

PURCHASE AND SALE AGREEMENT

between and among

**NORTH DAKOTA HOLDINGS, L.L.C.,
a Delaware limited liability company,**

**NORTH DAKOTA TELEVISION, L.L.C.
a Delaware limited liability company,**

**SMITH TELEVISION OF NORTH DAKOTA, INC.,
a Delaware corporation,**

and

**SMITH TELEVISION OF NORTH DAKOTA LICENSE HOLDINGS, INC.,
a Delaware corporation**

August 2, 2002

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PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this "Agreement") is entered into as of August 2, 2002, by, between and among NORTH DAKOTA HOLDINGS, L.L.C., a Delaware limited liability company ("Buyer"); NORTH DAKOTA TELEVISION, L.L.C., a Delaware limited liability company (the "Company"); SMITH TELEVISION OF NORTH DAKOTA, INC., a Delaware corporation ("STND"); and SMITH TELEVISION OF NORTH DAKOTA LICENSE HOLDINGS, INC., a Delaware corporation ("STLH"; collectively with STND, the "Sellers", or individually a "Seller").

WHEREAS, STND, STLH, STC Broadcasting, Inc., a Delaware corporation ("STC Broadcasting") and STC License Company, a Delaware corporation and an Affiliate of STC Broadcasting ("STC License Co."; collectively with STC Broadcasting, "STC"), have entered into that certain Amended and Restated Asset Purchase Agreement dated as of March 28, 2002, as amended by that certain letter agreement among such parties dated as of May 31, 2002 (such Amended and Restated Asset Purchase Agreement, as so amended, the "STC Purchase Agreement");

WHEREAS, pursuant to the STC Purchase Agreement, STC agreed to sell, and Sellers agreed to purchase, substantially all of the assets owned by STC in respect of television broadcast stations KVLV-TV, Fargo, North Dakota and KFYZ-TV, Bismarck, North Dakota, and satellite television stations KMOT-TV, licensed to Minot, North Dakota, KUMV-TV, licensed to Williston, North Dakota and KQCD-TV licensed to Dickinson, North Dakota (collectively, the "Stations") for a total purchase price of Thirty-Six Million Dollars (\$36,000,000) (the "STC Purchase Price");

WHEREAS, pursuant to the terms and conditions of the STC Purchase Agreement, on March 28, 2002 (the "License Closing" under the STC Purchase Agreement), (i) STLH paid to STC the sum of One Million Dollars (\$1,000,000) as part of the STC Purchase Price, (ii) acquired from STC the "FCC Assets", as defined under the STC Purchase Agreement, (iii) assumed the "License Closing Assumed Liabilities", as defined in the STC Purchase Agreement, and (iv) entered into that certain Lease Agreement, dated as of even date therewith and effective as of April 1, 2002, as amended by that certain First Amendment to Lease Agreement dated as of May 20, 2002 (such Lease Agreement, as amended, the "STC Lease Agreement"), pursuant to which STC leased to STLH the remaining assets of the Stations pending the subsequent sale thereof to Sellers;

WHEREAS, Sellers have not closed (the "Closing" as defined in Section 11.1.2 of the STC Purchase Agreement, which is hereinafter sometimes referred to as the "STC Purchase Agreement Closing") on the purchase of the Assets exclusive of the "FCC Assets" under the STC Purchase Agreement (the Assets exclusive of such FCC Assets, the "Operating Assets");

WHEREAS, Sellers have previously paid to STC the June Extension Fee of Three Million Dollars (\$3,000,000), the July Extension Fee of One Million Dollars (\$1,000,000), and the August Extension Fee of One Million Dollars (\$1,000,000), and, as a result thereof, the Drop Dead Date under the STC Purchase Agreement has been extended to August 31, 2002;

WHEREAS, the balance of the STC Purchase Price due and payable to STC under the STC Purchase Agreement at the STC Purchase Agreement Closing under the STC Purchase Agreement for the Assets is Thirty Million Dollars (\$30,000,000);

WHEREAS, STND owns and is the beneficial owner of 10% of the issued and outstanding equity ownership interests in and of the Company, and Buyer owns the remaining 90% of the issued and outstanding equity ownership interests in and of the Company;

WHEREAS, pursuant to the terms and conditions of Section 15.6(a) of the STC Purchase Agreement, Sellers are permitted to assign the STC Purchase Agreement at any time, in whole or in part, without the prior written consent of STC, to an "Affiliate" (as defined in the STC Purchase Agreement) of Sellers;

WHEREAS, the Company is an "Affiliate" of Sellers under the STC Purchase Agreement;

WHEREAS, the parties hereto desire to have the Company acquire the Operating Assets by consummating the STC Purchase Agreement Closing under the STC Purchase Agreement, and, in furtherance thereof, prior to the consummation of the STC Purchase Agreement Closing, Sellers have agreed to transfer, assign and contribute to the Company, all of their remaining rights, title and interest in and to the STC Purchase Agreement, including the right to purchase the Operating Assets thereunder, and the Company has agreed to assume all of the Sellers' obligations to purchase the Operating Assets thereunder;

WHEREAS, subject to the terms and conditions of this Agreement, promptly after the Operating Assets are purchased by the Company at the STC Purchase Agreement Closing under the STC Purchase Agreement, Buyer desires to purchase, and STND desires to sell, all of STND's ownership, membership, limited liability company and other equity interests of and in the Company; and

WHEREAS, subject to the terms and conditions of this Agreement, STLH desires to sell, assign and transfer, and Buyer desires to acquire, the FCC Assets after the FCC Consents have been obtained.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1. DEFINITIONS AND REFERENCES

For all purposes of this Agreement, certain capitalized terms specified in Annex 1 shall have the meanings in this Agreement as are ascribed to them in Annex 1, except as otherwise expressly provided in this Agreement or unless the context shall otherwise require (such definitions to be equally applicable to both the singular and plural forms of the terms defined). Unless otherwise specified, all references herein to "Articles" or "Sections" are to Articles or Sections of this

Agreement. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.”

ARTICLE 2. ASSIGNMENT; PURCHASE AND SALE

2.01 Assignment; Purchase and Sale of LLC Interests.

(a) Subject to the terms and conditions hereof and in reliance upon the representations, warranties, covenants and agreements contained herein, prior to the consummation of the Initial Closing, Sellers shall, pursuant to the terms and conditions of Section 15.6 of the STC Purchase Agreement, assign to the Company, all of Sellers’ rights, title and interest in, to and under the STC Purchase Agreement, including the right to purchase the Operating Assets and the right to indemnification by STC as set forth in the STC Purchase Agreement (such assignment, the “STC Purchase Agreement Assignment”). The STC Purchase Agreement Assignment shall be effected by Sellers executing and delivering to the Company the Assignment of STC Purchase Agreement.

(b) Subject to the terms and conditions hereof and in reliance upon the representations, warranties, covenants and agreements contained herein, at the Initial Closing on the Initial Closing Date and after the consummation of the STC Purchase Agreement Closing under the STC Purchase Agreement, STND shall sell, transfer, convey and assign to Buyer, and Buyer shall purchase and acquire, all of STND’s ownership, membership, limited liability company and other equity interests of and in the Company (including all rights and benefits to which STND is entitled under the limited liability company agreement of the Company and applicable Law) (the “LLC Interests”) for the consideration set forth in Section 2.03(a).

2.02 Purchase and Sale of FCC Assets.

Subject to the terms and conditions hereof and in reliance upon the representations, warranties, covenants and agreements contained herein, at the FCC License Closing on the FCC License Closing Date, STLH shall sell, assign, transfer, convey and deliver to the Company, and the Company shall purchase, acquire, pay for and accept from STLH, all right, title and interest of STLH in, to and under all licenses, permits and other authorizations issued by the FCC to STLH (or any predecessor-in-interest) for or in connection with the operation of the Stations including those listed in Schedule 2.02, and all applications therefor, together with any renewals, extensions or modifications thereof and additions thereto (collectively, the “FCC Licenses”), and certain other assets listed in Schedule 2.02 (such assets, together with the FCC Licenses, the “FCC Assets”) for the purchase price specified in Section 2.03(b).

2.03 Purchase Price.

(a) For and in consideration of the transfer, assignment and conveyance of the LLC Interests described herein, Buyer agrees to pay to STND the sum of Six Million Dollars (\$6,000,000) (the “LLC Interest Purchase Price”).

(b) For and in consideration of the conveyances and assignments described herein in respect of the FCC Assets, the Company agrees to pay to STLH, and STLH agrees to accept

from the Company, an amount equal to the net of: One Million Nine Hundred Thousand Dollars (\$1,900,000) (the “FCC Assets Base Purchase Price”), increased or decreased, as applicable, by the Net Working Capital Adjustment (as defined and calculated pursuant to Section 2.05), and decreased, if applicable, by the amount set forth in Schedule 2.03 (the FCC Assets Base Purchase Price, as so adjusted, the “FCC Assets Purchase Price”).

2.04 Closing Payments.

(a) At the Initial Closing, Buyer shall pay to STND the LLC Interest Purchase Price. Such amount payable at the Initial Closing shall be payable by wire transfer of immediately available funds to an account or accounts that will be identified by STND prior to the Initial Closing Date.

(b) At the FCC License Closing, the Company shall pay to STLH the difference of: (i) the FCC Assets Base Purchase Price, increased or decreased, as applicable, by the Estimated Net Working Capital Adjustment; minus (ii) the sum of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) (the “Holdback Amount”), which will be paid in accordance with the terms and provisions of Section 2.06; minus (iii) the amount set forth in Schedule 2.03, if applicable. The portion of the FCC Assets Purchase Price to be paid at the FCC License Closing as provided above shall be paid by wire transfer of immediately available funds to an account or accounts that will be identified by Sellers prior to the FCC License Closing Date.

2.05 Net Working Capital Adjustment

(a) At least two (2) business days prior to the Initial Closing Date, Sellers shall deliver, or caused to be delivered, to Buyer unaudited statements of Net Working Capital for the Stations, prepared in accordance with GAAP as of the most recently available date for which the requisite financial information is available (which date shall not be earlier than July 31, 2002), setting forth Sellers’ good faith estimate of the current assets and current Liabilities of the Stations applicable in determining Net Working Capital as at the Initial Closing Date, together with a calculation of the estimated Net Working Capital of the Stations as at the Initial Closing Date (the “Estimated Net Working Capital Statement”).

(b) If the Net Working Capital as reflected on the Estimated Net Working Capital Statement (the “Estimated Net Working Capital”) is greater than zero, such excess shall constitute the “Estimated Net Working Capital Adjustment” and shall be added to the FCC Assets Base Purchase Price. If the Estimated Net Working Capital is less than zero, such deficit shall constitute the “Estimated Net Working Capital Adjustment” and shall be subtracted from the FCC Assets Base Purchase Price.

(c) Within ninety (90) days following the Initial Closing Date, Buyer shall deliver, or shall cause the Company to deliver, to Sellers unaudited statements of Net Working Capital for the Stations, prepared in accordance with GAAP, setting forth the actual applicable current assets and current Liabilities of the Stations as at the Initial Closing Date, together with a calculation of the actual Net Working Capital of the Stations as at the Initial Closing Date (the “Final Net Working Capital Statement”).

(d) The Final Net Working Capital Statement shall be final and binding on the Sellers unless, within thirty (30) business days of the receipt thereof, Sellers make a good faith written objection thereto that is delivered to Buyer. If such an objection is made, then Sellers, Buyer and the Company shall consult with each other and attempt to resolve such objection. If they are unable to resolve such objection within thirty (30) days of receipt of such objection, then Sellers, Buyer and the Company shall select an internationally recognized, independent public accounting firm, which accounting firm shall not have been the auditing firm representing Sellers, Buyer or the Company or any of their Affiliates during the last two (2) years (the "Arbitrator"), to prepare and deliver to Sellers, Buyer and the Company, within sixty (60) days of being selected, its own Final Net Working Capital Statement for the Stations. The Arbitrator's determination of the Final Net Working Capital Statement for the Stations shall be binding on Sellers, Buyer and the Company. The fees and expenses of the Arbitrator shall be borne equally by Sellers and the Company.

(e) If the Net Working Capital of the Stations as reflected on the Final Net Working Capital Statement (the "Final Net Working Capital") exceeds the Estimated Net Working Capital, then the Company shall pay to STLH the amount of such excess on the later to occur of: (i) the FCC License Closing Date; or (ii) within ten (10) days after the Final Net Working Capital is determined. If the Estimated Net Working Capital exceeds the Final Net Working Capital, then STLH shall pay to the Company the amount of such excess on the later to occur of: (i) the FCC License Closing Date; or (ii) within ten (10) days after the Final Net Working Capital is determined, provided that if STLH does not pay such amount within such ten (10) day period, Buyer and the Company shall have the option of recovering such amount from Sellers by set-off of such amount against the Holdback Amount or any remaining portion thereof not yet paid to Sellers pursuant to Section 2.06.

2.06 Payment of Holdback Amount.

Provided that the FCC License Closing shall have been consummated, subject to the terms of Section 12.05(f), the Company shall pay the Holdback Amount to STLH as follows:

(a) On the earlier of (i) the completion of the audit of the Stations' financial statements for the year ended December 31, 2002, or (ii) April 30, 2003, the Company shall pay to Sellers one-half of the Holdback Amount (\$625,000), minus the amount of any Losses of the Buyer Indemnified Parties for which claims for indemnification against Sellers have been made pursuant to Article 12;

(b) On the first anniversary of the Initial Closing Date, Buyer shall pay to Sellers the remaining balance of the Holdback Amount, minus the amount of any additional Losses of the Buyer Indemnified Parties for which claims for indemnification against Sellers have been made pursuant to Article 12; and

(c) Upon the resolution of such claims for indemnification against Sellers after the first anniversary of the Initial Closing Date, the remaining balance of the Holdback Amount in excess of such Losses of the Buyer Indemnified Parties shall be promptly paid to Sellers.

Any indemnifiable Losses of the Buyer Indemnified Parties against Sellers under Article 12 may be satisfied by Buyer's or the Company's exercise of set-off rights against the Holdback Amount, subject to the terms and conditions set forth in Section 12.05(f).

ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF SELLERS

Sellers, jointly and severally, hereby represent and warrant to Buyer and the Company as follows:

3.01 Organization and Standing.

Each of the Sellers is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business and is in good standing in any jurisdiction where such qualification is necessary, except for those jurisdictions where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect. Each of the Sellers has all necessary corporate power and authority to conduct its business (including, with respect to STLH, the business of the Stations) in the manner in which its business is currently being conducted and to own and use its assets and properties (including, with respect to STLH, the FCC Assets) in the manner in which its assets are currently owned and used, and to enter into and perform the terms of this Agreement, the other Seller Documents, the STC Purchase Agreement, and the transactions contemplated hereby and thereby. Sellers have delivered to Buyer correct and complete copies of the certificates of organization, incorporation or formation, by-laws or other governing instruments of each of the Sellers (all as amended to date).

3.02 Capitalization; Title to Capital Stock.

(a) The authorized capital stock of STND consists of One Thousand (1,000) shares of common stock, \$.01 par value per share, of which One Hundred (100) shares are, and will be as of and pending the Initial Closing Date and the FCC License Closing Date, issued and outstanding (the "STND Shares"). The authorized capital stock of STLH consists of One Thousand (1,000) shares of common stock, \$.01 par value, of which One Hundred (100) shares are, and will be as of and pending the Initial Closing Date and the FCC License Closing Date, issued and outstanding (the "STLH Shares"; collectively with the STND Shares, the "Seller Shares"). All of the Seller Shares have been duly authorized and validly issued, are fully paid and nonassessable and have not been issued in violation of any preemptive rights or in violation of state or federal securities laws, and there are no preemptive rights in respect thereof. There are no outstanding options, warrants or other rights to subscribe for or purchase from either of the Sellers or any of their stockholders no contracts or commitments providing for the issuance of, or the granting of rights to acquire, and no securities convertible into or exchangeable for, any shares of capital stock or other equity interest of or in either of the Sellers. There are no outstanding or authorized stock appreciation, phantom stock, profit participation or similar rights with respect to either of the Sellers. None of Sellers has any Subsidiary. The Company is currently an "Affiliate" of Sellers under and pursuant to the terms of the STC Purchase Agreement, and, assuming that STND retains the LLC Interests, will remain an "Affiliate" of Sellers pending the sale of the LLC Interests to Buyer as contemplated herein.

(b) The Persons listed in Schedule 3.02(b) are, and will be as of and pending the Initial Closing Date and the FCC License Closing Date, the sole legal, beneficial and record owners of the numbers of Seller Shares set forth next to each such Person's name in such Schedule, with good, valid and marketable title thereto, free and clear of all Restrictions, except such restrictions on the transfer of such shares as may be applicable under federal and state securities laws and except as set forth in Schedule 3.02(b). STND is, and will be as of and pending the sale thereof to Buyer, the legal, beneficial and record owner of the LLC Interests, with good, valid and marketable title thereto, free and clear of all Restrictions, except such restrictions on the transfer of such interests as may be applicable under federal and state securities laws, with full right and lawful authority to sell and transfer the LLC Interests to Buyer pursuant to this Agreement.

(c) Upon payment of the LLC Interest Purchase Price pursuant to Section 2.04(a) at the Initial Closing, Buyer shall be the sole legal, beneficial and record owner of the LLC Interests with good, valid and marketable title thereto, free and clear of all Restrictions, except such restrictions on the transfer of such interests as may be applicable under federal and state securities laws.

(d) Assuming the accuracy of the representations and warranties of Buyer contained in Sections 4.05, Section 4.06, and Section 4.07, the offer and sale of the LLC Interests to the Buyer hereunder are and will be exempt from the registration and prospectus delivery requirements of the Securities Act, and have been or will be registered or qualified (or are exempt from registration and qualification) under the registration, permit or qualification requirements of all applicable state securities laws.

3.03 Authorization; Binding Obligation.

The execution, delivery and performance by the Sellers of this Agreement, the STC Purchase Agreement, the STC Purchase Agreement Assignment and all other Seller Documents, the fulfillment of and the compliance with the respective terms and provisions hereof and thereof, and the consummation by the Sellers of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate or limited liability company action (which authorizations have not been modified or rescinded and are in full force and effect). Assuming this Agreement has been duly executed by Buyer, this Agreement, the STC Purchase Agreement, the STC Purchase Agreement Assignment and each document executed by any of the Sellers pursuant thereto constitute, and each Seller Document to be executed by any of the Sellers pursuant hereto or thereto, when executed and delivered in accordance with the provisions hereof or thereof, shall constitute, a valid and binding agreement and obligation of the applicable Sellers, enforceable against the applicable Sellers in accordance with their terms.

3.04 Compliance with Laws.

Sellers are in compliance in all respects with all applicable Laws, including those applicable to the FCC Assets and the Stations, except where the failure to be in such compliance would not reasonably be expected to have a Material Adverse Effect. With respect to STC's representations and warranties contained in Section 3.4 of the STC Purchase Agreement, there do not exist any Seller MAE Exceptions.

3.05 Consents and Approvals; No Conflicts.

(a) The execution and delivery of this Agreement, the STC Purchase Agreement, the STC Purchase Agreement Assignment, the other Seller Documents executed or to be executed by the applicable Sellers in connection with the transactions contemplated hereby and thereby and the performance of the transactions contemplated herein and therein by the Sellers did not, do not and will not require any consent, approval, authorization or other action by, from or of, or filing with or notification to, any Person in connection with any Station Contract where the failure to make such filing or notification or to obtain such consent, approval, authorization or other action would reasonably be expected to have a Material Adverse Effect, except that certain of the Station Contracts may be assigned only with the consent of third parties. Without limiting the generality of the foregoing, the assignment of the STC Purchase Agreement by Sellers to the Company pursuant to the STC Purchase Agreement Assignment is and was permitted and authorized under the terms and conditions of the STC Purchase Agreement and did not, does not and will not require any consent, approval, authorization or other action by, from or of, or filing with or notification to, STC or any other Person. With respect to STC's representations and warranties contained in Section 3.4.1 of the STC Purchase Agreement, there do not exist any Seller MAE Exceptions.

(b) The execution and delivery of this Agreement, the STC Purchase Agreement, the STC Purchase Agreement Assignment, and the other Seller Documents and the performance of the transactions contemplated herein or therein by any of the Sellers (including the sale and purchase of the LLC Interests and the FCC Assets), did not, does not and will not require any consent, approval, authorization or other action by, from or of, or filing with or notification to, any Governmental Authority where the failure to make such filing or notification or to obtain such consent, approvals, authorizations or other action would reasonably be expected to have a Material Adverse Effect, except the FCC Consents and filings, if any, with respect to real estate transfers and real estate transfer taxes. With respect to STC's representations and warranties contained in Section 3.4.2 of the STC Purchase Agreement, there do not exist any Seller MAE Exceptions.

(c) Assuming that the FCC Consents have been obtained, the execution, delivery and performance of this Agreement, the STC Purchase Agreement, the STC Purchase Agreement Assignment, and the other Seller Documents and the performance of the transactions contemplated herein and therein by any of the Sellers did not, do not and will not (a) conflict with or violate any material Law applicable to any of the Sellers, the Operating Assets, the FCC Assets, the Stations or the LLC Interests or by which any of the Operating Assets, the FCC Assets, the Stations or the LLC Interests is subject or affected, (b) terminate, modify or accelerate, require any notice under, or conflict with or result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become a default) under, any material contract or agreement to which any of the Sellers is a party or by which any of the Sellers is bound or to which any of the Operating Assets, the FCC Assets or the Stations is subject or affected, (c) result in the creation of any Encumbrance other than a Permitted Encumbrance upon the Operating Assets, the FCC Assets or the LLC Interests, or (d) conflict with or violate the organizational documents of any of the Sellers, except, in each case, for such conflicts, violations, breaches, defaults or Encumbrances that would not reasonably be expected to have a Material Adverse Effect. With respect to STC's representations and warranties contained in Section 3.4.3 of the STC Purchase Agreement, there do not exist any Seller MAE Exceptions.

3.06 Financial Statements; Liabilities.

(a) Sellers have provided to Buyer the true and complete copies of the unaudited balance sheets of the Stations as of June 30, 2002 (the “Current Balance Sheets”) and the unaudited statements of operations (income) of the Stations for the six (6) month period then ended (such statements of operations together with the Current Balance Sheets, the “Interim Financial Statements”). STLH does not have any balance sheets or statements of operations or income in respect of the FCC Assets. Sellers have provided or have made available to Buyer true and complete copies of the Stations’ internal financial statements for the calendar years ended at December 31, 1999, December 31, 2000 and December 31, 2001. The Interim Financial Statements (a) present fairly the financial position of the Stations and their related license assets as of the respective dates and the results of operations for the respective periods indicated, and (b) have been prepared in accordance with GAAP (except that such financial statements do not contain all footnotes required under GAAP and do not include statements of cash flows).

(b) Except as set forth in Schedule 3.06(b), all of which shall be satisfied by Sellers at the Initial Closing or the FCC License Closing, as applicable, or as set forth in this Agreement or the STC Purchase Agreement, Sellers do not have, and will not have pending or as of the Initial Closing and the FCC License Closing, any Liabilities. Except for Liabilities assumed under the STC Purchase Agreement as a result of the STC Purchase Agreement Assignment, the Company does not have, and will not have pending or as of the Initial Closing, any Liabilities incurred on the Company’s behalf by Sellers.

3.07 Absence of Certain Changes.

Since February 8, 2002, there has been no Material Adverse Effect. With respect to STC’s representations and warranties contained in Section 3.6 of the STC Purchase Agreement, there do not exist any Seller MAE Exceptions.

3.08 Absence of Litigation.

There is no action, suit, investigation, claim, arbitration or litigation pending or, to the actual knowledge of Sellers, threatened against either of the Sellers or the Stations that would reasonably be expected to have a Material Adverse Effect. With respect to STC’s representations and warranties contained in Section 3.7 of the STC Purchase Agreement, there do not exist any Seller MAE Exceptions.

3.09 FCC Assets.

STLH is the owner of, has good title to, or has a good and valid license interest in and to, all of the FCC Assets free and clear of any Encumbrance. At the FCC License Closing, Buyer shall acquire good title to or a good and valid license interest in and to all of the FCC Assets, free and clear of all Encumbrances, except Encumbrances that may be created by Buyer (if any).

3.10 FCC Matters.

STLH holds the FCC Licenses listed on Schedule 2.02. Such FCC Licenses constitute all of the licenses, permits and authorizations from the FCC that are necessary or required for and/or used in the business and operations of the Stations. Such FCC Licenses are valid and in full force and effect through the dates set forth on such Schedule. The Stations have been operated by Sellers in all material respects in accordance with the terms of the FCC Licenses, the Communications Act and the rules, regulations and published policies of the FCC, except where the failure to operate the Stations in such manner would not reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 3.10, no application, action or proceeding is pending for the renewal or modification of any of the FCC Licenses, and, except for actions or proceedings affecting television broadcast stations generally, no application, complaint, action or proceeding is pending or, to Sellers' actual knowledge, threatened that may result in the (a) revocation, modification, non-renewal or suspension of any of the FCC Licenses, (b) issuance of a cease and desist order, (c) imposition of any administrative or judicial sanction with respect to any of the Stations or (d) denial of an application for renewal, except, in each case, for those revocations, modifications, non-renewals, suspensions, issuances, impositions or denials that would not reasonably be expected to have a Material Adverse Effect. The Sellers have filed with the FCC all material reports, forms and statements required by the FCC to be filed by either of the Sellers relating to any of the Stations, except where the failure to file such reports, forms and statements would not reasonably be expected to have a Material Adverse Effect. With respect to STC's representations and warranties contained in Section 3.9 of the STC Purchase Agreement, there do not exist any Seller MAE Exceptions.

3.11 Real Property.

With respect to STC's representations and warranties contained in Sections 3.10.2, 3.10.3, 3.10.4 and 3.10.6 of the STC Purchase Agreement, there do not exist any Seller MAE Exceptions. Sellers have delivered to Buyer true and complete copies of the Leases (as amended to date) and the title policies and surveys described in Section 3.10.7 of the STC Purchase Agreement.

3.12 Condition of Tangible Assets.

Except as set forth in Schedule 3.12, with respect to STC's representations and warranties contained in Section 3.11 of the STC Purchase Agreement, there do not exist any Seller MAE Exceptions. STLH has complied in all material respects with the terms and provisions of the STC Lease Agreement related to the condition and maintenance of the Operating Assets.

3.13 Intellectual Property.

STLH has the right to the use of each of the call letters "KVLV-TV", "KFYR-TV", "KMOT-TV", "KUMV-TV", and "KQCD-TV" pursuant to the rules and regulations of the FCC. Sellers have no actual knowledge of any claim by another Person contesting STLH's right to use such call letters or any grounds for the same, except for such claims as would not reasonably be expected to have a Material Adverse Effect. With respect to STC's representations and warranties contained in Section 3.12 of the STC Purchase Agreement, there do not exist any Seller MAE Exceptions.

3.14 Reports and Records.

All material returns, reports and statements relating to the Stations required to be filed by either of the Sellers with the FCC or any other Governmental Authority have been filed and when filed were correct and complete in all material respects, except where the failure to file such reports would not reasonably be expected to have a Material Adverse Effect. All logs and business records of every type and nature relating to the business and operations of the Stations have been maintained in all material respects in accordance with the policies, rules and regulations of the FCC, except where the failure to maintain such records would not reasonably be expected to have a Material Adverse Effect. With respect to STC's representations and warranties contained in Section 3.13 of the STC Purchase Agreement, there do not exist any Seller MAE Exceptions.

3.15 Station Contracts.

With respect to STC's representations and warranties contained in Section 3.14 of the STC Purchase Agreement, there do not exist any Seller MAE Exceptions. Sellers have delivered to Buyer true and complete copies of (i) all of the Station Contracts, as amended to date, that Sellers have received from STC, and (ii) all written contracts and agreements, as amended to date, to which either Seller is a party or by which any of their assets or properties are bound. Sellers have also delivered to Buyer true and correct written summaries of the material terms of all oral contracts or agreements to which either Seller is a party or by which any of their assets or properties are bound. The Sellers have not, and to the knowledge of Sellers, STC has not, waived or modified any of the terms or provisions of, terminated or canceled or breached or defaulted, in any material respect, the Station Contracts.

3.16 Taxes.

Each of the Sellers has filed or caused to be filed all Tax Returns that are required to have been filed by it; all Taxes shown as due on such Tax Returns have been paid. Except for Taxes not yet due and payable, none of the Sellers' assets or properties (including the FCC Assets) are subject to any Encumbrance arising in connection with the failure or alleged failure to pay any material Tax. The charges, accruals and reserves for Taxes of either of the Sellers for any Tax period ending on or prior to the Initial Closing Date or the FCC License Closing Date (including any Tax period for which no such Tax Return has yet been filed) reflected on the books of Sellers, as disclosed to Buyer in writing, are adequate to cover such Taxes.

3.17. Employees.

With respect to STC's representations and warranties contained in Section 3.17 of the STC Purchase Agreement, there do not exist any Seller MAE Exceptions. Sellers have provided to Buyer a true and complete list dated as of June 30, 2002 of all employees of the Stations (either employed by STC or STLH or otherwise) and each such employee's position, salary and date of hire.

3.18. Environmental Matters.

Sellers have provided to Buyer true and complete copies of all material environmental, health and safety assessments, audits, investigations, or other such reports relating to the Stations or the Operating Assets in the possession of either of the Sellers.

3.19 Insurance.

Sellers have provided Buyer with a list of all effective policies of title, property, fire, casualty, liability, life, workmen's compensation, libel and slander, and other forms of insurance of any kind relating to the Stations' assets and properties and the business and operations of the Stations and held by Sellers or STC that Sellers have received from STC. With respect to STC's representations and warranties contained in Section 3.19 of the STC Purchase Agreement, there do not exist any Seller MAE Exceptions.

3.20 Digital Television.

Each of the Stations has been assigned a channel by the FCC for the provision of digital television ("DTV") service. The FCC Licenses listed in Schedule 2.02 include construction permits necessary to permit the construction of a DTV station on each channel (a "DTV Facility"). Each Station has duly acquired from the FCC an initial extension of its DTV construction permit to November 1, 2002.

3.21 STC Purchase Agreement.

(a) A true, correct and complete copy of the STC Purchase Agreement, including all amendments, schedules and exhibits thereto, is attached to Schedule 3.21(a), and there exist no other modifications to or amendments of the STC Purchase Agreement other than the STC Purchase Agreement Assignment. Pursuant to the STC Purchase Agreement Assignment and in accordance with the terms and provisions of the STC Purchase Agreement, Sellers have duly assigned their remaining rights, title and interest in and to the STC Purchase Agreement (including the right to purchase the Operating Assets) to the Company. A complete and correct copy of the STC Purchase Agreement Assignment is attached to Schedule 3.21(a). None of the Sellers has, and to the actual knowledge of Sellers, STC has not, breached or failed to perform in any material respect any of their respective representations, warranties, covenants, agreements or conditions set forth in the STC Purchase Agreement. The representations and warranties of the Sellers made in or pursuant to the STC Purchase Agreement and, to the knowledge of Sellers, the representations and warranties of STC made in or pursuant to the STC Purchase Agreement were true and correct in all material respects when made and are true and correct in all material respects on and as of the date of this Agreement, except as set forth in Schedule 3.21(a). No party to the STC Purchase Agreement has waived any term or provision of the STC Purchase Agreement. The Drop Dead Date has been extended to August 31, 2002.

(b) The Sellers have timely paid the following amounts to STC under the STC Purchase Agreement: (i) One Million Dollars (\$1,000,000) (the "License Closing Payment") on March 28, 2002 in connection with the License Closing; (ii) the June Extension Fee in the amount of Three Million Dollars (\$3,000,000) on or about May 31, 2002; (iii) the July Extension Fee in the amount of One Million Dollars (\$1,000,000) on or about June 28, 2002; and (iv) the August

Extension Fee in the amount of One Million Dollars (\$1,000,000) on July 31, 2002. The Company, as assignee of Sellers under the STC Purchase Agreement, will receive a credit against the STC Purchase Price due and payable at the STC Purchase Agreement Closing under the STC Purchase Agreement in the amount of Six Million Dollars (\$6,000,000), which credit is comprised of, and results from, the payments of the License Closing Payment, the June Extension Fee, the July Extension Fee, and the August Extension Fee. The remaining amount of the STC Purchase Price payable to STC at the STC Purchase Agreement Closing is Thirty Million Dollars (\$30,000,000).

3.22 Operation of Sellers; Liabilities, Etc.

Sellers were formed solely for the purpose of engaging in the transactions contemplated by the STC Purchase Agreement and have not engaged and will not engage in any other business activities other than entering into and performing the STC Purchase Agreement and this Agreement. Except as set forth in Schedule 3.06(b), none of the Sellers has any debts, obligations or Liabilities other than as set forth in the STC Purchase Agreement, as set forth in this Agreement, or, with respect to STLH only, in respect of the FCC Assets. Except as set forth in Schedule 3.22, none of the Sellers has entered into and is a party to or bound by any transactions, arrangements or agreements with any of its Affiliates (including Robert N. Smith).

3.23 STC Lease Agreement.

Sellers have provided Buyer with a true, correct and complete copy of the STC Lease Agreement, including all amendments, schedules and exhibits thereto. STLH has not, and to the actual knowledge of Sellers, STC has not, breached or failed to perform in any material respect any of their respective representations, warranties, covenants, agreements or conditions set forth in the STC Lease Agreement. No party to the STC Lease Agreement has waived any term or provision thereof. The STC Lease Agreement shall terminate effective as of the consummation of the Initial Closing.

3.24 Solvency.

Upon and after the consummation of the transactions contemplated hereby at the Initial Closing, the aggregate amount of the full saleable value of the assets and properties of each of the Sellers exceeds the amount that will be required to be paid on or in respect of each of the Sellers' existing debts and existing Liabilities as they mature. Upon and after the consummation of the transactions contemplated hereby at the Initial Closing, none of the Sellers intend to, nor will either of the Sellers, incur debts beyond its ability to pay such debts as they mature, taking into account the timing and amounts of cash reasonably anticipated to be received by the Seller and the amounts of cash reasonably anticipated to be payable on or in respect of the Seller's obligations. Upon and after the consummation of the transactions contemplated hereby at the Initial Closing, the aggregate cash flow of each of the Sellers, after taking into account all anticipated sources and uses of cash, is expected to at all times be sufficient to pay all such amounts on or in respect of its indebtedness when such amounts are required to be paid. Each of Sellers believes that no reasonably anticipated final judgment in a pending action or, to its knowledge, any threatened actions for money damages will be rendered at a time when, or in an amount such that, the Seller will be unable to satisfy such judgments promptly in accordance with their terms (taking into account the maximum reasonable amount thereof and the earliest reasonable time at which such judgments might be rendered). The cash available to each of the Sellers, after taking into account all other anticipated uses of cash

(including the payment of all such Seller's indebtedness) is anticipated to be sufficient to pay any such judgments promptly in accordance with their terms. None of Sellers is contemplating (and there is no intent) either the filing of a petition by it under any state or federal bankruptcy or insolvency laws or the liquidating of all or a substantial portion of its property, and none of the Sellers has any knowledge of any Person contemplating the filing of any such petition against or affecting either of the Sellers.

3.25 No Priority Claims.

Except as set forth in Schedule 3.06(b), none of the Sellers has any Liability or obligations in respect of any unsecured debt, or in respect of any guarantee by either of the Sellers of the obligations or Liabilities of another Person, under which the lender, creditor or lessor or the Person in whose favor such guarantee is given has the right, by operation of law or otherwise, to have any claim in respect of such obligation, Liability or guarantee first satisfied out of the general assets of either of the Sellers in priority to the claims of general creditors.

3.26 Disclosure.

To the actual knowledge of Sellers (and not involving any constructive knowledge), the representations and warranties contained in this Article 3 do not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article 3 not misleading in any material respect.

ARTICLE 4. REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Sellers as follows:

4.01 Organization and Standing.

Each of the Buyer and the Company is a limited liability company duly organized, validly existing and in good standing under the laws of the Delaware and has the limited liability company power and authority to enter into this Agreement and to carry out the transactions contemplated hereby.

4.02 Authorization; Absence of Violation.

The execution, delivery and performance by Buyer and the Company of this Agreement and all other Buyer Documents, the fulfillment of and the compliance with the respective terms and provisions hereof and thereof, and the consummation by Buyer and the Company of the transactions contemplated hereby and thereby have been duly authorized by all necessary limited liability company action (which authorization has not been modified or rescinded and is in full force and effect), and do not and will not, except for the FCC Consents: (a) conflict with, or violate any provision of, any material Law having applicability to Buyer or the Company or any provision of the limited liability company agreement of Buyer or the Company; (b) assuming the accuracy of Sellers' representations and warranties made in the last sentence of Section 3.02(a) and in last sentence of Section 3.05(a), conflict with, or result in any breach of, or constitute a default under, any agreement to which Buyer or the Company is a party or by which Buyer or the Company is bound; or (c) result in or require the creation or imposition of or result in the acceleration of any indebtedness, or of any

Encumbrance of any nature upon, or with respect to, Buyer or the Company or any of the assets now owned or hereafter acquired by Buyer or the Company; except, in each case, for such conflicts, violations, breaches, defaults or Encumbrances that would not reasonably be expected to have a material adverse effect on Buyer's or the Company's ability to consummate the transactions contemplated by this Agreement.

4.03 Binding Obligation.

This Agreement constitutes, and each Buyer Document, when executed and delivered in accordance with the provisions hereof, shall constitute, a valid and binding obligation of Buyer and the Company, as applicable, enforceable in accordance with its terms.

4.04 No Registration Under the Securities Act.

Buyer understands that the LLC Interests have not been registered under the Securities Act or any state securities laws, in reliance upon exemptions contained in the Securities Act and such state securities laws or interpretations thereof, and cannot be offered for sale, sold or otherwise transferred unless such LLC Interests subsequently are so registered or qualified for exemption from registration under the Securities Act and such state securities laws.

4.05 Acquisition for Investment.

The LLC Interests are being acquired under this Agreement by Buyer solely for Buyer's own account, for investment and not with a view toward distribution within the meaning of the Securities Act.

4.06 Evaluation of Merits and Risks of Investment.

Buyer has such knowledge and experience in financial and business matters that Buyer is capable of evaluating the merits and risks of Buyer's investment in the LLC Interests. Buyer understands and is able to bear any economic risks associated with such investment (including the necessity of holding the LLC Interests for an indefinite period of time, inasmuch as the LLC Interests have not been registered under the Securities Act or any state securities laws).

4.07 Qualification of the Company.

The Company is legally, technically, financially and otherwise qualified under the Communications Act and all rules, regulations and published policies of the FCC to acquire and hold the FCC Licenses. To Buyer's and the Company's knowledge, there are no facts or proceedings which would reasonably be expected to disqualify the Company under the Communications Act or otherwise from acquiring or holding the FCC Licenses or would cause the FCC not to approve the assignment of the FCC Licenses to the Company.

4.08 Disclosure; Knowledge.

To the actual knowledge of Buyer and the Company (and not involving any constructive knowledge), the representations and warranties contained in this Article 4 do not

contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements and information contained in this Article 4 not misleading in any material respect. As of the date of this Agreement, Buyer and the Company have no actual knowledge (and not involving any constructive knowledge) that Sellers have breached in any material respect any of their representations and warranties contained in Article 3.

ARTICLE 5. FCC CONSENT

The assignment of the FCC Licenses as contemplated by this Agreement and the continuation of the satellite status of the three (3) satellite Stations is subject to the prior consent and approval of the FCC (the “FCC Consents”). Buyer, the Company and STLH shall prepare, execute and file with the FCC as promptly as practicable, but in no event later than five (5) days after the execution of this Agreement, the FCC long form applications and any and all other necessary FCC applications and filings required to be filed by the parties hereto with the FCC with respect to the assignment of the FCC Licenses from STLH to the Company, which applications and filing shall include the Satellite Waiver (collectively, the “FCC Applications”) and any other necessary or desirable instruments or documents with respect to the FCC Consents. Buyer, the Company and STLH shall prosecute the FCC Applications with all reasonable diligence and otherwise use their reasonable efforts to obtain the FCC Consents as expeditiously as practicable. If any of the FCC Consents imposes any condition on Buyer, the Company or STLH, such party shall use its reasonable efforts to comply with such condition, provided that Buyer and the Company shall not be required to consummate the transactions contemplated herein if any such condition would have a material adverse effect upon Buyer or the Company or if Buyer’s or the Company’s compliance with any such condition would delay the FCC License Closing beyond the date specified in Section 13.01(e). Buyer and the Company will promptly provide STLH, and STLH will promptly provide Buyer and the Company, with a copy of any pleading, objection, complaint, order or other document served on such Person relating to the FCC Applications. None of such parties hereto will, and each of them will use its reasonable efforts not to cause or permit any of its officers, directors, members, partners, stockholders or other Affiliates to, take any action that could reasonably be expected to adversely affect the likelihood of obtaining the FCC Consents or for the same becoming Final Orders. If reconsideration or judicial review is sought with respect to the FCC Consents, the party affected shall vigorously oppose such efforts for reconsideration or judicial review; provided, however, that nothing herein shall be construed to limit Buyer’s right to terminate this Agreement pursuant to Section 13.01(e).

ARTICLE 6. COVENANTS AND AGREEMENTS OF SELLERS

Sellers covenant and agree with Buyer and the Company as follows:

6.01 Negative Covenants.

From and after the date of this Agreement, pending and prior to the Initial Closing Date with respect to STND, or the FCC License Closing Date with respect to STLH, as applicable, except for actions contemplated hereby, none of the Sellers shall, without the prior written consent of Buyer, do or agree to do any of the following:

(a) Dispositions.

Sell, assign, lease, license or otherwise transfer or dispose of any of its assets or properties (including the FCC Assets or the LLC Interests) other than, with respect to STND, dispositions in the ordinary course of business consistent with past practice, or consent to or cause any disposition or other transaction prohibited by Section 6.1.1 of the STC Purchase Agreement.

(b) Accounting Principles and Practices.

Change or modify any of the accounting principles or practices or any method of applying such principles or practices currently employed with respect to the Stations, except as required by GAAP, or consent to or cause any action prohibited by Section 6.1.2 of the STC Purchase Agreement.

(c) Trade-out Agreements.

Enter into any Trade-out Agreement, except in the ordinary course of business consistent with past practice, or consent to or cause any action prohibited by Section 6.1.3 of the STC Purchase Agreement.

(d) Broadcast Time Sales Agreements.

Enter into any Time Sales Agreement, except in the ordinary course of business consistent with past practice, or consent to or cause any action prohibited by Section 6.1.4 of the STC Purchase Agreement.

(e) Network Affiliation Agreements and Local Marketing Arrangements.

Enter into any network affiliation agreements, local marketing arrangements, joint operating or sales agreements, time brokerage agreements or other similar contracts or renew, extend, amend, alter, modify or otherwise change any of such existing contracts, or consent to or cause any action prohibited by Section 6.1.5 of the STC Purchase Agreement.

(f) Additional Agreements.

Acquire or enter into any contracts or agreements affecting or binding the Stations, except for this Agreement, the STC Purchase Agreement and the documents contemplated herein or therein, or consent to or cause any action prohibited by Section 6.1.6 of the STC Purchase Agreement.

(g) Breaches.

Do or omit to do any act that will cause a material breach of any Station Contract, the STC Purchase Agreement or the STC Lease Agreement, or consent to or cause any action prohibited by Section 6.1.7 of the STC Purchase Agreement.

(h) Employee Matters.

(a) With respect to any past, current or future employee of the Stations, enter into or become subject to any employment, labor, union or professional service contract or agreement not terminable at will (or renew, extend, amend, alter, modify or otherwise change any existing contract or agreement) without cost or obligation than to pay accrued salary or wages at the normally applicable rate through the time of termination, or any bonus, pension, insurance, profit sharing, incentive, deferred compensation, severance pay, retirement, hospitalization, employee benefit, or other similar plan.

(b) With respect to any past, current or future employee of the Stations, increase the compensation payable or to become payable to any employee, or pay or arrange to pay any bonus payment to any employee, other than, in either case, as currently budgeted, except in the ordinary course of business consistent with past practice.

(c) Consent to or cause any action prohibited by Section 6.1.8 of the STC Purchase Agreement.

(i) Actions Affecting FCC Licenses.

Take any action, or fail to take any action that may jeopardize the validity or enforceability of or rights under, or cause the adverse modification of, the FCC Licenses, or consent to or cause any action prohibited by Section 6.1.9 of the STC Purchase Agreement.

(j) Affiliated Transactions.

Enter into any transaction or arrangement (including any purchase, sale, lease or exchange of property or the rendering of any service) with any Affiliate of either of the Sellers (including Robert N. Smith), including any renewal, extension, modification or other change in, any existing contract or agreement to which an Affiliate of either of the Sellers is a party or any other transaction or arrangement involving an Affiliate of either of the Sellers, or consent to or cause any action prohibited by Section 6.1.10 of the STC Purchase Agreement.

(k) Collection of Accounts Receivable.

Collect any accounts receivable of the Stations other than in the ordinary course of business consistent with past practice, or consent to or cause any action prohibited by Section 6.1.11 of the STC Purchase Agreement.

(l) Payment of Accounts Payable.

Pay any accounts payable of the Stations other than in the ordinary course of business consistent with past practice, or consent to or cause any action prohibited by Section 6.1.12 of the STC Purchase Agreement.

(m) Limitation on Debt.

Create, incur, assume or suffer to exist any debt, obligations or Liabilities, except for (i) the matters set forth in Schedule 3.06(b), all of which to the extent applicable to STLH shall be paid, satisfied in full, canceled and terminated without Liability on or prior to the consummation of the Initial Closing, (ii) Sellers' Transaction Expenses, and (iii) obligations or Liabilities under the STC Lease Agreement, which shall be canceled and terminated without Liability on or prior to the consummation of the Initial Closing; not cause the Company to create, incur, assume or suffer to exist any debt, obligations or Liabilities, except for obligations incurred as a result of the STC Purchase Agreement Assignment.

(n) Limitation on Encumbrances.

Create, incur, assume or suffer to exist any Encumbrances on any of its assets or properties, whether now owned or hereafter acquired, except for the matters set forth in Schedule 3.06(b); not cause the Company to create, incur, assume or suffer to exist any Encumbrances on any of its assets or properties, whether now owned or hereafter acquired.

(o) Limitation on Fundamental Changes.

Enter into any merger, consolidation or similar transaction, or liquidate, wind up or dissolve (or suffer any liquidation or dissolution), or convey, sell, lease, assign, transfer or otherwise dispose of all or substantially all of its properties (or any portion of its properties or assets, in the case of STLH), business or assets, whether now or hereafter acquired.

(p) Limitation on Distributions or other Changes.

Solely with respect to STLH, declare, set aside or pay any distribution or dividend or make any other payment in respect of its capital stock or other ownership, membership, limited liability company or other equity interest, either directly or indirectly, whether in cash or other property; directly or indirectly redeem, purchase or otherwise acquire or commit to acquire any capital stock or ownership, membership, limited liability company or other equity interest; effect a split or reclassification of any capital stock or other ownership, membership, limited liability company or other equity interest or a recapitalization; or issue any capital stock or other ownership, membership, limited liability company or other equity interest.

(q) Corporate Documents.

Solely with respect to STLH, amend its governing instruments or documents, including its certificate or articles of incorporation, organization or formation, and by-laws.

(r) Limitation on Negative Pledges.

Enter into or become bound by any agreement or term that prohibits or limits the ability to create, incur, assume or suffer to exist any Encumbrance upon any of its property or assets, whether now owned or hereafter acquired.

(s) Activities.

Engage in any business or activity of any kind or nature or enter into any transaction, arrangement, mortgage, instrument, agreement, contract, lease or other undertaking, except for (i) STLH's obligations as licensee under the Communications Act, (ii) STLH's obligations under the STC Lease Agreement and (iii) the transactions contemplated by this Agreement.

(t) STC Purchase Agreement.

Cancel, terminate, amend, supplement, modify or waive any of the terms, provisions or conditions of, or rights in and to, the STC Purchase Agreement, the Assignment of STC Purchase Agreement or any agreement or other document executed or delivered in connection therewith, or request, consent or agree to or suffer to exist or permit any such cancellation, termination, amendment, supplement, modification or waiver; assign, transfer or convey any rights, title or interest in and to the STC Purchase Agreement.

(u) Separate Existence.

Fail to do all things necessary to maintain its corporate or limited liability company existence separate and apart from any and all other Persons (including its stockholders, members or other equity owners and any of its other Affiliates).

(v) No Bankruptcy Consolidation.

Take any action, or omit to take any action, that would cause it or any of the other Sellers to be substantially consolidated with any other Person (including Robert N. Smith) for purposes of the United States Bankruptcy Code of 1978, as amended.

6.02 Affirmative Covenants.

From and after the date of this Agreement, pending and prior to the Initial Closing Date with respect to STND or the FCC License Closing Date with respect to STLH, as applicable, except for actions contemplated hereby, each of the Sellers shall:

(a) Preserve Existence.

Preserve its respective corporate existence separate and apart from any and all other Persons (including its stockholders or other equity owners and any of its other Affiliates).

(b) Normal Operations; Certain Agreements.

Prior to the Initial Closing, comply with the terms and conditions of the STC Lease Agreement and from and after the Initial Closing Date to the FCC License Closing Date, comply with the terms and conditions of the LMA Agreement, the STLH Lease, the STLH Security Agreement, and the STLH Stock Pledge Agreement.

(c) Maintain FCC Licenses; DTV Build-Out Extensions.

Subject to the obligations of the Buyer set forth in Section 7.05, maintain the validity of the FCC Licenses, and comply in all material respects with all requirements of the FCC Licenses, the Communications Act, and the rules, policies and regulations of the FCC and all other applicable Laws. Without limiting the generality of the foregoing but subject to the obligations of the Buyer set forth in Section 7.05, make all filings with the FCC as required to preserve the Stations' DTV construction permits, and to that end, file and diligently prosecute a request for a second extension of the DTV construction deadline for each of the Stations (and, if the FCC License Closing Date has not occurred by February 28, 2003, a third extension request for each of the Stations to the extent necessary, and any further other necessary extensions in a timely manner), provided that Buyer shall have the right to review, comment on and approve all such DTV extension requests prior to any such filings being made with the FCC, which approval shall not be unreasonably withheld, conditioned or delayed, and the parties hereto will cooperate with each other with respect to all such extensions.

(d) Taxes.

Pay, discharge or create adequate reserves on its books (in accordance with GAAP) for all material Taxes when due and payable in the ordinary course of business consistent with past practice. Take all action as is necessary to preserve the tax status and treatment of the Company as described in Section 3.16.

(e) Access.

(i) To the extent permitted by the terms of the STC Purchase Agreement, give, or cause STC to give to Buyer, the Company and their agents and representatives reasonable access during normal business hours to all of the employees, properties, books and records of each of the Sellers and the Stations and furnish or cause STC to furnish Buyer, the Company and their agents and representatives with such information concerning each of the Sellers and the Stations as Buyer and the Company may reasonably require, including such access and cooperation as may be necessary to allow Buyer, the Company and their agents and representatives to interview the employees, to examine the books and records of each of the Sellers and the Stations, and to inspect the Real Property and other Assets (which right of access shall not be exercised in any way which would unreasonably interfere with the normal operations, business or activities of the Stations); and

(ii) To the extent permitted in the STC Purchase Agreement, from time to time, furnish, or cause STC to furnish, to Buyer and the Company such additional information (financial or otherwise) concerning either of the Sellers and the Stations as Buyer and the Company may reasonably request (which right to request information shall not be exercised in any way which would unreasonably interfere with the normal operations, business or activities of the Stations).

(f) Insurance.

Maintain or cause STC to maintain in full force and effect all of the existing casualty, liability and other insurance, or replacement policies on substantially the same

terms, with respect to the Stations in amounts not less than those in effect on the date of the STC Purchase Agreement.

(g) Independent Director.

With respect to STLH, from the Initial Closing Date through the FCC License Closing Date, maintain at all times at least one of its directors as a director who is designated by Buyer.

(h) Notice of Breaches; Information.

Promptly notify Buyer in writing of any material inaccuracy, breach or default in performance in or of any representation, warranty, agreement or covenant made by either of the Sellers in this Agreement, the STC Purchase Agreement or any other Seller Documents. To the extent that either of the Sellers receives notifications or information from STC or any third Person under or in respect of the STC Purchase Agreement or otherwise has actual knowledge of any material breach of any representation, warranty, covenant or agreement in the STC Purchase Agreement or other agreements or documents entered into in connection therewith (including the STC Lease Agreement), such Seller shall promptly deliver to Buyer all such notices, information and other documentation.

(i) STC Purchase Agreement.

Comply with and perform all of its obligations under the STC Purchase Agreement; use their reasonable efforts to consummate the transactions contemplated under the STC Purchase Agreement in a timely fashion and in accordance with the terms thereof; immediately notify Buyer in writing of the date, time and place of the STC Purchase Agreement Closing thereunder; and cooperate and coordinate with Buyer and its agents, representatives and lenders with respect to consummating the STC Purchase Agreement Closing under the STC Purchase Agreement and the Initial Closing hereunder.

6.03 Confidentiality.

Each of Sellers shall, at all times, maintain the confidentiality with respect to all documents and information furnished to either of the Sellers by or on behalf of Buyer or the Company related to the business and operations of the Buyer or the Company. Nothing shall be deemed to be confidential information that: (a) is known to either of the Sellers at the time of its disclosure to such Seller; (b) becomes publicly known or available other than through disclosure by either of the Sellers or any Affiliate thereof; (c) is received by either of the Sellers from a third Person not actually known by the Seller to be bound by a confidentiality agreement with or obligation to Buyer; or (d) is independently developed by either of the Sellers. Notwithstanding the foregoing provisions of this Section 6.03, Sellers may disclose such confidential information (i) to the extent required or reasonably deemed advisable to comply with applicable Laws; and (ii) to its officers, directors, employees, representatives, financing sources, financial advisors, attorneys, accountants, and agents with respect to the transactions contemplated hereby; provided, however, Sellers shall be liable for any disclosure by any such Person that such Person would not have been permitted to make if such Person were a Seller hereunder. In the event this Agreement is terminated, each of the Sellers will return to Buyer and the Company all documents and other material prepared

or furnished by Buyer or the Company relating to the transactions contemplated hereunder, other than documents and materials related to the Stations, whether obtained before or after the execution of this Agreement and will maintain such documents, other materials and all information contained therein confidential. In the event that either of the Sellers is required by Law (including by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar legal process) to disclose any confidential information, such Seller will promptly notify Buyer of such requirement so that Buyer or the Company may, as it may elect, either seek an appropriate protective order or waive such Seller's compliance with the provisions of this Section 6.03. In the event that such protection or other remedy is not obtained or that Buyer waives compliance, each of the Sellers agrees to furnish only that portion of the confidential information that such Seller is advised by counsel is legally required and to exercise its reasonable efforts to obtain assurance that confidential treatment will be accorded such confidential information. Anything in this Section 6.03 to the contrary notwithstanding, the Company's obligations under this Section 6.03 shall terminate effective upon the consummation of the Initial Closing.

6.04 No Shopping.

From and after the date hereof until the earlier to occur of the FCC License Closing Date or the termination of this Agreement, none of the Sellers shall, and none shall cause its representatives, agents, directors or officers to, initiate contact with, solicit, encourage or respond to any inquiries or proposals by, or discuss, negotiate, pursue or enter into, or disclose, directly or indirectly, (A) a possible sale or other disposition of either of the Sellers, the Assets (or any portion thereof, including the FCC Assets) or any of the Stations, any securities or substantial portion of the assets of either of the Sellers or any of the Stations or any interest therein with any other Person in connection therewith, or (B) any local marketing agreement, joint sales agreement, time brokerage agreement, shared services or facilities agreement or any agreement of like kind or nature in respect of any of the Stations, or afford any access to either of the Sellers' or the Stations' properties, books and records to any Person other than Buyer or the Company.

ARTICLE 7. COVENANTS AND AGREEMENTS OF BUYER AND THE COMPANY

Buyer and the Company, as applicable, covenant and agree with Sellers as follows:

7.01 Confidentiality.

Buyer shall at all times prior to the Initial Closing maintain the confidentiality with respect to all documents and information furnished to Buyer by or on behalf of Sellers related to the Stations. The Company shall at all times after the Initial Closing and prior to the FCC License Closing maintain the confidentiality with respect to all documents and information furnished to Buyer or the Company by or on behalf of the Sellers related to the FCC Assets. Nothing shall be deemed to be confidential information that: (a) is known by Buyer or the Company at the time the disclosure is made; (b) becomes publicly known or available other than through disclosure by Buyer, the Company or any Affiliate of Buyer; (c) is received by Buyer or the Company from a third Person not actually known by Buyer or the Company to be bound by a confidentiality agreement with or obligation to Sellers; or (d) is independently developed by Buyer or the Company. Notwithstanding the foregoing provisions of this Section 7.01, Buyer and the Company may disclose

such confidential information (i) to the extent required to comply with applicable Laws; and (ii) to its officers, directors, managers, partners, members, employees, representatives, financing sources, financial advisors, attorneys, accountants, agents, underwriters, lenders, investors and any other potential sources of financing with respect to the transactions contemplated hereby; provided, however, Buyer and the Company shall be liable for any disclosure by any such Person that such Person would not have been permitted to make if such Person were Buyer or the Company, as applicable, hereunder. In the event this Agreement is terminated, Buyer and the Company will return to Sellers all documents and other material prepared or furnished by Sellers relating to the transactions contemplated by this Agreement, whether obtained before or after the execution of this Agreement and will maintain such documents, other materials and all information contained therein confidential. In the event that Buyer or the Company is required by Law (including by oral question, interrogatories, requests for information or documents, subpoena, civil investigative demand or similar legal process) to disclose any confidential information, Buyer or the Company, as applicable, will promptly notify Sellers of such requirement so that Sellers may, as they may elect, either seek an appropriate protective order or waive Buyer's or the Company's compliance with the provisions of this Section 7.01. In the event that such protection or other remedy is not obtained or that Sellers waive compliance, Buyer and the Company agree to furnish only that portion of the confidential information which Buyer or the Company is advised by counsel is legally required and to exercise Buyer's or the Company's reasonable efforts to obtain assurance that confidential treatment will be accorded such confidential information.

7.02 Post-Closing Access to Records.

For a period of five (5) years after the Initial Closing Date, the Buyer and the Company shall, upon reasonable prior notice and during normal business hours, provide to Sellers reasonable access to the financial and accounting books and records of the Stations relating to periods prior to the Initial Closing Date and which are in Buyer's or the Company's possession as of the Initial Closing Date, solely for purposes of assisting Sellers in connection with any tax audit or other governmental investigation of Sellers relating to the business of the Stations prior to the Initial Closing Date or for purposes of defending or investigating any Losses for which indemnification is sought by Buyer or the Company pursuant to Section 12.02 hereof; provided, however, that such access shall not cause any unreasonable disruption in the conduct of Buyer's or the Company's business or to personnel or operations of Buyer, the Company and the Stations. Buyer and the Company shall not dispose of such books and records during the five (5) year period after the Initial Closing Date.

7.03 Notice of Breaches of Representations and Warranties.

Buyer and the Company shall promptly notify Sellers in writing of any material inaccuracy, breach or default in performance in or of any representation, warranty, agreement or covenant made by Sellers in this Agreement of which Buyer or the Company has actual knowledge.

7.04 FCC Matters.

Pending and prior to the FCC License Closing, neither Buyer nor the Company will knowingly take any action that would be reasonably likely to materially and adversely affect the

legal, technical, financial or other qualifications of the Company as the assignee of the FCC Licenses under the Communications Act, and the rules, regulations and published policies of the FCC.

7.05 DTV Construction.

The Company or Buyer shall be responsible, subject to STLH's ultimate control and supervision, for taking all actions reasonably necessary to make any expenditures or otherwise construct the DTV Facilities in accordance with the published decisions, rules, regulations and policies of the FCC, provided that the foregoing terms of this Section 7.05 shall not change, alter or diminish STLH's obligations under the second sentence of Section 6.02(c).

ARTICLE 8. MUTUAL COVENANTS

8.01 Public Announcements.

Between the date hereof and the FCC License Closing Date, the parties hereto shall consult and cooperate with each other before issuing any press release or otherwise making any public statements with respect to this Agreement, the STC Purchase Agreement or the transactions contemplated hereby and thereby and shall not issue any press release or otherwise make any public statements concerning this Agreement, the STC Purchase Agreement or the transactions contemplated hereby or thereby without the prior written consent of the other parties hereto (which consent shall not be unreasonably withheld or delayed), except to the extent that any such disclosure is required by any of the parties hereto under applicable Law or in connection with the FCC Applications and in obtaining the FCC Consents.

8.02 Employee Matters.

Consistent with the applicable terms and conditions set forth in Section 8.4 of the STC Purchase Agreement, prior to the FCC License Closing Date, the Company shall offer employment as of the FCC License Closing Date to the two employees of STLH described in the LMA Agreement (the "STLH Employees") on substantially the same terms and conditions as STND is obligated to offer under the terms of the STC Purchase Agreement. Buyer and the Company covenant and agree to comply with the terms applicable to STND with respect to employee matters set forth in Section 8.4 of the STC Purchase Agreement.

8.03 Consents: Cooperation.

(a) The parties hereto shall use their respective reasonable efforts to take all measures reasonably necessary or advisable to secure such material consents, authorizations and approvals of Governmental Authorities and third Persons with respect to the transactions contemplated by this Agreement and the STC Purchase Agreement, and the performance of all other obligations of such parties hereunder and thereunder, as may be required by any applicable Laws or by any agreement to which any of the parties hereto or the Stations is a party or bound; provided that none of the parties hereto shall be required to make any financial accommodations to any third party in order to obtain such consents, authorizations and approvals (other than payment of any amount otherwise due such third party). Sellers shall cause STC to perform its obligations under Section 8.5 of the STC Purchase Agreement.

(b) The parties hereto shall (i) cooperate in the filing of all forms, notifications, reports and information, if any, required pursuant to applicable statutes, rules, regulations or orders of any Governmental Authority in connection with the transactions contemplated by this Agreement and the STC Purchase Agreement and (ii) use their respective reasonable efforts to cause any applicable waiting periods thereunder to expire and any objections to the transactions contemplated hereby to be withdrawn before the Initial Closing or the FCC License Closing, as applicable. Sellers shall, and, to the extent set forth in the STC Purchase Agreement, shall cause STC to, cooperate with Buyer and the Company, so that Buyer and the Company may obtain title insurance, surveys, environmental studies and reports in respect of the Real Property and, with respect to the Leases, estoppel and non-disturbance agreements or certificates from the landlords thereunder and such other documents and certificates as Buyer's and the Company's institutional lenders' may reasonably require.

8.04 Certain Agreements.

On or prior to the Initial Closing, Sellers, and Buyer and the Company, as applicable, shall execute and deliver, or cause to be executed and delivered, the STLH Security Agreement, the STLH Stock Pledge Agreement, the Guaranty Agreement, the LMA Agreement and the STLH Lease. On or prior to the FCC License Closing and if the FCC Consents shall not have become Final Orders, Sellers, Buyer and the Company, as applicable, shall execute and deliver an Unwind Agreement.

8.05 Reasonable Efforts.

Without limiting the specific obligations of any party hereto under any agreement or covenant hereunder, each party hereto shall use its reasonable efforts to take all action and do all things necessary in order to consummate the transactions contemplated by this Agreement and in the STC Purchase Agreement, including satisfaction, but not waiver, of the closing conditions set forth in Article 9 and Article 10 and the closing conditions set forth in Article 9 and Article 10 of the STC Purchase Agreement.

ARTICLE 9.

CONDITIONS PRECEDENT TO BUYER'S AND COMPANY'S OBLIGATION TO CLOSE

The obligations of Buyer and the Company to proceed with the Initial Closing and the FCC License Closing, respectively, and to purchase the LLC Interests and the FCC Assets, are subject to the satisfaction (or waiver in writing by Buyer) at or prior to the Initial Closing and the FCC License Closing, as applicable, of each of the following conditions:

9.01 Representations and Warranties.

(a) As of the Initial Closing Date:

(i) The representations and warranties of Sellers made in this Agreement shall be true and correct when made and on and as of the Initial Closing Date (except for representations and warranties that speak as of a specific date or time, which need only be true and correct as of such date and time), with only such exceptions as would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect, provided that for purposes of determining whether the condition contained in this Section

9.01(a)(i) has been satisfied, all materiality qualifiers contained in such representations and warranties, including any and all Material Adverse Effect qualifiers or exceptions, “material” qualifiers, or like or similar terms shall be disregarded; and

(ii) The respective representations and warranties of any of Sellers made in the STC Purchase Agreement shall be true and correct in all material respects when made and on and as of the date of the STC Purchase Agreement Closing (except for representations and warranties that speak as of a specific date or time, which need only be true and correct in all material respects as of such date and time).

(b) As of the FCC License Closing Date, all representations and warranties of any of the Sellers made in this Agreement with respect to STLH or the FCC Assets, as applicable, other than those contained in Sections 3.02(c), 3.02(d), 3.06, 3.07, 3.11, 3.12, 3.15, 3.17, 3.18, 3.19, 3.21, and 3.23, shall be true and correct when made and on and as of the FCC License Closing Date (except for such representations and warranties that speak as of a specific date or time, which need only be true and correct as of such date and time), with only such exceptions as would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect, provided that for purposes of determining whether the condition contained in this Section 9.01(b) has been satisfied, all materiality qualifiers contained in such representations and warranties, including any and all Material Adverse Effect qualifiers or exceptions, “material” qualifiers, or like or similar terms shall be disregarded.

9.02 Performance.

(a) As of the Initial Closing Date:

(i) The agreements and covenants of Sellers made in this Agreement required to be performed or complied with on or before the Initial Closing Date shall have been performed and complied with in all respects, with only such exceptions as would not, individually or, in the aggregate, be reasonably expected to have a Material Adverse Effect, provided that for purposes of determining whether the condition contained in this Section 9.02(a)(i) has been satisfied, all materiality qualifiers contained in such agreements and covenants, including any and all Material Adverse Effect qualifiers or exceptions, “material” qualifiers, or like or similar terms shall be disregarded; and

(ii) The respective agreements and covenants of Sellers made in the STC Purchase Agreement required to be performed or complied with on or before the date of the STC Purchase Agreement Closing have been performed and complied with in all material respects.

(b) As of the FCC License Closing Date, the agreements and covenants with respect to STLH or the FCC Assets, as applicable, made in this Agreement required to be performed or complied with on or before the FCC License Closing Date shall have been performed and complied with in all respects, with only such exceptions as would not, individually or, in the aggregate, be reasonably expected to have a Material Adverse Effect, provided that for purposes of determining whether the condition contained in this Section

9.02(b) has been satisfied, all materiality qualifiers contained in such covenants and agreements, including any and all Material Adverse Effect qualifiers or exceptions, “material” qualifiers, or like or similar terms shall be disregarded.

9.03 Required Consents.

Sellers shall have obtained and delivered (or shall have caused STC to have obtained and delivered) to Buyer and the Company prior to the Initial Closing Date and the FCC License Closing Date, as applicable:

- (i) On or prior to the Initial Closing Date, all consents listed on Schedule 9.2 to the STC Purchase Agreement, and such consents do not impose terms any less favorable than those currently in effect;
- (ii) On or prior to the Initial Closing Date, an executed Affiliation Agreement; and
- (iii) On or prior to the FCC License Closing Date, the FCC Consents shall have become Final Orders without any condition that would excuse Buyer’s or the Company’s performance under Article 5.

9.04 Legal Proceedings.

No injunction, restraining order or decree of any nature of any court or Governmental Authority of competent jurisdiction shall be in effect that restrains or prohibits the transactions contemplated by this Agreement or the STC Purchase Agreement; and no action or proceeding by or before any Governmental Authority (other than an action or proceeding instituted or threatened by Buyer or the Company) shall have been instituted or threatened (and not subsequently dismissed, settled or otherwise terminated) that would be reasonably likely to restrain, prohibit or invalidate the transactions contemplated by this Agreement, the STC Agreement or any document delivered or to be delivered pursuant hereto or thereto.

9.05 STLH Collateral Documents.

On or prior to the Initial Closing Date, Sellers shall have delivered or caused to be delivered to Buyer and the Company, the STLH Security Agreement, the STLH Stock Pledge Agreement, the Guaranty Agreement and all instruments or documents required thereunder (including original stock certificates, stock powers executed in blank and UCC financing statements), each properly executed by all parties thereto (except for Buyer).

9.06 LMA Agreement and STLH Lease.

On or prior to the Initial Closing Date, STLH shall have executed and delivered to Buyer the LMA Agreement and the STLH Lease.

9.07 Bankruptcy Remote Status of STLH.

On or prior to the Initial Closing Date, STLH (a) shall have adopted prior to the Initial Closing Date amendments to its certificate of incorporation in the form attached hereto as

Exhibit A and (b) shall have appointed Buyer's designee to STLH's board of directors effective upon consummation of the Initial Closing.

9.08 Delivery of Documents.

Each of Sellers shall have delivered or caused to be delivered to Buyer and the Company all documents required to be delivered by or on behalf of such Seller to Buyer or the Company pursuant to Section 11.03 and Section 11.04, as applicable. Each of Sellers shall have delivered or caused to be delivered to STC all documents required to be delivered by or on behalf of such Seller to STC under the STC Purchase Agreement in connection with the STC Purchase Agreement Closing thereunder.

9.09 STC Purchase Agreement Closing.

With respect to the Initial Closing Date, all conditions precedent set forth in Article 9 of the STC Purchase Agreement shall have been satisfied, and the Company shall have acquired the Operating Assets at the STC Purchase Agreement Closing under the STC Purchase Agreement.

9.10 Financing.

With respect to the Initial Closing Date, Buyer and the Company, as applicable, shall have obtained on terms and conditions satisfactory to them all of the financing they need in order to consummate the transactions contemplated hereby and by the STC Purchase Agreement to be performed by Buyer and the Company, as applicable, at the Initial Closing and the STC Purchase Agreement Closing, including payments under Article 2 hereof to be made at the Initial Closing and the payment of the STC Purchase Price at the STC Purchase Agreement Closing.

ARTICLE 10. CONDITIONS PRECEDENT TO SELLERS' OBLIGATION TO CLOSE

The obligations of Sellers to proceed with the Initial Closing and the FCC License Closing, respectively, and to sell, transfer and convey the LLC Interests and the FCC Assets, are subject to the satisfaction (or waiver in writing by Sellers) at or prior to the Initial Closing and FCC License Closing, as applicable, of each of the following conditions:

10.01 Representations and Warranties.

The representations and warranties of Buyer made in this Agreement shall be true and correct in all material respects when made and on and as of the Initial Closing Date and the FCC License Closing Date, as applicable (except for representations and warranties that speak as of a specific date or time, which need only be true and correct in all material respects as of such date and time).

10.02 Performance.

The agreements and covenants of Buyer and the Company required to be performed

on or before the Initial Closing Date and FCC License Closing Date, as applicable, shall have been performed in all material respects.

10.03 Deliveries by Buyer.

Buyer and the Company, as applicable, shall have paid to STND the LLC Interest Purchase Price with respect to the Initial Closing and the portion of the FCC Assets Purchase Price payable at the FCC License Closing pursuant to Section 2.04(b) with respect to the FCC License Closing and all contracts, agreements, instruments and documents required to be delivered by Buyer and the Company to Sellers pursuant to Section 11.04 and Section 11.05, as applicable.

10.04 Legal Proceedings.

No injunction, restraining order or decree of any nature of any court or Governmental Authority of competent jurisdiction shall be in effect that restrains or prohibits the transactions contemplated by this Agreement; and no action or proceeding by or before any Governmental Authority (other than an action or proceeding instituted or threatened by either of the Sellers) shall have been instituted or threatened (and not subsequently dismissed, settled or otherwise terminated) which would be reasonably likely to restrain, prohibit or invalidate the transactions contemplated by this Agreement, the STC Purchase Agreement or any other document delivered or to be delivered herein or therein.

10.05 FCC Consents.

Solely with respect to the FCC License Closing, on or prior to the FCC License Closing Date, the FCC shall have issued the FCC Consents.

ARTICLE 11. CLOSING

11.01 Initial Closing and FCC License Closing.

(a) Provided that the applicable conditions set forth in Article 9 and Article 10 shall have been satisfied or waived on or before August 23, 2002 (the date on which such closing shall occur pursuant to this Section 11.01(a) is referred to herein as the “Initial Closing Date”), the Company shall purchase the Operating Assets pursuant to the terms and provisions of STC Purchase Agreement, and promptly thereafter on the same day, STND shall sell, and Buyer shall purchase, the LLC Interests (the “Initial Closing”). Sellers covenant and agree to provide STC with the requisite notice of the STC Purchase Agreement Closing Date as set forth in Section 11.2 of the STC Purchase Agreement so that the Initial Closing may occur on the Initial Closing Date.

(b) Provided that the applicable conditions set forth in Article 9 and Article 10 shall have been satisfied or waived, on a date (the “FCC Asset Closing Date”) designated by Buyer within five (5) business days after the FCC Consents become Final Orders, STLH shall sell, assign, transfer, convey and deliver to the Company free and clear of any Encumbrances, and the Company shall purchase, acquire, pay for and accept from STLH, all right, title and interest of STLH in, to and under the FCC Assets and shall assume the FCC License Closing Assumed Liabilities (the “FCC

License Closing"); provided, however, that the FCC License Closing Date shall occur before the FCC Consents become Final Orders upon fulfillment of all of the following conditions: (i) receipt of the FCC Consents without any condition that would excuse Buyer's or the Company's performance under Article 5; (ii) Buyer's and the Company's senior lenders' provision of a binding commitment for senior financing to permit the FCC License Closing to be held before the FCC Consents become Final Orders; and (iii) the parties' execution of a mutually-satisfactory unwind agreement (the "Unwind Agreement").

11.02 Time and Place of Initial Closing and FCC License Closing.

The Initial Closing shall be held at 10:00 A.M. local time on the Initial Closing Date, respectively, at the offices of the legal counsel of Sellers in New York, New York, or at such other time and place as the parties may agree in writing. The FCC License Closing shall be held at 10:00 A.M. local time on the FCC License Closing Date, respectively, at the offices of the legal counsel of Buyer's and the Company's senior lender or at such other time and place as the parties may agree in writing.

11.03 Delivery by Sellers at the Initial Closing.

At the Initial Closing, the applicable Sellers shall deliver or shall caused to be delivered to Buyer and the Company, as applicable, the following:

(a) Agreements and Instruments.

- (i) The Assignment of LLC Interests duly executed by STND;
- (ii) The STLH Security Agreement and related UCC financing statements duly executed by STLH;
- (iii) The STLH Stock Pledge Agreement and stock powers executed in blank duly executed by all of the stockholders of STLH together with the original stock certificates of STLH;
- (iv) The Guaranty Agreement duly executed by Robert N. Smith;
- (v) The LMA Agreement duly executed by STLH;
- (vi) The STLH Lease Agreement duly executed by STLH;
- (vii) The Release duly executed by STND; and
- (viii) All other documents required to be delivered by either of the Sellers pursuant to this Agreement, the STC Purchase Agreement or otherwise required, or reasonably requested by, Buyer in order to more effectively consummate the transactions contemplated herein and therein, and to exercise all rights with respect thereto.

(b) Consents.

Copies of all consents required to be obtained by either of the Sellers pursuant to Section 9.03 and any other consents which either of the Sellers has been able to obtain or has in its possession to effect the assignment to the Company of the Station Contracts and the transfer of control of the Stations to Buyer.

(c) Certified Resolutions.

Copies of the approvals of the boards of directors, stockholders, members, and managers, as applicable, of the Sellers, certified as being correct and complete and then in full force and effect, authorizing the execution, delivery and performance of this Agreement, the Seller Documents, the STC Purchase Agreement, Assignment of STC Purchase Agreement, the documents required by either of the Sellers under the STC Purchase Agreement, and the consummation of the transactions contemplated hereby and thereby.

(d) Officers' Certificates.

- (i) Certificates of the Sellers certifying satisfaction of the conditions set forth in Sections 9.01 and 9.02; and
- (ii) Certificates of the Sellers (i) as to the incumbency of the representatives of the Sellers executing this Agreement, the Seller Documents, the STC Purchase Agreement, the Assignment of STC Purchase Agreement, and the documents required by either of the Sellers under the STC Purchase Agreement on behalf of the respective Sellers, and (ii) attaching true and complete copies of the resolutions approving the transactions contemplated herein and in the STC Purchase Agreement.

(e) Organizational Documents.

Copies of the organizational or governing documents of the Sellers certified by executive officers of the Sellers and, with respect to the articles or certificates of incorporation, formation or organization (or similar documents) certified by the Secretary of State of the State of Delaware as being correct and complete and in full force and effect.

(f) Domain Name Transfer.

Domain name transfer agreements in form and substance reasonably satisfactory to Buyer to perfect the transfer to the Company of all the domain names of the Stations.

(g) Good Standing.

Certificates of the Secretary of State of Delaware certifying the good standing of Sellers in the State of Delaware and of the Secretary of State of North Dakota certifying the good standing and qualification to do business of STND in the State of North Dakota.

(h) Legal Opinions.

Sellers' Initial Closing Corporate Legal Opinion and Sellers' Initial Closing FCC Legal Opinion.

(i) STC Purchase Agreements.

All documents required to be executed and delivered by the Company (as assignee of STND under the STC Purchase Agreement) under the STC Purchase Agreement in order to consummate the STC Purchase Agreement Closing thereunder.

11.04 Delivery by STLH at the FCC License Closing.

At the FCC License Closing, STLH shall execute and deliver to Buyer and the Company the following:

(a) Agreement and Instruments.

- (i) the Assignment of FCC Assets.

(b) Consents.

Copies of all consents which either of the Sellers has been able to obtain or has in its possession to effect the assignment to the Company of the FCC Assets and the transfer of control of the Stations to Buyer.

(c) Legal Opinion.

Sellers' FCC License Closing Corporate Legal Opinion and Sellers' FCC Closing Closing FCC Legal Opinion.

11.05 Delivery by Buyer and the Company at the Initial Closing.

At the Initial Closing, Buyer and the Company, as applicable, shall deliver to applicable Sellers the following:

(a) LLC Interest Purchase Price.

The LLC Interest Purchase Price.

(b) Agreements and Instruments.

The following agreements, documents and instruments duly executed by Buyer and the Company, as applicable:

- (i) The Assignment of LLC Interests;
- (ii) The LMA Agreement;

- (iii) The STLH Lease Agreement;
- (iv) The STLH Security Agreement;
- (v) The STLH Stock Pledge Agreement; and
- (vi) All other documents required to be delivered by Buyer pursuant to this Agreement or otherwise required, or reasonably requested by Sellers in order to consummate the transactions contemplated herein and as otherwise contemplated by this Agreement.

(c) Certified Resolutions.

Copies of the resolutions of the board of representatives of Buyer and the Company, certified as being correct and complete and then in full force and effect, authorizing the execution, delivery and performance of this Agreement and of the other Buyer Documents, and the consummation of the transactions contemplated hereby and thereby.

(d) Officers' Certificate.

- (i) Certificates of Buyer and the Company signed by an officer of Buyer and the Company certifying the matters set forth in Section 10.01 and Section 10.2; and
- (ii) Certificates signed by the Secretary of Buyer and the Secretary of the Company as to the incumbency of the officers of Buyer and the Company executing this Agreement or any of the other Buyer Documents on behalf of Buyer or the Company.

(e) Legal Opinion.

Buyer's and the Company's Initial Closing Legal Opinion.

11.06 Delivery by Buyer and the Company at the FCC License Closing.

At the FCC License Closing, Buyer and the Company, as applicable, shall deliver to STLH the following:

- (a) The portion of the FCC Assets Purchase Price payable at the FCC License Closing pursuant to Section 2.04(b);
- (b) The Assignment of FCC Assets; and
- (c) Buyer's and the Company's FCC License Closing Legal Opinion.

ARTICLE 12.

SURVIVAL; INDEMNIFICATION

12.01 Survival of Representations, Warranties and Covenants.

Unless otherwise set forth herein, all representations and warranties of Sellers and Buyer contained in or made pursuant to this Agreement or in any Seller Document or Buyer Document furnished pursuant hereto shall survive the Initial Closing and shall remain in full force and effect for a period of one (1) year after the Initial Closing Date; provided, however, that notwithstanding the foregoing, (i) the representations and warranties of Sellers under Section 3.16 and Section 3.18 shall survive and remain in full force and effect until thirty (30) days after the expiration of any applicable statute of limitations with respect to claims relating to the matters set forth in Section 3.16 and Section 3.18, (ii) the representations and warranties contained in Section 3.02 in respect of the Company and the LLC Interests shall survive the Initial Closing without limitation as to time, and (iii) the representations and warranties of Sellers under Section 3.09, Section 3.10, Section 3.13 and Section 3.20 shall survive the FCC License Closing and shall remain in full force and effect for a period of one (1) year after the Initial Closing Date. Unless a specified period for performance is set forth in this Agreement (in which case such specified period will control), the covenants and agreements in this Agreement will survive the Initial Closing and the FCC License Closing and remain in effect indefinitely. In all cases, any representation, warranty, covenant or agreement that is the subject of a claim which is asserted by the party seeking indemnification hereunder in a reasonably detailed writing delivered to the other party or parties, as the case may be, prior to the expiration of the applicable survival period shall survive with respect to such claim or dispute until the final resolution thereof. No claim for indemnification may be made pursuant to this Article 12 after the expiration of the applicable survival period set forth in this Section 12.01.

12.02 Indemnification by Sellers.

Subject to the conditions and provisions of Section 12.04 and Section 12.05, from and after the Initial Closing Date, Sellers agree to jointly and severally indemnify, defend and hold harmless Buyer and the Company and Buyer's and the Company's officers, managers, directors, employees, agents and members (excluding STND and its officers, directors, employees, agents and members, including Robert N. Smith, in STND's capacity as a member of the Company prior to the consummation of the Initial Closing) ("Buyer Indemnified Parties") from and against and in any respect of any and all Losses, asserted against, resulting to, imposed upon or incurred by any Buyer Indemnified Parties, directly or indirectly, by reason of or resulting from: (a) any failure by Sellers to pay, perform or discharge any Liability of or relating to either of the Sellers, the Stations, the Operating Assets, or the FCC Assets that is not an Initial Closing Assumed Liability or an FCC License Closing Assumed Liability; (b) the business or operations of the Stations during the period commencing January 7, 2002 and ending on the Initial Closing Date (including any matters or Liabilities with respect to the employees of the Stations and any termination of any such employee on or prior to the Initial Closing Date), except for items specifically included in the Initial Closing Assumed Liabilities and FCC License Closing Assumed Liabilities; (c) any misrepresentation or breach of the representations, warranties and certifications of either of the Sellers contained in or made pursuant to this Agreement, any Seller Document, the STC Agreement or any document delivered or required to be delivered in connection therewith; (d) any breach by either of the Sellers

of its covenants or agreements contained in or made pursuant to this Agreement, any Seller Document, the STC Purchase Agreement or any document delivered or required to be delivered by it pursuant hereto or thereto; (e) any misrepresentation or breach of the representations and warranties or covenants of STC under the STC Purchase Agreement in respect of which Buyer or the Company is not entitled to seek or claim indemnification in whole or in part from STC on account of the exclusions set forth in the proviso contained in Section 12.2 of the STC Purchase Agreement or the limitations set forth in Section 12.4.1 of the STC Purchase Agreement; or (f) any Liability in respect of the line item “intercompany accounts” set forth in the Interim Financial Statements or any succeeding financial statements or otherwise in respect of “intercompany accounts” of STC.

12.03 Indemnification by Buyer and the Company.

Subject to the conditions and provisions of Section 12.04 and Section 12.05, from and after the Initial Closing Date, Buyer and the Company hereby agree to indemnify, defend and hold harmless Sellers, and their respective officers, directors, employees, agents and stockholders (“Seller Indemnified Parties”) from, against and with respect of any and all Losses, asserted against, resulting to, imposed upon or incurred by any Seller Indemnified Parties, directly or indirectly, by reason of or resulting from: (a) any failure by the Company or Buyer to pay, perform or discharge any Initial Closing Assumed Liabilities or, on and after the FCC License Closing, the FCC License Closing Assumed Liabilities; (b) the business or operations of the Stations during the period after the Initial Closing Date (including any matters or Liabilities with respect to the employees of the Company or Buyer and any termination of any such employee after the Initial Closing Date), except for any fact or circumstance that occurs as a result of either any act or omission to act of STLH pursuant to the LMA Agreement, the STLH Lease Agreement or any other agreement or arrangement or by virtue of STLH’s activities with respect to the Stations; (c) any “Assumed Liabilities” under the STC Purchase Agreement, except for any matter for which Buyer and the Company are indemnified by Sellers pursuant to Section 12.02 and except for any fact or circumstance that occurs as a result of either any act or omission to act of STLH pursuant to the LMA Agreement, the STLH Lease Agreement or any other agreement or arrangement or by virtue of STLH’s activities with respect to the Stations; (d) any misrepresentation or breach of the representations, warranties and certifications of Buyer or the Company contained in or made pursuant to this Agreement, any Buyer Document, the STC Purchase Agreement or any document delivered or required to be delivered by Buyer or the Company pursuant hereto or thereto; or (e) any breach by Buyer of any covenants of Buyer contained in or made pursuant to this Agreement, any Buyer Document, the STC Purchase Agreement or any document delivered or required to be delivered by Buyer or the Company pursuant hereto or thereto.

12.04 Limitations on Indemnification.

(a) Sellers shall not be liable to the Buyer Indemnified Parties in respect of any indemnification under Section 12.02(c), Section 12.02(d) and Section 12.02(e), except to the extent that the aggregate Losses of the Buyer Indemnified Parties under such Sections exceeds One Hundred Thousand Dollars (\$100,000) (the “Basket Amount”), in which event, subject to Section 12.04(b), Sellers shall be liable for all such Losses in excess of the Basket Amount. Buyer and the Company shall not be liable to the Seller Indemnified Parties in respect of any indemnification under Section 12.03(d) and Section 12.03(e) except to the extent that the aggregate Losses of the Seller Indemnified Parties under such Sections exceeds the Basket Amount, in which event, subject to

Section 12.04(b), Buyer and the Company shall be liable for all such Losses in excess of the Basket Amount.

(b) Buyer and the Company acknowledge and agree that the maximum aggregate liability of Sellers pursuant to Section 12.02(c), Section 12.02(d) and Section 12.02(e) to the Buyer Indemnified Parties and any third parties for any and all Losses in excess of the Basket Amount shall not exceed One Million Two Hundred Fifty Thousand Dollars (\$1,250,000); provided, however, that nothing in this Section 12.04(b) shall be construed to constitute a waiver or limitation of any claims by Buyer or the Company based on fraud. Sellers acknowledge and agree that the maximum aggregate liability of Buyer and the Company pursuant to Section 12.03(d) and Section 12.03(e) of this Agreement to the Seller Indemnified Parties and any third parties for any and all Losses in excess of the Basket Amount shall not exceed One Million Two Hundred Fifty Thousand Dollars (\$1,250,000); provided, however, that nothing in this Section 12.04(b) shall be construed to constitute a waiver or limitation of any claims by Sellers based on fraud; provided, further, that the limitations and qualifications set forth in this Section 12.04 shall not apply to Buyer's or the Company's obligations to pay any amounts due or owing to Sellers under Article 2, including the Company's obligation to pay the FCC Assets Purchase Price in accordance with Section 2.03, Section 2.04 and Section 2.05, and the Holdback Amount in accordance with Section 2.06.

(c) Anything to the contrary in this Section 12.04 notwithstanding, the limitations and qualifications set forth in Sections 12.04(a) and (b) shall not apply to any party's obligations to pay or account for the Net Working Capital Adjustment or any other obligation to pay any amounts due or owing under Article 2, to pay Crest Advisors LLC in accordance with Section 15.02, to pay Transaction Expenses and Transfer Taxes in accordance with Section 15.03 or to indemnify the other party for matters not so specifically limited or qualified.

12.05 Conditions of Indemnification; Set-Off.

The obligations and Liabilities of Sellers and of Buyer and the Company hereunder with respect to their respective indemnities pursuant to this Article 12, resulting from any Losses, shall be subject to the following terms and conditions:

(a) The party seeking indemnification (the "Indemnified Party") must give the other party or parties, as the case may be (the "Indemnifying Party"), notice of any such Losses promptly after the Indemnified Party receives notice thereof; provided that the failure to give such notice shall not affect the rights of the Indemnified Party hereunder except to the extent that the Indemnifying Party shall have suffered actual damage by reason of such failure.

(b) The Indemnifying Party shall have the right to undertake, by counsel or other representatives of its own choosing (reasonably acceptable to the Indemnified Party), the defense of such Losses at the Indemnifying Party's risk and expense; provided, however, that as a condition to the exercise of such right to undertake defense of such Losses, the Indemnifying Party shall, as between the Indemnifying Party and the Indemnified Party, assume the liability for such Losses, without regard to the limitations set forth in Section 12.04(b).

(c) In the event that the Indemnifying Party shall elect not to undertake such defense, or, within a reasonable time after notice from the Indemnified Party of any such Losses, shall fail to defend, the Indemnified Party (upon further written notice to the Indemnifying Party)

shall have the right to undertake the defense, compromise or settlement of such Losses, by counsel or other representatives of its own choosing, on behalf of and for the account and risk of the Indemnifying Party (subject to the right of the Indemnifying Party to assume defense of such Losses at any time prior to settlement, compromise or final determination thereof (with counsel reasonably acceptable to the Indemnified Party)). In such event, the Indemnifying Party shall pay to the Indemnified Party, in addition to the other sums required to be paid hereunder, the costs and expenses incurred by the Indemnified Party in connection with such defense, compromise or settlement as and when such costs and expenses are so incurred.

(d) Anything in this Section 12.05 to the contrary notwithstanding, (i) if any third Person alleges the right to or seeks any remedy other than money damages or other money payments, the Indemnified Party shall have the right, at the cost and expense of the Indemnifying Party, to participate in and direct the defense, compromise or settlement of the Losses, (ii) the Indemnifying Party shall not, without the Indemnified Party's written consent, settle or compromise any Losses or consent to entry of any judgment which 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 liability in respect of such Losses in form and substance reasonably satisfactory to the Indemnified Party, and (iii) in the event that the Indemnifying Party undertakes defense of any Losses, the Indemnified Party, by counsel or other representative of its own choosing and at its sole cost and expense, shall have the right to consult with the Indemnifying Party and its counsel or other representatives concerning such Losses and the Indemnifying Party and the Indemnified Party and their respective counsel or other representatives shall reasonably cooperate with respect to such Losses, (iv) in the event that the Indemnifying Party undertakes defense of any Losses, the Indemnifying Party shall have an obligation to keep the Indemnified Party reasonably informed of the status of the defense of such Losses and furnish the Indemnified Party with all documents, instruments and information that the Indemnified Party shall reasonably request in connection therewith, and (v) in the event that both the Indemnified Party and the Indemnifying Party are parties (directly or through interpleader) to any Losses giving rise to indemnification hereunder and the Indemnified Party is advised by counsel that there is or may be a conflict of interest in the representation of both the Indemnified Party and the Indemnifying Party by one firm of counsel, the Indemnified Party shall be entitled to assume, at the sole cost and expense of the Indemnifying Party, the defense, compromise and settlement (subject to clause (ii) above) of such Loss with counsel (in addition to local counsel) reasonably satisfactory to the Indemnifying Party.

(e) In the event that an Indemnified Party has a good faith basis for a claim for indemnification which does not involve a claim against it by a third Person (a "Direct Claim"), the Indemnified Party shall notify the Indemnifying Party in writing of such Direct Claim with reasonable promptness, specifying, to the extent known, the nature, circumstances and amount of such Direct Claim (a "Direct Claim Notice"), including with particularity the specific representation and warranty or covenant and agreement alleged to have been breached; provided, that the failure to give such notice shall not affect the rights of the Indemnified Party hereunder except to the extent that the Indemnifying Party shall have suffered actual damage by reason of such failure. If the Indemnifying Party notifies the Indemnified Party that it disputes an Indemnified Party's right of indemnification with respect to a particular Direct Claim, the parties shall use their reasonable efforts to negotiate a resolution of such dispute promptly. Except to the extent of the limitations on indemnification set forth in this Article 12, nothing in this Section shall be deemed to prevent any Indemnified Party from initiating litigation under this Agreement with respect to any Direct Claim

disputed by the Indemnifying Party for the purpose of establishing the Indemnified Party's right to indemnification hereunder.

(f) The Buyer Indemnified Parties shall have the option of recovering or recouping all or any part of their indemnified Losses hereunder by set-off of the amount or amounts of such indemnified Losses against the Holdback Amount or any remaining portion thereof not yet paid to STLH pursuant to Section 2.06. The Buyer Indemnified Parties' right of set-off shall be effected in accordance with the following procedures and provisions:

(I) Upon written notice by any Buyer Indemnified Party notifying STLH (the "Set-Off Notice") that it intends to set-off the amount or amounts of such indemnified Losses against the Holdback Amount or any remaining portion thereof not yet paid to STLH, which notice shall specify in reasonable detail the basis and the amount for such claim against Sellers, STLH shall have twenty (20) days from the receipt of the Set-Off Notice to provide written notice to the Buyer Indemnified Parties (the "Rebuttal Notice") of any dispute with respect to the proposed set-off, specifying in reasonable detail the basis for any objection. In the event that STLH does not object within such twenty-day period, the Buyer Indemnified Party may immediately exercise the right of set-off set forth above; and

(II) In the event that STLH provides the Rebuttal Notice to the Buyer Indemnified Parties within the timeframe set forth above, the Buyer Indemnified Parties shall not be entitled to exercise a right of set-off against the Holdback Amount until: (A) the Buyer Indemnified Parties and STLH have entered into a written agreement signed by the Buyer and STLH setting forth the exact amount of Losses to be set-off; or (B) the Buyer Indemnified Party obtains a court order or judgment which has become final (meaning that the order or judgment is no longer subject to appeal or to review by a court of competent jurisdiction) with respect to the amount of Losses that may be set-off by the Buyer Indemnified Parties against the Holdback Amount or any remaining portion thereof not yet paid to STLH. Anything to the contrary in this Agreement notwithstanding, Buyer and the Company shall have no obligation under Section 2.06 to pay or return to STLH any portion of the Holdback Amount with respect to which the Buyer Indemnified Parties' set-off rights have been disputed in good faith under this Section 12.05(f) until the dispute has been resolved in the manner set forth above in this Section 12.05(f)(II).

ARTICLE 13. TERMINATION

13.01 Termination.

This Agreement may be terminated at any time by:

(a) The mutual written consent of Sellers and Buyer;

(b) Either by Buyer or Sellers, by written notice of termination delivered to the other, if the Initial Closing has not occurred on or before August 23, 2002, provided that the terminating party shall not have caused the failure of the Initial Closing to occur;

(c) Either Buyer or Sellers in the event that any court or Governmental Authority of competent jurisdiction shall issue a final, non-appealable injunction prohibiting the transactions contemplated by this Agreement; provided, however, that the issuance of such final, non-appealable injunction shall not be attributable to the breach of this Agreement by the party seeking termination pursuant to this Section 13.01(c);

(d) Either Buyer or Sellers in accordance with the terms and conditions of Article 14; or

(e) By Buyer, by written notice of termination delivered to STLH, if the FCC License Closing has not occurred on or before August 30, 2003, provided that Buyer or the Company shall not have caused the failure of the FCC License Closing to occur.

13.02 Effect of Termination.

In the event this Agreement is terminated as provided in Sections 13.01, this Agreement shall be deemed null, void and of no further force or effect, and the parties hereto shall be released from all Liabilities and obligations hereunder; provided, however, that the obligations of Buyer, the Company and Sellers set forth in Sections 6.03 and 7.01 (which relate to confidentiality), Section 15.03 (which relates to payment of Transaction Expenses and Transfer Taxes), and, in the case of termination pursuant to Section 13.01(d), Article 14 (which relates to remedies) shall survive such termination, and the parties hereto shall have any and all remedies to enforce such obligations provided at law or in equity or otherwise (including specific performance).

ARTICLE 14. REMEDIES

14.01 Default by Buyer or the Company.

(a) If, prior to the consummation of the Initial Closing, there exists a material misrepresentation or breach of representation or warranty of Buyer set forth in this Agreement, or if, prior to the consummation of the Initial Closing, Buyer or the Company shall default in any material respect in the performance of Buyer's or the Company's obligations under this Agreement, or if, as a result of Buyer's or the Company's action or failure to act, the conditions precedent to Buyer's and the Company's or Sellers' obligation to close specified in Article 9 or Article 10 in respect of the Initial Closing are not satisfied, and for such reason or reasons the Initial Closing is not consummated, and provided that none of the Sellers shall then be in material default in the performance of its obligations hereunder or under the STC Purchase Agreement, then Sellers shall be entitled as the Sellers' sole and exclusive remedy under this Agreement, by written notice to Buyer, to terminate this Agreement and to be paid the sum of One Million Dollars (\$1,000,000) as liquidated damages; provided, however, that Buyer and the Company shall have a period of ten (10) business days after receipt of Sellers' written termination notice to cure any such misrepresentation,

breach or default, and if Buyer or the Company cures such misrepresentation, breach or default within such ten (10) business day period, Sellers shall have no right to terminate this Agreement based on such misrepresentation, breach or default; provided, further, however, that Buyer and the Company shall have no right to such ten (10) business day cure period with respect to any breach by Buyer or the Company of Buyer's or the Company's obligations to consummate the Initial Closing on the Initial Closing Date (including Buyer's obligation to pay the amount set forth in Section 2.03(a) on the Initial Closing Date, and execute and deliver the Buyer Documents).

(b) If, after the consummation of the Initial Closing, there exists a material misrepresentation or breach of representation or warranty of Buyer or the Company set forth in this Agreement, or if, after the consummation of the Initial Closing, Buyer or the Company shall default in any material respect in the performance of Buyer's or the Company's obligations under this Agreement, or if, as a result of Buyer's or the Company's action or failure to act, the conditions precedent to Buyer's and Company's or Sellers' obligation to close specified in Article 9 or Article 10 in respect of the FCC License Closing are not satisfied, and for such reason or reasons the FCC License Closing is not consummated, and provided that none of the Sellers shall then be in material default in the performance of its obligations hereunder or under the STC Purchase Agreement, then Sellers shall be entitled as Sellers' sole and exclusive remedies under this Agreement, by written notice to Buyer, to terminate this Agreement and to be paid by Buyer and the Company as full and liquidated damages the difference of Two Million Dollars (\$2,000,000) plus the amount of Net Working Capital not previously paid to STLH; provided, however, that if STLH receives such payment of liquidated damages from Buyer or the Company within sixteen (16) days of Sellers' written notice of intent to terminate, (i) Sellers may not terminate this Agreement for a period of three (3) years thereafter and (ii) at the FCC License Closing, the Company (or its permitted assigns) shall be entitled to a credit against the FCC Assets Purchase Price by the amount of such payment of liquidated damages minus reasonable costs and expenses incurred by Sellers in enforcing their rights hereunder; provided further, however, that Buyer and the Company shall have a period of ten (10) business days after receipt of Sellers' written notice to cure any such misrepresentation, breach or default, and if Buyer or the Company cures such misrepresentation, breach or default within such ten (10) business day period, Sellers shall have no right to recover any damages or terminate this Agreement based on such misrepresentation, breach or default of Buyer or the Company. Anything to the contrary in this Agreement notwithstanding, it is hereby acknowledged and agreed that Sellers shall not have any right to terminate this Agreement after the consummation of the Initial Closing except as specifically provided above in this Section 14.01(b).

(c) Buyer, the Company and Sellers acknowledge and agree that (i) the liquidated damages provided in this Section 14.01(a) bear a reasonable relationship to the anticipated harm which would be caused by Buyer's or the Company's misrepresentation, breach or default and (ii) the amount of actual loss caused by Buyer's or the Company's misrepresentation, breach or default is incapable and difficult of precise estimation and that Sellers would not have a convenient and adequate alternative to liquidated damages hereunder.

14.02 Default by Sellers.

(a) If there exists a material misrepresentation or breach of representation or warranty of either of the Sellers set forth in this Agreement, or if either of the Sellers shall default in any material respect in the performance of its obligations under this Agreement, or if, as a result of

any Seller's action or failure to act, the conditions precedent to Buyer's, the Company's or the applicable Sellers' obligation to close specified in Article 9 or Article 10 are not satisfied, and for such reason or reasons the Initial Closing and/or FCC License Closing is not consummated, and provided that Buyer and the Company shall not then be in material default in the performance of Buyer's and Company's obligations hereunder, then Buyer and the Company shall be entitled to either (i) seek specific performance as provided for in Section 14.03 or (ii) by written notice to Sellers, to terminate this Agreement; provided, however, that if such misrepresentation, breach, default or failure to satisfy conditions precedent on the part of either of the Sellers occurs after consummation of the Initial Closing but prior to consummation of the FCC License Closing and for such reasons or reasons the FCC License Closing is not consummated, and provided that Buyer and the Company shall not then be in material default of Buyer's and Company's obligations hereunder, Buyer and the Company shall, in addition to their right to terminate this Agreement or obtain specific performance, be entitled (x) to the payment of Thirty Million Dollars (\$30,000,000) by STLH as full and liquidated damages, provided that, upon consummation of the FCC License Closing in compliance with the terms and conditions hereof, an amount equal to the difference of such liquidated damages minus reasonable costs and expenses incurred by Buyer and the Company in enforcing their rights hereunder shall be credited against such liquidated damages, and (y) to assign their rights under this Agreement in respect of the purchase of the FCC Assets to a third Person as set forth in Section 15.06; provided further, that Sellers shall have a period of ten (10) business days after receipt of Buyer's written termination notice to cure any such misrepresentation, breach, default or failure to satisfy conditions precedent, and if Sellers cure such misrepresentation, breach, default or failure within such ten (10) business day period, Buyer shall have no right to terminate this Agreement or receive payment of liquidated damages based on such misrepresentation, breach, default or failure.

(b) Buyer, the Company and Sellers acknowledge and agree that (i) the liquidated damages provided in Section 14.02(a) bear a reasonable relationship to the anticipated harm which would be caused by Sellers' misrepresentation, breach, default or failure to satisfy conditions precedent after consummation of the Initial Closing but prior to the FCC License Closing and (ii) the amount of actual loss caused by Sellers' misrepresentation, breach, default of failure to satisfy conditions precedent after consummation of the Initial Closing but prior to the FCC License Closing is incapable and difficult of precise estimation and that Buyer and the Company would not have a convenient and adequate alternative to liquidated damages hereunder.

14.03 Specific Performance.

Sellers hereby acknowledge that the LLC Interests, the FCC Assets, the Operating Assets and the Stations are unique, and that the harm to Buyer and the Company (or any of their permitted assigns) resulting from any Seller's failure to perform its obligations hereunder or under the STC Purchase Agreement cannot be adequately compensated by damages. Accordingly, each of the Sellers agrees that Buyer and the Company shall have the right to have all obligations, undertakings, agreements, covenants and other provisions of this Agreement and the STC Purchase Agreement specifically performed by the applicable Seller, including Buyer's and the Company's rights to (i) cause the Company to purchase the Operating Assets under the STC Purchase Agreement, (ii) purchase the LLC Interests hereunder, (iii) purchase the FCC Assets hereunder, or (iv) assign its right to purchase the FCC Assets hereunder as provided in Section 15.06 and have such assignee purchase the FCC Assets. In any such specific performance action, each of the Sellers

agrees to waive the defense that there is an adequate remedy at law for damages and agrees that Buyer and the Company shall be entitled to obtain specific performance of such Seller's obligations hereunder and under the STC Purchase Agreement without having to post any bond or other security in any such proceeding.

ARTICLE 15. GENERAL PROVISIONS

15.01 Additional Actions, Documents and Information.

Buyer and the Company agree that each will, at any time, prior to, at or after the Initial Closing Date and the FCC License Closing Date, take or cause to be taken such further actions, and execute, deliver and file or cause to be executed, delivered and filed such further documents and instruments as may be reasonably requested by Sellers in connection with the consummation of the transactions contemplated by this Agreement. Each of Sellers agrees that it will, at any time, prior to, at or after the Initial Closing Date and the FCC License Closing Date, take or cause to be taken such further actions, and execute, deliver and file or cause to be executed, delivered and filed such further documents and instruments and obtain such consents, as may be reasonably requested by Buyer or the Company in order to more effectively transfer, convey and assign to Buyer or the Company, as applicable, the LLC Interests, the FCC Assets, the Operating Assets, to confirm Buyer's or the Company's title thereto, to put Buyer in actual possession and operating control of the Company and the Stations in accordance with the terms and conditions hereof, to assist Buyer and the Company in exercising all rights with respect thereto, and in connection with the consummation of the transactions contemplated by this Agreement and the STC Purchase Agreement.

15.02 Brokers.

Except as it relates to the retention of Crest Advisors LLC, whose fees and expenses shall be paid by Sellers and Buyer as set forth in Schedule 15.02: (a) Sellers represent to Buyer and the Company that none of the Sellers has engaged, or incurred any unpaid Liability (for any brokerage fees, finders' fees, commissions or otherwise) to, any broker, finder or agent in connection with the transactions contemplated by this Agreement or the STC Purchase Agreement; and (b) Buyer and the Company represent to Sellers that Buyer and the Company have not engaged, or incurred any unpaid Liability (for any brokerage fees, finders' fees, commissions or otherwise) to, any broker, finder or agent in connection with the transactions contemplated by this Agreement. Sellers agree to indemnify Buyer and the Company, and Buyer and the Company agree to indemnify Sellers, against any claims asserted against the other parties for any such fees or commissions by any Person other than Crest Advisors LLC purporting to act or to have acted for or on behalf of the indemnifying party. Notwithstanding any other provision of this Agreement, the foregoing representations and warranties shall survive the Initial Closing Date and FCC License Closing Date without limitation and shall not be subject to the Basket Amount contained in Section 12.04(a) or the limitations of Section 12.04(b).

15.03 Expenses and Transfer Taxes.

Each party hereto shall pay its own Transaction Expenses incurred in connection with this Agreement and in the preparation for and consummation of the transactions provided for herein and under the STC Purchase Agreement. Notwithstanding the foregoing: (a) Buyer and the Company, on one hand, and Sellers, on the other hand, shall each pay one-half (½) of all sales, use, documentary, stamp, gross receipts, registration, transfer (including in respect of transfers of real and personal property), conveyance, excise, recording, license, real estate transfer taxes and other similar Taxes and fees (“Transfer Taxes”) applicable to, imposed upon or arising out of the transactions contemplated hereby whether now in effect or hereinafter adopted and regardless of which party such Transfer Tax is imposed upon; provided, however, that any income Taxes imposed on any of the Sellers by reason of or in connection with the transactions contemplated hereby shall be borne solely by the Sellers and shall not be treated as a Transfer Tax; and (b) Sellers, on one hand, and the Company, on the other hand, shall each pay one-half (½) of any FCC filing fees incurred in connection with the assignment of the FCC Licenses. Each party agrees to cooperate with such other party in the timely completion, execution and filing of any documentation required by any local or state governmental agency in connection with the Transfer Taxes.

15.04 Notices.

All notices, demands, requests, or other communications which may be or are required to be given or made by any party to any other party pursuant to this Agreement shall be in writing and shall be hand delivered, mailed by first-class registered or certified mail, return receipt requested, postage prepaid, delivered by overnight air courier, or transmitted by telegram, telex, or facsimile transmission addressed as follows:

If to Buyer or the Company:

North Dakota Holdings, L.L.C.
North Dakota Television, L.L.C.
405 Park Avenue, Suite 702
New York, NY 10022
Attention: Matthew E. Gormly, III
Facsimile No.: (212) 223-2109

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

Wyrick Robbins Yates & Ponton LLP
4101 Lake Boone Trail, Suite 300
Raleigh, North Carolina 27607
Attention: Stephen C. Brissette, Esq.
Facsimile No.: (919) 781-4865

If to Sellers:

Smith Television of North Dakota, Inc.
127 El Paseo
Santa Barbara, CA 93101
Attention: Robert N. Smith
Facsimile No.: (805) 965-1144

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

Hogan & Hartson L.L.P.
8300 Greensboro Drive
Suite 1100
McLean, Virginia 22102
Attention: Richard T. Horan, Jr.
Facsimile No.: (703) 610-6200

or such other address as the addressee may indicate by written notice to the other parties. Each notice, demand, request, or communication which shall be given or made in the manner described above shall be deemed sufficiently given or made for all purposes at such time as it is delivered to the addressee (with the return receipt, the delivery receipt, the affidavit of messenger or (with respect to a telex) the answerback being deemed conclusive but not exclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

15.05 Waiver.

No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement or under any other instrument or document given in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or any acquiescence therein. No single or partial exercise of any such right, power or privilege shall preclude the further exercise of such right, power or privilege, or the exercise of any other right, power or privilege. No waiver shall be valid against any party hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

15.06 Benefit and Assignment.

(a) No party hereto shall assign this Agreement or the STC Purchase Agreement or any rights or interest herein or therein, in whole or in part, whether by operation of law or

otherwise, without the prior written consent of the other party hereto; provided, however, that (i) Buyer and the Company shall be permitted to assign this Agreement or any rights or interest herein at any time, in whole or in part, without the prior written consent of either of the Sellers, to an Affiliate of Buyer or the Company, (ii) Buyer and the Company shall be permitted to collateral assign this Agreement to its institutional lenders, in whole or in part, without the prior written consent of either of the Sellers, and (iii) if, after the consummation of the Initial Closing, (A) the FCC Consents shall not have been obtained by August 31, 2003, (B) the FCC denies the FCC Applications, or (C) upon the occurrence of Sellers' default as set forth in Section 14.02(a), then Buyer and the Company shall be permitted to assign this Agreement or any rights or interest herein (including the right to purchase the FCC Assets from STLH), at any time thereafter, in whole or in part, without the prior written consent of either Seller, to any Person.

(b) If Buyer and/or the Company exercise their right under clause (iii) of Section 15.06(a) to assign their rights and interest in respect of the purchase of the FCC Assets to any Person, STLH shall cooperate with Buyer, the Company and such Person in executing as promptly as practicable any and all FCC applications required to be filed with the FCC to assign the FCC Licenses to such Person, in diligently prosecuting any and all such applications to secure the FCC Consents as soon as practicable, and in taking any and all other actions as Buyer, the Company or such Person may reasonably request (including the execution and/or delivery of additional documents at or prior to such FCC License Closing) to obtain such FCC Consents and to consummate the FCC License Closing with such Person as soon as practicable. Without limiting the foregoing, the applicable terms and provisions of Article 5 shall apply to matters described in this Section 15.06(b). If STLH refuses to timely execute and/or deliver such FCC applications or other documents when requested, Buyer, the Company or such Person may secure, and STLH hereby consents to, the order of a court of competent jurisdiction authorizing the clerk of such court to sign such FCC applications or other documents on behalf of STLH.

(c) Any purported assignment contrary to the terms hereof shall be null, void and of no force and effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns as permitted hereunder. No Person, other than the parties hereto, is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the parties hereto or their respective successors and assigns as permitted hereunder. Without limiting the foregoing, no employee of the Stations and no other Person shall be a third-party beneficiary under this Agreement, any Seller Document, any Buyer Document or the STC Purchase Agreement (including the provisions of Section 8.04 of the STC Purchase Agreement), or any document delivered in connection therewith.

15.07 No Personal Liability.

Each action or claim against any party hereto arising under or relating to this Agreement shall be made only against such party as a corporation or limited liability company, and any liability relating thereto shall be enforceable only against the corporate or company assets of such party. No party shall seek to pierce the corporate veil or otherwise seek to impose any liability relating to, or arising from, this Agreement against any shareholder, member, employee, officer, director, manager or agent of the other party; provided, however, that the foregoing shall in no way

impair, alter or diminish any liabilities or obligations of any such Persons under any of the Guaranty Agreement or the STLH Pledge Agreement executed and delivered by of any such Persons. Each of such Persons is an intended beneficiary of the mutual promises set forth in this Section and shall be entitled to enforce the obligations or provisions of this Section.

15.08 Entire Agreement; Amendment.

This Agreement, including the Schedules and Exhibits hereto and the other documents referred to herein or delivered pursuant hereto, including the LMA Agreement, STLH Lease Agreement, STLH Security Agreement and the STLH Stock Pledge Agreement, contain the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior oral or written agreements, commitments or understandings with respect to such matters. No amendment, modification or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed by the party or parties against whom enforcement of the amendment, modification or discharge is sought.

15.09 Severability.

If any part of any provision of this Agreement or any other contract, agreement, document or writing given pursuant to or in connection with this Agreement shall be invalid or unenforceable under applicable law, such part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining parts of such provisions or the remaining provisions of said contract, agreement, document or writing.

15.10 Headings.

The headings of the sections and subsections contained in this Agreement are inserted for convenience only and do not form a part or affect the meaning, construction or scope thereof.

15.11 Governing Law; Jurisdiction.

This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed under and in accordance with the laws of the State of New York, without giving effect to the conflicts of law principles thereof. The parties hereto hereby waive personal service of any process in connection with any such action, suit or proceeding and agree that the service thereof may be made by certified or registered mail addressed to or by personal delivery to the other party, at such other party's address set forth pursuant to Section 15.04 hereof. In the alternative, in its discretion, any of the parties hereto may effect service upon any other party in any other form or manner permitted by law.

15.12 Signature in Counterparts.

This Agreement may be executed in separate counterparts, none of which need contain the signatures of all parties, each of which shall be deemed to be an original, and all of which taken together constitute one and the same instrument. It shall not be necessary in making proof of

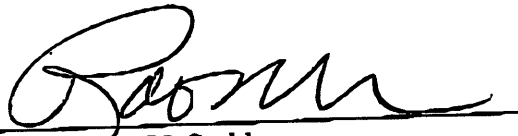
this Agreement to produce or account for more than the number of counterparts containing the respective signatures of, or on behalf of, all of the parties hereto.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK; THE NEXT PAGE IS THE SIGNATURE PAGE.]

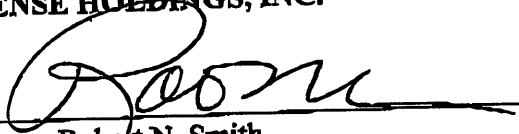
IN WITNESS WHEREOF, each of the parties hereto has executed this Purchase and Sale Agreement, or has caused this Purchase and Sale Agreement to be duly executed and delivered in its name on its behalf, all as of the day and year first above written.

SELLERS

**SMITH TELEVISION OF NORTH DAKOTA,
INC.**

By: 
Name: Robert N. Smith
Title: President and Chief Executive Officer

**SMITH TELEVISION OF NORTH DAKOTA
LICENSE HOLDINGS, INC.**

By: 
Name: Robert N. Smith
Title: President and Chief Executive Officer

COMPANY:

NORTH DAKOTA TELEVISION, L.L.C.

By: _____
Name: Matthew E. Gormly III
Title: Chairman

BUYER

NORTH DAKOTA HOLDINGS, L.L.C.

By: _____
Name: Matthew E. Gormly III
Title: Chairman

IN WITNESS WHEREOF, each of the parties hereto has executed this Purchase and Sale Agreement, or has caused this Purchase and Sale Agreement to be duly executed and delivered in its name on its behalf, all as of the day and year first above written.

SELLERS

**SMITH TELEVISION OF NORTH DAKOTA,
INC.**

By: _____
Name: Robert N. Smith
Title: President and Chief Executive Officer

**SMITH TELEVISION OF NORTH DAKOTA
LICENSE HOLDINGS, INC.**

By: _____
Name: Robert N. Smith
Title: President and Chief Executive Officer

COMPANY:

NORTH DAKOTA TELEVISION, L.L.C.

By: Matthew E. Gornly III
Name: MATTHEW E. Gornly III
Title: Chairman

BUYER

NORTH DAKOTA HOLDINGS, L.L.C.

By: Matthew E. Gornly III
Name: MATTHEW E. Gornly III
Title: Chairman

ANNEX I. DEFINITIONS

“Accounts Receivable” means all accounts receivable with respect to the Stations as of the end of the broadcast day immediately preceding the Initial Closing Date.

“Affiliate” shall mean, with respect to any Person, any other Person that, (a) directly or indirectly is in control of, is controlled by, or is under common control with, the first Person, (b) is an officer, director, trustee, partner (general or limited), employee or holder of five percent (5%) or more of any class of any voting or non-voting securities or other equity in the first Person, or (c) is an officer, director, trustee, partner (general or limited), employee or holder of five percent (5%) or more of any class of the voting or non-voting securities or other equity in any Person which directly or indirectly is in control of, is controlled by, or is under common control with, the first Person. For purposes of this definition, “control” (including with correlative meanings “controlled by” and “under common control with”) shall mean possession, directly or indirectly, of either (X) five percent (5%) or more of the voting power of the securities having ordinary voting power for the election of directors of the first Person, or (Y) the power to direct or cause the direction of the management or policies of the first Person (whether through ownership of securities, partnership interests or any other ownership or debt interests, by contract or otherwise).

“Affiliation Agreement” means, with respect to all of the Stations, a network affiliation agreement between the Company (as a permitted assignee or in its own name) and the NBC Television Network in all material respects in the same form and substance as the network affiliation agreement dated as of January 1, 2002, by and between STLH and the NBC Television Network.

“Agreement” means this Purchase and Sale Agreement, including the Schedules and all Exhibits hereto, as the same may be amended from time to time.

“Arbitrator” has the meaning set forth in Section 2.05(d).

“Article” means an Article of this Agreement.

“Assets” shall have the meaning set forth in Section 2.1 of the STC Purchase Agreement.

“Assignment of FCC Assets” means that certain Assignment of FCC Assets executed by STLH in favor of the Company, in the form attached hereto as Exhibit B.

“Assignment of LLC Interests” means that certain Assignment of LLC Interests executed by STND in favor of Buyer, in the form attached hereto as Exhibit C.

“Assignment of STC Purchase Agreement” means that certain Assignment of LLC Interests executed by Sellers in favor of the Company, in the form attached hereto as Exhibit D.

“August Extension Fee” shall have the meaning ascribed thereto in the STC Purchase Agreement.

“Basket Amount” has the meaning set forth in Section 12.04(a).

“Buyer” has the meaning set forth in the first paragraph of this Agreement.

“Buyer Documents” means the Assignment of LLC Interests, the LMA Agreement, the STLH Lease Agreement, the STLH Pledge Agreement, and the closing certificates and other deliveries and documents contemplated by Section 11.05 and Section 11.06.

“Buyer Indemnified Parties” has the meaning set forth in Section 12.02 of this Agreement.

“Buyer’s and the Company’s FCC License Closing Legal Opinion” means the legal opinions of Wyrick Robbins Yates & Ponton LLP, counsel to Buyer and the Company, to be delivered at the FCC License Closing and in the form of Exhibit E.

“Buyer’s and the Company’s Initial Closing Legal Opinion” means the legal opinions of Wyrick Robbins Yates & Ponton LLP, counsel to Buyer and the Company, to be delivered at the Initial Closing and in the form of Exhibit F.

“Code” means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

“Communications Act” means the Communications Act of 1934, as amended.

“Company” has the meaning set forth in the first paragraph hereof.

“Current Balance Sheets” has the meaning set forth in Section 3.06(a).

“Direct Claim” has the meaning set forth in Section 9.04(e).

“Direct Claim Notice” has the meaning set forth in Section 9.04(e).

“Drop-Dead Date” shall have the meaning set forth in Section 13.1.2 of the STC Purchase Agreement.

“DTV” shall have the meaning set forth in Section 3.20.

“DTV Facility” shall have the meaning set forth in Section 3.20.

“Encumbrance” means any mortgages, pledges, liens, security interests, defects in title, easements, encumbrances or encroachments.

“Estimated Net Working Capital” has the meaning set forth in Section 2.05(b).

“Estimated Net Working Capital Adjustment” has the meaning set forth in Section 2.05(b).

2.05(a). “Estimated Net Working Capital Statement” has the meaning set forth in Section

“Exhibit” means an exhibit attached to this Agreement.

“FCC” means the Federal Communications Commission.

“FCC Applications” shall have the meaning set forth in Article 5.

“FCC Assets” has the meaning set forth in Section 2.02.

2.03(b). “FCC Assets Base Purchase Price” shall have the meaning set forth in Section

“FCC Assets Purchase Price” shall have the meaning set forth in Section 2.03(b).

“FCC Consents” shall have the meaning set forth in Article 5.

“FCC License Assumed Liabilities” means all Liabilities, obligations and duties under the FCC Licenses arising after the FCC License Closing Date.

“FCC License Closing” shall have the meaning set forth in Section 11.01(b).

“FCC License Closing Date” shall have the meaning set forth in Section 11.01(b).

“FCC Licenses” shall have the meaning set forth in Section 2.02.

“Final Net Working Capital” has the meaning set forth in Section 2.05(e).

“Final Net Working Capital Statement” has the meaning set forth in Section 2.05(c).

“Final Order” shall mean an FCC Consent, with respect to which no action, request for stay, petition for rehearing or reconsideration, appeal or review by the FCC on its own motion is pending and as to which the time for filing or initiation of any such request, petition, appeal or review has expired.

“GAAP” means United States generally accepted accounting principles consistently applied for the periods involved.

“Governmental Authority” means any agency, board, bureau, court, commission, department, instrumentality or administration of the United States government, any state government or any local or other governmental body in a state, territory or possession of the United States or the District of Columbia.

“Guaranty Agreement” shall mean the Guaranty Agreement by Robert N. Smith, Anne Smith, and The Robert N. and Anne Smith Trust, in favor of Buyer in the form attached hereto as Exhibit G, provided that, if, pursuant to prior FCC approval, The Robert N. and Anne Smith Trust

transfers all of the capital stock of STLH to Robert N. Smith, then the Guaranty Agreement shall be signed only by Robert N. Smith.

“Holdback Amount” shall have the meaning set forth in Section 2.04(b).

“Indemnified Party” and “Indemnifying Party” shall have the respective meanings set forth in Section 12.05(a).

“Initial Closing” shall have the meaning set forth in Section 11.01(a).

“Initial Closing Assumed Liabilities” shall mean (a) all Liabilities, obligations and duties of the Stations related to or arising in connection with the business or operation of the Stations on or after the Initial Closing Date other than Liabilities and obligations for either of the Sellers’ Taxes and Liabilities and obligations under Environmental Laws arising or relating to periods prior to the Initial Closing Date; (b) all Liabilities, obligations and duties under the Station Contracts and the Permits, arising on or after the Initial Closing Date (other than Liabilities, obligations or duties arising from any breach of any Station Contract prior to the Initial Closing Date, other than as a result of past due amounts thereunder); and (c) all current Liabilities of the Stations as of the Initial Closing Date as reflected on the Final Net Working Capital Statement.

“Initial Closing Date” shall have the meaning set forth in Section 11.01(a).

“Interim Financial Statement” shall have the meaning set forth in Section 3.06(b).

“June Extension Fee” shall have the meaning ascribed thereto in the STC Purchase Agreement.

“July Extension Fee” shall have the meaning ascribed thereto in the STC Purchase Agreement.

“Laws” means any federal, state or local law, statute, code, ordinance, regulation, rule, published policy, order, writ, injunction, judgment or decree applicable to the specified Person and to the businesses and assets thereof.

“Leased Property” shall have the meaning set forth in Section 2.1.2 of the STC Purchase Agreement.

“Leases” shall have the meaning set forth in Section 3.10.2 of the STC Purchase Agreement.

“Liabilities” or “liabilities” means, as to any Person, all debts, adverse claims, Liabilities and obligations, direct, indirect, absolute or contingent of such Person, whether accrued, vested or otherwise, whether in contract, tort, strict liability or otherwise and whether or not actually reflected, or required by GAAP to be reflected, in such Person’s balance sheets or other books and records.

“License Closing Payment” shall have the meaning set forth in Section 2.03(a).

“LLC Interests” shall have the meaning set forth in Section 2.01.

“LLC Interest Purchase Price” shall have the meaning set forth in Section 2.03(a).

“LMA Agreement” shall mean the Local Marketing Agreement between Buyer and STLH in the form attached hereto as Exhibit H.

“Losses” means any Liabilities, demands, claims, actions, costs, damages, penalties, fines, judgments, settlements, arbitrations, assessments, obligations (including those arising out of any action, such as any settlement or compromise thereof of judgment or award therein or other loss or expense, whether or not arising out of a third party claim, including all interest, penalties, reasonable attorneys’ fees and expenses, reasonable accountants’ fees and expenses and all amounts paid or incurred in connection with any such action, demand, proceeding, investigation, preservation or enforcement of rights to indemnification), or claim (including by any governmental entity or any department, agency or political subdivision thereof) and the investigation, defense or settlement of any of the foregoing; provided that Losses shall not include any indirect, consequential, incidental, exemplary or punitive damages or other special damages or lost profits.

“Material Adverse Effect” means a material adverse effect on the Operating Assets and the FCC Assets, taken as a whole, or the Stations, a material adverse effect on the ability of STC or either of the Sellers to consummate the transactions contemplated under the STC Purchase Agreement or under this Agreement at or prior to the Initial Closing Date or a material adverse effect on the ability of STLH to consummate the transactions contemplated under this Agreement at or prior to the FCC License Closing Date.

“Net Working Capital” with respect to the Stations, as of the Initial Closing Date, means: (a) the sum of all Accounts Receivable, billed and unbilled, prepaid expenses and assets under Station Tradeout Agreements relating to the Stations that are transferred to the Company at the STC Purchase Agreement Closing as part of the Operating Assets; minus: (b) the sum of all accounts payable, liabilities under Station Tradeout Agreements and other current liabilities relating to the Stations that are Initial Closing Assumed Liabilities, including all trade and sundry payables and all current payment obligations pursuant to programming contracts and license agreements, in each case determined in accordance with GAAP and as set forth on the Stations’ net working capital statements delivered pursuant to Section 2.05. For purposes of the net working capital statements prepared pursuant to Section 2.05 and any calculation of Net Working Capital: (i) there shall be taken into account only those national Accounts Receivable (Accounts Receivable resulting from spot sales by Blair, the Stations’ national sales representative) that are less than one hundred twenty (120) days old and from all other Accounts Receivable that are less than ninety (90) days old on the broadcast day immediately preceding the Initial Closing Date and not subject to offset for existing claims of account debtors; (ii) the compensation equivalent of all payroll Taxes, commissions and fringe benefits for the period prior to the Initial Closing for all Station employees shall be included (and all information reasonably necessary to determine the accuracy thereof shall be provided); and (iii) credit shall be given for liabilities for advertising time to be aired after the Initial Closing for which payment has been, or will be made to the Station. For illustrative purposes, Annex II contains a pro forma calculation of Net Working Capital as of June 30, 2002 based on the Current Balance Sheets.

“Operating Assets” has the meaning set forth in the recitals hereto.

“Permitted Encumbrances” means (a) Encumbrances on Real Property and Leased Property that do not materially interfere with the value, marketability or use of the Real Property and Leased Property in the operations of the Stations, (b) Encumbrances for Taxes not yet due and payable or which are being contested in good faith and by appropriate proceedings for which adequate reserves have been established on the Stations’ books in accordance with GAAP; (c) Encumbrances which do not secure monetary liabilities of any Person and that, individually or in the aggregate, do not and would not materially detract from the value or marketability of any of the Operating Assets or the FCC Assets or materially interfere with the use thereof as currently used; and (d) Encumbrances of record on Real Property or Leased Property, other than Encumbrances which pursuant to the STC Purchase Agreement will be and are removed prior to Initial Closing.

“Person” or “person” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization, other form of business or legal entity or Governmental Authority.

“Proceeding” shall mean any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Authority or arbitrator.

“Real Property” shall have the meaning set forth in Section 2.1.2 of the STC Purchase Agreement.

“Release” shall mean the Release by STND in favor of the Company in the form attached hereto as Exhibit I.

“Restrictions” means any mortgage, lien, pledge, encumbrance, security interest, deed of trust, option, encroachment, reservation, order, decree, judgment, restriction, charge, agreement, claim or equity of any kind.

“Satellite Waiver” means the waiver of Section 73.3555(b) of the FCC’s rules in order to permit common ownership of the Stations within the same designated market area.

“Schedules” means the disclosure schedules delivered by Seller to Buyer in connection herewith.

“Section” means a Section (or a subsection) of the Purchase Agreement.

“Securities Act” means the Securities Act of 1933, as amended, and all regulations promulgated thereunder.

“Seller Documents” means, collectively, this Agreement, the Assignment of FCC Assets, the Assignment of LLC Interests, the Assignment of STC Purchase Agreement, the Guaranty Agreement, the LMA Agreement, the Release, the STLH Lease Agreement, the STLH Security

Agreement, the STLH Stock Pledge Agreement, and the closing certificates and other deliveries and documents contemplated by Section 11.03 and Section 11.04.

“Seller Indemnified Parties” shall have the meaning set forth in Section 12.03.

“Seller MAE Exceptions” mean the exceptions to “Material Adverse Effect” as defined in the STC Purchase Agreement and contained in the proviso of such definition.

“Sellers” has the meaning set forth in the first paragraph hereof.

“Sellers FCC License Closing Corporate Legal Opinion” means the legal opinions of Hogan & Hartson L.L.P., counsel to Sellers, to be delivered at the FCC License Closing and in the form of Exhibit J.

“Sellers FCC License Closing FCC Legal Opinion” means the legal opinions of Hogan & Hartson L.L.P., counsel to Sellers, to be delivered at the FCC License Closing and in the form of Exhibit K.

“Sellers Initial Closing Corporate Legal Opinion” means the legal opinions of Hogan & Hartson L.L.P., counsel to Sellers, to be delivered at the FCC License Closing and in the form of Exhibit L.

“Sellers Initial Closing FCC Legal Opinion” means the legal opinions of Hogan & Hartson L.L.P., counsel to Sellers, to be delivered at the FCC License Closing and in the form of Exhibit M.

“Seller Shares” shall have the meaning set forth in Section 3.02(a).

“Seller Tax Returns” means all material federal, state, local, foreign and other applicable Tax returns or declarations of estimated Tax reports required to be filed by either Seller (without regard to extensions of time permitted by law or otherwise).

“Station Contracts” shall have the meaning set forth in Section 2.1.8 of the STC Purchase Agreement.

“Stations” has the meaning set forth in the recitals hereto.

“Station Tradeout Agreements” means any agreement or commitment of any Station, oral or written, other than film and program barter agreements, pursuant to which a Station has agreed to sell or trade commercial air time or commercial production services of the Station in consideration for any property or service in lieu of or in addition to cash.

“STC” has the meaning set forth in the recitals hereto.

“STC Broadcasting” has the meaning set forth in the recitals hereto.

“STC Lease Agreement” has the meaning set forth in the recitals hereto.

“STC License Co.” has the meaning set forth in the recitals hereto.

“STC Purchase Agreement” has the meaning set forth in the recitals hereto.

“STC Purchase Agreement Assignment” has the meaning set forth in the recitals hereto.

“STC Purchase Agreement Closing” has the meaning set forth in the recitals hereto.

“STC Purchase Price” has the meaning set forth in the recitals hereto.

“STLH” has the meaning set forth in the recitals hereto.

“STLH Lease” shall mean the Facilities Lease Agreement by and between STLH and Buyer in the form attached hereto as Exhibit N.

“STLH Security Agreement” shall mean the Security Agreement by and between STLH and Buyer in the form attached hereto as Exhibit O.

“STLH Shares” shall have the meaning set forth in Section 3.02(a).

“STLH Stock Pledge Agreement” shall mean the Stock Pledge Agreement by and among all of the stockholders of STLH and Buyer in the form attached hereto as Exhibit P.

“STND” has the meaning set forth in the recitals hereto.

“STND Shares” shall have the meaning set forth in Section 3.02(a).

“Subsidiary” shall mean, as applied to any Person, (a) any corporation of which more than fifty percent (50%) of the outstanding securities (other than directors’ qualifying shares) having ordinary voting power to elect a majority of its board of directors, regardless of the existence at the time of a right of the holders of any class or classes of securities of such corporation to exercise such voting power by reason of the happening of any contingency, or any partnership of which more than fifty percent (50%) of the outstanding partnership interests, is at the time owned directly or indirectly by such Person, or by one or more Subsidiaries of such Person, or by such Person and one or more Subsidiaries of such Person, or (b) any other entity which is directly or indirectly controlled (other than solely by virtue of a management agreement) by such Person, or by one or more Subsidiaries of such Person, or by such Person and one or more Subsidiaries of such Person.

“Taxes” means all federal, state, and local taxes (including income, profit, franchise, sales, use, real property, personal property, ad valorem, excise, employment, social security and wage withholding taxes) and installments of estimated taxes, assessments, deficiencies, levies, imports, duties, license fees, registration fees, withholdings, or other similar charges of every kind, character or description imposed by any Governmental Authorities.

“Time Sales Agreements” means all contracts and agreements pursuant to commercial airtime has been sold on the Stations for cash.

“Trade-out Agreement” means all contracts and agreements (excluding programming agreements) pursuant to which commercial air time on the Stations has sold, traded or bartered in consideration for any property or services in lieu of or in addition to cash.

“Third Party Claim” means any claim or other assertion of Liability by any third Person.

“Transaction Expenses” of a party to this Agreement means the fees and expenses incurred by such party in connection with the negotiation, preparation, execution and consummation of this Agreement, the STC Purchase Agreement and the transactions contemplated hereby and thereby, including all legal and accounting fees and disbursements.

“Transfer Taxes” shall have the meaning set forth in Section 15.03.

“Unwind Agreement” shall have the meaning set forth in Section 11.01(b).

EXHIBIT H

FORM OF

LOCAL MARKETING AGREEMENT

THIS LOCAL MARKETING AGREEMENT (this “Agreement”) is entered into as of the ____ day of August, 2002 (the “Effective Date”), by and between NORTH DAKOTA TELEVISION, L.L.C., a Delaware limited liability company (“Programmer”), and SMITH TELEVISION OF NORTH DAKOTA LICENSE HOLDINGS, INC., a Delaware corporation (“Licensee”).

RECITALS:

WHEREAS, Licensee is the licensee pursuant to authorizations by the Federal Communications Commission (“FCC”) of television broadcast stations KVLV-TV, Fargo, North Dakota, KFVR-TV, Bismarck, North Dakota, plus satellite stations KMOT-TV, licensed to Minot, North Dakota, KUMV-TV, licensed to Williston, North Dakota and KQCD-TV licensed to Dickinson, North Dakota (collectively, the “Stations”);

WHEREAS, during the term of this Agreement, Licensee wishes to retain Programmer to provide programming and related services for the Stations, all in conformity with Licensee’s policies and procedures, FCC rules, regulations and policies for time brokerage arrangements, and the provisions hereof;

WHEREAS, Programmer agrees to use the Stations to broadcast such programming of its selection that is in conformity with all rules, regulations and policies of the FCC, subject to Licensee’s full authority to manage and control the operation of the Stations;

WHEREAS, concurrently herewith, Programmer and Licensee are entering into a Facilities Lease Agreement (the “Lease Agreement”), providing for the leasing of certain assets related to the Stations from Programmer to Licensee; and

WHEREAS, Programmer and Licensee agree to cooperate to make this Agreement work to the benefit of the public and both parties and as contemplated by the terms set forth herein.

AGREEMENT:

NOW, THEREFORE, in consideration of the above recitals, and mutual promises and covenants contained herein, the parties intending to be legally bound, agree as follows:

SECTION 1 USE OF STATION AIR TIME.

1.1 Scope. During the Term (as defined in Section 1.2 below), Licensee shall make available to Programmer broadcast time on the Stations as set forth in this Agreement.

Programmer shall deliver such programming, at its expense, to the Stations' transmitters or other authorized remote control points designated by Licensee. Programmer shall provide such programming of Programmer's selection complete with commercial matter, news, public service announcements and other suitable programming to the Stations for at least one hundred sixty-six (166) hours per week. Except as otherwise provided in this Agreement, Licensee agrees to broadcast such programming in its entirety, including commercials at the times specified, on the facilities of the Stations without interruption, deletion, or addition of any kind. Licensee may use such time as Licensee may require up to two (2) hours per week, for the broadcast of its own regularly-scheduled news, public affairs, and other non-entertainment programming on the Stations, to be scheduled at mutually agreeable times. Licensee may elect to set aside additional air time (up to two (2) hours per week) (the "Additional Time") to be scheduled at a mutually agreeable time, for the broadcast of specific non-entertainment programming on issues of importance to the local community. Licensee shall provide Programmer with as much notice as possible, but in no event less than three (3) weeks' notice, of its intention to set aside such Additional Time. All program time not reserved by or designated for Licensee shall be available for use by Programmer. Licensee agrees that Programmer may sell, or engage a third party to sell, commercial time during the programming provided by Programmer to the Stations for Programmer's account.

1.2 Term. The term of this Agreement (the "Term") shall commence on the date hereof, and end on the date of consummation of the closing of the sale of the FCC Assets (the "FCC License Closing") under that certain Purchase and Sale Agreement dated as of _____, 2002 by and among North Dakota Holdings, L.L.C., Smith Television of North Dakota, Inc., Licensee and Programmer (the "Purchase and Sale Agreement"), unless terminated earlier pursuant to any of the provisions of Section 5 hereof.

SECTION 2 STATION OPERATIONS.

2.1 Licensee Control Over Station Operations.

(a) Licensee shall retain ultimate authority, power and control over the operations of the Stations during the Term, including specifically, control over the personnel, programming and finances of the Stations.

(b) Subject to Licensee's ultimate authority, power and control over the operations of the Stations, Programmer agrees to provide programming and related services to the Stations. Such related services shall include: (i) the sale of advertising time on the Stations; (ii) coordination of traffic and billing functions; (iii) maintenance, repair and replacement of the Stations' transmitting or studio equipment and the other assets used or held for use in the business and operation of the Stations, other than the FCC Assets (as such term is defined in the Purchase and Sale Agreement), (iv) other administrative or operational functions as Licensee and Programmer may agree to, consistent with FCC rules and regulations relating to local marketing agreements and (v) such assistance to Licensee as necessary to complete the construction of facilities pursuant to the digital television construction permits issued for the Stations by the FCC (the "DTV Permits"). Programmer shall provide and perform Programmer's obligations

hereunder, including all related services, diligently and in a manner consistent in all material respects with broadcast industry practices.

(c) When on the Licensee's premises, all employees of Programmer used to provide Programmer's programming or other services to the Stations shall be subject to the overall supervision of management personnel under Licensee's control. Subject to Licensee's ultimate authority, power and control over the operations of the Station, Programmer's employees shall be solely accountable to Programmer.

2.2 Station Expenses. During the Term, Programmer shall, at the direction of Licensee, reimburse Licensee and/or pay on an ongoing basis for all expenses set forth in Schedule 2.2 hereto. Payment and/or reimbursement of such expenses (to the extent such expenses are not of a recurring nature in which such event they shall be paid and/or reimbursed consistent with past practice) shall be made by Programmer within ten (10) days after presentation by Licensee of an itemized invoice evidencing such expenses. In the event that Programmer disputes any such expense, Programmer shall timely pay those amounts that are not disputed and simultaneously advise Licensee of the basis for the disputed amounts. If the dispute cannot be resolved within thirty (30) days after delivery of the invoice to Programmer, the parties shall refer the matter to a mutually agreeable independent certified public accounting firm (the "Arbitrator") for resolution. The decision of the Arbitrator shall be rendered within thirty (30) days of its being selected and shall be final and binding on the parties. The fees and expenses of the Arbitrator shall be borne equally by Programmer and Licensee.

2.3 LMA Fee. At the FCC License Closing, Programmer shall pay to Licensee a fee (the "LMA Fee") equal to the greater of: (a) .001% of the gross revenues of the Stations during the Term, or (b) Two Hundred Thousand Dollars (\$200,000), less any amount set-off by Programmer pursuant to the following sentence. Programmer is hereby granted the right of offset against its obligations to pay the LMA Fee the amounts owed by Licensee to Programmer that become due under Section 2.3 of the Lease Agreement. Subject to payment of the Net Working Capital Adjustment in accordance with the terms of the Purchase and Sale Agreement, Programmer shall be entitled to retain for its own account all revenues of the Stations, including, without limitation, the Stations' network compensation revenues, all promotion-related revenues received from any network or program supplier and all revenues from the sale of advertising time of the Stations.

2.4 DTV Extensions and Expenses. On or after August 1, 2002, but no later than August 30, 2002, Licensee shall file and diligently prosecute a request for a second extension of the DTV Permits for the Stations. If the FCC License Closing shall not have occurred by February 15, 2003, on or before February 28, 2003, Licensee shall file and diligently prosecute a third request for extension of the DTV Permits for the Stations to the extent construction of the Stations' DTV facilities has not been completed. Consistent with the rules, regulations and policies of the FCC, and at all times subject to Licensee's ultimate supervision and control, Programmer shall (a) coordinate with Licensee in the preparation, filing and prosecution of any DTV extension request (and have the right to review and approve any extension request before it is filed with the FCC, which approval shall not be unreasonably withheld, conditioned or delayed), (b) have direct responsibility for taking all actions necessary to complete construction

of the Stations' DTV facilities in accordance with the terms and conditions of the DTV Permits or as otherwise permitted by the rules, regulations and policies of the FCC, and (c) have the sole responsibility and liability for all of the costs and expenses incurred in completing construction of the Stations' DTV facilities. All ownership rights in and to the transmitters, antennas and all other equipment used in the construction of the Stations' DTV facilities shall be vested in Programmer.

2.5 Employees. On the date hereof, Licensee shall hire such employees of the Stations as may be required to comply with FCC rules, regulations and policies, including at least one person in a management-level capacity and at least one other person in a staff-level capacity. At the termination of this Agreement, Programmer shall offer employment to such employees consistent with its obligations under the Purchase and Sale Agreement.

SECTION 3 STATION PUBLIC INTEREST OBLIGATIONS.

3.1 Licensee Authority. Subject to Programmer's obligations hereunder and under the Lease Agreement, Licensee shall be responsible for the Stations' compliance with all applicable provisions of the Communications Act of 1934, as amended (the "Act"), the rules, regulations and policies of the FCC and all other applicable laws. Programmer shall cooperate with Licensee, at Programmer's expense, in taking such actions as Licensee may reasonably request to assist Licensee in maintaining the Stations' compliance with the Act, rules, regulations and policies of the FCC and all other applicable laws. Notwithstanding any other provision of this Agreement, Programmer recognizes that Licensee has certain obligations to operate the Stations in the public interest, and to broadcast programming to meet the needs and interests of the Stations' communities of license and service areas. From time to time Licensee shall air, or if Licensee requests, Programmer shall air, programming on issues of importance to the local community. Nothing in this Agreement shall abrogate or limit the unrestricted authority of Licensee to discharge Licensee's obligations to the public and to comply with the Act and the rules, regulations and policies of the FCC, and Licensee shall have no liability or obligation to Programmer, for taking any action that Licensee reasonably and in good faith believes to be necessary or appropriate to discharge such obligations or comply with such laws, rules, regulations or policies.

3.2 Additional Licensee Obligations. Although both Licensee and Programmer shall cooperate in the broadcast of emergency information over the Stations, Licensee shall retain the right, without any liability or obligation to Programmer, to interrupt Programmer's programming in case of an emergency or for programming which, in the good faith judgment of Licensee, is of greater local or national public importance. In all such cases, Licensee shall use Licensee's commercially reasonable efforts to provide Programmer prior written notice of Licensee's intention to interrupt Programmer's programming. Licensee shall coordinate with Programmer each Station's hourly station identification and any other announcements required to be aired by FCC rules or regulations. Licensee shall (a) continue to maintain and staff a main studio in compliance with the rules of the FCC, (b) maintain each Station's local public inspection file within each Station's community of license or at each Station's main studio, and (c) prepare and place in such inspection file in a timely manner all material required by Section 73.3526 of the FCC's Rules, including without limitation each Station's quarterly issues and program lists and

FCC Form 398. Programmer shall, upon request by Licensee, promptly provide Licensee with such information concerning Programmer's programs and advertising as is necessary to assist Licensee in the preparation of such information or to enable Licensee to verify independently the Stations' compliance with any other laws, rules, regulations or policies applicable to the Stations' operation.

SECTION 4 STATION PROGRAMMING & OPERATIONAL POLICIES.

4.1 Broadcast Station Programming Policy Statement. Licensee has adopted a Broadcast Station Programming Policy Statement (the "Policy Statement"), a copy of which appears as Attachment 4.1 hereto and which may be amended from time to time in order to comply with the rules and regulations of the FCC by Licensee upon written notice to Programmer. Programmer agrees and covenants to comply in all material respects with the Policy Statement, with all rules and regulations of the FCC, and with all changes subsequently made by Licensee (in good faith) or the FCC. Programmer shall furnish or cause to be furnished the artistic personnel and material for the programs as provided by this Agreement and all programs shall be prepared and presented in conformity in all material respects with the rules, regulations and policies of the FCC and with the Policy Statement. All advertising spots and promotional material or announcements shall comply in all material respects with all applicable federal, state and local regulations and policies and the Policy Statement, and shall be produced in accordance with quality standards established by Programmer. If Licensee determines that a program, commercial announcement or promotional material supplied by Programmer is for any reason, in Licensee's reasonable discretion, unsatisfactory or unsuitable or contrary to the public interest, or does not comply with the Policy Statement, Licensee may, upon written notice to Programmer (to the extent time permits such notice), and without any liability or obligation to Programmer, suspend or cancel such program, commercial announcement or promotional material and substitute its own programming or, if Licensee requests, Programmer shall provide promptly suitable programming, commercial announcement or other announcement or promotional material.

4.2 Licensee Control of Station Programming. Notwithstanding any contrary provision contained in this Agreement, and consistent with Licensee's obligations pursuant to the Act and the rules and regulations of the FCC, Licensee shall have the right, without any liability or obligation to Programmer, to delete any material contained in any programming or commercial matter furnished by Programmer for broadcast over the Stations that Licensee reasonably and in good faith believes to be unsuitable for broadcast or the broadcast of which Licensee reasonably and in good faith believes would be contrary to the public interest. Licensee shall have the right, without any liability or obligation to Programmer to broadcast Licensee's own programming in place of such deleted material. Licensee expressly agrees that Licensee's right to reject or preempt any of the programming will be exercised only for cause and will not be exercised in an arbitrary manner, for the commercial advantage of Licensee, or to cause harm to the business or operations of Programmer.

4.3 Political Advertising. Licensee shall oversee and shall take ultimate responsibility for the Stations' compliance with the political broadcasting rules of the FCC and Sections 312 and 315 of the Act, including but not limited to, the provision of equal opportunities, compliance with lowest unit charge requirements, and the provision of reasonable access to federal political candidates. Programmer shall cooperate with Licensee, at Programmer's expense, to assist Licensee in complying with the political broadcasting rules of the FCC. Programmer shall supply such information promptly to Licensee as may be necessary to comply with the lowest unit charge and other applicable political broadcast requirements of federal law. To the extent that Licensee reasonably and in good faith believes to be necessary or appropriate, Programmer shall release advertising availabilities to Licensee to permit Licensee to comply with the political broadcasting rules of the FCC and Sections 312 and 315 of the Act. Programmer shall be entitled to all revenues received by Licensee for such advertising.

4.4 Advertising of Credit Terms. To the extent prohibited by the rules of the Federal Trade Commission, no advertising of credit terms shall be made over broadcast material supplied hereunder by Programmer beyond mention of the fact that credit terms are available.

4.5 Payola/Plugola. In order to enable Licensee to fulfill Licensee's obligations under Section 317 of the Act, Programmer, in compliance with Section 507 of the Act, will, in advance of any scheduled broadcast by the Station, disclose to Licensee any information of which Programmer has knowledge or which has been disclosed to Programmer as to any money, service, or other valuable consideration that any person has paid or accepted, or has agreed to pay or to accept, for the inclusion of any matter as a part of the programming or commercial matter to be supplied to Licensee pursuant to this Agreement. Programmer will cooperate with Licensee, at Programmer's expense, as necessary to ensure compliance with this provision. Commercial matter with obvious sponsorship identifications shall not require disclosure in addition to that contained in the commercial copy.

4.6 Programmer Compliance with Copyright Act. Programmer represents and warrants that, except for any third party consents required for the assignment of the Stations' programming contracts that have not been delivered in connection with Programmer's purchase of the Operating Assets (as defined in the Purchase and Sale Agreement), Programmer will have full authority to broadcast the programming on the Stations; that Programmer shall not knowingly broadcast any material in violation of the Copyright Act; and the performing rights to all music contained in broadcast material supplied hereunder by Programmer are licensed by BMI, ASCAP, or SESAC, are in the public domain, are controlled by Programmer, or are cleared at the source by Programmer.

SECTION 5 TERMINATION.

5.1 Termination by Programmer. This Agreement may be terminated by Programmer by written notice to Licensee, if Programmer is not then in material default or breach hereof or of the Purchase and Sale Agreement, if Licensee is in material breach of Licensee's representations or Licensee's material obligations hereunder and has failed to cure such breach within thirty (30) days of written notice of the breach from Programmer.

5.2 Termination by Licensee. This Agreement may be terminated by Licensee by written notice to Programmer, if Licensee is not then in material default or breach hereof or of the Purchase and Sale Agreement, if Programmer is in material breach of Programmer's representations or Programmer's material obligations hereunder, Programmer has failed to cure such breach within thirty (30) days of written notice of the breach from Licensee and such breach could reasonably be expected to materially and adversely affect the status of the material main broadcast FCC licenses issued to Licensee in respect of the Stations and provided that such thirty (30) day cure period will be extended for a reasonable period of time if Programmer is acting in good faith to cure such breach and such extension of the cure period is not adverse to Licensee.

5.3 Termination. If not otherwise earlier terminated, this Agreement will terminate upon the first to occur of any of the following:

(a) this Agreement is declared invalid or illegal in whole or material part by an order or decree of an administrative agency or court of competent jurisdiction the effect of which would be to materially curtail Programmer's activities hereunder and such order or decree has become final and no longer subject to further administrative or judicial review; provided, however, Licensee agrees not to unreasonably withhold or delay its consent to any amendment, revision or elimination of provisions in this Agreement requested by Programmer to remove the basis for the declaration of invalidity or illegality before such order or decree becomes final and non-appealable.

(b) there has been a material change in FCC rules or policies that would cause this Agreement to be in material violation thereof and such change is in effect and not the subject of an appeal or further administrative review; provided, however, Licensee agrees not to unreasonably withhold or delay its consent to any amendment, revision or elimination of provisions of this Agreement requested by Programmer to conform the Agreement to the new FCC rules, policies or precedent; or

(c) the mutual written consent of both parties; or

(d) the termination of the Purchase and Sale Agreement in accordance with its terms.

5.4 Severability. The parties hereto intend that the transactions contemplated hereunder comply in all respects with the Act and all applicable rules, regulations, and policies of the FCC. If any provision of this Agreement shall be declared void, illegal, or invalid by any governmental authority with jurisdiction thereof, the remainder of this Agreement shall remain in full force and effect without such offending provision so long as such remainder substantially reflects the intent and economic or other benefits of the original agreement of the parties hereunder. Furthermore, in such event, the parties shall use their commercially reasonable efforts to reach agreement promptly on lawful substitute provisions in place of said offending provision so as to effectuate more closely their intent as expressed hereunder. If any governmental authority grants to any other entity or individual rights which are not contained in this Agreement, then the parties shall use their commercially reasonable efforts to amend this

Agreement to provide the parties hereto such lawful provisions which comport with any rules, regulations and policies adopted after the date of this Agreement.

5.5 Force Majeure. Any failure or impairment of the assets of the Stations or any delay or interruption in the broadcast of programs, or failure at any time to furnish facilities, in whole or in part, for broadcast, due to acts of God, restrictions by any governmental authority, civil riot, fire, strike, labor unrest, floods or any other similar cause not reasonably within the control of Licensee or Programmer, shall not constitute a breach of this Agreement and Licensee will not be liable to Programmer nor will Programmer be liable to Licensee for any liability or obligation with respect thereto.

5.6 Insurance; Risk of Loss. From the Effective Date through the end of the Term, Programmer shall maintain with reputable insurance companies reasonably acceptable to Licensee, insurance in such amounts and with respect to such risks reasonably acceptable to Licensee, including broadcast liability insurance naming Licensee as an additional insured, and general comprehensive insurance, also naming Licensee as an additional insured, each with a commercially reasonable amount of coverage as is conventionally carried by broadcasters operating television stations in the area comparable to those of the Stations. The risk of any loss, damage, impairment, confiscation, or condemnation of any equipment or other personal property owned or leased and used by Programmer in the performance of its obligations hereunder shall be borne by Programmer at all times throughout the Term.

SECTION 6 INDEMNIFICATION.

6.1 Indemnification by Programmer. Programmer shall indemnify and hold harmless Licensee from and against any and all claims, losses, costs, liabilities, damages, expenses, including any FCC fines or forfeitures (including reasonable legal fees and other expenses incidental thereto), of every kind, nature and description (collectively "Damages") arising or resulting from or relating to (a) Programmer's breach of any representation, covenant, agreement or other obligation of Programmer contained in this Agreement, (b) any action taken by Programmer or Programmer's employees and agents with respect to the Stations, or any failure by Programmer or Programmer's employees and agents to take any action with respect to the Stations, including, without limitation, Damages relating to violations of the Act, or any rule, regulation or policy of the FCC, slander, defamation or other claims relating to programming provided by Programmer or Programmer's broadcast and sale of advertising time on the Stations, except to the extent directed by or caused by Licensee or its officers, employees, agents or Affiliates, or (c) the business or operations of the Stations conducted by Programmer from and after the date of this Agreement.

6.2 Indemnification by Licensee. Licensee shall indemnify and hold harmless Programmer from and against any and all Damages arising or resulting from or relating to (a) Licensee's breach of any representation, covenant, agreement or other obligation of Licensee contained in this Agreement, or (b) any action taken by Licensee or Licensee's employees and agents with respect to the Stations, including, without limitation, Damages relating to violations

of the Act, or any rule, regulation or policy of the FCC, slander, defamation or other claims relating to programming provided by Licensee.

SECTION 7 REPRESENTATIONS, WARRANTIES, AND COVENANTS.

7.1 Representations, Warranties, and Covenants of Licensee. Licensee represents, warrants and covenants that:

(a) The execution, delivery and performance by Licensee of this Agreement, the fulfillment of and the compliance with the terms and provisions hereof, and the consummation by Licensee of the transactions contemplated hereby have been duly authorized by all requisite corporate action (which authorization has not been modified or rescinded and is in full force and effect), and do not and will not: (i) conflict with, or violate any provision of, any Law having applicability to Licensee; (ii) conflict with, or result in any breach of, or constitute a default under, any agreement to which Licensee is a party or by which Licensee is bound; or (iii) result in or require the creation or imposition of or result in the acceleration of any indebtedness, or of any mortgage, lien, pledge, encumbrance, security interest, deed of trust, option, encroachment, reservation, order, decree, judgment, restriction, charge, agreement, claim or equity of any kind ("Encumbrance") of any nature upon, or with respect to, Licensee or any of the assets now owned or hereafter acquired by Licensee. No other action is necessary for Licensee to enter into this Agreement and to consummate the transactions contemplated hereby.

(b) This Agreement constitutes a valid and binding obligation of Licensee, enforceable in accordance with its terms.

(c) Licensee currently is the holder of the authorizations related to each of the Stations listed on Schedule 7.1(c) attached hereto.

7.2 Representations, Warranties and Covenants of Programmer. Programmer represents, warrants, and covenants that:

(a) The execution, delivery and performance by Programmer of this Agreement, the fulfillment of and the compliance with the respective terms and provisions hereof, and the consummation by Programmer of the transactions contemplated hereby have been duly authorized by all necessary limited liability company action (which authorization has not been modified or rescinded and is in full force and effect), and do not and will not: (i) conflict with, or violate any provision of, any Law having applicability to Programmer or any provision of the limited liability company agreement of Programmer; (ii) conflict with, or result in any breach of, or constitute a default under, any agreement to which Programmer is a party or by which Programmer is bound; or (iii) result in or require the creation or imposition of or result in the acceleration of any indebtedness, or of any Encumbrance of any nature upon, or with respect to, Programmer or any of the assets now owned or hereafter acquired by Programmer. No other limited liability company action is necessary for Programmer to enter into this Agreement and to consummate the transactions contemplated hereby.

(b) This Agreement constitutes a valid and binding obligation of Programmer, enforceable in accordance with its terms.

SECTION 8 MISCELLANEOUS.

8.1 Further Assurances. Each of the parties hereto hereby agrees to take or cause to be taken such further actions, to execute, deliver and file or cause to be executed, delivered and filed such further documents, and will obtain such consents, as may be necessary or as may be reasonably requested in order to fully effectuate the purposes, terms and conditions of this Agreement.

8.2 Expenses. Each party hereto will pay its own expenses incurred by such party in connection with the negotiation, preparation, execution and consummation of this Agreement and the transactions contemplated hereby, including, without limitation, all legal and accounting fees and disbursements.

8.3 Assignment. Programmer shall have the right, without the prior written consent of Licensee, to assign its rights and obligations under this Agreement, in whole or in part, to an Affiliate (as defined in the Lease Agreement) or to a third party to whom Programmer has assigned its rights to purchase the FCC Assets (as defined in the Purchase and Sale Agreement) pursuant to Section 15.06 of the Purchase and Sale Agreement or pursuant to any Unwind Agreement (as defined in the Purchase and Sale Agreement). Further, Programmer shall be permitted to collaterally assign this Agreement to its institutional lenders, in whole or in part, without the prior written consent of Licensee. Except as described in the immediately preceding sentence, no party shall assign its rights and obligations under this Agreement, in whole or in part, whether by operation of law or otherwise, without the prior written consent of the other party hereto, and any such assignment contrary to the terms hereof shall be null and void and of no force and effect. In no event shall the assignment by any party of its respective rights or obligations under this Agreement release such party from its respective liabilities and obligations hereunder.

8.4 Entire Agreement; Amendments. This Agreement and the Lease Agreement constitute the entire agreement among the parties hereto with respect to the transactions contemplated herein and, except for the Purchase and Sale Agreement, and documents delivered pursuant thereto, supersede all prior oral or written agreements, commitments or understandings with respect to the matters provided for herein. No amendment, modification or discharge of this Agreement shall be valid or binding unless set forth in writing and duly executed and delivered by the party against whom enforcement of the amendment, modification, or discharge is sought. The parties hereto agree that to the extent the terms of this Agreement are inconsistent with the terms of the Lease Agreement, the terms of this Agreement shall control.

8.5 Waiver. No delay or failure on the part of any party hereto in exercising any right, power or privilege under this Agreement or under any other documents furnished in connection with or pursuant to this Agreement shall impair any such right, power or privilege or be construed as a waiver of any default or any acquiescence therein. No single or partial exercise of

any such right, power or privilege shall preclude the further exercise of such right, power or privilege, or the exercise of any other right, power or privilege. No waiver shall be valid against any party hereto unless made in writing and signed by the party against whom enforcement of such waiver is sought and then only to the extent expressly specified therein.

8.6 Consent to Jurisdiction.

(a) This Agreement and the duties and obligations of the parties hereunder and under each of the documents referred to herein shall be enforceable against any party in the courts of the United States of America and of the State of New York. For such purpose, each party hereto hereby irrevocably submits to the non-exclusive jurisdiction of such courts, and agrees that all claims in respect of this Agreement and such other documents may be heard and determined in any of such courts.

(b) Each party hereto hereby irrevocably agrees that a final judgment of any of the courts specified above in any action or proceeding relating to this Agreement or to any of the other documents referred to herein or therein shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

8.7 Governing Law. This Agreement, the rights and obligations of the parties hereto, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of New York (excluding the choice of law rules thereof).

8.8 Notices. All notices, demands, requests, or other communications which may be or are required to be given, served, or sent by any party to any other party pursuant to this Agreement shall be in writing and shall be hand delivered, sent by overnight courier or mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, or transmitted by telegram, telecopy or telex, addressed as follows:

(a) If the notice is to Programmer:

North Dakota Television, L.L.C.
405 Park Avenue, Suite 702
New York, New York 10022
Attn: Matthew E. Gormly, III
Fax: (212) 223-2109

With copies (which shall not constitute notice) to:

Wyrick Robbins Yates & Ponton
4101 Lake Boone Trail, Suite 300
Raleigh, North Carolina 27607
Attn: Stephen C. Brissette, Esq.
Fax: (919) 781-4865

Dickstein Shapiro Morin & Oshinsky, LLP
2102 L Street, NW
Washington, DC 20037-1526
Attn: Lewis J. Paper, Esq.
Fax: (202) 887-0689

or to such other address as Programmer may from time to time designate.

(b) If to Licensee:

Smith Television of North Dakota License Holdings, Inc.
720 2nd Avenue South
St. Petersburg, Florida 33701
Attn: Robert N. Smith
Fax: (727) 821-8092

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

Hogan & Hartson L.L.P.
8300 Greensboro Drive
Suite 1100
McLean, Virginia 22102
Attn: Richard T. Horan, Jr., Esq.
Fax: (703) 610-6200

or to such other address as Licensee may from time to time designate.

Each party may designate by notice in writing a new address to which any notice, demand, request or communication may thereafter be so given, served or sent. Each notice, demand, request, or communication which shall be hand delivered, sent, mailed or faxed in the manner described above, shall be deemed sufficiently given, served, sent, received or delivered for all purposes at such time as it is delivered to the addressee (with the return receipt, the delivery receipt, or confirmation of facsimile transmission being deemed conclusive, but not exclusive, evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

8.9 Headings. Section headings contained in this Agreement are inserted for convenience of reference only, shall not be deemed to be a part of this Agreement for any purpose, and shall not in any way define or affect the meaning, construction or scope of any of the provisions hereof.

8.10 Counterparts. To facilitate execution, this Agreement may be executed in as many counterparts as may be required. It shall not be necessary that the signatures of, or on behalf of, each party, or that the signatures of all persons required to bind any party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each party, or that the

signatures of the persons required to bind any party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Agreement to produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the parties hereto.

8.11 Limitation on Benefits. The covenants, undertakings and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the parties hereto and their respective successors, heirs, executors, administrators, legal representatives and permitted assigns.

8.12 Binding Effect. Subject to any provisions hereof restricting assignment, this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, heirs, executors, administrators, legal representatives and assigns.

8.13 Taxes. Licensee and Programmer shall each pay its own ad valorem taxes, if any, which may be assessed on such party's personal property for the periods that such items are owned by such party.

8.14 No Joint Venture or Partnership. Programmer shall act as an independent contractor in rendering its services hereunder. Neither party shall have any power or authority to act for or on behalf of the other or to bind the other in any manner whatsoever, except as and to the extent expressly provided for in this Agreement. The parties hereto agree that nothing herein shall constitute a joint venture or partnership between them.

8.15 Mandatory Carriage/Retransmission Consent. Licensee shall consult with Programmer prior to making any election of mandatory carriage rights or retransmission consent pursuant to Section 76.64 of the FCC's rules and regulations and the provisions of the Cable Television Consumer Protection and Competition Act of 1992.

8.16 Digital Spectrum. The FCC has authorized an additional 6 MHZ of spectrum for digital television service ("DTV Spectrum") to Licensee for each of its Stations. Programmer shall have the right to utilize the Digital Spectrum in accordance with the rules and regulations of the FCC. In the event that the FCC assesses Licensee with any spectrum fees or other charges for the use of the DTV Spectrum by Programmer, Programmer agrees to reimburse Licensee for such FCC spectrum fees or other charges.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Local Marketing Agreement as of the date first above written.

PROGRAMMER:

NORTH DAKOTA TELEVISION, L.L.C.

By: _____

Name: _____

Title: _____

LICENSEE:

SMITH TELEVISION OF NORTH DAKOTA
LICENSE HOLDINGS, INC.

By: _____

Name: _____

Title: _____

Schedule 2.2 to Local Marketing Agreement

Station Expenses

1. Any and all electric utility payments required for the operation of the transmitting equipment for the Stations.
2. Any and all regulatory and filing fees and/or spectrum use fees that may be required to be paid for the Stations by Licensee under the regulations of the FCC (including fees for filings with the FCC to preserve the Stations' DTV constructions permits and obtain extensions of the DTV construction deadlines).
3. Salaries and benefits of Licensee's employees at the Stations (not more than two).
4. All other reasonable expenses (including reasonable legal or other professional fees) incurred by Licensee in connection with Licensee's ownership of the FCC Licenses or otherwise relating to the business and operation of the Stations.

All such costs and expenses shall not be materially inconsistent with the operating costs and expenses incurred by the Stations in prior operating months. The salaries and benefits of Licensee's employees shall not be in excess of amounts agreed by the parties, or if there is no such agreement, the amounts in effect for such employees in recent prior operating months.

Attachment 4.1

Broadcast Station Programming Policy Statement

I. No Plugola or Payola. Except for commercial messages aired in compliance with 47 C.F.R. §73.1212, Programmer shall not receive any consideration in money, goods, services, or otherwise, directly or indirectly (including to relatives) from any persons or company for the presentation of any programming over the Stations without reporting the same to Licensee's station managers. The commercial mention of any business activity or "plug" for any commercial, professional, or other related endeavor, except where contained in an actual commercial message of a sponsor, is prohibited.

II. No Lotteries. Announcements giving any information about lotteries or games prohibited by applicable federal or state law or regulation are prohibited.

III. Election Procedures. At least fifteen (15) days before the start of any primary or election campaign, Programmer will clear with Licensee's station managers the rates Programmer will charge for the time to be sold for use by qualified candidates for the public office and/or their supporters to make certain that the rates charged are in conformance with applicable law and the Stations' policies.

IV. Required Announcements. Programmer shall broadcast (i) an announcement in a form satisfactory to Licensee at the beginning of each hour to identify the Stations and (ii) any other announcements that may be required by law or regulation.

V. No Illegal Announcements. No announcements or promotion prohibited by applicable federal, state law or regulation shall be made over the Stations. Any game, contest, or promotion relating to or to be presented over the Stations must be fully stated and explained in advance to Licensee, which reserves the right in its sole discretion to reject any game, contest, or promotion.

VI. Licensee Discretion Paramount. In accordance with the Licensee's responsibility under the Communications Act of 1934, as amended, and the Rules and Regulations of the Federal Communications Commission, Licensee reserves the right to reject or terminate any advertising proposed to be presented or being presented over the Stations which is in conflict with established policies of the Stations or which in Licensee's or its station managers' reasonable judgment would be contrary to the public interest.

Licensee may waive any of the foregoing regulations in specific instances, if, in its opinion, the Stations will remain in compliance with all applicable laws, rules, regulations and policies and broadcasting in the public interest is served. In any case where questions of policy or interpretation arise, Programmer should submit the same to Licensee for decision before making any commitments in connection therewith.