

ASSET PURCHASE AGREEMENT

Entered into Among

MONTGOMERY 22, INC.

[AS SELLER]

and

**SAGAMOREHILL BROADCASTING OF ALABAMA, LLC AND
SAGAMOREHILL BROADCASTING, LLC**

[AS PURCHASERS]

*FOR THE PURCHASE AND SALE OF ASSETS
PERTAINING TO*

TELEVISION STATION

WBMM, Tuskegee, Alabama

November 23, 2005

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this **"Agreement"**) is made and entered as of November 23, 2005 (**"Effective Date"**) by and among Montgomery 22, Inc., an Arkansas corporation (the **"Seller"**), SagamoreHill Broadcasting of Alabama, LLC, a Delaware limited liability company (the **"Buyer"**), and SagamoreHill Broadcasting, LLC, a Delaware limited liability company (the **"Parent"** and, together with the Seller and the Buyer, the **"Parties"** and each individually, a **"Party"**).

Seller is the owner and operator of the full service Television Station with the call sign **WBMM (TV)**, Facility ID 68427 (the **"Station"**), and Seller is the licensee of the Station pursuant to valid licenses, permits, and authorizations issued by the Federal Communications Commission (the **"Commission"**).

In accordance with FCC Rules, the Seller desires to sell and assign the Station to the Buyer and the Buyer desires to buy and acquire the Station from the Seller.

The Seller and the Buyer will not be able to consummate the transaction contemplated by this Agreement, and the FCC Licenses may not be transferred to the Buyer, until the Commission has granted its approval of the same.

NOW, THEREFORE, in consideration of the premises and mutual agreements, promises, covenants and warranties set forth below, the Parties, intending to be legally bound, agree as follows:

ARTICLE 1. DEFINITIONS.

Unless otherwise stated in this Agreement, the following capitalized terms shall have the following meanings:

"AAA" has the meaning set forth in Section 15.21.

"Acquired Assets" means the assets to be sold and purchased pursuant to this Agreement, as further delineated in Article 2.

"Agreement" has the meaning set forth in the preamble to this Agreement.

"Applicable Law" shall mean all laws, treaties, ordinances, statutes, rules, regulations, orders, judgments, decrees, decisions, injunctions, permits, governmental restrictions and interpretations of any Governmental Authority having jurisdiction over any of the Parties (including, without limitation, over any of their properties), the Business or this Agreement and any other Transaction Documents, as well as any transaction contemplated herein or therein, as applicable.

"Application" means the application that the Parties will join in and file with the Commission requesting the Commission's written approval of the terms of this Agreement and the assignment of the FCC Licenses and other Authorizations from the Seller to the Buyer.

"Assumed Contracts" has the meaning set forth in Section 2.5.

"Assumed Leases" has the meaning set forth in Section 2.2.

"Assumed Liabilities" has the meaning set forth in Section 3.1.

"Authorizations" means any approvals, authorizations, certifications, consents, variances, permissions, licenses, directives, registrations and permits issued to the Seller by any Governmental Authority, including, without limitation, the FCC Licenses.

"Business" means the business and operation of the Station.

"Business Day" means any calendar day, excluding Saturdays and Sundays, on which federally chartered banks in the city of Tuskegee, Alabama are regularly open for business.

"Buyer" has the meaning set forth in the preamble to this Agreement.

"Buyer-Rep Damages" has the meaning set forth in Section 12.3.1.

"Channel 24 Digital Facilities" means the full digital facilities for the Station on Channel 24 as specified in the Digital Facilities Construction Permit.

"Closing" means the consummation of the purchase and sale of the Station and

the Acquired Assets and the related transactions contemplated by this Agreement.

"Closing Date" means a date to be designated by the Buyer upon which the transactions contemplated by this Agreement will be consummated, which date will not be later than the fifth (5th) Business Day after the Commission's approval of the Application has become a Final Order; provided that the Buyer may waive such finality and, if so, designate an earlier Closing Date.

"Closing Place" means such place as the Parties mutually designate, orally or in writing, as the place for the consummation of the Closing, provided that the Parties may agree that the Closing shall take place remotely via the exchange of documents and signatures.

"Commission" has the meaning set forth in the preamble to this Agreement.

"Communications Act" means the Communications Act of 1934, as amended by the Telecom Act of 1996, and as further amended from time to time.

"Consent" means any consent, grant, order, approval, authorization or other action of, or any filing with or notice to or other action with respect to, any Governmental Authority or any other Person that is required for the execution, delivery or performance of this Agreement or any other Transaction Document or the consummation of any of the transactions contemplated herein or therein, whether such requirement arises pursuant to any law, other legal requirement or contract, including any of the foregoing that is required in order to prevent a breach of or a default under or a termination or modification of, or acceleration or alteration of any obligation under, any Existing Contract or any contract to which the Seller is a party or to which it or any of its assets is subject.

"Damages" has the meaning set forth in Section 12.2. The term "Damages" is not limited to matters asserted by third-parties against a Party, but includes Damages incurred or sustained by a Party in the absence of third-party claims, but excludes incidental and punitive damages and lost profits.

"Digital Facilities Lease" has the meaning set forth in Section 13.1.6.

"Digital Facilities Assets" means the assets installed by Seller after the Effective Date as part of the Channel 24 Digital Facilities.

"Digital Facilities Construction Permit" means the Station's outstanding digital television construction permit, FCC File No. BPCDT-20030725ABB, authorizing the Station to construct facilities necessary for the transmission of DTV service on Channel 24.

"DTV" has the meaning set forth in Section 7.4.2(e).

"Effective Date" has the meaning set forth in the preamble to this Agreement.

"Effective Time" means 11:59 p.m. E.S.T., on the Closing Date.

"Environmental Laws" shall mean any Applicable Law relating to the environment, safety or health.

"Escrow Agent" means Kalil & Co., Inc., or any successor thereto as the escrow agent pursuant to the Escrow Agreement.

"Escrow Agreement" means an agreement dated as of the Effective Date by and between the Seller, the Buyer and the Escrow Agent, with respect to the administration of the Escrow Deposit.

"Escrow Deposit" has the meaning set forth in Section 4.3.

"Excluded Assets" means the following assets of the Seller: (a) cash on hand or in bank accounts, (b) the Seller Receivables, (c) contracts of insurance for the Stat on or the Acquired Assets and the right to proceeds thereunder, (d) corporate books and records (provided that the Seller will provide the Buyer with copies of any financial records that the Buyer may require in making Federal, State or local tax filings, Commission filings or other filings or correspondence required by any Governmental Authority); and (e) any assets based in or related to the Little Rock Master Control

Facility.

"Existing Contracts" shall mean all contracts, agreements, commitments, leases, or restrictions of any kind relating to the Business, to which the Seller is a party or by which the Seller is bound or to which any of the Acquired Assets are subject, other than any contracts or documents relating to Excluded Assets.

"FCC Licenses" means all licenses, construction permits, renewals, extensions, modifications, additions and other Authorizations from the Commission for the operation of the Station, including any auxiliary broadcast licenses or permits.

"FCC Rules" means the rules, regulations and policies of the Commission.

"Final Order" means an order of the Commission, or its staff pursuant to delegated authority, granting approval of the assignment of the FCC Licenses to the Buyer, (a) which order has not been vacated, reversed, stayed, enjoined, set aside, annulled or suspended, (ii) with respect to which order no request for stay, motion or petition for rehearing, reconsideration or review, or application or request for review or notice of appeal or *sua sponte* review by the Commission is pending, and (iii) as to which order the time for filing any such request, motion, petition, application or appeal or notice, and for the entry of orders reconsidering or reviewing on the Commission's own motion, has expired.

"GAAP" means United States generally accepted accounting principles and, to the extent consistent therewith, the Seller's accounting policies and practices.

"Governmental Authority" shall mean any (a) national, state, county, municipal or local government (whether domestic or foreign) and any political subdivision thereof, (b) any court or administrative tribunal, (c) any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity of competent jurisdiction (including any zoning authority), (d) any non-governmental agency, tribunal or entity that is vested by a governmental agency with applicable jurisdiction or (e) any arbitrator with authority to bind a party at law.

“Hazardous Materials” shall mean all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including without limitation, petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to, or that could result in the imposition of liability under, any Environmental Law.

“Immediately Available Funds” means cash, a certified bank cashier’s check, or funds immediately available by wire transfer, all in, or payable in, the valid currency and legal tender of the United States.

“Improvements” means all towers, all tower lighting systems, all tower grounding systems, all transmitting and related improvements, buildings, structures, fixtures, building systems and equipment, and all components thereof, including any roof, foundation, load-bearing walls and other structural elements thereof; heating, ventilation, air conditioning, mechanical, electrical, plumbing and other building systems, environmental control, remediation and abatement systems; sewer, storm and waste water systems, irrigation and other water distribution systems, parking facilities, fire protection, security and surveillance systems, and telecommunications, computer, wiring and cable installations, owned by the Seller and included in or located at any Real Property.

“Indemnified Party” has the meaning set forth in Section 12.4.1.

“Indemnifying Party” has the meaning set forth in Section 12.4.1.

“Intellectual Property” means all copyrights, copyright licenses, patents, patent licenses, program rights (including all programs and programming materials and elements of whatever form or nature owned or held by the Seller, whether recorded on tape or other substance or intended for live performance, and whether completed or in production, and all related common-law and statutory copyrights owned by or licensed to the Seller, or used by the Seller in connection with the business and operations of the Station, together with all such programs, materials, elements, and copyrights acquired

through the Closing Date), service marks, trademarks, trade names, logos, promotions, jingles, slogans, original copy, trade secrets, proprietary technical information, all other intellectual property rights, computer programs and software, together with all rights to sue at law or in equity for any infringement or other impairment thereof and the right to receive all proceeds and damages therefrom, whether arising under United States, multinational or foreign laws or otherwise.

“Knowledge” means, with respect to a Party, the actual knowledge of any director, manager, officer or management personnel of such Party, with a duty to conduct a reasonable inquiry; and the terms ***“Know,” “Knows,”*** and ***“Known”*** and like terms will have correlative meanings.

“Lien” means any lien at common law, or any statutory or judgment lien, including any tax lien or mechanic's lien, claim, charge, attachment, garnishment, security interest, encroachment, prescriptive easement or other encumbrance.

“Little Rock Master Control Facility” means the Seller's facility located in Little Rock, Arkansas.

“Material Adverse Effect” means an effect on the business, reputation, financial condition or results of operations of the Station, which effect, either individually or when aggregated with other such effects, is adverse and material, including, without limitation, (a) an adverse effect on the right or ability of the Seller to perform its obligations under any Transaction Document, FCC License or other Authorization, and (b) the loss, damage, destruction, sale or other alienation of any portion of the Acquired Assets exceeding \$50,000 in replacement value, where such assets are not replaced by assets having equal or greater value and utility to the operations of the Station.

“Minimum Loss Amount” has the meaning set forth in Section 12.6.

“Parent” has the meaning set forth in the preamble to this Agreement.

“Party” and ***“Parties”*** have the meanings set forth in the preamble to this Agreement.

"Permitted Lien" means (a) any Lien that secures the payment of taxes that are not yet due and payable, (b) any right of a utility company to lay pipes, lines, etc., (c) any easement, right-of-way or similar imperfection in Seller's title to any of its properties that does not secure a monetary obligation, is not material in character and does not in any material respect detract from, impair or interfere with the present use or the marketability of such property, (d) a mechanics lien or other Lien arising by operation of law between the date hereof and the Closing Date, but only to the extent such Lien arises through a Person other than the Seller or one of its affiliates and does not materially interfere with the operation of the Station or the Acquired Assets, (e) the lessor's ownership interest in property leased by the Seller as lessee, or (g) any other Lien described in the attached **Schedule A**.

"Person" means any individual, corporation, partnership, limited liability company, trust, association, joint venture or any other legal or similar entity or quasi-entity.

"Purchase Price" has the meaning set forth in Section 4.1.

"Purchasers" means, collectively, the Buyer and the Parent, and **"Purchaser"** means either the Buyer or the Parent, as the context requires.

"Real Property" means the locations set forth on **Schedule B**, including all easements, rights of way, permits and consents, if any, relating to or used in connection therewith.

"Retained Liabilities" has the meaning set forth in Section 3.2.

"Seller" has the meaning set forth in the preamble to this Agreement.

"Seller Receivables" means the accounts receivable of the Seller relating to the Station in each case as of the Effective Time, and in each case other than in respect of trade or barter arrangements.

"Seller-Rep Damages" has the meaning set forth in Section 12.2.1.

"Station" has the meaning set forth in the preamble to this Agreement.

"Tangible Personal Assets" means all personal property and equipment owned by the Seller as of the Closing Date, wherever located, and used in connection with the Business, together with the Seller's rights under all related warranties, but expressly excluding any Personal Property located at the Little Rock Master Control Facility.

"Transaction Documents" means this Agreement, the Escrow Agreement, the Application, and each other agreement, instrument or other document entered into or delivered by one or more of the Parties pursuant to or in connection with this Agreement.

"Unauthorized Person" has the meaning set forth in Section 15.2.

ARTICLE 2. PURCHASE AND SALE OF ASSETS

On the Closing Date at the Closing Place, the Seller will sell, assign, transfer, convey, and deliver to the Buyer, by instruments in form satisfactory to the Buyer, all of the assets and properties of the Seller, real and personal, tangible and intangible, of every kind and description owned or used by the Seller, that are used, useful, or intended for use, in the Business, including real and personal property, plant and equipment, rights under contracts and leases, inventories, intangibles and goodwill, but excluding the Excluded Assets (the **"Acquired Assets"**). The Acquired Assets shall be transferred by the Seller to the Buyer free and clear of all Liens, except for Permitted Liens. In furtherance of this Agreement and subject to the terms hereof, from and after the Closing Date, the Buyer shall (a) receive and be entitled to exercise in full all rights and benefits of the Seller pertaining to the Acquired Assets and perform all other such acts in relation thereto as the Buyer, in its sole discretion, may deem advisable, and (b) institute and prosecute all suits and proceedings and take all actions, in its own name or the name of the Seller, as the Buyer in its sole discretion may deem necessary or proper to collect, assert, or enforce any claim, right, or title of any kind in and to any and all of the Acquired Assets. Without limiting the generality of the foregoing, the Acquired Assets will include:

2.1 FCC Licenses and Other Authorizations. The FCC Licenses and all other Authorizations issued or granted to the Seller, together with all related applications, and all right, title and interest in and to the Station call letters WBMM (TV). A list of the FCC Licenses and Authorizations is set forth in the attached **Schedule C**.

2.2 Real Property. All of the Seller's land, leasehold and other interests of every kind and description in all Real Property, including without limitation, all rights, title and interests under the leases, subleases, licenses, sublicenses, occupancy agreements, easements or other contracts described in the attached **Schedule B** (the "**Assumed Leases**").

2.3 Improvements. All of the Seller's rights, title and interests in and to all Improvements, including, without limitation, the Improvements described in the attached **Schedule D**.

2.4 Tangible Personal Assets. All of the Seller's rights, title and interests in and to all Tangible Personal Assets, including, without limitation, all furniture and equipment, including transmitting and studio equipment, tubes, remote equipment, supplies, record, compact disc and tape libraries, computers and software and data files, vehicles, tools and spare parts, if any, that are used, useful, or intended for use in connection with the Business, including, without limitation, the Tangible Personal Assets described in the attached **Schedule E**, together with any replacements or additions made thereto between the Effective Date and the Closing and less any retirements made in the ordinary and usual course of the Business in connection with the acquisition of similar property or assets.

2.5 Assumed Contracts. All of the Seller's rights, title and interests under the Existing Contracts described in the attached **Schedule F** and such other contracts and agreement that the Buyer may expressly agree in writing to assume at the Closing (collectively with the Assumed Leases, the "**Assumed Contracts**").

2.6 Intellectual Property. All of the Seller's rights, title and interest in any Intellectual Property owned or held by the Seller as of the Closing Date and used or

held or intended for use by the Seller in connection with the Business, including, without limitation the Intellectual Property listed in the attached **Schedule G**.

2.7 Public Inspection File. A complete set of all documents maintained in the Station's public inspection file pursuant to the FCC Rules.

2.8 Other Assets. All customer, mailing, circulation, purchaser and all other lists, accounts, books and records, including all correspondence and other files and all other existing records (computerized or otherwise), of the Seller related to the Business, other than Excluded Assets.

ARTICLE 3. LIABILITIES OF THE SELLER

3.1 Assumed Liabilities. The Acquired Assets will be sold and conveyed to Buyer free and clear of all Liens (other than Permitted Liens) and liabilities, except that on the Closing Date, the Buyer will assume and agree to pay and perform (a) those obligations of the Seller that arise after the Effective Time under the Assumed Contracts and (b) such other liabilities of the Seller in respect of which the Buyer receives a credit pursuant to Section 4.5 (the "**Assumed Liabilities**").

3.2 Retained Liabilities. Except as set forth in Section 3.1, the Buyer will not assume and will not be obligated to pay, perform or discharge any obligation, liability, contract or commitment of the Seller, including, without limitation, (a) any obligation or liability listed on **Schedule H**, (b) any bank debt or capital lease, (c) any obligation or liability relating to or arising from the breach or violation by the Seller prior to the Closing Date of (i) any Assumed Contract or (ii) any service agreement, equipment leasing contract or similar contract relating to the Station or any Acquired Assets, (d) any obligation or liability arising out of Environmental Laws or the presence of Hazardous Substances at any Real Property, (e) any obligation or liability for any and all taxes with respect to the Acquired Assets that accrued prior to the Closing Date, (f) any obligation or liability related to current or former employees of the Seller, and (g) any obligation or liability with respect to litigation or other claims arising in connection with pre-Closing operation of the Station or the Acquired Assets (collectively, the "**Retained**

Liabilities”). In accordance with Article 12, the Seller will indemnify and hold the Purchasers harmless from, any loss, liability, damage or expense (including reasonable attorney’s fees) arising out of the Seller’s failure to pay, perform or discharge any of the Retained Liabilities.

ARTICLE 4. CONSIDERATION

4.1 Purchase Price. The aggregate purchase price to be paid by the Buyer for the Acquired Assets, subject to the adjustments provided for in Section 4.5 or elsewhere in this Agreement, will be TWO MILLION DOLLARS (\$2,000,000.00) (the **“Purchase Price”**), payable in the manner set forth in Section 4.4 below.

4.2 Allocation. By mutual agreement of the Parties, unless otherwise required by applicable law, the Purchase Price will be allocated among the various classes of property, assets and rights that comprise the Acquired Assets, in the manner to be determined by the Parties in good faith prior to the Closing and set forth in the attached **Schedule I**. The Buyer and the Seller agree to be bound by such allocation for all purposes, including reporting and disclosure requirements of the Internal Revenue Service, and will file returns and reports (including income tax returns) on the basis of such allocation.

4.3 Pre-Closing Escrow. The Buyer will deposit TWO HUNDRED THOUSAND DOLLARS (\$200,000.00) in Immediately Available Funds (together with interest and other earnings thereon from time to time, the **“Escrow Deposit”**) into an escrow account with the Escrow Agent on the Effective Date. The Escrow Deposit will be governed by the terms of the Escrow Agreement.

4.4 Payment of Purchase Price. At the Closing, in order to pay the Purchase Price (a) the Parties will instruct the Escrow Agent to disburse the Escrow Deposit to the Seller, and (b) Buyer will pay to Seller, by wire transfer of Immediately Available Funds to such banks and accounts thereat as are specified by the Seller, an amount equal to the Purchase Price, as adjusted by the prorations and credits pursuant to Section 4.5 below, less the amount of the Escrow Deposit.

4.5 Proration of Income and Expenses.

4.5.1 Except as otherwise provided herein, all income and expenses arising from the conduct of the Business will be prorated (on the basis of the actual number of days elapsed over the applicable period) between the Buyer and the Seller in accordance with GAAP as of the Effective Time. Such prorated items will include all ad valorem, real estate and other property taxes (but excluding taxes arising by reason of the transfer of the Acquired Assets as contemplated hereby, which will be paid as set forth in Section 14.2 of this Agreement), business and license fees, music and other license fees, utility expenses, rents and all other items of income and expense due or payable under the Assumed Contracts, in each case as of the Effective Time.

4.5.2 To the extent practicable, the proration and adjustments contemplated by this Section 4.5 will be estimated and made on the Closing Date. To the extent not made on the Closing Date, such proration and adjustments will be made, and an appropriate adjustment will be paid, within sixty (60) days after the Closing Date. In the event of any disputes among the Parties as to such adjustments, the amounts not in dispute will nonetheless be paid at such time and such disputes will be resolved by an independent certified public accountant mutually acceptable to the Parties, and the fees and expenses of such accountant will be paid one-half by the Seller and one-half by the Buyer. The decision of such accountant will be conclusive and binding on the Parties. All proration and adjustments made on the Closing Date will be paid in the form of an increase or decrease in the amount payable by the Buyer at the Closing pursuant to Section 4.4. All proration and adjustments made after the Closing will be paid within five (5) Business Days of the determination thereof.

ARTICLE 5. GOVERNMENTAL CONSENTS

5.1 FCC Consent. It is specifically understood and agreed that the consummation of the Closing and the other transactions contemplated by this Agreement will be subject to the prior approval by the Commission of the assignment of the FCC Licenses to the Buyer without any condition or qualification materially adverse, in the Buyer's good faith determination, to the Buyer or to the operation of the Station.

5.2 Filing and Prosecution of Application. Upon the execution of this Agreement, the Seller and the Buyer will, each at its own expense, proceed expeditiously to jointly prepare and, within five (5) Business Days after the Effective Date, file with the Commission the requisite Application to secure the approval described in Section 5.1, together with such other instruments and documents as may be required. Any filing fee or application processing fee charged by the Commission in connection with the Application will be shared equally by the Buyer and the Seller. The Parties agree to prosecute the Application with diligence, to cooperate with each other in good faith, to use their best efforts to obtain the requisite consent and approval promptly and to carry out the provisions of this Agreement. Each Party will promptly provide the other Party with a copy of any pleading, order or other document served on it relating to the Application.

5.3 Possession and Control. Between the Effective Date and the Closing Date, the Buyer will not control the operation of the Station, and the Seller will remain responsible for such control. Effective on the Closing Date and thereafter, the Seller will have no control over, and no right to intervene or participate in, the operation of the Station.

ARTICLE 6. TERMINATION RIGHTS

6.1 Termination of Agreement. The Parties may terminate this Agreement prior to the Closing as follows:

6.1.1 Failure to Receive FCC Approval. Any Party may terminate this Agreement by giving the other Parties written notice to that effect at any time (a) after the first anniversary of the Effective Date if, at the time such notice is given, the Commission has not granted its approval of the Application or such grant has not become a Final Order, or (b) if the Commission has denied its approval of the Application. In the event either Party terminates this Agreement pursuant to this Section 6.1.1, the Escrow Deposit, together with any and all interest earned thereon, shall be returned to the Buyer.

6.1.2 Termination on Designation for Hearing. Any Party may

terminate this Agreement by giving the other Parties written notice to that effect if, for any reason, the Application is designated for hearing by the Commission, so long as such notice is given within fifteen (15) Business Days after release of the related Hearing Designation Order; provided that the Buyer may not give such notice at any time when the Buyer is, but the Seller is not, in default of any provision of this Agreement in any material respect, and the Seller may not give such notice at any time when the Seller is, but the Buyer is not, in default of any provision of this Agreement in any material respect. In the event either Party terminates this Agreement pursuant to this Section 6.1.2, the Escrow Deposit, together with any and all interest earned thereon, shall be returned to the Buyer, provided, however, that in the event the Application is designated for hearing by the Commission due to a default by Buyer hereunder, the Escrow Deposit, together with any and all interest earned thereon, shall be released to the Seller.

6.1.3 Seller's Rights Upon Default By Buyer.

(a) At any time when the Buyer is, but the Seller is not, in default of any provision of this Agreement in any material respect, the Seller may give the Buyer written notice of its election to terminate this Agreement based on such default, so long as such notice describes such default in reasonable detail. Such termination will become effective on the tenth (10th) Business Day after such notice is given, unless such default has been remedied or cured or the Seller is then in default of any provision of this Agreement in any material respect.

(b) The Parties recognize that it would be extremely difficult and impractical to ascertain the actual damages sustained by the Seller as a result of the Buyer's default under this Agreement that prevents the Closing from occurring. Accordingly, if the Seller terminates this Agreement pursuant to this Section 6.1.3, then the Buyer will forfeit to the Seller the Escrow Deposit, together with any and all interest earned thereon, as liquidated damages. The Parties agree that such forfeiture is not in the nature of a penalty; that no penalty will be payable by the Buyer; and that such sum will constitute full payment for any and all damages suffered by the Seller or any related

Person, and the sole remedy available to the Seller or any such Person, in the event of any breach of this Agreement by the Buyer.

6.1.4 Buyer's Termination Upon Default By Seller. Without limiting the Buyer's right to specific performance of the Seller's obligations under this Agreement, at any time when the Seller is, but the Buyer is not, in default of any provision of this Agreement in any material respect, the Buyer may give the Seller written notice of its election to terminate this Agreement based on such default, so long as such notice describes such default in reasonable detail. Such termination will become effective on the tenth (10th) Business Day after such notice is given, unless such default has been remedied or cured or the Buyer is then in default of any provision of this Agreement in any material respect. In the event the Buyer terminates this Agreement pursuant to this Section 6.1.4, the Escrow Deposit, together with any and all interest earned thereon, shall be returned to the Buyer.

6.1.5 Buyer's Termination Upon Material Adverse Effect. At any time the Business suffers a Material Adverse Effect, and such Material Adverse Effect is outstanding for 60 days, the Buyer may give the Seller written notice of its election to terminate this Agreement based on such Material Adverse Effect, so long as such notice describes such Material Adverse Effect in reasonable detail. Such termination will become effective on the tenth (10th) Business Day after such notice is given, unless such Material Adverse Effect has been remedied or cured or the Buyer is then in default of any provision of this Agreement in any material respect. Such termination will become effective immediately after such notice is given. In the event the Buyer terminates this Agreement pursuant to this Section 6.1.5, the Escrow Deposit, together with any and all interest earned thereon, shall be returned to the Buyer.

6.2 Effect of Termination. If either Party terminates this Agreement pursuant to Section 6.1, (a) each Party will redeliver to the Party furnishing the same or destroy all documents, work papers and other material of any other party relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof, (b) no Party shall make or issue, or cause to be made or issued, any

announcement or written statement concerning termination of this Agreement or the transactions contemplated hereby for dissemination to the general public without the prior written consent of the other Parties, except as required by law or legal process, and (c) this Agreement shall become wholly void and of no force or effect, without any liability or further obligation, including any liability or obligation for expenses incurred in connection with this Agreement or any transaction contemplated by this Agreement, on the part of the Parties or any director, officer or principal thereof. Any of the foregoing notwithstanding, the provisions set forth in this Section 6.2 shall survive the termination of this Agreement.

ARTICLE 7. REPRESENTATIONS AND WARRANTIES OF SELLER

As an inducement to the Purchasers to enter into this Agreement and the other Transaction Documents, the Seller hereby represents and warrants to the Purchasers as follows:

7.1 Organization and Standing. The Seller is a corporation duly organized, validly existing, and in good standing under the laws of the State of Arkansas. The Seller is duly qualified and authorized to carry on the business of the Station as presently conducted under the laws of the State of Alabama; and the Seller is duly qualified and authorized to do business in each jurisdiction in which the conduct of its business, the ownership of its assets, or its execution, delivery or performance of this Agreement or any other Transaction Document requires it to be so qualified.

7.2 Authority. The Seller has full power and authority to enter into, and to consummate the transactions contemplated by, this Agreement and the other Transaction Documents to which it is or will be a party; the execution, delivery and performance of this Agreement and such other Transaction Documents by the Seller have been or will be duly approved by its directors and stockholders; and this Agreement and each such other Transaction Document constitutes a valid and binding obligation of the Seller that is enforceable in accordance with its terms, except that such enforcement may be limited by: (i) applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, transfer, moratorium or similar laws affecting the rights of

creditors generally and (ii) general equitable principles.

7.3 No Conflicts. Neither the execution nor the delivery by the Seller of this Agreement or any other Transaction Document to which either the Seller is or will be a party, nor the performance by the Seller of its obligations under this Agreement or any such other Transaction Document, nor the consummation by the Seller of the transactions contemplated in this Agreement or any such other Transaction Document, either immediately or upon the giving of notice or the lapse of time or both, does or will:

7.3.1 violate, conflict with, or constitute a default or an event giving a right to terminate or to accelerate obligations under, or require any notice to or filing with any Governmental Authority or other Person pursuant to, the articles of incorporation, bylaws, or other governing or constitutional document of the Seller, or any law, statute, rule, regulation, ordinance, judgment, decree, order, contract, lease, commitment, agreement, license, permit, franchise, or indenture to which the Seller is a party or by which the Seller or any Acquired Asset are bound or to which any of the foregoing is subject; or

7.3.2 result in the creation or imposition of any Lien, or give any Person (other than the Buyer) any interest in, or rights to, any Acquired Asset; or

7.3.3 have a Material Adverse Effect.

7.4 FCC Licenses and Authorizations.

7.4.1 The attached **Schedule C** sets forth a correct and complete description of the FCC Licenses and other Authorizations. The Seller is the holder of the FCC Licenses and such Authorizations. The FCC Licenses and Authorizations were validly issued and constitute all of the licenses and authorizations required for and/or presently used in the Business, and the FCC Licenses and Authorizations are in full force and effect unimpaired by any act or omission of the Seller, its officers, directors, stockholders, employees or agents. Each of the FCC Licenses and Authorizations has been issued for a full term customarily issued to a broadcast television station, and to Seller's Knowledge, none of the FCC Licenses and

Authorizations is subject to any condition except for conditions applicable to broadcast television licenses generally.

7.4.2 Except as set forth in the attached **Schedule C**:

(a) There is not pending or threatened any action by the Commission or any other Governmental Authority to revoke, suspend, cancel, rescind, modify or refuse to renew in the ordinary course any of the FCC Licenses or Authorizations.

(b) There is not pending at the Commission or any other Governmental Authority or, to the Knowledge of the Seller, threatened, any petition, complaint, proceeding, notice of violation, order to show cause, notice of apparent liability or of forfeiture relating to the Station, the FCC Licenses, other Authorizations or the Business.

(c) To the best Knowledge of the Seller, the Station is operating in material compliance with the FCC Licenses and Authorizations, the Communications Act, the FCC Rules and any other Applicable Law and the Seller has timely filed all reports, forms, regulatory fees and statements required to be filed by the Seller with the Commission or any other Governmental Authority.

(d) There is no license, permit or authorization from the Commission or any other Governmental Authority that is required for the lawful conduct of the Business as currently conducted, other than the FCC Licenses and Authorizations set forth on **Schedule C**.

(e) The Station has been assigned channel 24 by the Commission for the provision of digital television ("**DTV**") service. The FCC Licenses and Authorizations include the Digital Facilities Construction Permit, as well as Special Temporary Authority to operate the Station with minimal digital facilities in compliance with the FCC Rules. To the Knowledge of the Seller, the Seller has timely filed all applications, reports, statements, channel elections and other notifications relating to implementation of DTV service required to have been filed with the Commission.

(f) The Seller has no applications pending before the Commission relating to the operation of the Station.

(g) All antenna support structures used in the operation of the analog operations of the Station have been properly registered with the Commission, if registration is required, and complies with all Applicable Law. The owner of the antenna support structure used in the operation of the digital operation of the Station has the responsibility of registering the structure with the Commission, if registration is required, and, to Seller's Knowledge, complies with all Applicable Law.

7.4.3 The Seller has made timely and valid elections of must carry or has valid retransmission consent agreements with the cable systems and direct broadcast satellite systems providing local-into-local service within the Station's Designated Market Area, as listed on **Schedule J**. **Schedule J** also lists all cable and satellite systems carrying the Station's analog and/or digital signals, the channels on which such analog and/or digital signals are carried, and whether the Station's signals are carried pursuant to a must carry election or retransmission consent agreement. The Seller has no reason to believe that any cable or satellite system currently carrying the Station will not carry the Station after December 1, 2005. No cable system has filed a petition with the Commission to delete a community from the Station's television market for purposes of the must carry rules. No cable or satellite system has requested relief from the Commission from any obligation to carry the Station.

7.5 FCC Qualifications. The Seller is qualified under the Communications Act to assign the FCC Licenses to the Buyer. Except for a request currently on file with the Commission requesting Special Temporary Authority for WBMM-DT to remain off the air, the Seller does not hold any FCC License or Authorization pursuant to a waiver of any Applicable Law. The Seller does not know of any fact that could cause the Commission to withhold its approval of the assignment of the FCC Licenses to the Buyer.

7.6 Tangible Personal Assets.

7.6.1 Those of the Tangible Personal Assets that are owned by the Seller or that the Seller leases as lessee, or licenses as licensee, are identified as such on **Schedule E**. The Seller has delivered to the Buyer a true, accurate and complete copy of each lease or license with respect to any Tangible Personal Assets leased or licensed by the Seller.

7.6.2 The Seller (i) is the lawful owner of all of the Tangible Personal Assets that it purports to own, (ii) has valid leasehold interests in the Tangible Personal Assets that it purports to lease, and (iii) has valid license rights (whether as a licensor or licensee) in the Tangible Personal Assets that it purports to license, in all cases free and clear of any Liens, other than Permitted Liens. The Tangible Personal Assets are all of the tangible personal property necessary to conduct the Business as currently conducted and immediately after the Closing, the Buyer will own, or have a valid leasehold or other interest in, all assets necessary for the conduct of the Business as presently conducted.

7.7 Intellectual Property. None of the Intellectual Property was granted to the Seller pursuant to any licensing or sublicensing agreement under which the Seller is the licensee. The Intellectual Property is all of the intellectual property necessary to conduct the Business as currently conducted. No Person has a right to receive a royalty or similar payment in respect of any Intellectual Property pursuant to any contractual arrangements entered into by the Seller. The Seller has not granted to any other Person any right to use any Intellectual Property pursuant to any licensing agreement. The Seller's use of any intellectual property has not infringed, is not infringing upon or is not otherwise violating the rights of any Person in or to any intellectual property or any asserted proprietary rights of any Person, and the Seller has not received notice alleging that the Seller's use of any Intellectual Property infringes upon or otherwise violates any rights of any Person in or to any intellectual property or any asserted proprietary rights of any Person. To the Seller's Knowledge, no Person is infringing on any Intellectual Property. The Seller's rights with respect to the Intellectual Property are free and clear of any Liens, other than Permitted Liens.

7.8 Real Property.

7.8.1 The attached **Schedule B** contains true and complete descriptions of all of the Real Property (including leasehold and other interests), including all buildings, structures and other improvements thereon or therein. The representations and warranties set forth in this Section 7.8 apply to all real property interests owned or held by the Seller, whether land and buildings or leasehold interests and improvements.

7.8.2 The attached **Schedule B** contains a true and complete description of the Assumed Leases. The Assumed Leases represent all real property leases related to the Station to which the Seller is a party as a tenant or landlord. The Assumed Leases are valid, binding and enforceable in accordance with their terms. Neither the Seller nor any other party to any Assumed Lease is in default under any Assumed Lease and no condition or event exists which with the giving of notice, passage of time, or both would give rise to any such default, except, in the case of any Assumed Lease under which the Seller is the lessee, for immaterial defaults that would not permit (with the giving of notice or the passage of time, or both) the other party to terminate such Assumed Lease or any rights of the Seller thereunder or to accelerate or increase the rent or any other sum payable thereunder. There are no offsets or defenses by the Seller or, to the Seller's Knowledge, any other party under any Assumed Lease. The assignment to the Buyer of each Assumed Lease to which the Seller is a party as tenant will not permit the landlord to accelerate the rent or cause such Assumed Lease terms to be renegotiated, or constitute a default under such Assumed Lease, and will not require the consent of any such landlord.

7.8.3 The attached **Schedule B** contains a true and complete description of all of the employment contracts, concession contracts, contracts for service or maintenance, and other agreements existing and relating to or connected with the occupancy or operation of any Real Property.

7.8.4 No condemnation of any Real Property has occurred; there is no existing notice covering future condemnation with respect to any Real Property; and

the Seller has no reason to believe that any Real Property will be condemned. The Seller has not received any notice and has no Knowledge of any pending improvements or special assessments to be made against any Real Property by any Governmental Authority.

7.8.5 All utilities required for the operation of any Real Property either enter such property through adjoining public streets, or if they pass through adjoining private land they do so in accordance with valid public easements. All necessary utilities (including water, sewer, electricity and telephone facilities) are available to the Real Property and, to the Seller's Knowledge, there exists no threatened limitation on or reduction of the quality or quantity of utility services to be furnished to the Real Property.

7.8.6 To the Seller's Knowledge, no notices of violation of any Applicable Law have been issued by any Governmental Authority affecting any Real Property.

7.9 Adequacy, Condition and Maintenance of Equipment. All of the Tangible Personal Assets and Improvements are in operating condition and repair and are adequate and suitable for the purpose for which they are intended and for the purpose for which they are presently used. None of such Tangible Personal Property or Improvements is in need of maintenance or repairs except for ordinary, routine maintenance and repairs which are not material in nature or cost.

7.10 Employees. Schedule K contains the names of all persons employed or retained as consultants by the Seller, their salary, commission and bonus entitlement (both contractual and discretionary), and description of their function in the Business.

7.11 Environmental Matters. To Seller's Knowledge, the Seller is and has been at all times in compliance with all Environmental Laws pertaining to its presence at the Real Property, and the Seller has all Authorizations required by any Environmental Laws for the conduct of the Business. The Seller has provided the Purchasers with copies of any environmental investigation, study, audit, test, review or other analysis relating to the Real Property that was conducted by or on behalf of the Seller.

7.12 Undisclosed Liabilities. The Seller does not have any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise), except for liabilities or obligations (a) disclosed on **Schedule L**, or (b) arising in the ordinary course of Business consistent with past practice under any Assumed Contract.

7.13 Insurance. The Seller has in force adequate property damage, liability and other insurance with respect to the Acquired Assets.

7.14 Litigation. Except as disclosed in **Schedule M**, there are no judgments outstanding, nor any claim, litigation, proceeding or investigation pending, or to the Seller's Knowledge, threatened that could affect the ownership or use of the Acquired Assets by the Buyer, and the Seller has no Knowledge of any fact that could form the basis for such claim, litigation, proceeding or investigation. Neither the Station nor the Seller has been operating under or subject to, or in default of, any order, writ, injunction, or decree of any Governmental Authority, and the Seller has no Knowledge of any fact that would give rise to such an order, writ, injunction or decree. The Seller has not received any inquiry, written or oral, from any Governmental Authority concerning the Business, or has Knowledge of any fact that could form the basis for such an inquiry. There is no litigation or proceeding, or, to the Seller's Knowledge, investigation of any nature pending or threatened against or affecting the Seller, nor is there any fact that could form the basis of such litigation, proceeding or investigation, that could affect the Seller's ability fully to carry out the transactions contemplated by this Agreement and the other Transaction Documents.

7.15 Contracts and Agreements. **Schedule F** lists all Assumed Contracts and all currently effective oral agreements and commitments, if any, to which the Seller is a party. The Seller is not in material default under any Assumed Contract, and all payments, services or other consideration due by the Seller under any Assumed Contract have been made or provided by the Seller.

7.16 Insolvency. No insolvency proceedings of any character, including bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, under Title 11 of the United States Code or any applicable

bankruptcy, insolvency or other similar law, affecting the Seller or any of its assets or properties are pending. The Seller has not made any assignment for the benefit of creditors, and has not taken any action with a view to, or which would constitute the basis for, the institution of any such insolvency proceedings. No consent to the appointment of or taking possession by a receiver, trustee or other custodian for any portion of the Seller's property has occurred.

7.17 Taxes.

7.17.1 The Seller has filed all federal, state and local tax returns and state franchise tax returns that it is required to file, and has paid in full when due all taxes, interest, penalties, assessments and deficiencies that have been assessed or levied against it, the Station or any Acquired Assets.

7.17.2 All federal, state, county and local tax returns, reports and declarations of estimated tax, or estimated tax deposit forms, required to be filed by the Seller in connection with the Business, the Real Property, the Acquired Assets or payroll have been duly and timely filed.

7.17.3 There is no pending or, to the Seller's Knowledge, threatened, investigation or claim against the Seller for or relating to any liability in respect of taxes and, to the Seller's Knowledge, no facts or circumstances exist which indicate that any such, investigation or claim in respect of taxes may be brought or is under discussion with any Governmental Authorities.

7.18 Encumbrances. Except as set forth on **Schedule N**, none of the Acquired Assets is mortgaged, pledged or subjected to any Lien, other than any Permitted Lien. Buyer and Seller acknowledge that the Closing is subject to Seller procuring a lien release from Seller's lender(s) as set forth in **Schedule N**. Seller has received written assurance from such lender(s) that the amount of the Purchase Price is sufficient to release all liens on the Acquired Assets and Seller has no reason to believe that such lender(s) would not release such liens upon receipt of the amounts indicated in **Schedule N**.

7.19 Seller Receivables. *Schedule O* lists all of the Seller Receivables.

7.20 Consents and Approvals. Except as set forth in *Schedule P*, no Consent is required to be obtained by the Seller.

7.21 Disclosure. No representation or warranty by the Seller and no written statement, schedule or certificate furnished by the Seller in connection with the negotiation of this Agreement or any other Transaction Document, the Purchasers' due diligence review of the Station and the Acquired Assets, pursuant to any covenant, representation or warranty of the Seller set forth in this Agreement or any other Transaction Document, or in connection with the Closing, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements set forth therein not misleading. The Seller's representations, warranties, written statements, schedules and certifications made or delivered to the Purchasers pursuant to this Agreement and the other Transaction Documents provide the Purchasers with complete and accurate information as to the Acquired Assets, the Station, the Business, the Assumed Liabilities and the Seller's ability to consummate the transactions contemplated by this Agreement and the other Transaction Documents.

ARTICLE 8. REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

The Purchasers represent and warrant to the Seller as follows:

8.1 Organization and Standing. Each Purchaser is a limited liability company existing under the laws of the State of Delaware. The Buyer will be at the time of Closing entitled and qualified to do business in the State of Alabama, and any other jurisdiction in which such qualification is required for the operation of the Station, the ownership of the Acquired Assets or its execution, delivery or performance of this Agreement or any other Transaction Document to which it is or will be a party.

8.2 Authorization. Each Purchaser has full power and authority to enter into this Agreement and the other Transaction Documents to which it is or will be a party, and this Agreement and such other Transaction Documents constitute valid and binding obligations of each Purchaser that are enforceable in accordance with their terms,

except that such enforcement may be limited by: (i) applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, transfer, moratorium or similar laws affecting the rights of creditors generally, and (ii) general equitable principles. The execution, delivery, and performance of this Agreement have been duly and validly authorized by each Purchaser's Managers.

8.3 No Conflicts. Neither the execution nor the delivery by the Purchasers of this Agreement or any other Transaction Document to which a Purchaser is or will be a party, nor the performance by each Purchaser of its obligations under this Agreement or any such other Transaction Document, nor the consummation by each Purchaser of the transactions contemplated in this Agreement or any such other Transaction Document, either immediately or upon the giving of notice or the lapse of time or both, does or will violate, conflict with, or constitute a default or an event giving a right to terminate or to accelerate obligations under, or require any notice to or filing with any Governmental Authority or other Person pursuant to, the articles of formation or operating agreement or other governing or constitutional document with respect to a Purchaser, or any law, statute, rule, regulation, ordinance, judgment, decree, order, contract, lease, commitment, agreement, license, permit, franchise, or indenture to which a Purchaser is a party or by which a Purchaser is bound.

8.4 FCC Qualifications. The Buyer is qualified under the Communications Act and the FCC Rules, as such are in effect as of the Effective Date, to be and become the licensee of the Station. The Purchasers Know of no fact that could cause the Commission to withhold its approval of the assignment of the FCC Licenses to the Buyer.

8.5 Litigation. There is not outstanding any judgment or any claim, litigation, proceeding, or to the Purchasers' Knowledge, any investigation or claim threatened against any Purchaser that might adversely affect the Purchasers' ability to carry out fully the transactions contemplated by this Agreement or the other Transaction Documents to which either Purchaser is or will be a party, and the Purchasers Know of no fact that would form the basis for any such claim, litigation, proceeding or investigation.

8.6 *Insolvency.* No insolvency proceedings of any character, including bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, under Title 11 of the United States Code or any applicable bankruptcy, insolvency or other similar law, affecting a Purchaser or any of its assets or properties are pending. No Purchaser has made any assignment for the benefit of creditors or taken any action with a view to, or which would constitute the basis for, the institution of any such insolvency proceedings. No consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a material portion of a Purchaser's property has occurred.

8.7 *Disclosure.* No representation or warranty by the Purchasers and no statement, schedule or certificate furnished by it in connection with the negotiation of this Agreement and the other Transaction Documents or pursuant to any covenant, representation or warranty of the Buyer set forth in this Agreement or any other Transaction Document, or in connection with the Closing, contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements set forth therein not misleading. The Purchasers' representations, warranties, written statements, schedules and certifications made or delivered to the Seller pursuant to this Agreement and the other Transaction Documents provide the Seller with complete and accurate information as to the Purchasers' ability to consummate the transactions contemplated by this Agreement and the other Transaction Documents.

8.8 *Affiliation Agreement.* The Purchasers acknowledge that Seller has an Affiliation Agreement with Daystar Television Network, Inc. dated September 30, 2004, and that such Affiliation Agreement is effective until September 30, 2007, subject to the termination provisions set forth therein.

ARTICLE 9. COVENANTS

9.1 *Affirmative Covenants of the Seller.* The Seller will, through the Closing Date:

9.1.1 Representations and Warranties. Take such steps as are necessary to ensure that all representations and warranties of the Seller set forth in this Agreement remain true and correct up to and including the Closing Date.

9.1.2 Continued Operation. Continue to carry on the Business, maintain the Seller's facilities and equipment, maintain Seller's inventory of supplies, parts and other materials and keep Seller's books of account, records, and files in the ordinary and usual course of the Business. The Seller will continue to keep and maintain the public inspection file of the Station in accordance with FCC Rules. The Seller will continue to operate the Station in all material respects in accordance with the terms of the applicable FCC Licenses and other Authorizations and in compliance in all material respects with the Communications Act, the FCC Rules, other Applicable Laws and standards of good engineering practice. The Seller will promptly execute any necessary application for renewal of the FCC Licenses. The Seller will deliver to the Purchasers, within 10 days after filing, copies of any reports, applications or responses to the Commission related to the Station that are filed between the Effective Date and the Closing Date. The Seller agrees that it will cure, prior to Closing, and at its sole expense, any violations, deficiencies or conditions of which it is aware or is made aware.

9.1.3 Maintenance of Equipment. Maintain all of the Tangible Personal Assets and Improvements in their present good operating condition and will, at the Seller expense, keep in a good state of repair and operating efficiency, all of the Acquired Assets.

9.1.4 Maintenance of Business.

(a) Use its best efforts to preserve the business organization of the Station intact, retain substantially as at the present the Station's employees, and preserve the goodwill of the Station's suppliers, customers, and others having business relations with it.

(b) Continue to maintain the quality of the Station's

programming consistent with its past practices.

(c) Use best efforts to maintain carriage of the Station's analog and/or digital signals on cable and satellite systems in the Station's Designated Market Area and advise the Buyer of material developments or negotiations with cable or satellite systems with respect to such carriage.

9.1.5 Insurance. Maintain in full force and effect through the Closing Date adequate property damage, liability, and other insurance with respect to the Acquired Assets providing coverage against such risks in at least the amounts provided for by the insurance policies currently maintained by the Seller.

9.1.6 Notification.

(a) Give the Purchasers written notice in reasonable detail promptly upon the occurrence of, or upon becoming aware of the impending or threatened occurrence of, any event that would cause or constitute a breach of the Seller's representations or warranties contained in this Agreement or any other Transaction Document.

(b) Promptly notify the Purchasers in writing upon becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement or any other Transaction Document, or upon receiving any notice from any Governmental Authority of its intention to institute an investigation into, or institute a suit or proceeding to restrain or enjoin the consummation of any such transactions, or to nullify or render ineffective any Transaction Document or such transactions if consummated.

(c) Disclose to the Purchasers any unusual and significant problems or developments with respect to the Station or the Acquired Assets, and give prompt written notice to the Purchasers (i) if any Acquired Asset suffers any damage on account of fire, explosion or other cause of any nature which is sufficient to prevent or adversely affect the operation of the Station or (ii) if the regular broadcast transmission of the Station in the normal and usual manner in which it has been operating is

interrupted for a period of four or more continuous hours.

9.1.7 Fulfill Conditions. Use best efforts to fulfill and perform all conditions and obligations to be fulfilled and performed by the Seller under this Agreement and the other Transaction Documents and to cause the transactions contemplated by this Agreement and the other Transaction Documents to be fully carried out.

9.1.8 Investigation. Cooperate fully with the Purchasers and to give the Purchasers and their officers, employees, auditors, legal counsel, representatives and agents reasonable access during normal business hours to all such information, documents, premises and employees as the Purchasers may consider necessary or advisable for purposes of their investigation of the Business; provided, however, that any such access shall be conducted at the Purchasers' expense, at a reasonable time and under the supervision of the Seller's personnel.

9.1.9 Transmission Line Repair. Prior to Closing, Seller will repair the transmission line being used for the WBMM analog facilities to the satisfaction of both Parties.

9.1.10 Buildout of the Station's Digital Facilities. The Seller shall either

(a) obtain by March 1, 2006 from the Commission, without any conditions materially adverse to the Buyer or materially adverse to the currently authorized broadcast operations of the Station (1) a waiver of the requirement that the Station be operating digitally by July 1, 2006 on Channel 24 with facilities that provide digital service to at least 80 percent of the number of viewers that were served by the Station's 1997 analog Grade B service contour; and (2) authority to cease analog broadcasting and commence digital broadcasting (i.e., flash-cut from analog to digital service) on Channel 22 prior to the end of the digital television transition without any loss of interference protection to the Station's digital service area as authorized by the Digital Facilities Construction Permit; or

(b) by July 1, 2006 either (1) construct the Channel 24 Digital Facilities, and file an application for a license to cover the Digital Facilities Construction Permit; or (2) obtain a Special Temporary Authorization from the Commission authorizing the Station's operation of digital facilities that provide digital service to at least 80 percent of the number of viewers that were served by the Station's 1997 analog Grade B service contour and construct such Special Temporary Authorization facilities.

(c) In the event neither of these two conditions are met, any Party may terminate this Agreement by giving the other Parties written notice to the effect, and the Escrow Deposit, together with any and all interest earned thereon, shall be returned to the Buyer, and no further obligation or liability shall be owed to the Parties.

9.2 Negative Covenants of the Seller. Prior to the Closing Date, the Seller will not, without the prior written consent of the Purchasers, which shall not be unreasonably withheld:

9.2.1 No Alienation of Acquired Assets. Sell, lease, transfer, or agree to sell, lease, or transfer any item that, if it were held by the Seller on the Closing Date, would be an Acquired Asset, without prior notice to the Purchasers and without replacement of such asset with a substantially equivalent asset of substantially equivalent kind, condition, and value.

9.2.2 No Adverse Permits. Apply to the Commission for any construction permit or modification of license that would materially restrict the Station's operation, or make any material change in the Station's buildings, leasehold improvements or fixtures, except for the necessary filings required to keep the Station in compliance with the Commission.

9.2.3 No Omission of FCC Obligations. By any act or omission of the Seller, its officers, directors, managers, members, stockholders, employees or agents, surrender, modify, forfeit or fail to seek timely renewal of any FCC License or Authorization from the Commission or cause the Commission to institute any

proceedings for revocation, cancellation or modification of any FCC License or Authorization, or fail to prosecute with due diligence, or participate in the prosecution of, the Application, including all amendments thereto, as necessitated by FCC Rules, or as requested by the Commission's staff.

9.2.4 *No Breach of Assumed Contracts.* Commit any act or omit to do any act which will cause a breach of any Assumed Contract.

9.2.5 *No Violation of Law.* Violate, or remain in violation of any Applicable Law.

9.2.6 *Termination of Contracts.* Terminate or cancel any Assumed Contract.

9.3 *Purchasers' Covenants.* Between the Effective Date and the Closing Date, each Purchaser will:

9.3.1 *Fulfill Conditions.* Use best efforts to fulfill and perform all conditions and obligations on its part to be fulfilled and performed under this Agreement and the other Transaction Documents and to cause the transactions contemplated by this Agreement and the other Transaction Documents to be fully carried out.

9.3.2 *Notification.*

(a) Give detailed written notice to the Seller promptly upon the occurrence of, or upon becoming aware of the impending or threatened occurrence of, any event that would cause or constitute a breach of any of the Purchasers' representations or warranties contained in this Agreement or any other Transaction Document.

(b) Promptly notify the Seller in writing upon becoming aware of any decree or any complaint praying for an order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement or any other Transaction Document, or upon receiving any notice from any Governmental Authority of its intention to institute an investigation into, or institute a suit or proceeding to

restrain or enjoin the consummation of such transactions, or to nullify or render ineffective any Transaction Document or such transactions if consummated.

9.3.3 Third Party Consents. Cooperate with the Seller in providing such information and taking such actions as are commercially reasonable to obtain any necessary Consents required under the Assumed Contracts.

9.3.4 FCC Qualification. Not take any action, and not cause any of its Affiliate to take any action, that would result in the Buyer being unqualified under the Communications Act and the FCC Rules to become the licensee of the Station.

9.4 No-Shop. Neither the Seller nor any agent, officer, director or any representative of the Seller will, during the period commencing on the Effective Date and ending with the earlier to occur of the Closing Date or the termination of this Agreement in accordance with its terms, directly or indirectly solicit, entertain or encourage inquiries or proposals, provide information to or enter into any agreement or negotiate with any Person other than the Purchasers or their officers, employees, auditors, legal counsel, representatives and agents, relating to the direct or indirect acquisition or purchase of all or a material amount of the assets of, or any equity interest in, the Seller or a merger, consolidation or business combination involving the Seller. The Seller agrees during such period to inform the Purchasers of the nature and terms of any proposal or inquiry it receives regarding any such transaction.

ARTICLE 10. CONDITIONS

10.1 The Purchasers' Conditions Precedent. The obligation of the Purchasers to consummate the transactions contemplated by this Agreement at the Closing is subject to the fulfillment to the satisfaction of the Purchasers and their legal counsel, prior to or at the Closing, of each of the following conditions, except to the extent that the Purchasers may waive any one or more thereof:

10.1.1 Commission Approval. The Commission shall have approved the Application without any condition or qualification materially adverse (in the Buyer's good faith judgment) to the Buyer or the operation of the Station and, unless the Buyer

waives such finality as described in the definition of the term "Closing Date" in Article 1, such approval shall have become a Final Order.

10.1.2 Consents. The Seller shall have delivered to the Purchasers, or caused to be delivered to Purchasers, copies of any and all Consents set forth on **Schedule Q.**

10.1.3 Representations, Warranties and Covenants. The representations and warranties of the Seller contained in this Agreement and the other Transaction Documents shall be true and correct as of the date(s) thereof, and as of the Closing Date as though such representations and warranties were made at and as of such time. The Seller shall have delivered to the Purchasers updated Schedules to this Agreement such that the immediately foregoing sentence will be true and correct as of the Closing Date. The Buyer will be entitled to set off, against any obligation to the Seller which is or may become due, all reasonable amounts necessary to restore the Buyer's position to that which would exist if all such representations and warranties were true and correct in all respects and all such covenants, agreements and conditions were fully performed or satisfied.

10.1.4 Performance. The Seller shall have performed and complied with all covenants, agreements and conditions required by this Agreement or any other Transaction Document to be performed or complied with by it prior to or on the Closing Date, including, without limitations, the covenants contained in Sections 9.1.9 and 9.1.10.

10.1.5 Proceedings. No action or proceeding shall have been instituted before any Governmental Authority to restrain or prohibit, or to obtain any damages in respect of, the consummation of the transactions contemplated by this Agreement or the other Transaction Documents that, in the Purchasers' reasonable judgment, may be expected to result in an injunction against such consummation or, if consummated, an order to nullify or render ineffective any Transaction Document or such consummation or to recover any damages against the Buyer; and no Party will have received written notice from any Governmental Authority of its intention to institute

any action or proceeding to restrain or enjoin or nullify any Transaction Document or the transactions contemplated by it, or to commence any investigation (other than a routine letter of inquiry) into the consummation of such transactions.

10.1.6 Daystar Agreement. The Affiliation Agreement between the Seller and Daystar Television Network, Inc., dated September 30, 2004, shall be unconditionally assigned to the Buyer without any changes or qualifications thereto.

10.1.7 Lien Releases. The Purchasers shall have received lien releases from all lenders set forth in **Schedule N**.

10.1.8 Closing Deliveries. The Seller shall have made all deliveries to the Purchasers required at the Closing by Section 13.1.

10.1.9 Environmental Review. The Purchasers shall have completed, at the Purchasers' option and expense, to their satisfaction, a Phase I and, if requested by the Purchasers, a Phase II environmental study of the Real Property, and such environmental study or studies reveal no material environmental or compliance concerns.

10.1.10 Material Adverse Effect. The Business shall not have suffered any Material Adverse Effect.

10.2 Seller's Conditions Precedent. The Seller's obligations to consummate the transactions contemplated by this Agreement at the Closing is subject to the fulfillment to the satisfaction of the Seller and its legal counsel, prior to or at the Closing, of each of the following conditions, except to the extent that the Seller may waive any one or more thereof:

10.2.1 Commission Approval. The Commission shall have approved the Application without any condition or qualification materially adverse (in the Seller's good faith judgment) to the Seller.

10.2.2 Representations and Warranties. The representations and warranties of the Purchasers contained in this Agreement and the other Transaction

Documents will be true and correct as of the date(s) thereof, and as of the Closing Date as though such representations and warranties were made at and as of such time.

10.2.3 Performance. Each Purchaser shall have performed and complied with all covenants, agreements and conditions required by this Agreement and the other Transaction Documents to be performed or complied with by it prior to or on the Closing Date.

10.2.4 Proceedings. No action or proceeding will have been instituted before any Governmental Authority to restrain or prohibit, or to obtain any damages in respect of, the consummation of the transactions contemplated by this Agreement and the other Transaction Documents that, in the Seller's good faith judgment, may be expected to result in an injunction against such consummation or, if consummated, an order to nullify or render ineffective any Transaction Document or such consummation or to recover any damages against the Seller; and no Party will have received written notice from any Governmental Authority of its intention to institute any action or proceeding to restrain or enjoin or nullify any Transaction Document or the transactions contemplated by it, or to commence any investigation (other than a routine letter of inquiry) into the consummation of such transactions.

10.2.5 Closing Deliveries. The Purchasers shall have made all deliveries to the Seller at the Closing required by Section 13.2.

ARTICLE 11. RIGHTS AND REMEDIES OF THE PARTIES

11.1 Risk of Loss. The risk of loss, damage or destruction to any of the Acquired Assets from fire or other casualty or cause will be borne by the Seller at all times up to the Effective Time, and it will be the responsibility of the Seller to repair or cause to be repaired and to restore the property to its condition prior to any such loss, damage, or destruction. In the event of any such loss, damage, or destruction, the proceeds of any claim for any loss, payable under any insurance policy, will be used to repair, replace, or restore any such property to its former condition subject to the conditions stated below. In the event of any loss or damage to any of the Acquired Assets from fire, casualty or other causes prior to the Effective Time, the Seller will

notify the Purchasers of the same in writing immediately. Such notice will specify with particularity the loss or damage incurred, the cause (if Known or reasonably ascertainable), and the available insurance coverage. If the property is not completely repaired, replaced or restored on or before the Closing Date then the Purchasers, at their sole option, may (a) elect to postpone the Closing until such time as the property has been completely repaired, replaced or restored to the Purchasers' reasonable satisfaction and, if necessary, the Seller will join the Purchasers in requesting any extensions from the Commission or any other party that may be required in order to complete such repairs; (b) elect to consummate the transactions contemplated by this Agreement and accept such property in its then condition, in which event the Seller will assign to the Buyer all proceeds of insurance covering the property involved; (c) elect to consummate such transactions and accept such property in its then condition and make a deduction from the Purchase Price as may be necessary to restore the effected Acquired Assets to their prior condition; or (d) if permitted by Section 6.1, terminate this Agreement and declare it to be of no further effect, whereupon the Escrow Deposit, together with any and all interest earned thereon, shall be returned to the Buyer.

11.2 Purchasers' Rights Upon Default By Seller – Specific Performance.

The Parties mutually agree that the Acquired Assets are unique and cannot readily be purchased on the open market. For that reason, among others, the Purchasers will be irreparably damaged in the absence of the consummation of the transactions contemplated by this Agreement. In the event of a default by the Seller under this Agreement, the Purchasers' rights, and the obligations of the Seller will, at the Buyer's election, be enforceable by decree of specific performance, subject to the requisite approval of the Commission. Buyer's sole recourse shall be specific performance.

11.3 Seller's Rights Upon Default by Purchasers. In the event of a default by the Purchasers under this Agreement, the Seller's sole recourse shall be to the Escrow Deposit.

ARTICLE 12. INDEMNIFICATION

12.1 Survival of Representations and Warranties. All representations,

warranties and certifications made in this Agreement or any other Transaction Document will survive the Closing Date until the first (1st) anniversary of the Closing Date, except with respect to Sections 7.2, 7.17 and 7.18 which shall survive until the expiration of the statute of limitations applicable thereto. The limitation period for survival of representations and warranties will apply only in the absence of intentional misrepresentation.

12.2 Indemnification of the Purchasers by Seller. The Seller shall indemnify and hold the Purchasers and their attorneys, affiliates, representatives, agents, officers, directors, successors or assigns harmless from and against any and all liabilities, losses, costs, expenses, judgments, orders, settlements, obligations, deficiencies, claims, suits, proceedings (whether formal or informal), investigations, Liens or other damages of any nature, absolute, contingent or otherwise, including costs of suit, attorney's fees and expenses (all of the foregoing items for purposes of this Agreement are referred to as "**Damages**"), resulting from, arising out of or incurred with respect to:

12.2.1 any breach of any representation, warranty, covenant, agreement or obligation of the Seller contained in this Agreement or any other Transaction Document, or any misrepresentation in, or material omission from, any certificate or other Transaction Document furnished to the Purchasers by the Seller, subject to notice of a claim being given before the expiration of any applicable period specified in Section 12.1 in the case of any such representation, warranty or certification (any Damages arising out of relating to any breach, misrepresentation or material omission relating to any such representation, warranty or certification being "**Seller-Rep Damages**"), subject to Section 12.6; and

12.2.2 all Excluded Liabilities and any and all other claims, liabilities or obligations of any nature, absolute, contingent, or otherwise relating to the Business or the ownership of the Acquired Asset through the Effective Time, including any Damages arising from or obligations to be performed by the Seller under any Assumed Contract prior to the Effective Time.

12.3 Indemnification of Seller by Purchasers. The Purchasers shall, jointly

and severally, indemnify and hold the Seller and its attorneys, affiliates, representatives, agents, officers, directors, successors or assigns, harmless from and against any Damages resulting from, arising out of, or incurred with respect to:

12.3.1 any breach of any representation, warranty, covenant, agreement or obligation of the Purchasers contained in this Agreement or any other Transaction Document, or any misrepresentation in, or material omission from, any certificate or other Transaction Document furnished to the Seller by the Purchasers, subject to notice of a claim being given before the expiration of any applicable period specified in Section 12.1 in the case of any such representation, warranty or certification (any Damages arising out of relating to any breach, misrepresentation or material omission relating to any such representation, warranty or certification being **“Buyer-Rep Damages”**), subject to Section 12.6; and

12.3.2 all Assumed Liabilities and any and all other claims, liabilities or obligations of any nature, absolute, contingent, or otherwise relating to the Business or ownership of the Acquired Assets after the Effective Time, including any Damages arising from or obligations to be performed by the Buyer under any of the Assumed Contracts after the Effective Time.

12.4 Procedures.

12.4.1 Promptly after the receipt by any Party (the **“Indemnified Party”**) of notice of any claim by a third party, or the commencement of any action or proceeding, that may entitle such Party to indemnification under this Article 12, such Indemnified Party will give the other Party or Parties (the **“Indemnifying Party”**) written notice of such claim or the commencement of such action or proceeding and, subject to Section 12.4.4, will permit the Indemnifying Party to assume the defense of any such claim (including any third-party litigation or other proceeding resulting from such claim) or such action or proceeding using legal counsel reasonably acceptable to the Indemnified Party. The failure to give the Indemnifying Party timely notice under this Section 12.4.1 will not preclude the Indemnified Party from seeking indemnification from the Indemnifying Party unless, and then only to the extent, such failure has materially

prejudiced the Indemnifying Party's ability to defend the matter in question.

12.4.2 If the Indemnifying Party assumes the defense of any such matter, the Indemnifying Party will take all steps necessary in the defense or settlement of such matter and will hold the Indemnified Party harmless from and against any Damages caused by or arising out of any settlement approved by the Indemnifying Party or any judgment in connection with such matter; however, the Indemnified Party may participate, at its expense, in the defense of such claim or litigation. The Indemnified Party will use reasonable efforts to cooperate and make available to the Indemnifying Party all books and records reasonably necessary and useful in connection with such defense. Except with the prior written consent of the Indemnified Party, the Indemnifying Party will not, in the defense of such matter, consent to the entry of any judgment (other than a judgment of dismissal on the merits without cost), or enter into any settlement, that does not include as an unconditional term thereof the giving by the claimant or the plaintiff to the Indemnified Party of a release from all Damages in respect of such matter.

12.4.3 If the Indemnifying Party does not or is not permitted to assume the defense of any such matter, the Indemnified Party may, but will have no obligation to, defend against such matter in such manner as it may deem appropriate, and the Indemnified Party may compromise or settle such matter without the Indemnifying Party's consent.

12.4.4 The Indemnifying Party will not be entitled to assume the defense or settlement of any matter pursuant to Section 12.4.1: (a) if the conduct of such defense or settlement by legal counsel for the Indemnifying Party would be inconsistent with ethical rules applicable to attorneys at law; (b) if the remedy sought or asserted in connection with such matter is not limited solely to the payment of money damages; (c) if such matter concerns, or could result in the loss or the placement of any restriction on any FCC License or other Authorization; (d) if such matter, if determined or concluded in a matter adverse to the Indemnified Party, could have a material adverse effect on the Indemnified Party; and/or (e) unless the Indemnifying Party

agrees in writing that, as between the Parties, the Indemnifying Party is solely responsible for all Damages that may arise from or relate to such matter notwithstanding any provision of this Article 12 to the contrary and demonstrates to the reasonable satisfaction of the Indemnified Party that it has the financial resources to conduct such defense and settlement and pay all such Damages.

12.5 Indemnity Payments. The Parties agree that any indemnity payments made pursuant to this Article 12 will be treated by the Parties on all applicable tax returns as an adjustment to the Purchase Price.

12.6 Minimum Indemnity Payments. The Seller will have no liability for Seller-Rep Damages unless the aggregate amount of Seller-Rep Damages exceeds \$20,000 (the "**Minimum Loss Amount**"), in which event the Seller will be liable for all Seller-Rep Damages in excess of the Minimum Loss Amount, and the Purchasers will have no liability for Buyer-Rep Damages unless the aggregate amount of Buyer-Rep Damages exceeds the Minimum Loss Amount, in which event the Purchasers will be liable for all Buyer-Rep Damages in excess of the Minimum Loss Amount.

ARTICLE 13. CLOSING DELIVERIES

13.1 Seller's Deliveries at Closing. On the Closing Date at the Closing Place, the Seller will duly execute (where applicable) and deliver to the Purchasers the following, in each case in form and substance reasonably acceptable to the Purchasers:

13.1.1 An Assignment to the Buyer of the FCC Licenses and any and all other Authorizations, including all of the Seller's right, title and interest in and to all call letters of the Station, executed by the Seller.

13.1.2 One or more Bills of Sale assigning, transferring and conveying to the Buyer free and clear title (subject only to Permitted Liens) to all of the Tangible Personal Assets, executed by the Seller.

13.1.3 An Assignment and Assumption Agreement assigning to the Buyer the Assumed Contracts, executed by the Seller, together with all Consents to the

assignment that are required under the terms of any Assumed Contract and originals or true copies of the Assumed Contracts.

13.1.4 Instructions to the Escrow Agent to take the actions described in Section 4.4, executed by the Seller.

13.1.5 An Assignment of the Intellectual Property and the other Intangible Assets, executed by the Seller.

13.1.6 In the event the Seller constructs the Channel 24 Digital Facilities pursuant to Section 9.1.10(b) above, an operating lease encompassing the Digital Facilities Assets (the ***"Digital Facilities Lease"***) for a term commencing on the Closing Date and ending at the end of the digital television transition period, providing for a one-time lease payment in the amount of TEN DOLLARS (\$10.00) and such other terms and conditions as shall be agreed upon by the Parties, executed by the Seller.

13.1.7 A Certificate of Good Standing from the Seller's jurisdiction of incorporation and each other jurisdiction in which the conduct of its business, the ownership of its assets and/or the execution, deliver and performance of any Transaction Document by the Seller requires the Seller to be qualified or otherwise authorized.

13.1.8 A copy of a resolution of the Seller's directors and stockholders certified by the Seller, authorizing or ratifying the Seller's execution, delivery and performance of the Transaction Documents to which it is a party.

13.1.9 A certificate signed by the Seller that the conditions set forth in each of Sections 10.1.3, 10.1.4, and 10.1.5 are satisfied as of the Closing Date.

13.1.10 Such other assignments, bills of sale or other instruments of transfer, assignment or conveyance as may be required by the Purchasers to effectuate the assignment, transfer and conveyance to the Buyer of the Acquired Assets.

13.2 Buyer's Deliveries at Closing. On the Closing Date at the Closing Place, the Purchasers will, upon receipt of the releases, assurances and other

documentation provided for by this Agreement execute and deliver to the Seller the following, in each case in form and substance reasonably acceptable to the Seller:

13.2.1 A certificate to the effect that the conditions set forth in Sections 10.2.2, 10.2.3 and 10.2.4 are satisfied.

13.2.2 A certified copy of the Buyer's and Parent's enabling resolutions approving or ratifying the execution, performance and delivery of this Agreement.

13.2.3 Instructions to the Escrow Agent to take the actions described in Section 4.4.

13.2.4 The Assignment and Assumption Agreement for the Assumed Contracts.

13.2.5 If applicable, the Digital Facilities Lease.

13.2.6 The Purchase Price.

13.2.7 A Certificate of Good Standing from each Purchaser's jurisdiction of formation and each other jurisdiction in which the conduct of such Purchaser's business, the ownership of its assets and/or the execution, deliver and performance of any Transaction Document by such Purchaser requires such Purchaser to be qualified or otherwise authorized.

ARTICLE 14. TAXES, FEES AND EXPENSES

14.1 Expenses. Except as otherwise expressly set forth in this Agreement, each Party will be solely responsible for all costs and expense incurred by it in connection with the negotiation and preparation of the Transaction Documents and the transactions contemplated hereby.

14.2 Transfer Taxes and Similar Charges. Recordation, transfer and documentary taxes and fees, and any excise, sales or use taxes imposed by reason of the transfer of the Acquired Assets pursuant to this Agreement will be split equally by the Seller and the Buyer.

14.3 Governmental Filing or Grant Fees. All filing or grant fees imposed by any Governmental Authority the consent of which is required to the transactions contemplated hereby (other than amounts described in Section 14.2) will be split equally by the Seller and the Buyer.

ARTICLE 15. MISCELLANEOUS

15.1 Finders, Consultants and Brokers. Each Party, as to itself, represents and warrants that there are no finders, consultants or brokers involved in this transaction and that it has not agreed to pay any other brokers commission or finders fee in connection with this transaction.

15.2 Confidentiality. Each Party, as to itself, promises, represents and warrants to the other Parties that it will not reveal or disclose to any Unauthorized Person any financial information, account lists, trade secrets, plans of operation (including those relating to format), marketing or sales information, details of their negotiations or information regarding the agreements reached in connection with the proposed purchase and sale of the Station. The term **"Unauthorized Person"** means any Person other than the Parties and their respective officers, directors, stockholders, members, key employees, agents or other representatives (including legal counsel, accountants, consultants and financiers) who require such information in connection with their employment or professional responsibilities and obligations. Nothing in this Section 15.2 will restrict a Party from complying with any legal filing or disclosure requirement, including any requirement to maintain information in the Station's public file, or disclosing information in response to any subpoena or other legal process.

15.3 Press Release. Except for compliance with legal notice requirements, the Parties will jointly prepare and release any press release or announcement to the public relating to this Agreement or the proposed sale and purchase of the Station.

15.4 Assignment. Seller or Buyer may not assign its rights under this Agreement without the written consent of the other Parties, which shall not be unreasonably withheld.

15.5 No Third Party Beneficiaries. Nothing herein expressed or implied is intended or will be construed to confer upon or give to any Person, other than the Parties and their successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

15.6 Notices.

15.6.1 Any notice required or permitted to be given under this Agreement by any Party will be given by certified mail, postage prepaid with return receipt requested, or by USPS Express air service, overnight air courier service or same day delivery service, and addressed as follows:

If to Seller:

Lori Withrow
Montgomery 22, Inc.
#1 Shackleford Drive, Suite 400
Little Rock, AR 72211
Ph.: (501) 219-2400
Fax: (501) 221-1101

with a copy to:

Jason Roberts
Montgomery 22, Inc.
#1 Shackleford Drive, Suite 400
Little Rock, AR 72211
Ph.: (501) 219-2400
Fax: (501) 221-1101

If to a Purchaser:

SagamoreHill Broadcasting, LLC
3825 Inverness Way
Augusta, GA 30907
Attention: Louis Wall
Ph: (706) 855-8506
Fax: (706) 855-8747

with copy to:

Duff Ackerman & Goodrich, LLC
Two Embarcadero Center, Suite 2300
San Francisco, CA 94111
Attention: John M. Duff, Jr.
Ph: (415) 788-2755
Fax: (415) 788-7311

15.6.2 Notices will be addressed to the Parties at the addresses given above, but a Party may change its address by written notice to the other Parties in accordance with this Section 15.6.

15.6.3 Notice will be deemed to have been given on the third Business Day after mailing, if sent by registered or certified mail, or on the next Business Day, if sent by USPS express mail, overnight air courier, or same day delivery service. The provision of notice by telephone facsimile or to counsel will not constitute notice under this Agreement.

15.7 Benefit. This Agreement will be binding upon and inure to the benefit of the Parties, their successors and their permitted assigns.

15.8 Other Documents. The Parties will execute such other documents as any of them may reasonably deem necessary or desirable to the implementation and consummation of the transactions contemplated by this Agreement.

15.9 Further Assurances. The Parties agree that they will take whatever steps are reasonably necessary, in good faith, and use their best efforts to carry out their obligations under this Agreement in order that the transactions contemplated by this Agreement may be consummated in a complete and expeditious manner.

15.10 Separate Counsel. The Parties have retained independent legal counsel in connection with the negotiation and preparation of this Agreement, and have consulted with and sought advice from their respective counsel, prior to execution, concerning their respective rights and duties under this Agreement. This document was jointly drafted by the Parties.

15.11 Schedules. The Schedules attached to this Agreement will be deemed to be part of this Agreement and incorporated in it, where applicable, as if fully set forth in the body of this Agreement. If any provision in any Schedule conflicts with or is not consistent with the provisions of this Agreement, the terms of this Agreement will govern.

15.12 Counterparts. This Agreement may be signed by any number of counterparts with the same effect as if the signature of each Party were upon the same instrument.

15.13 Headings. The headings of the Articles and Sections of this Agreement are inserted as a matter of convenience and for reference purposes only and in no way define, limit or describe the scope of this Agreement nor the intent of any such Article or Section.

15.14 Time of the Essence. Time is deemed to be of the essence with respect

to the performance of this Agreement.

15.15 Entire Agreement. This Agreement, the attached Schedules, and the other Transaction Documents provided for herein constitute the entire agreement and understanding of the Parties relating to the matters provided for herein and supersede any and all prior agreements, arrangements, negotiations, discussions and understandings relating to the matters provided for herein.

15.16 Amendment. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the Parties.

15.17 Waivers. No waiver of any right under this Agreement or waiver of a breach of it will be effective unless in it is writing and signed by the Party or Parties waiving such right or breach. No waiver of any right or waiver of any breach will constitute a waiver of any other or similar right or breach and no failure to enforce any right under this Agreement will preclude or affect the later enforcement of such right.

15.18 Severability. If one or more of the provisions contained in this Agreement or in any other instrument referred to herein is, for any reason, held to be invalid, illegal or unenforceable in any respect, then to the maximum extent permitted by law, such invalidity, illegality or unenforceability will not affect any other provision of this Agreement or any other such instrument, and this Agreement will be construed as if such invalid, illegal or unenforceable provision or provisions had not been contained herein.

15.19 Interpretation. Whenever required by the context, the singular number will include the plural and the masculine, feminine, or neuter gender will include all genders. Neither the term "including" nor any derivative thereof is used in this Agreement to signify any limitation to any item or items specified in connection therewith. Terms such as lessee, lessor, lease, landlord, tenant, licensor, licensee and license will be interpreted broadly to include sub-leasing or sub-licensing arrangements and/or the parties thereto.

15.20 Governing Law. This Agreement will be construed and enforced in

accordance with the internal laws, and not the principles of conflicts or choice of laws, of the State of Alabama.

15.21 Dispute Resolution. Except as provided in Section 11.2, any unresolved controversy or claim arising out of or relating to this Agreement, shall be submitted to arbitration by one arbitrator mutually agreed upon by the Parties, and if no agreement can be reached within 30 days after names of potential arbitrators have been proposed by the American Arbitration Association (the “**AAA**”), then by one arbitrator having reasonable experience in corporate finance transactions of the type provided for in this Agreement and who is chosen by the AAA. The arbitration shall take place in Alabama, in accordance with the AAA rules then in effect, and judgment upon any award rendered in such arbitration will be binding and may be entered in any court having jurisdiction thereof. There shall be limited discovery prior to the arbitration hearing as follows: (a) exchange of witness lists and copies of documentary evidence and documents relating to or arising out of the issues to be arbitrated, (b) depositions of all party witnesses and (c) such other depositions as may be allowed by the arbitrators upon a showing of good cause. Depositions shall be conducted in accordance with the Federal Code of Civil Procedure, the arbitrator shall be required to provide in writing to the parties the basis for the award or order of such arbitrator, and a court reporter shall record all hearings, with such record constituting the official transcript of such proceedings.


15.22 Attorneys’ Fees. Should any Party institute any action or proceeding at law or in equity to enforce any provision of this Agreement or any other Transaction Document, including an action for declaratory relief, or for damages by reason of an alleged breach of any provision of any Transaction Document, or otherwise in connection with any Transaction Document, or any provision thereof, each party will be responsible for its own costs.

15.23 Schedules. Buyer and Seller shall have five days to jointly prepare and attach Schedules to this Agreement, which have been agreed upon by both parties.

[THE NEXT PAGE IS THE SIGNATURE PAGE ONLY]

IN WITNESS WHEREOF, THE PARTIES HAVE CAUSED THE EXECUTION OF THIS AGREEMENT BY THEIR DULY AUTHORIZED OFFICERS ON THE DATE FIRST ABOVE WRITTEN.

MONTGOMERY 22, INC., AN ARKANSAS
CORPORATION

BY: 
NAME: Gregory W. Fess
PRESIDENT

SAGAMOREHILL BROADCASTING, LLC OF ALABAMA, A DELAWARE
LIMITED LIABILITY COMPANY

BY: 
LOUIS WALL
PRESIDENT

KALIL & CO., INC., AN ARIZONA
CORPORATION

BY: _____
FRANK C. KALIL
PRESIDENT

SCHEDULES

Schedule A – Permitted Liens
Schedule B – Real Property
Schedule C – FCC Licenses and Authorizations
Schedule D – Improvements
Schedule E – Tangible Personal Assets
Schedule F – Assumed Contracts
Schedule G – Intellectual Property
Schedule H – Retained Liabilities
Schedule I – Purchase Price Allocation
Schedule J – Cable and Satellite System Information
Schedule K – Employees
Schedule L – Liabilities
Schedule M – Litigations and Claims
Schedule N – Liens
Schedule O – Seller Receivables
Schedule P – Related Party Transactions
Schedule Q – Consents