right to correct repairs determined to affect the continued operation of the Station in coordination with the Broker and shall be reimbursed for such costs.

## 2.5 Finances, Budgeting, and Accounting.

(a) Any amounts paid to the Station and received by the Licensee during the term of this LMA that are due Broker shall be promptly paid to Broker. The Licensee shall maintain such books and records as shall enable Licensee and Broker to verify all such processing.

(b) All expenses incurred in the regular operation of the Station for each calendar month shall be promptly paid by Licensee. These costs shall include the costs of any insurance on the Station's equipment, ad valorem property taxes, the cost of electricity and other utilities, rental payments, federal, state and local taxes, and the salaries, taxes, insurance, and related costs for all personnel employed by the Licensee at the Station. Licensee shall maintain such books and records as shall enable Licensee and Broker to verify all such payments.

(c) Broker shall reimburse Licensee each month for all reasonable expenses incurred by Licensee in connection with the operation and maintenance of the Station in the ordinary course that are consistent with past practices in the categories set forth in Section 2.5(b) and Exhibit C hereof.

## ARTICLE III

### **FEES AND OTHER CONSIDERATION**

#### 3.1 Fees.

As consideration for the air time made available under this Agreement, Broker shall pay Licensee as follows:

(a) On the ninth (9<sup>th</sup>) month after the filing with the FCC of the application to assign the construction permit for the Station pursuant to the APA, Three Thousand Dollars (\$3,000) per month, which amount shall increase each month thereafter by One Thousand Dollars (\$1,000) per month; provided, however, that such monthly fees shall never exceed Ten Thousand Dollars (\$10,000).

(b) On the date that is Twenty-One (21) months after the filing with the FCC of the application to assign the construction permit for the Station, Three Hundred Eighteen Thousand Dollars (\$318,000) by wire transfer, in immediately available funds.

(c) On a monthly basis, reimbursement of the expenses incurred by the Licensee in the operation and maintenance of the Station as set forth in Sections 2.3, 2.4 and 2.5 and Exhibit C hereto. Payments shall be made by the 10<sup>th</sup> of each month. Reimbursement payments are in addition to the fees set forth above.

#### 3.2 Adjustments. If at any time during the term of this LMA, the Station

shall fail for any reason, other than as expressly provided in Section 1.2, Section 1.4 and Section 8.1 hereof, to broadcast Brokered Programming for the amount of time for which Broker shall have offered such Brokered Programming for transmission by the Station, the monthly fees payable to Licensee by Broker shall be reduced by the then-current value (established by reference to Broker's standard rates for the same) of the advertising time that was scheduled to have been broadcast by the Station during any such Brokered Programming that was offered by Broker for transmission by the Station but that was not transmitted; provided, however, that any reduction in the monthly fee payable to Licensee by Broker pursuant to this Subparagraph 3.2 shall be without prejudice to Broker's rights under Paragraph 4.4 hereof.

## **ARTICLE IV**

### **TERM**

4.1 Initial Term. The effective date of this LMA (the "Initial Term") shall begin on the date of execution by both parties hereto and shall run to the earlier of one (1) year from such effective date of this LMA or the FCC Closing Date as that term is defined in the APA.

4.2 Renewal Term. This LMA shall automatically be renewed for a period of ten (10) years following the expiration of the Initial Term, and then for 1 year periods thereafter, unless Broker shall have provided written notice to Licensee of Broker's election not to renew this LMA beyond the Initial Term, or subsequent term, said notice to be provided to Licensee at least one hundred and eighty (180) days prior



to the expiration of the Initial Term or subsequent term.

4.3 Termination. This LMA will automatically terminate upon the closing of a sale, transfer of control, or assignment of the construction permit (or any licenses granted to Licensee for the operation of the Station) to Broker or an assignee of Broker. After the Initial Term, Licensee may unilaterally terminate this LMA upon giving One Hundred and Eighty (180) days prior written notice to Broker. Should Licensee give such notice, Broker has the right, upon thirty (30) days written notice to Licensee, to reduce the date of termination to ninety (90) days from the receipt by Broker of such notice. Termination by the Licensee prior to the expiration of any term shall be deemed a default except as provided in Section 4.5.

4.4 Termination for Refusal to Transmit Programs. In the event that Licensee shall fail to make the Station available to Broker for the transmission of Brokered Programming (except as provided in Section 1.2, Section 1.4 and Section 8.1 hereof) for a total of twenty-four (24) hours in any thirty (30) day period, Broker shall have the right, exercisable at any time within thirty (30) days after the end of such period, upon written notice to Licensee, to terminate this LMA effective as of one hundred and twenty (120) days after the date on which Broker shall have notified Licensee of Broker's termination of this LMA. Such termination shall extinguish the rights and liabilities of Broker and Licensee under this LMA from and after the effective date of such termination, other than rights and liabilities for pre-termination breaches of or defaults under this LMA; provided, however, that upon termination of this LMA by Broker pursuant to this Paragraph, there shall be a final accounting of monies due but

unpaid as of the date of termination under this LMA; and, provided, further, that Broker shall be entitled to the payment by Licensee of Damages, as defined in Section 4.6 hereof.

4.5 Termination for Default or Nonperformance. Except as provided in Paragraph 4.4 hereof, should either party be in breach of or default under this LMA for the non-performance of a material obligation of such party hereunder, or for a material violation of a representation or warranty by such party contained in this LMA, this LMA may be terminated by the non-defaulting party if such breach, default, or non-performance shall have continued uncured for a period of thirty (30) days following the receipt by the defaulting party of written notice from the non-defaulting party, which notice shall indicate the nature of such breach, default, or non-performance; provided, however, that there shall be a final accounting of monies due but unpaid under this LMA; and, provided, further, that if such termination shall have been due to the breach, default, or non-performance on the part of Licensee under this LMA, Broker shall be entitled to the payment by Licensee of Damages, as defined in Section 4.6 hereof. In the event that such termination shall have been due to the breach, default, or non-performance on the part of Broker under this LMA, Licensee shall be entitled to Damages, as provided in Section 4.6 hereof, in an action brought by Licensee against Broker for a breach of this Agreement.

4.6 Damages. For purposes of Paragraphs 4.3, 4.4 and 4.5 hereof, "Damages" means an amount, in the aggregate, to be determined by a Court of competent jurisdiction in an action brought by either Broker or Licensee against the

other for breach of this Agreement. In calculating Broker's Damages, a court should focus on the funds expended or committed to be expended by Broker in anticipation of providing Brokered Programming on the Station in each of the categories enumerated in the following Clauses (a) through (g), hereof:

(a) the full value of all programming agreements assumed and entered into by Broker for purposes of providing programming to be broadcast on the Station, which Broker shall own or for which Broker shall be financially responsible at the time of the termination of this LMA, less any consideration received by Broker as a consequence of Broker's good-faith efforts to sell or to assign such agreements and any depreciation or amortization of such agreements recognized by Broker up to time of alleged breach or termination event;

(b) the full value of all employee severance and employee benefits that Broker, in its discretion, shall reasonably provide to employees of Broker whose services would not be required in the absence of this LMA, provided that said employees are not subsequently hired by Broker or its affiliates, subsidiaries or parent companies in the next year;

(c) the actual cost to Broker of any contracts with third parties, which could not be performed owing to the termination of this LMA, for goods provided or to be provided or for services rendered or to be rendered in connection with programming provided or to be provided to the Station, including, without limitation, producers, advertising salespeople, technicians, engineers, and any other independent contractors whose goods or services would not be required in the absence of this LMA;

(d) the full value of all out-of-pocket expenses incurred by Broker in order to promote the Station or to position the Station in the marketplace;

(e) the market value at time of acquisition of all assets acquired by Broker for the purpose of implementing this LMA and of all capital expenses paid or incurred by Broker in connection with this LMA, less any consideration received by Broker as a consequence of Broker's good-faith efforts to sell, lease or otherwise dispose of any such assets;

(f) all legal and professional expenses relating to the negotiation and implementation of this LMA; and

(g) less the full value of all revenues received by Broker in connection with its performance under the LMA prior to the alleged breach or termination event.

## **ARTICLE V**

### **ASSIGNABILITY**

5.1 Assignability. This LMA shall inure to the benefit of and be binding upon Licensee, Broker, and their respective successors and permitted assigns; provided, however, that Licensee shall not assign or transfer its rights and benefits, nor delegate its duties and obligations under this LMA, other than to a parent or wholly-owned subsidiary or affiliate, without the prior written consent of Broker. In the event of a sale of the Station or any interest in the Station (other than to Broker) which, under the then-prevailing rules and regulations of the FCC, would require the filing of FCC Form

316 and the FCC's prior consent, this LMA shall not terminate but shall be assigned to and assumed by any subsequent owner of the Station or of such interest.

## **ARTICLE VI**

### **REGULATORY MATTERS**

6.1 Renegotiation Upon FCC Action. If the FCC shall determine that this LMA is inconsistent with Licensee's obligations as the holder of the FCC's authorization for the Station, or is otherwise contrary to FCC policies, rules, and regulations, or if regulatory or legislative action subsequent to the date hereof shall alter the permissibility of this LMA under the Act or under the FCC's rules, regulations, and policies, the parties shall renegotiate this LMA in good faith and shall modify this LMA in a manner that will cure the departure from statute, rule, regulation, or policy and that will maintain a balance of benefits and burdens to Broker and Licensee comparable to the balance of benefits and burdens to Broker and Licensee provided in this LMA in its current form. If, after such good-faith negotiations, either party shall determine that modifying this LMA in order to cure the departure from statute, rule, regulation, or policy without materially changing the balance of benefits and burdens to Licensee and Broker provided in this LMA in its current form shall not be possible, either party may terminate this LMA upon thirty (30) days' prior written notice to the other party. Such termination shall extinguish the rights and liabilities of Broker and Licensee under this LMA from and after the effective date of such termination, other than rights and liabilities for pre-termination breaches of or defaults under this LMA; provided, however, that in the event of a termination under this Section 6.1, there shall be a final accounting of monies due

under this LMA.

6.2 FCC Matters. Should a change in FCC policy or rules make it necessary to obtain the FCC's consent to the implementation, continuation, or further effectuation of any element of this LMA, Licensee and Broker shall use their best efforts diligently to prepare, file, and prosecute before the FCC all petitions, waiver requests, applications, amendments, rulemaking comments, and other documents necessary to secure and/or to retain the FCC's approval of all aspects of this LMA. Broker and Licensee shall bear in equal measure the reasonable cost of preparing any such filings; provided, however, that each party shall have approved such expenditures in advance of their being incurred. Notwithstanding anything in this LMA to the contrary, no joint filing shall be made with the FCC by Licensee and Broker with respect to this LMA, unless both parties hereto shall have reviewed said filing and shall have consented to its submission to the FCC; and neither Licensee nor Broker shall make any unilateral filing with the FCC with respect to this LMA, unless the party intending to make such filing shall first have consulted with the other party concerning such filing.

## **ARTICLE VII**

### **REPRESENTATIONS, WARRANTIES, AND COVENANTS**

7.1 Licensee's Representations and Warranties. Licensee represents and warrants to Broker as follows:

(a) Capacity. Licensee is a limited liability company and has full power and authority to own its property, licenses, and permits, and to execute, deliver

and carry out all of the transactions contemplated by this LMA.

(b) Compliance with Law. Licensee has complied with all laws, rules, and regulations governing the business, ownership, and operations of the Station that are material in any way to this LMA.

(c) Authority. All requisite authorizations necessary for the execution, delivery, performance, and satisfaction of this LMA by Licensee have been duly obtained, adopted, and complied with.

(d) Misrepresentation of Material Fact. No representation or warranty made by Licensee to Broker in this LMA, no document or contract disclosed to Broker by Licensee pursuant to this LMA and which in any way affects any of the properties, assets, or business of Licensee as related to this LMA, and no certificate or statement furnished by or on behalf of Licensee to Broker in connection with the transactions contemplated herein or therein contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading.

(e) Authorizations in Good Standing. Licensee's permits, licenses, and all related authorizations for the Station are and shall be in full force and effect and unimpaired by any acts or omissions of Licensee, its employees, or its agents; and there shall be no complaint, condition, event, defect, or occurrence existing or, to the knowledge of Licensee, threatened against said permits, licenses, or authorizations that would materially threaten their retention or renewability by Licensee.

7.2 Broker's Representations and Warranties. Broker represents and warrants to Licensee as follows:

(a) Capacity. Broker is a limited liability company under the laws of the State of Delaware and has full power and authority to carry out all of the transactions contemplated by this LMA.

(b) Authority. All things necessary for the execution, delivery, performance, and satisfaction of this LMA by Broker have been duly obtained, adopted, and complied with.

(c) Misrepresentation of Material Fact. No representation or warranty made by Broker to Licensee in this LMA, no document or contract disclosed to Licensee by Broker pursuant to this LMA and which in any way affects any of the properties, assets, or business of Broker as related to this LMA, and no certificate or statement furnished by or on behalf of Broker to Licensee in connection with the transactions contemplated herein or therein contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading.

7.3 Licensee's Affirmative Covenant. Licensee covenants and agrees that it will fully comply with all applicable federal, state, and local laws, rules, and regulations (including, without limitation, all FCC rules, policies, and regulations) and pertinent provisions of all contracts, permits, and agreements to which Licensee is a party or by which Licensee is otherwise bound.



7.4 Broker's Affirmative Covenant. Broker covenants and agrees that it will fully comply with all applicable federal, state, and local laws, rules, and regulations (including, without limitation, all FCC rules, policies, and regulations) in connection with the performance of its duties under this LMA including but not limited to the provision of the Brokered Programming to Licensee.

## **ARTICLE VIII**

### **MISCELLANEOUS**

8.1 Force Majeure. Notwithstanding anything contained in this LMA to the contrary, neither party shall be liable to the other party for a failure to perform any obligation under this LMA (nor shall any charges or payments be made in respect thereof), if such party shall be prevented from such performance by reason of fires, strikes, labor unrest, embargoes, civil commotion, rationing, or other orders or requirements, acts of terrorism, acts of civil or military authorities, acts of God, or other contingencies beyond the reasonable control of the parties, including equipment failures; and all provisions herein requiring performance within a specified period shall be deemed to have been modified in order to toll or to extend the period in which such performance shall be required, in order to accommodate the period of the pendency of such contingency which shall prevent such performance.

8.2 Trademarks. Licensee hereby grants to Broker an unlimited license to use any and all trademarks, service marks, call signs, patents, trade names, jingles, slogans, logotypes, logograms, and other intangible assets and rights owned

and used or held for use by Licensee in conjunction with the Station. Licensee agrees to execute such additional documentation as may be necessary or desirable in order to effectuate the license granted under this Paragraph.

8.3 Notices. All notices, requests, demands, and other communications that are required or that may be given pursuant to the terms of this LMA shall be in writing and shall be deemed to have been given when delivered by hand or when deposited (with delivery charges pre-paid) with a nationally-recognized overnight courier service, or when sent by facsimile transmission, or on the third (3rd) business day after having been mailed by first-class United States mail, registered or certified, postage pre-paid, with return receipt requested, to the following addresses:

(a) if to Broker:

Mississippi Television, LLC.  
700 St. Johns Street, Suite 300  
Lafayette, LA 70501  
Attention: Sheldon Galloway  
Telephone: 337-237-1142  
Telecopier: 337-237-1373

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

Greenberg Traurig, LLP  
3290 Northside Parkway, Suite 400  
Atlanta, GA 30327  
Attention: James S. Altenbach, Esquire  
Telephone: 678-553-2444  
Telecopier: 678-553-2188

(b) if to Licensee:

KB Prime Media  
1320 Lafayette Road  
Gladwyne, PA 19035  
Attention: Guyon W. Turner  
Telephone: \_\_\_\_\_

Telecopier: 610-526-0679

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

Sidley Austin Brown & Wood LLP  
1501 K Street, N.W.  
Washington, DC 20005  
Attention: Thomas P. Van Wazer  
Telephone: 202-736-8119  
Telecopier: 202-736-8711

or to such other address as any party shall have designated by notice to the other party conforming to the requirements of this Paragraph.

8.4 Duty to Consult. Each party will use its best efforts not to take any action that would unreasonably interfere with, threaten, or frustrate the other party's purposes or business activities, and each party will keep such other party informed of, and will coordinate with such other party regarding, any activities that may have a material effect upon such other party.

8.5 Press Releases. Except for disclosure to the FCC or as may be required by law or by any governmental agency, no announcement to the press or to any third party of the transactions contemplated herein shall be made by either party to this LMA, unless such announcement shall have been approved in advance in writing by both Broker and Licensee.

8.6 Severability. Subject to Paragraph 6.1 hereof, if any provision of this LMA shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remainder of this LMA shall not be affected thereby, and the parties

shall use their best efforts to negotiate a replacement for any such provision that shall be neither invalid, illegal, or unenforceable.

8.7 Entire LMA. This LMA, together with the Lease, constitutes the entire agreement of the parties with respect to its subject matter and supersedes all prior representations, negotiations, LMAs, and understandings of the parties, oral and written, with respect to the subject matter hereof, all of which are deemed to have been merged herein. This LMA may be modified only by an amendment in writing executed by both of the parties hereto. To the extent the terms of this LMA are inconsistent with the terms of the Lease, the terms of this LMA shall control.

8.8 Survival. All representations, warranties, covenants, and LMAs made herein by the parties hereto or in any certificate delivered or to be delivered hereunder or made or to be made in writing in connection with the transactions contemplated herein shall survive the execution and delivery of this LMA. All such representations and warranties shall survive for a period of one (1) year from and after the date upon which this LMA shall expire or shall be terminated, as herein provided.

8.9 Payment of Expenses. Except as otherwise specifically provided herein, Licensee and Broker shall each pay his or its own expenses incident to the preparation and carrying out of this LMA, including all fees and expenses of his or its counsel.

8.10 Further Assurances. From time to time after the date of this LMA, the parties shall take such further actions and shall execute such further documents,

assurances, and certificates, as either party reasonably may request of the other party in order to effectuate the purposes of this LMA. Licensee shall cooperate with Broker in asserting Syndicated Exclusivity and Network Non-Duplication rights as provided in the FCC rules.

8.11 Counterparts. This LMA may be executed in one (1) or more counterparts, each of which shall be deemed to be an original, but all of which taken together shall constitute one (1) and the same instrument.

8.12 Headings. The headings in this LMA are for the sole purpose of convenience of reference, and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this LMA.

8.13 Dealings with Third Parties. Neither party is, nor shall hold himself or itself out to others to be, vested with any power, authority, or right to bind contractually or to act on behalf of the other party as his or its broker, agent, or otherwise for the purpose of committing, selling, conveying, or transferring any of the other party's assets or property, contracting for or in the name of the other party, or making any representations binding upon such other party.

8.14 Indemnification.

(a) Each party shall forever, to the fullest extent permitted by law, protect, save, defend, and keep the other party harmless, and indemnify such other party from and against, all claims, demands, causes of action, losses, investigations, proceedings, penalties, fines, expenses, and judgments, including reasonable attorney's

fees and costs, arising directly or indirectly out of such party's negligence or willful misconduct or the negligence or willful misconduct of such party's agents or employees in connection with this LMA, or arising out of such party's breach of or default or non-performance of his or its representations, warranties, covenants, LMAs, and obligations under this LMA.

(b) Broker shall forever, to the fullest extent permitted by law, protect, save, defend, and keep Licensee and its employees and agents harmless, and indemnify it from and against, any and all losses, damages, liabilities, or expenses, including reasonable attorney's fees, resulting from any claim of libel, slander, defamation, copyright infringement, idea misappropriation, invasion of right of privacy or publicity, or any other claim against Licensee arising out of the Brokered Programming; provided, however, that Licensee shall give Broker prompt notice of any claim against Licensee or the Station and shall cooperate in good faith with Broker in any attempt to defend against, resolve, or settle such claim. The indemnification provided in this Subparagraph shall not apply to any matter that Licensee may insert in or adjacent to the Brokered Programming.

(c) Licensee shall forever, to the fullest extent permitted by law, protect, save, defend, and keep Broker and its employees and agents harmless, and indemnify it from and against, any and all losses, damages, liabilities, or expenses, including reasonable attorney's fees, resulting from any claim of libel, slander, defamation, copyright infringement, idea misappropriation, invasion of right of privacy or publicity, or any other claim against Broker arising out of the Licensee Programming

and for any claim arising out of the operation of the Station prior to the Commencement Date (i.e., the date the LMA begins); provided, however, that Broker shall give Licensee prompt notice of any claim against Broker or the Station and shall cooperate in good faith with Licensee in any attempt to defend against, resolve, or settle such claim.

8.15 Governing Law. This LMA shall be governed by, and enforced and construed under and in accordance with, the internal laws of the State of Delaware, without giving effect to the choice-of-law principles of said State.

8.16 Gender Neutrality. All pronouns and possessives appearing in this LMA shall be deemed to refer to the masculine, the feminine, or the neuter, as the identity of the person or entity thereby referred to may require.

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

[INTENTIONALLY LEFT BLANK]

**BROKER:**

MISSISSIPPI TELEVISION, LLC

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

Title:

**LICENSEE:**

KB PRIME MEDIA LLC

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

Title:



## EXHIBIT A

### PROGRAMMING POLICY STATEMENT

1. Controversial Issues. Any discussion of controversial issues of public importance shall be reasonably balanced with the presentation of contrasting viewpoints in the course of overall programming. No attacks on the honesty, integrity, or like personal qualities of any person or group of persons shall be made during the discussion of controversial issues of public importance. During the course of political campaigns, programs are not to be used as a forum for editorializing about individual candidates. If such events occur, Station management may require that responsive programming be aired.
2. No Payola or Plugola. Neither Broker or any of its employees shall accept money for the broadcast of program material without the provision of a proper sponsorship identification. The mention of any business activity or “plug” for any commercial, professional, or other related endeavor, except where contained in an actual commercial message of a sponsor, is prohibited.
3. Lotteries and Contests
  - (a) Illegal Lotteries. Announcements giving any information about lotteries or games of chance prohibited by federal or state law or regulations are prohibited.
  - (b) “Dream Books”. References to “dream books,” the “straight line,” or other direct or indirect descriptions or solicitations relative to the “numbers game,” or the “policy game,” or any other form of gambling are prohibited.
  - (c) Numbers. References to chapter and verse numbers, paragraph numbers, or some numbers that involve three digits should be avoided and, when used, must be related to the overall theme of the program.
  - (d) Contests. Broker shall provide Licensee’s station management with at least seven (7) business days advance notice of any game, contest, or promotion relating to or to be presented over the Station. The game, contest or promotion shall be deemed approved by Licensee if Licensee does not disapprove such game, contest or promotion within five (5) business days of Licensee’s receipt of Broker’s notice.

4. Required Announcements. Broker shall broadcast (i) an announcement in a form satisfactory to Licensee's Station management at the beginning of each hour to identify the Station, and (ii) any other announcements that may be required by law, regulation, or each Station's policy.
5. Programming Prohibitions. Broker shall not knowingly and willfully broadcast any of the following programs or announcements:
  - (a) False Claims. False or unwarranted claims for any product or service.
  - (b) Unfair Imitation. Infringements of another advertiser's rights through plagiarism or unfair imitation of either program idea or copy, or any other unfair competition.
  - (c) Indecent. Any programs or announcements that are indecent, obscene, profane, vulgar, repulsive, or offensive, either in theme or in treatment.
  - (d) Descriptions of Bodily Functions. Any programming which describes repellently any internal bodily functions or symptomatic results of internal disturbances, and no reference to matters which are not considered acceptable topics in social groups.
  - (e) Injurious Advertising. Any advertising matter or announcement that may, in the opinion of the Station, be injurious or prejudicial to the interests of the public, or to honest advertising and reputable business in general.
6. Licensee may waive any of the foregoing regulations in specific instances if, in his opinion, the Station will remain in compliance with all applicable laws, rules, regulations, and policies and if broadcasting in the public interest will be served. In any case where questions of policy or interpretation arise, Broker should submit such questions to Licensee for decision before making any commitments in connection therewith.

**EXHIBIT B**

**FORM OF PAYOLA AFFIDAVIT**

**ANTI-PAYOLA/PLUGOLA AFFIDAVIT**

\_\_\_\_\_, being first duly sworn, deposes and says as follows:

1. He/she is \_\_\_\_\_ for \_\_\_\_\_.  
[title]
2. He/she has acted in the above capacity since \_\_\_\_\_.
3. No matter has been broadcast by Station [CALL LETTERS to go here] for which service, money, or other valuable consideration has been directly or indirectly paid, or promised to, or charged, or accepted by him/her from any person, which matter at the time so broadcast has not been announced or otherwise indicated as having been paid for or furnished by such person.
4. So far as he/she is aware, no matter has been broadcast by Station [CALL LETTERS to go here] for which service, money, or other valuable consideration has been directly or indirectly paid, or promised to, or charged, or accepted by Station [CALL LETTERS to go here] , or by an independent contractor engaged by Station [CALL LETTERS to go here] in furnishing programs, from any person, which matter at the time so broadcast has not been announced or otherwise indicated as having been paid for or furnished by such person.

\_\_\_\_\_  
Subscribed and sworn to before me this  
\_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_.

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

My Commission expires \_\_\_\_\_.

**EXHIBIT C**  
**MONTHLY EXPENSE BUDGET**

To Be Determined