

## OPTION AGREEMENT

This OPTION AGREEMENT (the “**Agreement**”) is made and entered into as of [\_\_\_\_], 2008 by and among SAGAMOREHILL OF CORPUS CHRISTI, LLC, a Delaware limited liability company (“**Sagamore**”), SAGAMOREHILL OF CORPUS CHRISTI LICENSES, LLC, a Delaware limited liability company (“**SHCC Licenses**,” and together with Sagamore, “**SHCC**”), and EVENING POST PUBLISHING COMPANY, a South Carolina corporation (“**EPC**”).

### WITNESSETH

WHEREAS, SHCC has acquired from Eagle Creek Broadcasting of Corpus Christi, LLC (“**Eagle Creek**”) certain assets used in the operation of television station KZTV-TV, Corpus Christi, Texas (“**KZTV**”) pursuant to an Asset Purchase Agreement dated [\_\_\_\_], 2008 (the “**SHCC APA**”);

WHEREAS, SHCC desires to grant EPC an option to purchase such assets relating to KZTV on the terms and conditions set forth herein; and

WHEREAS, EPC desires to acquire an option to purchase such assets relating to KZTV on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound hereby, agree as follows;

1. Option.

(a) SHCC hereby gives, grants, transfers and conveys to EPC, and its successors and assigns, the sole and exclusive right, privilege and option to purchase (the “**Option**”), on the terms and conditions hereinafter set forth, all licenses (to the extent transferable), authorizations, contracts, agreements and other tangible and intangible personal property, owned or held by SHCC or in which SHCC holds an interest, relating to the operation of KZTV including, without limitation, the assets described below (the “**KZTV Assets**”):

(i) all of the licenses and other authorizations issued by the Federal Communications Commission (“**FCC**”) for the operation of KZTV (the “**FCC Licenses**”);

(ii) all of the tangible personal property now owned or hereafter acquired by SHCC and used or useful in the operation of KZTV;

(iii) all of the intangible personal property now owned or hereafter acquired by SHCC and used or useful in the operation of the KZTV, including any cash and accounts receivable; and

(iv) all of the contracts, leases and other agreements relating to the operation of KZTV.

(b) In the event that EPC (or any successor or assign of EPC) exercises the Option, the KZTV Assets shall be assigned, transferred or conveyed by SHCC to EPC (or its successor or assign), subject only to prior FCC consent as further set forth in Section 23. Such assignment, transfer or conveyance shall be by good and sufficient bill of sale and/or other documents of transfer, all in form and substance satisfactory to EPC and SHCC, free and clear of all liens, charges, encumbrances, debts, liabilities and obligations whatsoever (“**Liens**”), other than Liens solely in favor of or created by EPC, the Assumed Obligations (defined below), Liens for taxes not yet due and payable, statutory liens, Liens securing the Acquisition Financing Arrangement and any other Liens expressly identified and agreed to by EPC and SHCC in writing (collectively, “**Permitted Liens**”).

(c) There shall be excluded from the KZTV Assets and, to the extent in existence upon closing under the KZTV APA, retained by SHCC, the assets identified in Schedule 1(c) hereto (the “**Excluded Assets**”), which shall include in any event any fees due or owing to SHCC from EPC (or any successor or assignee of EPC) under the Agreement for the Sale of Commercial Time (the “**TSA**”) of even date herewith among SHCC and Sub. The Excluded Assets shall remain the property of SHCC.

(d) Upon closing under the KZTV APA, EPC (or any successor or assignee of EPC) shall assume and undertake to pay, discharge and perform the obligations of SHCC under contracts, agreements, licenses or rights included in the KZTV Assets arising after the closing of the KZTV APA (as defined below) (the “**Assumed Obligations**”), including without limitation obligations of SHCC as the holder of the FCC Licenses, obligations of SHCC as assignee under the SHCC APA and obligations assumed by SHCC pursuant to the SHCC APA. Under the terms of the KZTV APA, SHCC shall remain liable for, and EPC will not assume or be obligated to discharge or perform, any liabilities, obligations or commitments of SHCC other than the Assumed Obligations.

2. Consideration for Option. This Option is granted in return for, among other consideration, the payment by EPC to SHCC of [ ] Dollars (\$[ ]) and EPC’s guarantee of the Acquisition Financing Arrangement.

3. Period of Option. EPC (or its successor or assign) may exercise the Option at any time on or before that date which is ten (10) years from the date of this Agreement (the “**Option Period**”); provided, that the Option Period may be extended for an additional ten-year period by EPC by delivery of written notice to SHCC of such extension at any time after than the ninth anniversary of the date of this Agreement and no later than 30 days prior to the tenth anniversary of the date of this Agreement.

4. Exercise of Option. EPC (or its successor or assign) may exercise the Option by delivery of written notice of such exercise (the “**Exercise Notice**”) to SHCC. Within twenty (20) business days after delivery of the Exercise Notice, SHCC and EPC (or its successor or assign) shall enter into an Asset Purchase Agreement (the “**KZTV APA**”) containing customary

and reasonable terms and conditions generally applicable to similar transactions and substantially in the form of the SHCC APA, mutatis mutandis, with Sagamore as the Seller and Evening Post or its successor or assignee as Buyer.

5. Exercise Purchase Price.

(a) Upon exercise of the Option and closing of the sale of the KZTV Assets to EPC (or its successor or assign) pursuant to the KZTV APA, EPC (or its successor or assign) shall pay an amount equal to the Cash Purchase Price by federal wire transfer of same-day funds pursuant to wire instructions delivered to EEP by SHCC at least two business days prior to the closing date (or such other method of funds transfer as may be agreed upon by EEP and SHCC). The Cash Purchase Price shall be applied as necessary to repay directly the Existing Station Indebtedness (as defined and calculated pursuant to Schedule 5(b)), and the net amount thereof shall be paid to SHCC.

(b) The “**Cash Purchase Price**” shall be an amount equal to the sum of (i) the Base Value (as defined in Schedule 5(b) hereto), plus (ii) the Additional Consideration (as defined and calculated pursuant to Schedule 5(b) hereto) to the extent applicable. EPC (or its successor or assign) and SHCC will cooperate in the determination of the Cash Purchase Price.

6. Representations and Warranties of SHCC. SHCC represents and warrants to EPC as follows:

(a) Each of Sagamore and SHCC Licenses is a limited liability company duly formed, validly existing and in good standing under the laws of the jurisdiction of its organization.

(b) Each of Sagamore and SHCC Licenses has the power and authority to enter into and to perform its obligations under this Agreement.

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

7. Representations and Warranties of EPC. EPC represents and warrants to SHCC as follows:

(a) EPC is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

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

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

(d) EPC or its permitted assignee is financially, and as of the closing of the KZTV APA, will be legally and otherwise, qualified to be the licensee of, acquire, own and operate KZTV under the Communications Act of 1934 (the “**Communications Act**”) and the rules and regulations of the FCC, subject to any necessary consents of the FCC to such transfer.

8. Covenants of SHCC. During the period in which the Option may be exercised, subject to the TSA and the Shared Services Agreement of even date herewith among SHCC, EPC and EPC Sub (the “**Shared Services Agreement**”), SHCC covenants to:

(a) operate KZTV in substantially the manner in which it is currently being operated;

(b) maintain in a normal state of repair and efficiency, and/or replace in accordance with good industry practices, all machinery and equipment included in the KZTV Assets;

(c) maintain insurance upon the KZTV Assets and with respect to the operation of KZTV in such amounts and in such nature as in effect on the date hereof;

(d) operate KZTV in all material respects in accordance with the terms of the Communications Act, as amended; the rules and regulations of the FCC; the FCC Licenses and authorizations issued by the FCC and all other statutes, ordinances, rules and regulations of governmental authorities;

(e) other than Permitted Liens, not mortgage, pledge, subject to any lien or otherwise encumber any of the KZTV Assets or incur any indebtedness outside the ordinary course of business or in a manner that is consistent with this Agreement; and

(f) give or cause to be given to the officers, employees, accountants, counsel, and representatives of EPC, from time to time, at the request of EPC, for purposes of monitoring SHCC's compliance with this Section 8: (i) access, upon reasonable prior notice, during normal business hours, to all facilities, property, accounts, books, deeds, title papers, insurance policies, licenses, agreements, contracts, commitments, records, equipment, machinery, fixtures, furniture, vehicles, accounts payable and receivable, and inventories of SHCC related to KZTV, and (ii) all such other information in SHCC's possession concerning the affairs of KZTV as EPC may reasonably request, provided that the foregoing does not disrupt or interfere with the business and operations of SHCC or KZTV;

(g) not sell, lease or otherwise dispose of any of the KZTV Assets, except in the ordinary course of business consistent with past practice or in a manner that is consistent with this Agreement;

provided, however, that SHCC shall not be deemed to have breached any of its obligations under this Section 8 as a result of any action, event, occurrence or circumstance that (i) was or shall be caused by EPC, EPC Sub or the affiliates of either or that arose, or shall arise from any failure by EPC or EPC Sub to perform their obligations under the TSA or Shared Services Agreement, or (ii) constitutes a breach by Eagle Creek of a representation or warranty under the SHCC APA.

9. Specific Performance. SHCC and EPC acknowledge and agree that, due to the unique nature of the subject matter of this Agreement, EPC (or its successor or assign) would suffer irreparable damages in the event of a breach of this Agreement by SHCC, which damages could not adequately be compensated except by specific performance of this Agreement. Accordingly, without limiting any other remedy that may be available to EPC (or its successor or assign) at law or equity, in the event of a breach by SHCC of this Agreement, it is agreed that EPC (or its successor or assign) shall be entitled to specific performance hereof, without any showing of actual damage or inadequacy of legal remedy, in any proceeding before a court of law with proper jurisdiction to hear the matter, which may be brought to enforce this Agreement. SHCC hereby waives any defense that there is an adequate remedy at law for such breach of this Agreement.

10. Expenses. EPC agrees to reimburse SHCC, within fifteen days of invoicing with reasonable documentation, for SHCC's reasonable and customary fees, costs and out-of-pocket expenses, including filing fees and reasonable and customary attorneys' fees, incurred in connection with the performance of its covenants and obligations hereunder; provided, for the avoidance of doubt, that EPC shall have no reimbursement obligation with respect to claims, actions or proceedings brought by or on behalf of SHCC against EPC unless and until SHCC prevails in such claim, action or proceeding.

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

12. Amendment and Modification. This Agreement may be amended, modified or supplemented only in writing signed by both SHCC and EPC.

13. Waiver of Compliance: Consents. Except as otherwise provided in this Agreement, any failure of any of party (or any party's successors and assigns) to comply with any obligation, representation, warranty, covenant, agreement or condition in this Agreement may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, representation, warranty, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Whenever

this Agreement requires or permits consent by or on behalf of any party hereto, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this Section 13.

14. Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when delivered personally, by a nationally recognized overnight courier service (with evidence of receipt), by facsimile transmission (with electronic confirmation of receipt) or mailed by registered or certified mail (return receipt requested and postage prepaid), to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

To SHCC: SagamoreHill of Corpus Christi, LLC  
525 Blackburn Drive  
Augusta GA 30907  
Attention: Louis Wall  
Telephone: (706) 922-5644  
Facsimile: (706) 534-5810

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

Wiley Rein LLP  
1776 K Street, NW  
Washington, DC 20006  
Attention: Todd Stansbury  
Telephone: (202) 719-4948  
Facsimile: (202) 719-7049

To EPC: Evening Post Publishing Company  
134 Columbus Street  
Charleston, South Carolina 29403-4800  
Attention: Mr. Ivan V. Anderson, Jr.  
Telephone: 843-937-5780  
Facsimile: 843-937-5786

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

Dow Lohnes PLLC  
1200 New Hampshire Avenue, N.W.  
Suite 800  
Washington, D.C. 20036-6802  
Attention: Stuart A. Sheldon, Esq.  
Telephone: (706) 922-5644  
Facsimile: (706) 534-5810

15. Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted

assigns. Except as provided for herein, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by SHCC without the prior written consent of EPC, which consent shall not be unreasonably withheld. EPC may assign its rights and obligations under this Agreement to any other party or parties without the consent of SHCC; provided, that (i) EPC shall not thereby be released of its obligations hereunder and (ii) such assignee is financially and legally qualified to hold the FCC Licenses.

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

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

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

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

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

21. Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall be invalid, unenforceable or contrary to applicable law or regulation to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid or enforceable, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in any acceptable manner to the end that the transactions contemplated hereby are fulfilled to the greatest extent possible. In the event that the FCC alters or modifies its rules or policies in a fashion which would raise substantial and material questions as to (i) the validity of any provision of this Agreement or (ii) whether or not a Party would be in violation of any FCC rule or policy as a result of such Party's compliance with any provision of this Agreement, the Parties shall negotiate in good faith to revise any such provision of this

Agreement in an effort to comply with all applicable FCC rules and policies, while attempting to preserve the intent of the Parties as embodied in the provisions of this Agreement. The Parties agree that, upon the request of either of them, they will join in requesting the view of the staff of the FCC, to the extent necessary, with respect to the revision of any provision of this Agreement in accordance with the foregoing. If the Parties are unable to negotiate a mutually acceptable modified Agreement, then either party may terminate this Agreement upon written notice to the other, and each Party shall be relieved of any further obligations, one to the other.

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

23. FCC Approval.

(a) Notwithstanding any provision to the contrary herein, EPC's rights under this Agreement are subject to the Communications Act, as amended, and the rules, regulations and published policies of the FCC. SHCC and EPC agree to use their respective commercially reasonable best efforts to obtain any approval required by the FCC for any action or transaction contemplated under this Agreement.

(b) As soon as reasonably practicable, but in no event later than five business days after execution of the KZTV APA, the parties shall file an application (the "**Assignment Application**") with the FCC requesting the FCC's written consent to the assignment of the FCC Licenses from SHCC to EPC (or any successor or assign of EPC), including, as applicable, any waiver of such FCC Rules (a "**Waiver Request**"). In addition, each party hereto covenants and agrees to (i) prepare, file and prosecute any alternative application, petition, motion, request (including any Waiver Request) or other filing (including, upon the request of EPC, any motion for leave to withdraw or dismiss any Assignment Application or other filing made by the parties in connection with the transactions contemplated by this Agreement) (collectively, the "**Additional Applications**" and, together with the Assignment Application, the "**FCC Applications**"); (ii) file any amendment or modification to the FCC Applications; (iii) provide to the other party any information, documents or other materials reasonably requested by such other party in connection with the preparation of any such FCC Applications, including without limitation any Waiver Request, (iv) prosecute the FCC Applications with commercially reasonable diligence and otherwise use their commercially reasonable efforts to obtain a favorable conclusion with regard to the FCC Applications; (v) otherwise take any other action with respect to the FCC as may be reasonably necessary or reasonably requested by the other party in connection with the transactions contemplated hereby; and (vi) cooperate in good faith with the other party with respect to the foregoing covenants, all as may be reasonably necessary



or appropriate or advisable in order to consummate the transactions contemplated hereby upon the exercise of the Option. Each party shall promptly provide the other with a copy of any pleading, order or other document served on it relating to the FCC Applications, shall furnish all information required by the FCC and shall be represented at all meetings or hearings scheduled to consider the FCC Application. The parties each agree to comply with any condition imposed on them by the FCC's consent to the assignment of the FCC Licenses contemplated by this Agreement, except that no party shall be required to comply with a condition if such condition requires such party to divest any of its direct or indirect assets. The parties shall oppose any petitions to deny or other objections filed with respect to the Assignment Application or Waiver Request and any requests for reconsideration or review of any FCC consent with respect thereto.

[SIGNATURE PAGE FOLLOWS]

12876224.1

SIGNATURE PAGE TO OPTION AGREEMENT

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

**SAGAMOREHILL OF CORPUS CHRISTI, LLC**

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

**SAGAMOREHILL OF CORPUS CHRISTI  
LICENSES, LLC**

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

**EVENING POST PUBLISHING COMPANY**

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

## Schedule 5(b)

### Cash Purchase Price

1. For purposes of this Agreement and calculating the Cash Purchase Price, the following definitions shall apply:

(a) “**Acquisition Financing Arrangement**” shall mean the [Credit Agreement] pursuant to which SHCC financed the purchase price paid to acquire KZTV pursuant to the SHCC APA.

(b) “**Additional Consideration**” means an amount equal to (i) [ ] Dollars (\$[ ]), *less* (ii) the product of (x) the number of calendar months during the Option Period prior to the closing under the KZTV APA *times* (y) the Base Rate (as defined under the TSA); *provided* that in no event shall the Additional Consideration be less than zero.

(c) “**Base Value**” shall be an amount equal to the greater of:

(i) (x) the product of seven (7) and the amount of the cash flow generated by the Station during the twelve (12) months completed prior to the date upon which the Exercise Notice is given (determined in accordance with generally accepted accounting principles), reduced by (y), the amount of the Existing Station Indebtedness, without duplication, as of the date of the closing of the sale of the KZTV Assets and any amount owing as of such date by SHCC or any of its affiliates to EPC or any of its affiliates; or

(ii) the sum, without duplication, of the amount of the Existing Station Indebtedness as of the date of the closing of the sale of the KZTV Assets and any amount owing as of such date by SHCC or any of its affiliates to EPC or any of its affiliates.

(e) “**Existing Station Indebtedness**” shall mean trade debt incurred in the ordinary course of business, to the extent it is not an Assumed Obligation, and the outstanding principal, interest and any other amounts owing in connection with or relating to the station, whether now or hereafter existing or arising, including without limitation the Acquisition Financing Arrangement.