WVNY, Burlington, Vermont
(BALCT-20050202AFL)
EXHIBIT 1 (May 11, 2005)

The above-referenced application for assignment of license of television station WVNY, Burlington, Vermont ("Station"), from C-2 FCC Licensee Subsidiary, LLC ("Incumbent Licensee") to Lambert Broadcasting of Burlington, LLC ("Lambert") is hereby amended, in response to a request of the FCC's staff, to provide supplementary information and copies of the following four transaction-related agreements:

- Amended and Restated Joint Sales Agreement between Lambert and Smith Media Burlington, LLC (as "Sales Agent") dated as of May 11, 2005 ("New JSA"). Pursuant to Section 3 of the New JSA, Lambert will secure the services of Sales Agent for the sale of commercial time on Station in exchange for Sales Agent's payment to Lambert of the JSA Fee, which is the greater of (a) 70% of net sales revenues of the Station and (b) $10,000 per month plus reimbursable expenses. Following Lambert's acquisition of the Station and subject to its ultimate supervision and control, Lambert also will receive local news programming not to exceed 25 hours per week or 15% of the Station's broadcast hours for any week.

- Shared Services Agreement between Lambert and Smith Media Burlington ("Smith Media") dated as of May 11, 2005 ("SSA"). Pursuant to the SSA, Lambert will acquire from the Smith Media promotional, technical and related services in connection with Lambert's operation of the Station, including services in connection with the transition to digital television service in exchange for (Section 5(c)) a Base Services Fee of $2500 per calendar month, with an additional incentive payment if the Station's net sales revenues exceed a defined target amount. Following Lambert's acquisition of the Station and subject to its ultimate supervision and control, the Smith Media will provide a number of services to Lambert under the SSA including the following:

    (1) Station publicity and promotional services (Sections 5(a)(iii));

    (2) Performance of monitoring and maintenance of the Station's technical equipment and facilities (§ 5(a)(i));

    (3) Assistance to Lambert with installation, repair, maintenance and replacement of technical equipment and facilities (§ 5(a)(i))(1);

    (4) Availability of Smith Media's staff engineer, on an independent contractor basis, for consultation and assistance to Lambert's Chief Operator for the Station (§ 5(a)(i)(2)); and

    (5) Preparation of a technical and construction plan (subject to review, approval, and modification by Lambert) in connection with the Station's satisfaction of digital television requirements under the Communications Act (§ 5(a)(ii)).

- Lease Agreement between Lambert and Smith Media dated as of May 11, 2005. Pursuant to the Lease Agreement, Lambert, for a monthly rental fee (Section 3), will lease office, studio and related equipment for use in connection with Lambert's operation of the Station, including certain studio and related equipment being acquired by Smith Media from the Incumbent Licensee concurrently with the assignment of the licenses and transmission facilities of the Station from the Incumbent Licensee to Lambert. Also, Lambert will acquire the right, under certain circumstances, to use Smith Media's facilities, located at its station WFFF-TV, Burlington, under a leasing arrangement that is set forth in the Lease Agreement. Under the Lease Agreement, in the event that the Smith Media conducts some or all of its services under the New JSA and the SSA from the WFFF-TV facilities, Lambert has the right to use designated office and studio space at WFFF-TV for the Station's operations. The terms and conditions on which Lambert may use these studio and office facilities are set forth in Section 2(b) of the Lease Agreement.[1]

- Amended and Restated Letter Agreement between Lambert and Smith Media dated as of May 11, 2005, replacing and superseding the ordinal letter agreement between the parties dated as of February 2, 2005, which was initially filed with the assignment application. The parties have amended and restated the matters in the letter agreement in order to clarify or make explicit certain of their original understandings and to delete certain provisions of the original letter agreement that the parties determined were no longer necessary or desirable.

The New JSA, SSA and Lease Agreement amend, replace and supersede the Joint Sales and Shared Services Agreement dated February 2, 2005, which was filed with the assignment application as initially submitted. Schedule 3.1 and Schedule 8.4 of the New JSA, which contains certain confidential financial and indemnification provisions, is being submitted separately with a request for confidential treatment. Similarly, Schedule A and Schedule 11(c) of the SSA and Schedule 13(c) of the Lease Agreement, with schedules contain confidential financial and related information, are being submitted separately with the above-referenced request for confidential treatment.

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1 The Lease Agreement between Lambert and Smith Media is *in addition* to the leasehold interests that Lambert is acquiring from the Incumbent Licensee in its studio facilities and transmission sites. Under the Assignment and Assumption Agreement among Lambert, Smith Media and Incumbent Licensee dated February 2, 2005, and previously submitted with the application, Lambert will assume the rights of the Incumbent Licensee under the three leases for Incumbent Licensee's studio and transmission sites: (*i*) Facilities Lease Agreement dated as of March 26, 2004 between Mt. Mansfield Company, Inc., as Lessor, and Channel 22 Television Station, Inc., as Lessee; (*ii*) Short Form lease dated as of June 7, 2004 between Mt. Mansfield Company, Inc., as Lessor, and Channel 32 Television Station, Inc.; and (*iii*) Lease between M. Farrell and S.H. MCConaughy, as trustees, for the Station's Studio located at 100 Market Square, Burlington, Vermont (the terms of which may be renegotiated).

The services and leased assets that Lambert will acquire pursuant to these agreements will enhance substantially the ability of the Station to serve the public interest in Burlington, Vermont, by, among other things, permitting the Station to reinstitute local news coverage and complete the institution of digital television service. Lambert intends, promptly following consummation of this transaction and with the benefits provided under the agreements, to restore local news on the Station. The Station, Lambert understands, has been without regular local newscasts since September 2003, when financial pressures forced the present licensee to shut down its local news operations. The economic efficiencies that Lambert anticipates achieving in its operation through its New JSA, SSA and Lease Agreement are integral to Lambert's business plan, and Lambert urges the FCC to act promptly to grant its consent to this application so that Lambert may move forward with its plans for the Station, including restoration of local news coverage. In addition to improving the economic viability of the Station, Lambert also will acquire technical and related services of Smith Media to complete the DTV transition. As the Commission is aware, a longstanding environmental controversy, which now appears to be resolved, has delayed Burlington stations in constructing digital facilities. It is important that Station be able to move forward quickly once final environmental approvals are obtained.

In the Option Agreement, dated February 2, 2005, by and between Lambert and Smith Media (the "Option Agreement"), filed with the initial application, Lambert has granted Smith Media an option to acquire the Station-related assets that Lambert will be acquiring on FCC approval (the "Lambert Station Assets").

The exercise price under the Option Agreement provides that Lambert will be paid an amount equal to the *sum* of (*i*) the total outstanding indebtedness of Lambert relating to its acquisition of the Lambert Station Assets plus (*ii*) the amount by which the Lambert Station Assets have appreciated in value following Lambert's acquisition.

For purposes of determining the amount by which the Lambert Station Assets have appreciated, the parties have negotiated and agreed on the current fair market value of the Lambert Station Assets and the assets to be made available to Lambert by Smith Media. This current valuation takes into account the value of the efficiencies and improvements that the parties intend to introduce to the Station's business based on the Joint Sales Agreement, the Shared Services Agreement and the Lease Agreement.

To determine the amount by which the Lambert Station Assets appreciate in value from this current or baseline value, the parties have agreed on different methods for determining the fair market value of the Lambert Station Assets at the time the option is exercised. These valuation methods are based on the circumstances under which the Lambert Station Assets are being sold. For example, where the option is being exercised in connection with a sale of the Station to a third party, the fair market value of the Lambert Station Assets is formulated using the purchase price the third party is paying. (*See* Section 2.1(b)(ii)(A).)

Where the value cannot be established by a third-party price – such as where Smith Media is acquiring the Lambert Station Assets directly or where the acquisition is part of a larger station-group sale – the parties have agreed on a formula that uses a multiple of the Station's broadcast cash flow to formulate the new fair market value of the Lambert Station Assets. To the extent that this cash-flow multiple reflects that the Lambert Station Assets have appreciated in value, the amount of appreciation is reflected in the exercise price calculation. (*See, e.g.*, Section 2.1(b)(ii)(B) and (C).)

The parties' formulation of the option exercise price provides that Lambert will receive the outstanding amount of its indebtedness to acquire the Lambert Station Assets plus the amount by which the Lambert Station Assets appreciate as of the time of exercise.