

OPTION AGREEMENT

This OPTION AGREEMENT (the “Agreement”) is dated as of this ____ day of _____, 201_, and is by and between Horseshoe Curve Communications, LLC, a Delaware limited liability company (“Horseshoe”), and Fortress Value Recovery Fund I LLC, a Delaware limited liability company, in its capacity as agent for the Lenders referred to below (in such capacity, “Agent”).

Recitals

WHEREAS, Horseshoe owns all of the Stock of Peak Media of Pennsylvania LLC, a Delaware limited liability company (“Borrower”), the parent of Peak Media of Pennsylvania Licensee LLC, a Delaware limited liability company (“PM Licensee”), which directly or indirectly owns or holds assets (the “Station Assets”), including licenses and other authorizations from the Federal Communications Commission (the “FCC”), used or useful in the operation of television station WWCP-TV in Johnstown, Pennsylvania (the “WWCP”); and

WHEREAS, Borrower, as successor to US Broadcast Group, LLC, provides programming and other services for WATM-TV in Altoona, Pennsylvania (“WATM” and, with WWCP, each a “Station” and collectively the “Stations”) pursuant to that certain Interim Operating Agreement, dated as of March 11, 1996, as amended (the “LMA”); and

WHEREAS, for purposes of this Agreement, the LMA is deemed to be included within the term Station Assets if and to the extent the LMA is still in effect; and

WHEREAS, Borrower is a party to the First Amended and Restated Loan Agreement, dated as of June 6, 2005, as amended by (i) Amendment to First Amended and Restated Loan Agreement dated as of March 22, 2007, (ii) the Amendment and New Loan Joinder Agreement dated as of November 9, 2007, and (iii) the Third Amendment to Loan Agreement dated as of November 16, 2010, each by and among the Borrower, Wells Fargo Capital Finance, Inc. (as successor to Wells Fargo Foothill, Inc.), Bernard Global Loan Investors, Ltd., Bernard National Loan Investors Ltd. (each a “Lender” and collectively, the “Lenders”), and the Agent (as so amended and as further amended, restated, supplemented, refinanced, renewed, rolled-over, refunded or otherwise modified from time to time, including any replacement agreement therefor, hereinafter referred to as the “Loan Agreement”);

WHEREAS, PM Licensee is a guarantor of Borrower’s Obligations under the Loan Agreement; and

WHEREAS, Horseshoe will ultimately have to sell the Stock of Borrower or, as the case may be, the Station Assets to pay down the Obligations of Borrower under the Loan Agreement, to the maximum extent practicable; and

WHEREAS, Agent desires to have an option to acquire all of the Stock of Borrower before Horseshoe enters into a transaction to sell the Stock of Borrower or, as the case may be,

the Station Assets, and Horseshoe is willing to provide Agent with an option to acquire that Stock of Borrower, all in accordance with the terms and conditions of this Agreement; and

WHEREAS, all capitalized terms used but not defined in this Agreement shall have the meanings ascribed to them in the Loan Agreement;

NOW, THEREFORE, in view of the foregoing and the mutual promises and covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Grant of Option. Subject to the terms and conditions of this Agreement, Horseshoe hereby grants to Agent an option (the “Option”) to acquire the Stock of Borrower for One Hundred Dollars (\$100) pursuant to a Membership Interest Purchase Agreement (the “Purchase Agreement”) to be mutually acceptable to Horseshoe and Agent.

2. Consideration for Option. In exchange for Horseshoe’s provision of the Option, Agent hereby tenders to Horseshoe the sum of One Hundred Dollars (\$100) in cash.

3. Exercise of Option. To exercise the Option, Agent shall give written notice to Horseshoe in accordance with the provisions of this Agreement at any time during the period (the “Option Term”) commencing on the date of this Agreement (the “Commencement Date”) and continuing to and including the third anniversary of the Commencement Date (but subject to the immediately following sentence and Section 5(b)). The Option shall be considered to have been timely exercised within the Option Term if Agent forwards the written notice to Horseshoe prior to the expiration of the Option Term, even if consummation of Agent’s acquisition of the Borrower Stock occurs after the expiration of the Option Term.

4. Execution of Purchase Agreement. Within thirty (30) days following Horseshoe’s receipt of the written notice from Agent pursuant to Section 3 hereof, Horseshoe and Agent shall negotiate, execute and deliver the Purchase Agreement.

5. Sale of Station Assets Upon Expiration of Option Term.

(a) **Sale to a Third Party.** Upon acquisition of the Stock of Borrower, Horseshoe may enter into a Management and Brokerage Services Agreement (the “Brokerage Agreement”) with Media Venture Partners, LLC (“MVP”) in the form of Exhibit A annexed hereto to (i) provide assistance in the management of the WWCP and (ii) help market the Station Assets for sale to a third party, free and clear of all Liens, in the event that Agent does not exercise the Option; provided, that, notwithstanding anything in this Agreement to the contrary, during the Option Term, Horseshoe shall not sell, assign, convey, or transfer to any other Person, or enter into any agreement to sell, assign, convey or transfer to any other Person, any existing or future interest in any of the Borrower Stock or any of the Station Assets without obtaining Agent’s prior written consent. If the Option Term expires without Agent exercising the Option, Horseshoe may, notwithstanding any statement in the Loan Agreement or other Loan Documents to the contrary, and upon ninety (90) days prior notice to Agent, market and subsequently enter into an agreement with a third party to sell, assign, convey, or transfer the Station Assets, free

and clear of all Liens. In such event, Horseshoe shall use commercially reasonable efforts to secure the maximum purchase price for the sale of the Station Assets.

(b) **Exercise of Option After Expiration of Option Term.** Notwithstanding any statement in this Agreement to the contrary, after expiration of the Option Term, Agent may exercise the Option for the Stock of Borrower by giving the written notice specified in Section 3 and purchase the Stock of Borrower if Horseshoe has not yet entered into any legally binding agreement for the sale of the Station Assets to any other Person (not affiliated with Horseshoe).

(c) **Application of Net Available Proceeds.** Horseshoe shall apply all of the Net Available Proceeds from the Disposition of the Station Assets to the payment of Borrower's Obligations under the Loan Agreement, with the understanding that, notwithstanding any statement in the Loan Agreement to the contrary, the Net Available Proceeds may reflect (i) a deduction for expenses incurred in the negotiation and consummation of the sale of the Station Assets, including legal fees and commissions due to MVP in accordance with the Brokerage Agreement or any reasonable commissions due any other brokerage firm that assists in the sale process and (ii) a reserve to pay whatever taxes that have been or are reasonably expected to be imposed by any Governmental Authority in conjunction with such Disposition and the dissolution of Horseshoe and its direct and indirect subsidiaries (after taking into account any tax credits or deductions and any tax sharing arrangements); provided, that any portion of the Net Available Proceeds remaining after payment of all such taxes owed to any Governmental Authority shall be promptly remitted to Agent to pay down Borrower's Obligations under the Loan Agreement. Simultaneous with the application of the Net Available Proceeds from the sale of the Station Assets to Borrower's Obligations under the Loan Agreement in accordance with this subsection, Horseshoe and Agent shall execute a Release in the form of Exhibit B annexed hereto, which shall release Horseshoe from any and all obligations (including any guaranty) under the Loan Agreement and other Loan Documents (with the understanding that the Release shall, to the extent necessary, account for any continuing obligation of Horseshoe to remit to Agent any balance of the Net Available Proceeds after payment of all taxes contemplated by this section). Horseshoe shall provide Agent with an accounting of all Net Available Proceeds received from the Disposition of the Station Assets, promptly upon receipt of Agent's request therefor.

6. **FCC Consent.** Notwithstanding any statement in this Agreement to the contrary, Agent shall not exercise any control over Horseshoe or the Station unless and until any prior approval of the FCC required by law or government regulation has been obtained. Between the date hereof and the consummation of the transactions contemplated by the Purchase Agreement, Horseshoe shall, through its direct or indirect ownership of Borrower and the Station Assets, retain exclusive control over the operation of the Station, including its programming, personnel, and finances.

7. **Assignment.** Horseshoe shall not assign its rights and obligations under this Agreement to any other Person without the prior written consent of Agent. Agent may assign its rights and obligations under this Agreement to any other Person upon five (5) days prior written notice to Horseshoe. The terms and conditions of this Agreement shall be binding upon and inure to the benefit of the parties' permitted assigns and successors.

8. **No Third Party Beneficiaries.** The covenants, conditions and provisions hereof are and shall be for the exclusive benefit of the parties hereto and their permitted successors and assigns, and nothing herein, express or implied, is intended or shall be construed to give any other Person any right, remedy or claim, legal or equitable, under or by reason of this Agreement. Notwithstanding any statement in this Agreement to the contrary, except as otherwise expressly provided herein, nothing herein is intended to limit or restrict the exercise by the Agent of its rights and remedies as a secured creditor prior to Horseshoe's execution of a legally binding agreement with a third party for the sale of the Station Assets.

9. **Notices.** All communications or notices required or permitted by this Agreement shall be in writing and shall be sent to the other parties by hand, by facsimile (with written confirmation of receipt), or by a nationally-recognized commercial overnight delivery service, charges prepaid, at the address or facsimile number set forth below (as such information may be changed in accordance with the provisions of this section):

If to Horseshoe:

Elliot Evers, President
Horseshoe Curve Communications, LLC
c/o Media Venture Partners, LLC
244 Jackson Street, Fourth Floor
San Francisco, CA 94111
Telephone: (415) 391-4877
Facsimile: (415) 391-4912

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

Lewis J. Paper
Dickstein Shapiro LLP
1825 Eye Street, NW
Washington, DC 20006
Telephone: (202) 420-2265
Facsimile: (202) 420-2201

If to Agent:

Peter Leibman, Vice President
Fortress Investment Group LLC

1345 Avenue of the Americas, 29th Floor
New York, NY 10105
Telephone: (212) 515-7711
Facsimile: (212) 515-7810

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

Lawrence S. Goldberg
Schulte Roth & Zabel LLP
919 Third Avenue
New York, NY 10022
Telephone: (212) 756-2000
Facsimile: (212) 593-5955

10. Counterpart Signatures. This Agreement may be executed in counterparts, each of which will collectively be deemed one and the same Agreement. Delivery of an executed signature page by email or facsimile will be deemed an original for all intents and purposes.

11. Section Headings. Section headings in this Agreement are for convenience of reference only and shall not affect the meaning hereof.

12. Severability. If any provision of this Agreement is held to be invalid or unenforceable by a Governmental Authority or court of competent jurisdiction, the remainder of this Agreement shall not be affected thereby.

13. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York without regard to conflict of laws provisions.

14. Specific Performance. Agent shall be entitled to seek specific performance from a court of competent jurisdiction (without posting bond or other security) with respect to Horseshoe's obligations under this Agreement, it being acknowledged that the Stock of Borrower constitutes a unique property and that it would be difficult, if not impossible, to quantify the damages Agent would incur from Horseshoe's failure to honor its obligations hereunder. In the event that Agent seeks specific performance in accordance with this section, Horseshoe shall waive any defense that Agent has an adequate remedy at law.

15. Consent to Jurisdiction and Service of Process. All judicial proceedings brought against either party to this Agreement arising out of or relating to this Agreement shall be brought in accordance with the provisions of the Loan Agreement.

16. Waiver of Jury Trial. Horseshoe and Agent hereby waive their respective right to a jury trial of any claim or cause of action based upon or arising out of this Agreement. Each party hereto acknowledges that this waiver is a material inducement to the other party's decision to enter into this Agreement.

17. Construction. The words “herein,” “hereby,” “hereunder” and other similar words shall refer to this Agreement as a whole and not to any particular section unless the language expressly states to the contrary. The word “including” shall mean including, without limitation. The use of the words “or,” “either” and “any” shall not be exclusive. Where the context so requires or permits, the use of the singular form includes the plural, the use of the plural form includes the singular, and the reference to either gender includes either and both gender.

18. Saturdays, Sundays and Legal Holidays. If the time period by which any acts or payments required hereunder must be performed or paid expires on a Saturday, Sunday or legal holiday, then such time period shall be automatically extended to the next business day.

19. Waivers. No waiver shall be effective unless embodied within a document executed by the party charged with the waiver. The failure of either party hereto to enforce any of the provisions of this Agreement shall not be construed to be a waiver of any such provision or affect the right of such party thereafter to enforce each and every such provision. No waiver of any breach of any provision of this Agreement in any instance shall constitute a waiver of the same or any other provision in any other instance, no matter how similar.

20. Integration. This Agreement, along with the other documents referenced herein, constitutes the entire agreement of the parties with respect to the subject matter hereof and supersedes and cancels any and all prior and contemporaneous agreements or understandings relating to the same subject matter. This Agreement may not be amended except by a document executed by the parties.

21. Cooperation. The parties shall use commercially reasonable efforts to cooperate with each other in effectuating the intent and purpose of this Agreement in a timely manner. Such cooperation shall include the execution of any document or other instrument, reasonably acceptable to each party in both form and substance, that is necessary to the consummation of the transactions contemplated hereunder (including Agent’s release of any and all Liens on the Station Assets upon consummation of Horseshoe’s sale of the Station Assets to a third party as contemplated hereunder).

[Remainder of page intentionally left blank]

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

**HORSESHOE CURVE COMMUNICATIONS,
LLC**

By: _____

Name:

Title:

FORTRESS VALUE RECOVERY FUND I LLC

**By: Fortress VRF Advisors I LLC, its investment
manager, as agent and attorney-in-fact**

By: _____

Name:

Title:

EXHIBIT A

Form of Management and Brokerage Services Agreement

EXHIBIT B

Form of Release