

## LOCAL MARKETING AGREEMENT

This LOCAL MARKETING AGREEMENT (the "LMA") is made and entered into as of \_\_\_\_\_, by and between Freedom Broadcasting of New York, Inc., Debtor-in-Possession ("Operator"), and the Freedom Communications Broadcast Trust (the "Broadcast Trust") and Gary R. Chapman, Trustee or any successor (the "Trustee"), on behalf of Freedom Broadcasting of New York Licensee, LLC, Debtor-in-Possession (the "Licensee Subsidiary"), and WRGB and WCWN, Schenectady, New York (the "Stations"). This Agreement will become effective on the date on which the membership interest of the Licensee Subsidiary is transferred to the Broadcast Trust (the "Effective Date").

### RECITALS

A. The Broadcast Trust will, as of the Effective Date, directly or indirectly hold the broadcast and other licenses issued by the Federal Communications Commission (the "FCC") for the Stations.

B. Operator and the Trustee are parties to that certain Broadcast Trust Agreement, entered into as of \_\_\_\_\_, pursuant to which the Broadcast Trust will hold the membership interest in the Licensee Subsidiary. The Broadcast Trust Agreement and this LMA are being entered into in connection with that certain Joint Plan of Reorganization Under Chapter 11, Title 11, United States Code (as may be amended, the "Plan") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), filed on January 28, 2010. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Broadcast Trust Agreement.

C. Trustee and Operator desire that, as of the Effective Date, Operator provide programming to be transmitted on the Stations pursuant to the provisions hereof and pursuant to applicable FCC regulations until, unless extended by agreement among the parties, transfer of ownership of the Licensee Subsidiary to the Operator pursuant to the Plan or (ii) the termination of this LMA in accordance with Paragraph 6.

NOW, THEREFORE, in consideration of the mutual promises, covenants and undertaking herein contained, the parties agree as follows:

**1. Trustee's Obligations.** Subject to Paragraphs 3 and 4 of this LMA, the Broadcast Trust agrees to furnish to Operator the exclusive and continuous use of the Stations to broadcast any programs Operator chooses during all hours of operation of the Stations; provided that the Broadcast Trust may designate on the Stations such time as it may require for the broadcast of programming necessary for the Stations to broadcast programming responsive to the needs, issues and problems of the community served by the Stations as required by the FCC, or as otherwise reasonably determined by the Broadcast Trust to be in the public interest. The Broadcast Trust also agrees to permit Operator to use in connection with this LMA any programming which the Licensee Subsidiary has the right to broadcast on the Stations. The Broadcast Trust shall use its best efforts to secure all necessary consents, if any, needed from third parties to permit Operator to use such facilities and programming and other services used

by the Licensee Subsidiary in the operation of the Stations. Nothing in this LMA shall abrogate the authority of the Broadcast Trust to discharge its obligations to the public and to comply with the Communications Act of 1934, as amended, and the rules, regulations and policies of the FCC promulgated thereunder (collectively, the “Communications Laws”).

## **2. Operator’s Obligations.**

(a) From and after the Effective Date, during the term of this LMA, Operator shall reimburse the Broadcast Trust for any payments the Broadcast Trust is required to make under programming contracts and other agreements relating to the Stations, the costs of the employees specified in Paragraph 4(d), any other payments which the Broadcast Trust is obligated to make in connection with the Stations, and any other expenses of the Broadcast Trust pursuant to the Broadcast Trust Agreement. Operator shall reimburse the Broadcast Trust for such payments within ten (10) business days after its receipt of a written account of such expenses from the Broadcast Trust. The Broadcast Trust may submit any statement or other request for payment from the Broadcast Trust directly to Operator for payment.

(b) As provided in Section 6.a. of the Broadcast Trust Agreement, the Broadcast Trust shall review regularly the anticipated expenses to be incurred by the Broadcast Trust and reimbursable by Operator, and if the Broadcast Trust reasonably anticipates that the expenses of the Broadcast Trust will be materially greater than the level of expenses historically incurred by the Stations, the Broadcast Trust will consult with Operator concerning those expenses and ways in which they may be reduced. To the extent practicable, such consultation shall occur prior to those expenses being incurred.

(c) Operator shall provide to employees and agents of the Broadcast Trust the right to access and use of space in Operator’s facilities for use as the Stations’ main studio.

## **3. Operation of the Stations.**

(a) Operator shall be responsible for the day-to-day maintenance and operation of the Stations subject to the ultimate oversight of the Broadcast Trust in accordance with the Communications Laws. Beginning upon the Effective Date, and throughout the Term, Operator shall receive all revenues of the Stations, from whatever source derived; and, subject to applicable FCC rules and regulations, shall be responsible for all reasonable costs relating to the operations and/or programming of the Stations for time periods after the Effective Date, except for the costs of the employees specified in Paragraph 4(d). Subject to the exclusion in the preceding sentence, Operator’s responsibility for costs includes, but is not limited to, utilities, telephone, delivery and postal services, equipment lease payments, taxes, insurance, security, equipment and vehicle expenses and all other costs and expenses associated with the maintenance and operation of the Stations and the Stations’ premises, governmental fees and expenses including FCC regulatory fees, any program or music license fees, and all employee costs and expenses (including salaries, bonuses, commissions, overtime, travel and entertainment charges, taxes, insurance, hiring and all other related costs of personnel employed at the Stations other than those employees specified in Paragraph 4(d) (collectively, the “Operating Expenses”). Operator and the Broadcast Trust shall cooperate to the extent necessary or appropriate to

maintain in effect policies of insurance insuring the assets and the business of the Stations consistent with the coverage provided under policies in existence on the day prior to the Effective Date.

(b) Operator shall assume as of the Effective Date for the duration of the Term (as defined below) all of the Stations' rights, obligations and commitments under all cash advertising and trade/barter agreements (such agreements, together with all existing programming rights agreements, the "Contracts") to the extent the same arise during the Term. To the extent that, as of the Effective Date, the Stations are obligated to air advertising under any pre-paid trade/barter or cash agreements, Operator shall broadcast such advertising.

(c) If either party becomes aware that the Stations have suffered any loss or damage of any nature to their transmission facilities which results in the interruption of service or the inability of the Stations to operate with its maximum authorized facilities, such party shall immediately notify the other party of the same. Operator shall undertake such repairs at its expense and under the supervision of the Broadcast Trust as are necessary to restore full operations of the Stations as expeditiously as possible.

(d) Operator shall maintain the Stations' present websites and shall be entitled to sell and place advertising on the websites and to create additional websites for the Stations, *provided that*, Operator shall ensure that the Stations' websites include any content necessary to comply with the Communications Laws or other applicable law.

(e) The Broadcast Trust and Operator shall consult and cooperate with each other in connection with the negotiation, maintenance, and enforcement of retransmission consent agreements with cable, satellite and other multichannel video providers. The Broadcast Trust, in consultation with Operator, shall exercise the rights of the Stations to mandatory carriage and retransmission consent as provided under the Communications Laws, so as to achieve maximum distribution of the Stations' signals in their market. The Broadcast Trust and Operator shall also cooperate in connection with the renewal or extension of any network affiliation or other programming agreement with respect to the Stations.

(f) Operator shall hold the Broadcast Trust and the Licensee Subsidiary harmless and indemnify and defend them against all claims, injuries, liabilities or other damages (including reasonable attorneys' fees and other legal costs) asserted by third parties that result directly from (i) any misrepresentation of Operator or any breach by Operator or failure by Operator to perform, any representation, warranty or covenant contained in or made by Operator pursuant to this LMA or (ii) any action by Operator or its employees and agents with respect to (A) the Stations or (B) the Broadcast Trust's employees after the Effective Date, or any failure by Operator or its employees and agents to take any action with respect to the Stations after the Effective Date, including, without limitation, violations of the rules and regulations of the FCC, including, slander, libel, copyright infringement, defamation, indecency, violation of rights of privacy or other claims relating to programming provided by Operator or Operator's broadcast and sale of advertising time on the Stations.

(g) Nothing in this LMA shall preclude the Operator from entering into, (x) after consultation with the Broadcast Trust, agreements such as a joint operating agreement, joint

sales agreement and/or joint services agreement with respect to the Stations under which certain services to be provided by the Operator shall be performed by another party, or (y) with the agreement of the Broadcast Trust, which agreement shall not be unreasonably withheld, an agreement under which another party will perform Operator's obligations hereunder. In any such case, Operator shall remain ultimately liable for performance of its obligations under this LMA.

#### **4. FCC Matters and Preemption.**

(a) Notwithstanding anything to the contrary in this LMA or in any agreement entered into pursuant to Paragraph 3(g) hereof, the Broadcast Trust shall retain final authority over the operation of the Stations. Specifically, the Broadcast Trust shall retain ultimate control over the policies, programming, financing and operations of the Stations, including, without limitation, the right to decide whether to accept or reject any programming or advertisements, the right to preempt any programs not in the public interest or in order to broadcast a program deemed by the Broadcast Trust to be of greater local interest, the obligation to pay expenses of the Stations not paid by Operator, and the right to take any other actions necessary for compliance with federal, state and local laws, including the Communications Laws. In all such cases of preemption, the Broadcast Trust will use commercially reasonable efforts to give Operator prior written notice of its intention to preempt its programs or advertisements. The Broadcast Trust shall at all times be solely responsible for meeting all of the FCC's requirements with respect to the technical operations of the Stations, ascertainment of the needs of their community of license and service area, public service programming, for maintaining the political file and the Stations' logs, and for the proper broadcast of the Stations' identification announcements, and any other requirements of the Communications Laws. Operator will, at its cost, air a reasonable amount of programming responsive to the needs, issues and problems of the Stations' community of license. The Broadcast Trust will periodically consult with Operator regarding the programming broadcast over the Stations to ensure that it meets the needs of the Stations' community of license.

(b) The Broadcast Trust shall retain ultimate control over its employees in matters related to the Stations and shall be responsible for the salaries, taxes, insurance, bonuses, overtime, extended disability, vacation and other leave, and other costs related to its employees, subject to reimbursement under Paragraph 2. Operator may, upon request of the Broadcast Trust, provide benefits on behalf of the Broadcast Trust to the Broadcast Trust's employees materially identical to the benefits provided to Operator's employees. Operator shall be responsible for any commissions due to the Broadcast Trust's employees for periods after the Effective Date. Operator shall have the right to hire any additional employees to fulfill its obligations under this LMA, which employees shall be at the sole cost and responsibility of Operator.

(c) Subject to the Broadcast Trust's supervision, Operator shall be responsible for all outreach and other obligations required of the Stations by the FCC's Equal Employment Opportunity ("EEO") rules. The Broadcast Trust shall cooperate with Operator in such EEO activities, and shall be responsible for the preparation and filing of any EEO reports required by the FCC.

(d) During the Term, the Broadcast Trust shall have at least one management-level and one staff-level employee at the Stations, Monday through Friday, during normal business hours, which employees shall be under the sole supervision of the Broadcast Trust in accordance with FCC rules and regulations.

(e) In the event that the FCC requires the Stations to make any filing during the Term (other than with respect to this LMA), the Broadcast Trust will use its best efforts to prepare and file such filing in a timely manner. The Broadcast Trust also agrees to use its best efforts to develop and file any other applications or requests to the FCC reasonably requested by Operator, at the sole cost of Operator. The Broadcast Trust shall file no application or other filing without prior written notification to Operator except as may be required under the Communications Laws.

(f) The Broadcast Trust shall oversee and retain ultimate responsibility with respect to the Stations' compliance with the political broadcasting rules of the FCC. Operator shall cooperate with the Broadcast Trust so that the Broadcast Trust may comply with its political broadcasting responsibilities and shall supply such information to the Broadcast Trust as may be necessary to comply with applicable law. The Broadcast Trust shall promptly supply to Operator, and Operator shall promptly supply to the Broadcast Trust, such information, including all inquiries concerning the broadcast of political advertising, as may be necessary to comply with the Communications Laws, including the lowest unit charge, equal opportunities, reasonable access, political file and related requirements of federal law. In the event that Operator fails to satisfy the political broadcasting requirements under the Communications Laws and such failure inhibits the Broadcast Trust in its compliance with the political broadcasting requirements of the Communications Laws, then to the extent reasonably necessary to assure such compliance, Operator shall either provide rebates to political advertisers or release broadcast time and/or advertising availabilities to the Broadcast Trust at no cost.

(g) The Broadcast Trust has adopted a Policy Statement for Broadcast Material (the "Policy Statement"), a copy of which appears as Attachment I hereto, and which may be amended from time to time as a result of changes to the Communications Laws upon notice to and consultation with Operator. Operator agrees that all programming, advertising spots, promotional material and announcements that it provides for broadcast on the Stations shall comply in all material respects with (i) the Policy Statement, including any amendments thereto, and (ii) all applicable federal, state and local laws and regulations, including the Communications Laws. Operator and the Broadcast Trust acknowledge that neither has urged, counseled or advised the other to use any unfair business practice.

**5. Term.** This LMA shall commence upon the Effective Date and shall, unless extended by agreement among the parties, expire upon the earlier of (i) the transfer of the membership interest in the Licensee Subsidiary to Operator after FCC approval, and (ii) the termination of this LMA in accordance with Paragraph 6 (the "Term").

**6. Termination.**

(g) This LMA shall automatically terminate upon transfer of the membership interest in the Licensee Subsidiary to Operator, or upon the termination of the Broadcast Trust in

accordance with its terms. In addition to other remedies available hereunder or at law or equity, the LMA may be terminated by either party (i) if this LMA is declared invalid or illegal in whole or substantial part by an order or decree of an administrative agency or court of competent jurisdiction and such order or decree has become final and no longer subject to further administrative or judicial review, *provided, however*, that, before such time, the parties agree that they shall use their commercially reasonable efforts to secure either FCC approval of this LMA or a waiver of any FCC decision affecting this LMA, or the parties shall renegotiate this LMA in good faith to come into compliance with such order or decree while maintaining comparable benefits of the bargain to the parties; or (ii) as long as such terminating party is not in material breach hereunder, if the other party is in material breach of its obligations hereunder and has failed to cure such breach within thirty (30) days after receipt of written notice of such breach. In addition, Operator shall have the right to terminate this LMA, without any liability to the Broadcast Trust, immediately upon written notice to the Broadcast Trust in the event that (i) any of the terms of the FCC Licenses or any applicable FCC rule, regulation, or policy is changed as to prevent the continued operations of the Stations by Operator, or (ii) any required FCC License relating to the Stations is not in full force and effect.

(h) In the event of termination of this LMA for any reason other than as a result of a termination of the Broadcast Trust, the following shall occur:

(i) The Broadcast Trust and Operator shall negotiate in good faith an agreement concerning the Stations, under which Operator shall provide transition services to the Broadcast Trust and access to the Stations' facilities for a commercially reasonable period, or an agreement to jointly market the Stations to a different licensee, subject to approval of any license transfer by the FCC.

(ii) From and after the date this LMA is terminated, the Broadcast Trust shall furnish all advertising and other airtime (including programming) on the Stations for which Operator contracted in the ordinary course of business during the Term in accordance with the terms of this LMA, and the Broadcast Trust shall be entitled to all cash and barter revenues from such advertising and airtime it furnishes after the date of termination. Any amounts received by Operator for such advertising and airtime furnished by the Broadcast Trust for time periods after such termination date shall be promptly remitted to the Broadcast Trust. To the extent that the Broadcast Trust furnishes the air time with respect to advertising for which Operator contracted during the Term but does not receive the cash and barter revenues from such advertising, Operator shall compensate the Broadcast Trust for the value of the air time, if any, used to discharge Operator's prepaid advertising contracts at the rate specified in those contracts. Operator shall be responsible for all debts and other obligations of Operator to third parties incurred during the Term based upon the purchase of air time and use of the Stations' transmission facilities, including accounts payable and unaired programming and advertisements.

(iii) Operator shall provide to the Broadcast Trust a list of all accounts receivable arising from Operator's operation of the Stations after the Effective Date. The Broadcast Trust shall promptly remit to Operator any amounts it collects with respect to such accounts receivable.

7. **Assignment.** Except as provided in Paragraph 3(g), neither party may assign this LMA or such party's duties, rights or obligations hereunder without the prior written consent of the other party. Subject to the foregoing, this LMA shall be binding upon the parties and their respective successors and permitted assigns.

8. **Entire Agreement; Amendment.** This LMA constitutes the entire agreement between the parties hereto and there are no understandings, promises, representations or warranties, oral or written, relating to the subject matter of this LMA which exist or bind any of the parties hereto, except as set forth herein and the Broadcast Trust Agreement and the Plan. No modification, amendment, waiver or release of any provision of this LMA or of any right, obligation, claim or cause of action arising under this LMA shall be valid or binding for any purpose unless in writing and duly executed by the party against whom the same is sought to be asserted.

9. **Counterparts; Facsimiles.** This LMA may be executed in counterparts (including via facsimile), each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties. The signature page to this LMA may be delivered by facsimile and the signatures thereon shall be deemed effective upon receipt by the intended receiving party.

10. **No Waiver.** The failure of any party to enforce at any time or for any period of time any of the provisions of this LMA shall not be construed as a waiver of such provision or of the right of the party to enforce such provision. The waiver of any default or the failure to exercise any right shall not be deemed a waiver of any subsequent default or waiver of the right to exercise any other right.

11. **Governing Law; Forum.** This LMA and all documents delivered or to be delivered in accordance with this LMA shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to principles of conflicts of laws, and no presumption shall be deemed to exist in favor of or against either party as a result of the preparations or negotiations of this LMA. Each party consents to the exclusive personal jurisdiction of the United States Bankruptcy Court for the District of Delaware over any action arising out of or relating to this LMA and waives any objection it may now or hereafter have to venue or to convenience of forum.

12. **Severability.** If any particular term, covenant, or provision of the LMA shall be determined to be invalid and unenforceable, the invalidity and unenforceability thereof shall not affect the remaining provisions of this LMA which shall nevertheless remain in full force and effect.

13. **Agreement Remains in Effect.** This Agreement will remain in full force and effect following the emergence from Chapter 11 of Freedom Communications Holdings, Inc. and its subsidiaries.

14. **Notices.** Any notice required or permitted under this LMA shall be in writing and shall be deemed delivered on the date of personal delivery or confirmed facsimile transmission

or confirmed delivery by a nationally recognized overnight courier service, and shall be addressed as follows (or to such other address as any party may request by written notice):

If to Operator:

Freedom Communications Holdings, Inc.  
17666 Fitch  
Irvine, California 92614  
Attn: Rachel Sagan, General Counsel  
Telephone: (949) 789-3535  
Facsimile: (949) 789-3524  
Email: rsagan@link.freedom.com

If to the Broadcast Trust:

Gary R. Chapman  
150 Cattle Landing  
Meredith, NH 03253  
Telephone: (603) 279-5580  
Email: garyrchapman@cox.net

Or to such other or additional addresses as the parties may specify in writing.

In WITNESS WHEREOF, the parties hereto have executed this Local Marketing LMA by their duly authorized officers as of \_\_\_\_\_, effective as of the Effective Date.

**FREEDOM BROADCASTING OF NEW YORK, INC.,  
DEBTOR-IN-POSSESSION**

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

**FREEDOM COMMUNICATIONS BROADCAST  
TRUST:**

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

Name: Gary R. Chapman  
Title: Trustee

## ATTACHMENT I

### ***POLICY STATEMENT FOR BROADCAST MATERIAL***

Operator agrees to cooperate with the Broadcast Trust in the broadcasting of programs of high quality and, for this purpose, to observe the following policies in the preparation, writing and production of Broadcast Material.

**NO PLUGOLA OR PAYOLA.** 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.

**ELECTION PROCEDURES.** At least ninety (90) days before the start of any primary or regular election campaign, Operator will clear with the Broadcast Trust the rate Operator will charge for the time to be sold to candidates for public office and/or their supporters to make certain that the rate charged is in conformance with the applicable law and the Broadcast Trust’s policy.

**PROGRAMMING PROHIBITIONS.** Operator shall not knowingly 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) Commercial Disparagement. Any unlawful disparagement of competitors or competitive goods.
- (d) Obscenity/Indecency/Profanity. Any programs or announcements that are obscene or indecent, as those terms are interpreted and applied by the FCC, except that Operator shall not be deemed to have violated this policy by broadcasting any program received from a national broadcasting network that Operator did not have an opportunity to review in advance. Any programs or announcements that are slanderous, obscene, profane, vulgar, repulsive or offensive, either in theme or treatment.
- (e) Price Disclosure. Any price mentions except as permitted by the Broadcast Trust’s policies current at the time.
- (f) Unauthorized Testimonials. Any testimonials which cannot be authenticated.
- (g) Descriptions of Bodily Functions. Any continuity which describes in a repellent manner internal bodily functions or symptomatic results or internal disturbances, and no reference to matters which are not considered acceptable topics in social groups.

- (h) Conflict Advertising. Any advertising matter or announcement which may, in the reasonable opinion of the Broadcast Trust, be injurious or prejudicial to the interest of the public, the Stations, or honest advertising and reputable business in general.
- (i) Fraudulent or Misleading Advertisement. Any advertisement matter, announcement, or claim which Operator knows to be fraudulent, misleading, or untrue.

**LOTTERIES.** Announcements giving any information about lotteries or games prohibited by federal or state law or regulation are prohibited.

**RELIGIOUS PROGRAMMING RESTRICTIONS.** The subject of religion and references to particular faiths, tenets, and customs shall be treated with respect at all times. Broadcast Material shall not be used as medium for attack on any faith, denomination, or sect or upon any individual or organization.

**CREDIT TERMS ADVERTISING.** Any advertising of credit terms shall be made over the Stations in accordance with all applicable federal and state laws or regulations.

**NO ILLEGAL ANNOUNCEMENTS.** No announcements or promotion prohibited by federal or state law or regulation shall be made over the Stations. At the Broadcast Trust's request, any game, contest, or promotion relating to or to be presented over the Stations must be fully stated and explained in advance to the Broadcast Trust, which reserves the right in its sole discretion to reject any game, contest, or promotion.

**PROGRAMMING IN WHICH OPERATOR HAS A FINANCIAL INTEREST.** Operator shall advise the Broadcast Trust with respect to any Broadcast Material concerning goods or services in which Operator has a material financial interest. Any announcements for such goods and services for which Operator charges less than its regular rate shall clearly identify Operator's financial interest.

**MISCELLANEOUS.**

(a) Waiver. To the extent legally permissible, the parties may jointly waive any of the foregoing policies in specific instances if, in their opinion, good broadcasting in the public interest is served.

(b) Prior Consent. In any case where questions of policy or interpretation arise, Operator will attempt in good faith to submit the same to the Broadcast Trust for decision before making any commitments in connection therewith.