

## **OPTION AGREEMENT**

THIS OPTION AGREEMENT is made and entered into as of November 11, 2006 by and between **News Acquisition, LLC**, a Delaware limited liability company (together with its successors and permitted assigns, "**Option Holder**") and **Esteem Broadcasting LLC**, a Delaware limited liability company (together with its successors and permitted assigns, "**Grantor**").

### **WITNESSETH**

WHEREAS, Grantor has the right to purchase all of the issued and outstanding stock of Aurora Broadcasting, Inc., a Delaware corporation ("**Licensee Parent**") pursuant to that certain Stock Purchase Agreement, dated as of November 11, 2006, by and among Providence Equity Partners IV, L.P., Providence Equity Operating Partners IV, L.P., Jeffrey E. Trumper, and Grantor (the "**Aurora Purchase Agreement**");

WHEREAS, Licensee Parent is the owner of all of the issued and outstanding stock of Aurora License Holdings, Inc. ("**Licensee**") the licensee of television broadcast station WEMT, Greeneville, Tennessee (the "**Station**") pursuant to licenses, permits and authorizations issued by the FCC (the "**FCC Licenses**");

WHEREAS, effective upon the closing of the transactions contemplated by the Aurora Purchase Agreement (the "**Aurora Closing**"), Grantor desires to grant Option Holder an option to purchase all of the issued and outstanding stock of Licensee Parent on the terms and conditions set forth herein; and

WHEREAS, Option Holder desires to acquire from Grantor an option to purchase all of the issued and outstanding stock of Licensee Parent on the terms and conditions set forth herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth, the parties, intending to be legally bound, agree as follows:

**1. Option Grant.** Subject to and effective upon the Aurora Closing, Grantor hereby gives, grants, transfers and conveys to Option Holder, and its successors and assigns, the sole and exclusive right, privilege and option to purchase (the "**Option**"), on the terms and conditions hereinafter set forth, all of the issued and outstanding capital stock of Licensee Parent (the "**Stock**").

**2. Consideration for Option.** This Option is granted for the Option Period (as the same may be extended pursuant to Section 3 hereof) in return for, among other consideration, the payment by Option Holder to Grantor of an amount equal to Twenty-Four Thousand Dollars (\$24,00), which shall be due and payable on the date of the Aurora Closing.

**3. Option Period.** The Option shall be effective commencing on the Aurora Closing and ending on the eighth anniversary of the date thereof (the "**Option Period**"); *provided*, that the Option Period shall be extended automatically without any further action by Option Holder or Grantor if the Joint Sales and Shared Services Agreement, dated as of February 8, 2006, by and among Appalachian Broadcasting Corporation and Licensee, as the same may be amended from

time to time (the “**JSA**”) shall be renewed and shall remain effective until the JSA is terminated in accordance with its terms. The Option may be exercised by Option Holder at any time during the Option Period.

#### **4. Exercise of Option; Withdrawal.**

(a) Option Holder may exercise the Option at any time during the Option Period by delivery of written notice thereof (the “**Exercise Notice**”) to Grantor. Upon exercise of the Option, Option Holder and Grantor shall be obligated to enter into the transactions to be consummated hereunder at the Option Closing, subject to the provisions of Sections 9 and 10 hereof, and Section 4(b) below.

(b) Option Holder may withdraw any Exercise Notice prior to the Option Closing by written notice to Grantor of such withdrawal. No such withdrawal (and no withdrawal of any subsequent Exercise Notice) will affect Option Holder’s right subsequently to exercise the Option by delivering to Grantor during the Option Period one or more other Exercise Notices.

#### **5. Purchase of Stock.**

(a) **Purchase Price.** At the Option Closing, and pursuant to the terms and subject to the conditions set forth in this Agreement, Option Holder shall pay to Grantor an amount equal to the Cash Purchase Price by federal wire transfer of same-day funds pursuant to wire instructions delivered to Option Holder by Grantor at least two business days prior to the Closing Date (or such other method of funds transfer as may be agreed upon by Option Holder and Grantor). The “**Cash Purchase Price**” shall be an amount equal to the sum of (a) the Base Value (as defined in *Schedule 5(a)* hereto) and (b) the Escalation Amount (as defined and calculated pursuant to *Schedule 5(a)* hereto).

(b) **Closing.** Upon the exercise of the Option, the consummation of the sale and purchase of the Stock provided for in this Agreement (the “**Option Closing**”) shall take place no later than ten business days after the satisfaction or, to the extent permissible by law, the waiver (by the party for whose benefit the closing condition is imposed) of, the conditions specified in Sections 9 and 10 hereof. Alternatively, the Option Closing may take place at such other place, time or date as the parties may mutually agree upon in writing. The date on which the Option Closing is to occur is referred to herein as the “**Closing Date**.”

**6. Representations and Warranties of Grantor.** Grantor represents and warrants to Option Holder as follows; *provided, however*, that Grantor makes no representation or warranty as to any action, event, occurrence or circumstance that (i) was or shall be caused by Option Holder or that arose, or shall arise from any omission by Option Holder to perform its obligations under the JSA, or (ii) constitutes a breach by Sellers (as such term is defined in the Aurora Purchase Agreement) of a representation or warranty of Sellers under the Aurora Purchase Agreement:

(a) Each of Grantor, Licensee Parent and Licensee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

(b) Grantor has the power and authority to enter into and to perform its obligations under this Agreement.

(c) The execution, delivery and performance of this Agreement by Grantor has been duly authorized and this Agreement constitutes a valid and binding obligation of Grantor enforceable against Grantor in accordance with its terms, except as may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights in general and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) Grantor was organized as a Delaware limited liability company on November 9, 2006. Prior to the date hereof, Grantor has not have engaged in any business and does not have any liabilities or obligations, except those liabilities and obligations incurred in connection with its organization, the negotiation, execution, delivery and performance of this Agreement, the Aurora Purchase Agreement and the Letter Agreement and the transactions contemplated hereby and thereby and incidental expenses incurred in connection therewith. Grantor has no indebtedness for borrowed money, other than indebtedness pursuant to any credit agreement or other borrowing arrangement in connection with the performance of Grantor's obligations pursuant to the Aurora Purchase Agreement, the terms and conditions of which have been consented to in writing by Option Holder and, if applicable, the performance of Grantor has been guaranteed by Option Holder or an affiliate thereof (an "***Acquisition Financing Arrangement***"). All of the outstanding equity interests of Grantor, however designated, are owned, beneficially and of record, by Mr. David L. Bailey, and there are no outstanding subscriptions, warrants, options, calls, commitments or other rights to purchase or acquire, or securities convertible into or exchangeable for, any equity or debt interests of Grantor or any obligation of Grantor to issue or grant any thereof.

(e) As of the Closing Date, Licensee is the holder of the FCC Licenses and such FCC Licenses is valid and in full force and effect.

(f) As of the Closing Date, all of the outstanding equity interests of Licensee, however designated, are owned, beneficially and of record, by Licensee Parent, and there are no outstanding subscriptions, warrants, options, calls, commitments or other rights to purchase or acquire, or securities convertible into or exchangeable for, any equity or debt interests of Licensee or any obligation of Licensee to issue or grant any thereof.

(g) As of the Closing Date, all of issued and outstanding capital stock of Licensee Parent, however designated, is owned, beneficially and of record, by Grantor and constitutes the Stock for purposes of this Agreement, and there are no outstanding subscriptions, warrants, options, calls, commitments or other rights to purchase or acquire, or securities convertible into or exchangeable for, any equity or debt interests of Licensee Parent or any obligation of Licensee Parent to issue or grant any thereof.

(h) As of the Closing Date, Grantor shall have filed all material returns, reports, and statements that Grantor is required to file with the FCC and the Federal Aviation Administration. Except as set forth on *Schedule 6(h)* hereto, (i) there is no action, suit or proceeding pending or, to Grantor's knowledge, threatened in writing against Grantor, Licensee

Parent or Licensee in respect of the Station seeking to enjoin the transactions contemplated by this Agreement; and (ii) to Grantor's knowledge, there are no governmental claims or investigations pending or threatened against Grantor, Licensee Parent or Licensee in respect of the Station (except those affecting the broadcasting industry generally).

(i) 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 Grantor, Licensee Parent, Licensee or any other party acting on Grantor's behalf.

The parties agree that *Schedule 6(h)* hereto may be updated by Grantor as of the Closing Date.

**7. Representations and Warranties of Option Holder.** Option Holder represents and warrants to Grantor as follows:

(a) Option Holder is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Delaware.

(b) Option Holder has the power and authority to enter into and perform its obligations under this Agreement.

(c) The execution, delivery and performance of this Agreement by Option Holder has been duly authorized and this Agreement constitutes a valid and binding obligation of Option Holder enforceable against it in accordance with its terms, except as may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights in general and subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) 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 Option Holder or any party acting on Option Holder's behalf.

**8. Covenants of Grantor.** During the Option Period, and subject to the JSA, and the performance by Option Holder of its obligations thereunder, Grantor covenants to:

(a) Maintain insurance with respect to the operation of the Station in such amounts and in such nature as in effect on the date hereof;

(b) Operate the Station in all material respects in accordance with the terms of the FCC Licenses, the Communications Act of 1934, as amended (the "**Communications Act**"), the rules, regulations, policies and procedures of the FCC ("**FCC Rules**") and all other statutes, ordinances, rules and regulations of governmental authorities;

(c) Refrain from taking, or causing or permitting Licensee to take, any action that would cause the FCC Licenses not to be in full force and effect or to be revoked, suspended, cancelled, rescinded, terminated or expired;

(d) File all material returns, reports, and statements that Grantor is required to file with the FCC and the Federal Aviation Administration;

(e) Other than pursuant to an Acquisition Financing Agreement, not mortgage, pledge, subject to any lien or otherwise encumber (or cause any of the foregoing to occur) any of the assets of Licensee Parent, including the Station, or any of the outstanding equity interests of Grantor, Licensee Parent or Licensee, including the Stock;

(f) Not sell, lease or otherwise dispose of any of the assets of the Station in a manner that is inconsistent with this Agreement, except for properties and assets sold or replaced with others of like kind and value in the ordinary course of business;

(g) Not sell, transfer, convey or assign any of the equity interests in Licensee Parent or Licensee, or any interests therein, including the Stock, and shall not create or cause or permit the existence of any subsidiary, indirect or direct, other than Licensee Parent and Licensee;

(h) Not issue, sell or redeem any shares of capital stock or rights convertible into, or exchangeable or exercisable for capital stock, with respect to either Licensee Parent or Licensee (or enter into any agreement with respect thereto); and

(i) Not issue, or cause or permit Licensee Parent or Licensee to issue, any subscription, warrant, option, calls, commitments or other rights to purchase or acquire any equity or debt interests, or any securities convertible into or exchangeable for any equity or debt interests, of Grantor, Licensee Parent or Licensee (other than pursuant to an Acquisition Financing Arrangement).

Notwithstanding anything to the contrary contained herein, to the extent that the obligations of Grantor hereunder would require the incurrence of an Other Expense as defined in the JSA, such obligation or covenant shall be subject to the terms and conditions of the JSA.

## **9. Grantor Closing Conditions.**

Subject to the exercise of the Option pursuant to the terms and subject to the conditions of this Agreement, the obligations of Grantor hereunder are subject to satisfaction or waiver, at or prior to the Option Closing, of each of the following conditions:

(a) *Representations, Warranties and Covenants.* The representations and warranties of Option Holder made in this Agreement shall be true and correct in all material respects at and as of the Closing Date except for changes permitted or contemplated by the terms of this Agreement, and the covenants and agreements to be complied with and performed by Option Holder at or prior to the Option Closing shall have been complied with or performed in all material respects. Grantor shall have received a certificate dated as of the Closing Date from Option Holder, executed by an authorized officer of Option Holder, to the effect that the conditions set forth in this Section 9(a) have been satisfied.

(b) *FCC Consent.* The FCC Consent shall have been obtained and be in effect and no court or governmental order prohibiting the Option Closing shall be in effect.

(c) *No Prohibitions.* No injunction, restraining order or decree of any nature of any governmental authority of competent jurisdiction shall be in effect that restrains or prohibits any party from consummating the transactions contemplated by this Agreement.

#### **10. Option Holder Closing Conditions.**

Subject to the exercise of the Option pursuant the terms and subject to the conditions of this Agreement, the obligations of Option Holder hereunder are subject to satisfaction or waiver, at or prior to the Option Closing, of each of the following conditions:

(a) *Representations, Warranties and Covenants.* The representations and warranties of Grantor made in this Agreement shall be true and correct in all material respects at and as of the Closing Date except for changes permitted or contemplated by the terms of this Agreement, and the covenants and agreements to be complied with and performed by Grantor at or prior to Option Closing shall have been complied with or performed in all material respects. Option Holder shall have received a certificate dated as of the Closing Date from Grantor, executed by an authorized officer of Grantor, to the effect that the conditions set forth in this Section 10(a) have been satisfied.

(b) *FCC Consent.* The FCC Consent shall have been obtained and constitute a Final Order, and no court or governmental order prohibiting Option Closing shall be in effect. For purposes hereof, “**Final Order**” shall mean an action by the FCC or other regulatory authority having jurisdiction (i) with respect to which action no timely request for stay, motion or petition for reconsideration or rehearing, application or request for review or notice of appeal or other judicial petition for review is pending and (ii) as to which the time for filing any such request, motion, petition, application, appeal or notice and for entry of orders staying, reconsidering or reviewing on the FCC’s or such other regulatory authority’s own motion has expired.

(c) No Prohibitions. No injunction, restraining order or decree of any nature of any governmental authority of competent jurisdiction shall be in effect that restrains or prohibits any party from consummating the transactions contemplated by this Agreement.

#### **11. Closing Deliveries.**

(a) *Grantor Documents.* Subject to the exercise of the Option pursuant the terms and subject to the conditions of this Agreement, at the Option Closing Grantor shall deliver or cause to be delivered to Option Holder:

- (i) certified copies of resolutions authorizing the execution, delivery and performance of this Agreement, including the consummation of the transactions contemplated hereby, by Grantor;
- (ii) the certificate described in Section 10(a) hereof;
- (iii) the stock books and a copy of the bylaws and articles of incorporation of Licensee Parent, each certified by an officer of Grantor or

Licensee Parent as true, accurate and complete in all respects as of the Closing Date; and

(iv) one or more certificates representing the Stock, accompanied by stock powers endorsed in blank, sufficient to convey and transfer to Option Holder title to the Stock, duly endorsed for transfer to the Option Holder, and Licensee Parent shall, and Grantor shall cause Licensee Parent to, record such transfer to Option Holder of the Stock in its books and records.

(b) *Option Holder Documents.* Subject to the exercise of the Option pursuant the terms and subject to the conditions of this Agreement, at the Option Closing Option Holder shall deliver or cause to be delivered to Grantor:

(i) the certified copies of resolutions authorizing the execution, delivery and performance of this Agreement, including the consummation of the transactions contemplated hereby, by Option Holder;

(ii) the certificate described in Section 9(a) hereof; and

(iii) the Cash Purchase Price.

## **12. *Survival; Indemnification.***

(a) *Survival.* The representations and warranties in this Agreement shall survive the Option Closing for twelve months after the Closing Date, whereupon they shall expire and be of no further force or effect, except those under this Section 12 that relate to Damages for which written notice is given by the indemnified party to the indemnifying party prior to the expiration, which shall survive until resolved.

(b) *Indemnification.*

(i) Subject to the limitations set forth in Section 12(d) below, from and after the Option Closing, Grantor shall defend, indemnify and hold harmless Option Holder from and against any and all losses, costs, damages, claims, suits, actions, judgments, liabilities and expenses, including reasonable attorneys' fees and expenses ("**Damages**"), incurred by Option Holder arising out of or resulting from any material inaccuracy in or breach or nonfulfillment of any of the representations, warranties, covenants or agreements made by Grantor in this Agreement or default by Grantor under this Agreement.

(ii) From and after the Option Closing, Option Holder shall defend, indemnify and hold harmless Grantor, Licensee Parent and Licensee from and against any and all Damages incurred by Grantor arising out of or resulting from any material inaccuracy in, or breach or nonfulfillment of, any of the representations, warranties, covenants or agreements made by Option Holder in this Agreement or default by Option Holder under this Agreement.

(iii) From and after the date hereof, Option Holder shall defend, indemnify and hold harmless Grantor, Licensee Parent and Licensee from and against any and all Damages incurred by Grantor, Licensee Parent or Licensee arising out of or resulting from (A) the performance of Grantor's obligations under the Aurora Purchase Agreement (without limiting the obligation of Grantor pursuant to the terms and subject to the conditions of that certain letter agreement, dated as of the date hereof, by and among the parties to this Agreement (the "**Letter Agreement**")), (B) the business or operations of Licensee, Licensee Parent or the Station during the period prior to the date hereof, (C) any act or omission, event or occurrence that was or shall be caused by Option Holder, its agents or affiliates (including any predecessor in interest thereto) relating to the business or operations of Option Holder or the Station, (D) the operation of the Station or the conduct of the business thereof from and after the date hereof and continuing through the Option Period and any extensions thereof (including without limitation in connection with any fines or penalties imposed by the FCC), except to the extent arising from, relating to, or as a result of the actions or omissions of Licensee's employees and representatives in performing their duties, or in acting outside the scope of their employment, with respect to the operation of the Station during the Option Period and any extensions thereof, which actions or omissions constitute willful misconduct or gross negligence, (E) that certain Tower Lease Agreement, dated as of February 8, 2006, by and between Appalachian Broadcasting Corporation, as lessor, and Licensee Parent, as lessee, and the obligations of Licensee Parent and its affiliates thereunder, and (F) the negotiation and the document preparation and execution relating to the Aurora Purchase Agreement, this Agreement and the Letter Agreement and any amendments thereto; *provided*, that this paragraph (iii) shall not extend to Damages to the extent arising out of or resulting from a breach by Grantor of its representations, warranties, covenants or agreements in this Agreement, the Letter Agreement or the Aurora Purchase Agreement or from the gross negligence or willful misconduct of Grantor, Licensee Parent or Licensee or their respective employees, agents or affiliates.

(iv) Indemnification Procedures. If any person entitled to indemnification under this Agreement (an "**Indemnified Party**") asserts a claim for indemnification for, or receives notice of the assertion or commencement of any action, suit, claim or legal, administrative, arbitration, mediation, governmental or other proceeding or investigation, other than any brought by a party to this Agreement or an Affiliate of a party to this Agreement (a "**Third Party Claim**") as to which such Indemnified Party intends to seek indemnification under this Agreement, such Indemnified Party shall give reasonably prompt written notice of such claim to the party from whom indemnification is to be sought (an "**Indemnifying Party**"), together with a statement of any available information regarding such claim. The Indemnifying Party shall have the right, upon written notice to the Indemnified Party (the "**Defense Notice**") within fifteen (15) days after receipt from the Indemnified Party of notice of such claim, to conduct at its expense the defense against such Third Party Claim in its own name, or if necessary in the name of the Indemnified Party (which notice shall



specify the counsel the Indemnifying Party will appoint to defend such claim (“**Defense Counsel**”); *provided, however*, that the Indemnified Party shall have the right to approve the Defense Counsel, which approval shall not be unreasonably withheld or delayed). The parties hereto agree to cooperate fully with each other in connection with the defense, negotiation or settlement of any Third Party Claim. If the Indemnifying Party delivers a Defense Notice to the Indemnified Party, the Indemnified Party will cooperate with and make available to the Indemnifying Party such assistance and materials as may be reasonably requested by the Indemnifying Party, all at the expense of the Indemnifying Party.

(v) If the Indemnifying Party shall fail to give a Defense Notice, it shall be deemed to have elected not to conduct the defense of the subject Third Party Claim, and in such event the Indemnified Party shall have the right to conduct such defense in good faith. If the Indemnified Party defends any Third Party Claim, then the Indemnifying Party shall reimburse the Indemnified Party for the costs and expenses of defending such Third Party Claim upon submission of periodic bills. If the Indemnifying Party elects to conduct the defense of the subject Third Party Claim, the Indemnified Party may participate, at his or its own expense, in the defense of such Third Party Claim; *provided, however*, that such Indemnified Party shall be entitled to participate in any such defense with separate counsel at the expense of the Indemnifying Party if (A) so requested by the Indemnifying Party to participate or (B) in the reasonable opinion of counsel to the Indemnified Party, a conflict or potential conflict exists between the Indemnified Party and the Indemnifying Party that would make such separate representation advisable; and *provided, further*, that the Indemnifying Party shall not be required to pay for more than one counsel for all Indemnified Parties in connection with any Third Party Claim.

(vi) Regardless of which party defends a Third Party Claim, the other party shall have the right at its expense to participate in the defense of such Third Party Claim, assisted by counsel of its own choosing. The Indemnified Party shall not compromise, settle, default on, or admit liability with respect to a Third Party Claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed, and, if the Indemnified Party settles, compromises, defaults on, or admits liability with respect to a Third Party Claim except in compliance with the foregoing, the Indemnified Party will be liable for all Losses paid or incurred in connection therewith and the Indemnifying Party shall have no obligation to indemnify the Indemnified Party with respect thereto. The Indemnifying Party shall not compromise or settle a Third Party Claim without the consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed, unless such compromise or settlement includes as a term thereof an unconditional release of the Indemnified Party and such compromise or release does not impose any non-monetary obligations on the Indemnified Party other than immaterial administrative obligations (and all monetary obligations are subject to the indemnification provisions of this Agreement), in which case the consent of the Indemnified Party shall not be required.

(vii) After any final decision, judgment or award shall have been rendered by a court or governmental entity of competent jurisdiction and the expiration of the time in which to appeal therefrom, or after a settlement shall have been consummated, or after the Indemnified Party and the Indemnifying Party shall have arrived at a mutually binding agreement with respect to a Third Party Claim hereunder, the Indemnified Party shall deliver to the Indemnifying Party notice of any sums due and owing by the Indemnifying Party pursuant to this Agreement with respect to such matter and the Indemnifying Party shall be required to pay all of the sums so due and owing to the Indemnified Party by wire transfer of immediately available funds within ten (10) business days after the date of such notice.

(viii) It is the intent of the parties that all direct claims by an Indemnified Party against a party not arising out of Third Party Claims shall be subject to and benefit from the terms of this Section 12(b). Any claim under this Section 12(b) by an Indemnified Party for indemnification other than indemnification against a Third Party Claim (a “**Direct Claim**”) will be asserted by giving the Indemnifying Party reasonably prompt written notice thereof, and the Indemnifying Party will have a period of 20 days within which to satisfy such Direct Claim. If the Indemnifying Party does not so respond within such 20 day period, the Indemnifying Party will be deemed to have rejected such claim, in which event the Indemnified Party will be free to pursue such remedies as may be available to the Indemnified Party under this Section 12(b).

(ix) A failure by an Indemnified Party to give timely, complete, or accurate notice as provided in this Section 12(b) shall not affect the rights or obligations of either party hereunder except to the extent that, as a result of such failure, any party entitled to receive such notice was deprived of its right to recover any payment under its applicable insurance coverage or was otherwise materially adversely affected or damaged as a result of such failure to give timely, complete, and accurate notice.

(x) The parties shall use their commercially reasonable efforts to collect the proceeds of any insurance that would have the effect of reducing any Damages (in which case such proceeds shall reduce such Losses). To the extent any Damages of an Indemnified Party are reduced by receipt of payment under insurance policies or from third parties not affiliated with the Indemnified Party, such payments (net of the expenses of the recovery thereof) shall be credited against such Damages and, if indemnification payments shall have been received prior to the collection of such proceeds, the Indemnified Party shall remit to the Indemnifying Party the amount of such proceeds (net of the cost of collection thereof) to the extent of indemnification payments received in respect of such Losses. The indemnification obligations hereunder shall survive any termination of this Agreement.

(c) NEITHER PARTY HERETO SHALL BE LIABLE TO THE OTHER FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY

DAMAGES (EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES).

**13. Specific Performance.** Grantor and Option Holder acknowledge and agree that, due to the unique nature of the subject matter of this Agreement, Option Holder would suffer irreparable damages in the event of breach of this Agreement, which damages could not adequately be compensated except by specific performance of this Agreement. Accordingly, without limiting any other remedy that may be available to Option Holder at law or equity, in the event of a breach by Grantor of this Agreement, it is agreed that Option Holder shall be entitled to temporary and permanent injunctive relief, including, but not limited to, specific performance hereof, without any showing of actual damage or inadequacy of legal remedy, in any proceeding before a court of law with proper jurisdiction to hear the matter, which may be brought to enforce this Agreement. Grantor hereby waives any defense that there is an adequate remedy at law for such breach of this Agreement.

**14. Expenses.** Option Holder agrees to reimburse Grantor, within fifteen days of invoicing with reasonable documentation, for its reasonable and customary fees, costs and out-of-pocket expenses, including filing fees and reasonable and customary attorneys' fees, incurred in connection with the performance of its covenants and obligations hereunder; *provided*, that, for the avoidance of doubt and except as set forth in Section 12(e), Option Holder shall have no reimbursement obligation with respect to claims, actions or proceedings brought by or on behalf of Grantor against Option Holder.

**15. Further Assurances.** Subject to the terms and conditions of this Agreement, each of the parties hereto will use all commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement.

**16. Amendment and Modification.** This Agreement may be amended, modified or supplemented only by written agreement of Grantor and Option Holder.

**17. Waiver of Compliance; Consents.** Except as otherwise provided in this Agreement, any failure of any of the parties to comply with any obligation, representation, warranty, covenant, agreement or condition herein may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, representation, warranty, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Whenever this Agreement requires or permits consent by or on behalf of any party hereto, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliances as set forth in this Section 17.

**18. Notices.** All notices, requests, demands and other communications which are required or may be given pursuant to the terms of this Option Agreement shall be in written or electronic form, and shall be deemed delivered (a) on the date of delivery when (i) delivered by hand or (ii) sent by reputable overnight courier maintaining records of receipt and (b) on the date of transmission when sent by facsimile or other electronic transmission during normal business

hours with confirmation of transmission by the transmitting equipment; *provided, however*, that any such communication delivered by facsimile or other electronic transmission shall only be effective if such communication is also delivered by hand or deposited with a reputable overnight courier maintaining records of receipt within two business days after its delivery by facsimile or other electronic transmission. All such communications shall be addressed to the parties at the address set forth in *Exhibit A*, or at such other address as a party may designate upon ten days' prior written notice to the other party.

**19. Assignment.** This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but, except as provided for herein, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by Grantor without the prior written consent of Option Holder, which consent shall not be unreasonably withheld. Without the consent of Grantor, Option Holder may assign its rights and obligations under this Agreement to any other party or parties; *provided* that Option Holder, as assignor, shall not thereby be released of its obligations hereunder.

**20. No Third Party Beneficiaries.** Except as expressly provided herein, this Agreement is not intended to, and shall not, confer upon any other person except the parties hereto any rights or remedies hereunder.

**21. 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.

**22. Severability.** If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid or enforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in any acceptable manner to the end that the transactions contemplated hereby are fulfilled to the greatest extent possible.

**23.     *Publicity.*** Neither Grantor nor Option Holder shall make or issue or cause to be made or issued, any announcement (written or oral) concerning this Agreement or the transactions contemplated hereby for dissemination to the general public without the prior consent of the other party. This provision shall not apply, however, to any announcement or written statement required to be made by law or the regulations of any federal or state governmental agency or any stock exchange, except that the party required to make such announcement shall provide a draft copy thereof to the other party hereto, and consult with such other party concerning the timing and content of such announcement, before such announcement is made.

**24.     *FCC Approval.***

(a)     Notwithstanding any provision to the contrary herein, Option Holder's rights under this Agreement are subject to the Communications Act of 1934, as amended, and the rules, regulations and published policies of the Federal Communications Commission (the "**FCC**").

(b)     As soon as reasonably practicable, but in no event later than five business days after Option Holder's delivery of the Exercise Notice, the parties shall file an application (the "**Transfer of Control Application**") with the FCC requesting the FCC's written consent to the transfer of control of Licensee Parent from Grantor to Option Holder, including, as applicable, any waiver of such FCC Rules as Option Holder may deem appropriate or desirable (a "**Waiver Request**"). In addition, each party hereto covenants and agrees to (i) prepare, file and prosecute any alternative application, petition, motion, request (including any Waiver Request) or other filing (including, upon the request of Option Holder, any motion for leave to withdraw or dismiss any Transfer of Control Application or other filing made by the parties in connection with the transactions contemplated by this Agreement) (collectively, the "**Additional Applications**" and, together with the Transfer of Control Application, the "**FCC Applications**"); (ii) file any amendment or modification to the FCC Applications; (iii) provide to Option Holder any information, documents or other materials reasonably requested by Option Holder in connection with the preparation of any such FCC Applications, including without limitation any Waiver Request, (iv) prosecute the FCC Applications with commercially reasonable diligence and otherwise use their commercially reasonable efforts to obtain a favorable conclusion with regard to the FCC Applications; (v) otherwise take any other action with respect to the FCC as may be reasonably necessary or reasonably requested by Option Holder in connection with the transactions contemplated hereby; and (vi) cooperate in good faith with the other party with respect to the foregoing covenants, all as may be determined by Option Holder to be reasonably necessary or appropriate or advisable in order to consummate the transactions contemplated hereby upon the exercise of the Option. Each party shall promptly provide the other with a copy of any pleading, order or other document served on it relating to the FCC Applications, shall furnish all information required by the FCC and shall be represented at all meetings or hearings scheduled to consider the FCC Application. The FCC's written consent to the transfer of control contemplated hereby is referred to herein as the "**FCC Consent**." The parties each agree to comply with any condition imposed on them by any FCC Consent, except that no party shall be required to comply with a condition if such condition requires such party to divest any of its direct or indirect assets. The parties shall oppose any petitions to deny or other objections filed

with respect to the application for any FCC Consent and any requests for reconsideration or review of any FCC Consent.

**25. Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The delivery of an executed counterpart of the Agreement by facsimile or electronic transmission will be deemed to be an original counterpart of the Agreement so transmitted.

**26. Headings.** The section headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement.

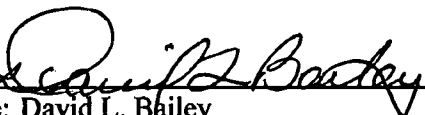
**27. Entire Agreement.** This Agreement, including the documents delivered pursuant to this Agreement or other written agreements referring specifically to this Agreement, and the Letter Agreement embody the entire agreement and understanding of the parties hereto in respect of the transactions contemplated by this Agreement. The Schedule(s) and Exhibit(s) hereto are an integral part of this Agreement and are incorporated by reference herein. This Agreement supersedes all prior negotiations, agreements and understandings between the parties with respect to the transactions contemplated by this Agreement and all letters of intent and other writings executed prior to the date hereof relating to such negotiations, agreements and understandings.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have executed this Option Agreement as of the day and year first written above.

**GRANTOR:**

**ESTEEM BROADCASTING LLC**

By:   
Name: David L. Bailey  
Title: President

**OPTION HOLDER:**

**NEWS ACQUISITION, LLC**

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

*[Signature Page to Option Agreement]*

IN WITNESS WHEREOF, the undersigned have executed this Option Agreement as of the day and year first written above.


**GRANTOR:**

**ESTEEM BROADCASTING LLC**

By: \_\_\_\_\_  
Name: David L. Bailey  
Title: President

**OPTION HOLDER:**

**NEWS ACQUISITION, LLC**

By:   
Name: DAVID WITTELS  
Title: ATTORNEY-IN-FACT OF  
DIAMOND CASTLE PARTNERS IV, L.P.,  
its sole member



## **Exhibit A - Notices**

If to Option Holder, to:

Diamond Castle Partners IV, L.P.  
c/o Diamond Castle Holdings, LLC  
Attention: David Wittels  
280 Park Avenue  
25th Floor, East Tower  
New York, NY 10017

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

Covington & Burling  
1201 Pennsylvania Ave., N.W.  
Washington, D.C. 20004-2401  
Fax: 202-662-6291  
Attention: Eric Dodson Greenberg, Esq.

If to Grantor to:

Esteem Broadcasting LLC  
c/o Mr. David L. Bailey  
13865 East Elliott Drive  
Marshall, IL 62441

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

Drinker Biddle & Reath LLP  
1500 K Street, NW  
Suite 1100  
Washington, D.C. 20005  
Fax: 202-842-8465  
Attention: Howard M. Liberman, Esq.

### Schedule 5(a)

1. For purposes of this Agreement, the “**Base Value**” shall be an amount equal to the aggregate amount payable by Grantor at the Closing under the Aurora Purchase Agreement, *provided* that in the event that Grantor shall have elected to borrow the purchase price with respect to its payment obligations under the Aurora Purchase Agreement, the “Base Value” shall equal the total outstanding balance of debt for borrowed money of Grantor under any such financing arrangement.
2. For purposes of this Agreement, the “**Escalation Amount**” shall be an amount equal to the greater of (A) the Fixed Appreciation Amount or (B) the Net Broadcast Cash Flow Amount. For purposes hereof, the “**Fixed Appreciation Amount**” equals the product of (i) the number of calendar years (including fractions of years) during the Option Period prior to the exercise of the Option, *times* (ii) an amount equal to \$27,000; “**Net Broadcast Cash Flow Amount**” means the product of (x) the number of calendar years (including fractions of years) during the Option Period prior to the exercise of the Option, *times* (y) the average net broadcast cash flow (as determined by Option Holder) for the preceding 12-month period (or if the Option is exercised prior to the first anniversary of the date hereof, the average net broadcast cash flow for the period following the date hereof), *provided* that the Net Broadcast Cash Flow Amount shall not exceed \$54,000. Solely with respect to that portion of the Cash Purchase Price constituting the Escalation Amount, the parties shall apply as a credit against such amount an amount equal to \$4,500 multiplied by the number of months (including fractions of months) between the date of the Aurora Closing and the date of the Option Closing.