

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made as of April 16, 2001 between Paramount Stations Group of Wichita, Inc., a Delaware corporation ("Seller") and Mercury Broadcasting Company, Inc., a Texas corporation ("Buyer").

Recitals

A. Seller owns television broadcast station KSCC(TV), Hutchinson, Kansas (the "Station") pursuant to certain authorizations issued by the Federal Communications Commission (the "FCC").

B. Subject to the terms and conditions set forth herein, Seller desires to sell, and Buyer desires to acquire, the Station Assets (defined below).

Agreement

NOW, THEREFORE, taking the foregoing into account, and in consideration of the mutual covenants and agreements set forth herein, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1: PURCHASE OF ASSETS

1.1. Station Assets. On the terms and subject to the conditions hereof, at Closing (defined below), Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase and acquire from Seller, all right, title and interest of Seller in and to all assets, properties, interests and rights of Seller of whatsoever kind and nature, real and personal, tangible and intangible, which are used or held for use in the operation of the Station (the "Station Assets"), but excluding the Excluded Assets (defined below). The Station Assets include without limitation the following:

(a) all licenses, permits and other authorizations which are issued to Seller by the FCC with respect to the Station (the "FCC Licenses"), including those described on Schedule 1.1(a), including any license covering the Station's existing Construction Permit and any renewals or modifications thereof between the date hereof and Closing, and including the right to use the Station's call letters;

(b) the contracts, agreements, and leases listed on Schedule 1.1(b) (the "Station Contracts"); and

(c) any files, documents and records (or copies thereof) relating to the operation of the Station, including the Station's local public files, but excluding records relating to Excluded Assets (defined below).

The Station Assets shall be transferred to Buyer free and clear of liens, claims and encumbrances ("Liens") except for the Assumed Obligations (defined below). The Station Assets are otherwise sold "as is," and Seller makes no representations or warranties of any nature whatsoever, directly or indirectly, express or implied, as to the suitability or durability, fitness for use, merchantability, condition or quality, of the Station Assets or any portion thereof. Buyer acknowledges that the Station is subject to a Time Brokerage Agreement, and that Seller does not own all assets used or held for use in the operation of the Station.

1.2. Excluded Assets. Notwithstanding anything to the contrary contained herein, the Station Assets shall not include the following assets along with all rights, title and interest therein (the "Excluded Assets"):

(a) Seller's receivables under the Station Contracts, and all cash and cash equivalents of Seller, including without limitation certificates of deposit, commercial paper, treasury bills, marketable securities, asset or money market accounts and all such similar accounts or investments;

(b) Seller's name, corporate minute books, charter documents, corporate stock record books and any other books and records that pertain to the organization, existence or share capitalization of Seller; and

(c) all insurance policies, and all insurance proceeds or claims made thereunder, and all pension, profit sharing or cash or deferred (Section 401(k)) plans and trusts and the assets thereof and any other employee benefit plan or arrangement and the assets thereof, if any, maintained by Seller.

1.3. Assumed Obligations. At Closing, Buyer shall assume, and shall thereafter timely discharge and perform, the obligations of Seller (the "Assumed Obligations") arising after Closing under the Station Contracts. Buyer does not assume or agree to discharge or perform, and will not be deemed by reason of the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, to have assumed or to have agreed to discharge or perform, any liabilities, obligations or commitments of Seller arising from the business or operation of the Station before Closing, other than the Assumed Obligations.

1.4. Purchase Price. In consideration for the sale of the Station Assets to Buyer, Buyer shall at Closing (defined below) pay Seller by wire transfer of immediately available funds an amount equal to \$248,108 *plus* a per diem sum of \$43.54 for each day from March 16, 2001 until the Closing Date, subject to adjustment pursuant to Section 1.5 (the "Purchase Price").

1.5. Prorations. Any deposits, reserves and prepaid and deferred income and expenses arising from the conduct of the business and operation of the Station shall be prorated between Buyer and Seller in accordance with generally accepted accounting principles as of 11:59 p.m. on the date immediately preceding the Closing Date. Such prorations shall

include, without limitation, any business and license fees (including without limitation all FCC annual regulatory fees), music and other license fees (including any retroactive adjustments thereof), utility expenses, rents and other payments due or to become due under Station Contracts and similar prepaid and deferred items. Such prorations and adjustments, to the extent practicable, shall be made at Closing. As to those prorations and adjustments not capable of being ascertained at Closing, an adjustment and proration shall be made within ninety (90) calendar days after Closing.

1.6. Allocation. Buyer and Seller will allocate the Purchase Price in accordance with the respective fair market values of the Station Assets and the goodwill being purchased and sold in accordance with the requirements of Section 1060 of the Internal Revenue Code of 1986, as amended (the "Code"). The allocation shall be determined by mutual agreement of the parties. Buyer and Seller each further agrees to file its federal income tax returns and its other tax returns reflecting such allocation.

1.7. Closing. The consummation of the sale and purchase of the Station Assets provided for in this Agreement (the "Closing") shall take place at a mutually agreeable date and time within ten business days after the date of the FCC Consent (defined below) pursuant to the FCC's initial order, subject to the satisfaction or waiver of the conditions required to be satisfied or waived pursuant to Articles 5 or 6 below (other than those requiring the taking of action at the Closing). The date on which the Closing is to occur is referred to herein as the "Closing Date."

1.8. FCC Application. As soon as practicable (in no event later than ten calendar days after the date of this Agreement), Buyer and Seller shall file an application with the FCC requesting the FCC's written consent to the assignment of the FCC Licenses from Seller to Buyer pursuant to this Agreement. The FCC's written consent to the assignment of the FCC Licenses contemplated hereby is referred to herein as the "FCC Consent." Seller and Buyer shall make commercially reasonable efforts to obtain the FCC Consent. Each party shall promptly provide the other with a copy of any pleading, order or other document served on it relating to such application and shall furnish all information required by the FCC.

ARTICLE 2: SELLER REPRESENTATIONS AND WARRANTIES

Seller hereby represents and warrants to Buyer as follows:

2.1. Organization. Seller is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and is qualified to do business in each jurisdiction in which the Station Assets are located. Seller has the requisite power and authority to execute, deliver and perform this Agreement and the other agreements and instruments to be executed and delivered by Seller pursuant hereto (collectively, the "Seller Ancillary Agreements").

2.2. Authorization. The execution, delivery and performance of this Agreement and the Seller Ancillary Agreements by Seller have been duly authorized and approved by all

necessary action of Seller and do not require any further authorization or consent of Seller. This Agreement is, and each Seller Ancillary Agreement when executed and delivered by Seller and the other parties thereto will be, a legal, valid and binding agreement of Seller enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

2.3. No Conflicts. The execution and delivery by Seller of this Agreement and the Seller Ancillary Agreements and the consummation by Seller of the transactions contemplated hereby will not conflict with any organizational documents of Seller or any law, judgment, order, or decree to which Seller is subject or, except as set forth on Schedule 1.1(b), require the approval, consent, authorization or act of, or the making by Seller of any declaration, filing or registration with, any third party or any governmental authority, except the FCC Consent.

2.4. No Finder. No broker, finder or other person is entitled to a commission, brokerage fee or other similar payment in connection with this Agreement or the transactions contemplated hereby as a result of any agreement or action of Seller or any party acting on Seller's behalf.

ARTICLE 3: BUYER REPRESENTATIONS AND WARRANTIES

Buyer hereby represents and warrants to Buyer as follows:

3.1. Organization. Buyer is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, and is qualified to do business in each jurisdiction in which the Station Assets are located. Buyer has the requisite power and authority to execute, deliver and perform this Agreement and the other agreements and instruments to be executed and delivered by Buyer pursuant hereto (collectively, the "Buyer Ancillary Agreements").

3.2. Authorization. The execution, delivery and performance of this Agreement and the Buyer Ancillary Agreements by Buyer have been duly authorized and approved by all necessary action of Buyer and do not require any further authorization or consent of Buyer. This Agreement is, and each Buyer Ancillary Agreement when executed and delivered by Buyer and the other parties thereto will be, a legal, valid and binding agreement of Buyer enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

3.3. No Conflicts. The execution and delivery by Buyer of this Agreement and the Buyer Ancillary Agreements and the consummation by Buyer of the transactions contemplated hereby will not conflict with any organizational documents of Buyer or any law, judgment, order or decree to which Buyer is subject, or require the approval, consent, authorization or act of, or the making by Buyer of any declaration, filing or registration with, any third party or any governmental authority, except the FCC Consent.

3.4. No Finder. No broker, finder or other person is entitled to a commission, brokerage fee or other similar payment in connection with this Agreement or the transactions contemplated hereby as a result of any agreement or action of Buyer or any party acting on Buyer's behalf.

ARTICLE 4: COVENANTS

Buyer and Seller hereby further covenant and agree as follows:

4.1. Confidentiality. Subject to the requirements of applicable law, all non-public information regarding the parties and their business and properties that is disclosed in connection with the negotiation, preparation or performance of this Agreement shall be confidential and shall not be disclosed to any other person or entity, except the parties' attorneys, accountants, investment bankers, investors and lenders, and their respective attorneys for the purpose of consummating the transactions contemplated by this Agreement.

4.2. Control of Station. Buyer shall not, directly or indirectly, control, supervise or direct the operations of the Station prior to Closing. Consistent with FCC rules, control, supervision and direction of all Station operations prior to Closing shall remain the responsibility of Seller as the holder of the FCC Licenses.

4.3. Consents to Assignment. The parties shall use commercially reasonable efforts to obtain any third party consents necessary for the assignment of any Station Contract (which shall not require any payment to any such third party). To the extent that any Station Contract may not be assigned without the consent of any third party, and such consent is not obtained prior to Closing, this Agreement and any assignment executed pursuant hereto shall not constitute an assignment thereof, but to the extent permitted by law shall constitute an equitable assignment by Seller and assumption by Buyer of Seller's rights and obligations under the applicable Station Contract, with Seller making available to Buyer the benefits thereof and Buyer performing the obligations thereunder on Seller's behalf.

ARTICLE 5: SELLER CLOSING CONDITIONS

The obligations of Seller hereunder are subject to satisfaction, at or prior to Closing, of each of the following conditions:

5.1. Closing Deliveries. Buyer shall have made, or be ready, willing and able to concurrently make, the Closing deliveries described in Section 7.2.

5.2. FCC Consent. The FCC Consent shall have been obtained, and no court or governmental order prohibiting Closing shall be in effect.

ARTICLE 6: BUYER CLOSING CONDITIONS

The obligations of Buyer hereunder are, subject to satisfaction, at or prior to Closing, of each of the following conditions:

6.1. Closing Deliveries. Seller shall have made, or be ready, willing and able to concurrently make, the Closing deliveries described in Section 7.1.

6.2. FCC Consent. The FCC Consent shall have been obtained, and no court or governmental order prohibiting Closing shall be in effect.

ARTICLE 7: CLOSING DELIVERIES

7.1. Seller Documents. At Closing, Seller shall deliver to Buyer such bills of sale, assignments and other instruments of conveyance, assignment and transfer as may be necessary to convey, transfer and assign the Station Assets to Buyer, free and clear of Liens, except for the Assumed Obligations.

7.2. Buyer Documents. At Closing, Buyer shall deliver such documents and instruments of assumption as may be necessary to assume the Assumed Obligations, and pay the Purchase Price in accordance with Section 1.4 hereof.

ARTICLE 8: MISCELLANEOUS PROVISIONS

8.1. Termination. This Agreement may be terminated prior to Closing as follows:

- (a) by mutual written consent of Buyer and Seller;
- (b) by written notice of Buyer to Seller if Seller (i) does not satisfy the conditions or performs the obligations to be satisfied or performed by it on the Closing Date; or (ii) otherwise breaches in any material respect any of its representations or warranties or defaults in any material respect in the performance of any of its covenants or agreements herein contained and such breach or default is not cured within the Cure Period (defined below);
- (c) by written notice of Seller to Buyer if Buyer (i) does not satisfy the conditions or perform the obligations to be satisfied or performed by it on the Closing Date; or (ii) otherwise breaches in any material respect any of its representations or warranties or defaults in any material respect in the performance of any of its covenants or agreements herein contained and such breach or default is not cured within the Cure Period (defined below); or

(d) by either Buyer or Seller, by written notice to the other, if the Closing has not been consummated on or before the date one year after the date of this Agreement.

The term "Cure Period" as used herein means a period commencing the date Buyer or Seller receives from the other written notice of breach or default hereunder and continuing until the earlier of (i) twenty (20) calendar days thereafter or (ii) the Closing Date; provided, however, that if the breach or default cannot reasonably be cured within such period but can be cured before the Closing Date, and if diligent efforts to cure promptly commence, then the Cure Period shall continue as long as such diligent efforts to cure continue, but not beyond the Closing Date. Termination of this Agreement shall not relieve any party of any liability for breach or default under this Agreement prior to the date of termination.

8.2. Further Assurances. Prior to Closing, the parties shall take all commercially reasonable actions necessary to consummate the transactions contemplated by this Agreement, including but not limited to the prompt satisfaction of any condition to Closing set forth herein. After Closing, Seller shall execute and deliver such other instruments of conveyance and take such other actions as may be reasonably requested by Buyer in order to convey the Station Assets free and clear of Liens, except Assumed Obligations, and Buyer shall execute and deliver such instruments of assumption and take such other actions as may be reasonably requested by Seller in order to assume the Assumed Obligations.

8.3. Assignment. Neither party may assign this Agreement without the prior written consent of the other party hereto. With respect to any permitted assignment, the assigning party shall not be relieved of any obligations or liability under this Agreement, and the parties shall take all such actions as are reasonably necessary to effectuate such assignment, including but not limited to cooperating in any appropriate filings with the FCC or other governmental authorities. This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of the parties hereto.

8.4. Amendments. No amendment, waiver of compliance with any provision or condition hereof or consent pursuant to this Agreement shall be effective unless evidenced by an instrument in writing signed by the party against whom enforcement of any waiver, amendment, change, extension or discharge is sought.

8.5. Governing Law. The construction and performance of this Agreement shall be governed by the laws of the State of New York without giving effect to the choice of law provisions thereof.

8.6. Notices. Any notice, demand or request required or permitted to be given under the provisions of this Agreement shall be in writing, including by facsimile, and shall be deemed to have been received on the date of personal delivery, on the third day after deposit in the U.S. mail if mailed by registered or certified mail, postage prepaid and return receipt requested, on the day after delivery to a nationally recognized overnight courier service if sent by an overnight delivery service for next morning delivery or when delivered by facsimile

transmission, and shall be addressed as follows (or to such other address as any party may request by written notice):

if to Seller:

Paramount Stations Group of Wichita, Inc.
c/o Viacom International Inc.
1515 Broadway
New York, New York
Attention: General Counsel and
Deputy General Counsel
Facsimile: (212) 258-6099

if to Buyer:

Mercury Broadcasting Company, Inc.
115 E. Travis, Suite 1427
San Antonio, Texas 78205
Attention: Van H. Archer, III
Facsimile: (210) 222-0975

8.7. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument.

8.8. Entire Agreement. This Agreement embodies the entire agreement and understanding of the parties hereto and supersedes any and all prior agreements, arrangements and understandings relating to the matters provided for herein.

[SIGNATURE PAGE FOLLOWS]

982903

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

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

SELLER: PARAMOUNT STATIONS GROUP OF WICHITA, INC.

By: M P Messinger
Name: M.P. Messinger
Title: VP

BUYER: MERCURY BROADCASTING COMPANY, INC.

By: _____
Name:
Title:

SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT

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

SELLER: PARAMOUNT STATIONS GROUP OF WICHITA, INC.

By: _____
Name:
Title:

BUYER: MERCURY BROADCASTING COMPANY, INC.

By: Van H. Archer III
Name: Van H. Archer III
Title: Resident

Schedule 1.1(a)

FCC Licenses

STATION: KSCC(TV), Hutchinson, Kansas (Facility ID# 77063)

LICENSEE: Paramount Stations Group of Wichita, Inc.

<u>License</u>	<u>Issue Date</u>	<u>Expiration Date</u>
Analog Construction Permit (License Application filed 1/16/01)	November 9, 1999	November 9, 2002
DTV Construction Permit	February 23, 2001	May 1, 2002