

**UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION**

<b>In re:</b>	)	<b>Case Nos. 02-81667-PWB</b>
<b>FLORENCE TELEVISION, L.L.C.</b>	)	<b>Chapter 11</b>
	)	<b>Judge Paul W. Bonapfel</b>
<b>Debtor.</b>	)	
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**DEBTOR’S MOTION FOR AUTHORITY TO (I) SELL SUBSTANTIALLY ALL OF ITS ASSETS TO HUNTSVILLE TV, LLC FREE AND CLEAR OF LIENS, CLAIMS AND ENCUMBRANCES, (II) ASSUME AND ASSIGN CERTAIN CONTRACTS, (III) ESTABLISH CURE AMOUNTS WITH RESPECT TO SUCH CONTRACTS, (IV) ENTER INTO AND PERFORM UNDER A LOCAL MARKETING AGREEMENT, (V) PROVIDE A KEY EMPLOYEE RETENTION PLAN; AND (VI) REJECT ITS AFFILIATION AGREEMENT WITH UNITED PARAMOUNT NETWORK**

**INTRODUCTION**

COMES NOW, FLORENCE TELEVISION, LLC, as debtor and debtor-in-possession in this Chapter 11 proceeding (the “Debtor”), and files this motion (the “Sale Motion” or the “Motion”) requesting that this Court enter an order (substantially in the form attached as Exhibit E) authorizing it to sell substantially all of the assets of the Debtor to HUNTSVILLE TV, LLC (“Huntsville” or “Purchaser”), pursuant to Sections 363, 365, 1146 and 105 of Title 11 of the United States Bankruptcy Code (the “Bankruptcy Code”), and pursuant to Rules 2002, 6004 and 6006 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), subject to the terms and conditions set forth in an Asset Purchase Agreement dated February 24, 2004 (the “Asset Purchase Agreement”) by and among the Debtor, the Purchaser, and VALLEY TELEVISION, LLC, a wholly-owned subsidiary of the Debtor and the entity holding its FCC broadcast license (the “License”). A true and correct copy of the Asset Purchase Agreement is

attached hereto as Exhibit A. The proposed sale shall be free and clear of all liens, claims and encumbrances with all such liens, claims and encumbrances to attach to the proceeds of the proposed sale, except as provided for herein. The Debtor further seeks authority in this Motion to assume and assign certain executory contracts to the Purchaser which relate to the business operations of the Debtor (the “Assumed Contracts”). A list of the Assumed Contracts which may be assumed and assigned to the Purchaser is included as Schedule 1.4 to the Asset Purchase Agreement, which may be modified by the Purchaser prior to the closing of the sale contemplated in the Asset Purchase Agreement. The Debtor further requests that the amounts necessary to cure the Assumed Contracts be established pursuant to §365; that the Debtor be permitted to enter into and perform under a Local Marketing Agreement to permit the smooth transition of operation and control from the Debtor to the Purchaser under the Asset Purchase Agreement while FCC approval of the transfer of the License (as defined below) is obtained; and that the Debtor be authorized to provide for a Key Employee Retention Plan in order to maintain the value of the Debtor’s estate pending final approval of the FCC. Lastly, the Debtor seeks authority to reject the Affiliation Agreement between it and the Debtor at such time as the sale is consummated. In conjunction with the sale, the Debtor seeks an Order authorizing the Debtor to consummate the proposed sale immediately after entry of this Court’s Order granting this Sale Motion pursuant to Rule 6004(g) and 6006(d) (the “Sale Order”), subject only to consent of the Federal Communications Commission (the “FCC”) and such other contingencies that may be set forth in the Asset Purchase Agreement.

In support of this Motion, the Debtor states the following:

## **JURISDICTION**

1. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Consideration of this Motion is a “core” proceeding within the purview of 28 U.S.C. § 157(b). Venue of this case is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

## **BACKGROUND**

2. On November 12, 2002 (the “Petition Date”), the Debtor filed its voluntary petition for relief under the Bankruptcy Code. The Debtor is operating its business and managing its properties as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

3. The Debtor is a federally licensed, UPN-affiliated television station located in Florence, Alabama operating under the station call letters WHDF-TV. Its physical assets include, among other things, a broadcast studio facility with a 350-foot microwave tower, a leasehold interest in certain real property located in Giles County, Tennessee on which the Debtor erected an approximately 1,350-foot broadcast tower, broadcast equipment and supplies, and a leasehold interest in an administrative office in Huntsville, Alabama. Debtor currently has twenty-two (22) employees.

4. The Debtor began its affiliation with UPN during 1999 as the Debtor was emerging from a previous Chapter 11 reorganization. In exchange for an infusion of capital needed for the Debtor’s continued operation, the Debtor became indebted to UPN and its affiliates under a \$6 million promissory note secured by the assets of the Debtor. UPN, through a controlled subsidiary entity, also made the Debtor’s emergence from its previous bankruptcy possible by securing a ground lease (the “Tower Lease”) in Giles County, Tennessee. The Debtor then subleased the ground lease from that UPN subsidiary (the “Tower Sublease”), and erected

on such real property its broadcast tower capable of covering the Huntsville-Decatur-Florence, Alabama designated market area (the “DMA”).

5. UPN is the only secured creditor of the Debtor. UPN has caused its subsidiary to make its ground lease available for inclusion in the assets to be transferred in the sale to the Purchaser proposed for this Motion for the purpose of increasing the ongoing value of the Debtor’s business and maximizing UPN’s recovery in the proposed sale.

### **THE PROPOSED SALE**

6. The Debtor, the Purchaser, and the Licensee have entered into an Asset Purchase Agreement, a copy of which is attached hereto as Exhibit A and incorporated herein by reference, pursuant to which the Debtor has agreed to sell, and Purchaser has agreed to purchase, subject to (a) the granting of authorization by the Bankruptcy Court to this Sale Motion and (b) the consent of the FCC to the proposed transaction, substantially all of the assets of Debtor, namely those physical assets mentioned above and associated intangible assets (all of which are defined with more particularity below as the Sale Assets) for Five Million Five Hundred Thousand Dollars (\$5,500,000), paid at closing (subject to certain adjustments), plus assumption of certain liabilities (the foregoing transaction hereinafter referred to as the “Sale”).

7. The Debtor seeks to sell substantially all of its assets to the Purchaser as well as to assume and assign the Assumed Contracts, and to establish cure amounts, if any, for the Assumed Contracts.

8. After considering various alternatives, the Debtor has determined that it is in its best interests and that of its creditors to enter into an Asset Purchase Agreement with the Purchaser for the sale of the Sale Assets (as described and defined below).

9. Since the filing of this chapter 11 case more than a year ago, the Debtor and UPN have each engaged in a lengthy and strenuous effort to attract prospective purchasers for the Debtor's assets and operations (the "Business"). During the spring and summer of 2003, a number of parties expressed an interest in bidding on the Business because the FCC had promulgated new rules regarding the ownership of more than one television station in a designated market. Prior to the promulgation of the new rules the FCC had strict rules limiting a party from owning more than one station in a market. The new rules, which were scheduled to become effective in September, 2003, relaxed that prohibition and generated interest in the Debtor's Business among certain in-market owners. Serious negotiations were entered into with multiple in-market owners to become the "stalking horse" bidder for the Business. Just before the new rules were to become effective, however, a federal court in Philadelphia enjoined the FCC against applying the new rules indefinitely (the "Stay"). The new rules are expected to remain subject to the Stay for the foreseeable future.

10. As a consequence of the Stay, the interest of in-market owners in the Business evaporated. Since that time, only the Purchaser has come forward with an offer for the Business to which UPN is willing to consent.

11. The Purchaser is an affiliate of owners of several successful television stations in other markets and therefore has the experience and knowledge necessary to successfully takeover the Business as a going concern. The Debtor is confident that FCC approval for the sale of the Business to the Purchaser will be obtained, that the Purchaser is not in danger of violating any ownership restrictions based on its ownership of stations in other markets, and that the Purchaser will have the ability to close.

12. The Purchaser is unwilling to proceed with its offer to purchase the Business if competitive bidding is required. The Debtor and UPN are convinced that the Business has been marketed widely and there is no realistic prospect that a higher and better offer would be forthcoming from a party likely to obtain FCC approval if further procedures for competitive bidding were implemented.

13. Requiring competitive bidding would induce the withdrawal of the Purchaser from the process and have a significantly adverse effect upon the Debtor and the value of UPN's collateral. As the amount of the indebtedness to UPN secured by the Sale Assets (as defined below) exceeds \$8,200,000, any alternative offer to purchase the Business would have to be substantially more than \$2,700,000 above the Purchase Price to benefit any creditor other than UPN. Neither UPN nor the Debtor believe this to be a possible scenario given the current market conditions. As a practical matter, UPN is the only party in interest that stands to lose if an auction process is not required, and UPN fully supports the Motion.

14. The Debtor's primary aim in this case is to pursue a sale of all or substantially all of its assets in an effort maximize the return to the Debtor's administrative claimholders, its secured creditor, and to secure continued or future employment for the Debtor's existing and former employees.

15. Pursuant to the Asset Purchase Agreement, the Purchaser will acquire the Sale Assets (as defined below) free and clear of all liens, claims, encumbrances, and other interests pursuant to, inter alia, sections 363 and 105 of the Bankruptcy Code. Some of the more salient terms set forth in the Asset Purchase Agreement are as follows:

Sale Assets. Substantially all of the physical assets, including furniture, fixtures and equipment located at the Florence broadcast studio and the Huntsville administrative office,

as well as the interest of UPN's subsidiary in a ground lease of a broadcast tower in Giles County, Tennessee in the DMA. In addition to the tangible assets of Debtor, Debtor and Licensee will also assign all of its transferable rights under such leases and executory contracts as desired by Purchaser, if any, all of its rights to broadcast in its DMA at its current assigned frequency and strength, all of its customer records and, and all of the intellectual property rights used in its business such as logos, musical scores, trademarks and goodwill. Specifically, such assets will also include without limitation the right (but not the obligation) of the Purchaser to use the name "WHDF-TV" and related names within the DMA (all such assets collectively referred to herein as the "Sale Assets"). The Debtor's cash and receivables are not included in the Sale Assets.

Assumed Liabilities. The Purchaser shall also assume certain liabilities related to or arising out of the Sale Assets, as will be listed on a schedule to the Asset Purchase Agreement. Such assumed liabilities shall include, without limitation, the obligations of the Debtor in connection with any prepaid advertising sales. Specified current liabilities (utilities, rent expense and other operating expenses) and current prepaid assets (rent, utilities, etc.) shall be prorated as of the date of closing of the proposed Sale. Purchaser will also be assuming executory obligations under the Assumed Contracts (as defined above).

Purchase Price. The Purchaser will purchase the Sale Assets for the sum of Five Million Five Hundred Thousand Dollars (\$5,500,000) in cash payable at the time of Closing (as defined below), plus those obligations assumed and assigned to the Purchaser as provided for in the Sale Order.

FCC Consent. The Debtor and Licensee shall, in accordance with the provisions of the Asset Purchase Agreement, file all applications necessary to obtain the governmental approvals requisite to the Purchaser's ownership of the license to broadcast through the

television station. The consummation of the Asset Purchase Agreement shall be conditioned upon the consent to the Sale by the FCC and any other applicable government authorities.

Compliance. The Purchaser shall be satisfied, in its sole discretion, that the Debtor is in compliance with all federal and state environmental laws and regulations, and that all necessary federal, state and local permits are in place and may be assigned.

Operating Assets. The Debtor will deliver to Purchaser good legal and equitable title to the Sale Assets on an AS IS and WHERE IS basis. Purchaser shall have had the opportunity to inspect all material operating assets of the Debtor and all related assets and facilities used in or in connection with the operations of the Debtor.

Closing. The consummation of the sale of the Assets shall occur within five (5) business days after the later of (1) the entry of the Sale Order and (2) the final approval of the transfer of the License by the FCC (the “Closing”).

Local Marketing Agreement. Upon entry of the Sale Order, the Purchaser, the Debtor, and the Debtor’s subsidiary shall enter into a Local Marketing Agreement (the “LMA”) to enable a smooth, timely transition of its operations to the Purchaser prior to the approval of the Sale by the FCC. A true and correct copy of the proposed LMA is attached as Exhibit A to the Asset Purchase Agreement.

Pre-Closing Deposit. Prior to the execution of the Asset Purchase Agreement, the Purchaser delivered to counsel for the Debtor, as escrow agent, a Deposit of Two Hundred-fifty Thousand Dollars (\$250,000), to be applied to the Purchase Price at Closing, or in certain events leading to the failure of the proposed Sale, to be refunded to Purchaser.

Post-Closing Escrow. At the Closing of the proposed Sale, the sum of \$250,000 of the closing proceeds shall be deposited with a third-party escrow agent (the “Post-Closing

Escrow Fund”). The Post-Closing Escrow Fund may be distributed to UPN upon the expiration of a sixty (60) day period after the Closing, or in the event of default of the Debtor of any representations, warranties, covenants, or obligations under the Asset Purchase Agreement, applied toward the damages suffered by Purchaser arising from such default.

16. The terms of the sale summarized in the preceding Paragraph 15 have been mutually negotiated among the Debtor, the Purchaser, and UPN to maximize the benefit to the Debtor’s estate and provide for the continuing operation of the station serving the DMA. During the time that these proceedings have been ongoing, the Debtor has continued to operate the station despite its negative cash flow to preserve the value of the estate as a going concern. The Debtor believes this has benefited UPN by increasing the proceeds available to it from the sale of its Collateral, and allowing the Debtor the opportunity to choose the best possible Purchaser from among a variety of individuals and entities that had expressed an interest in the station throughout these proceedings.

17. The proceeds of the sale of the Sale Assets will benefit a number of parties in interest in addition to UPN because, in connection with and dependent upon the Closing, UPN has agreed to various carve-outs from its first lien position in the Sale Assets. Carved out from the sale proceeds will be allowances for claims against the estate such as administrative claims, amounts payable under the Debtor’s Key Employee Retention Plan (subject to court approval) and priority unsecured claims for unpaid taxes held by the Internal Revenue Service, as more particularly described in Paragraph 20, below.

18. To help determine whether parties in interest have objections to the sale proposed by this Motion, the Court, at the time of hearing this Motion, should set the parties’ expectations with respect to the use of the proceeds at the consummation of the sale. As part of the Extended

Final Order Authorizing the Use of Cash Collateral dated June 13, 2003, as amended (the “Cash Collateral Order”), UPN consented to carve-outs of (i) \$175,000 to satisfy the fees and expenses associated with the retention and employment of Professionals in administering these proceedings, and (ii) the amount necessary to pay the fees of the United States Trustee (the “Prior Carve-Outs”). The events of the summer of 2003 relating to the changes in the FCC ownership rules and the Stay added to the amount of time spent by Professionals in negotiating a sale of the Debtor’s assets and administering the case. The Debtor estimates that the total fees of Professionals in this case will exceed the amount of the Prior Carve-Outs. In addition, the added delay has caused the Debtor to run cash shortfalls resulting in the accrual of some of its post-petition payables due its vendors. As a result, the Debtor has post-petition administrative expenses that have not been satisfied. The estimated post-petition administrative expenses of the Debtor that are outstanding as of the date of this Motion are estimated at approximately \$375,000, including fees and expenses of Professionals that have been approved by the Court, as well as fees and expenses of Professionals not yet submitted for review and approval by the Court.

19. UPN has, simultaneously with this Motion, offered to provide DIP financing in an amount up to \$220,000 to assist the Debtor in covering expected cash shortfalls during the months of March and April, 2004, as well as to pay certain other post petition expenses of the Debtor.

20. UPN has agreed that, upon the Closing of the Asset Purchase Agreement, the scope of the carve-outs will be expanded as follows (collectively, the “Agreed Carve-Outs”):

- a. The Administrative Expense Carve-Out. Upon the Closing, UPN agrees to a carve-out for administrative expenses (inclusive of the Prior Carve-Outs) of

up to \$300,000 plus (a) the Cure Cost Surplus (as defined in paragraph 21 of this Motion), (b) the Property Tax Surplus (as defined in paragraph 21), and (c) one-half of the Priority Tax Surplus (as defined in paragraph 21) (collectively, the “Administrative Expense Carve-Out”).

b. The KERP Carve-Out. UPN has further agreed, upon the Closing, to a carve-out for the amounts payable under the Debtor’s Key Employee Retention Plan up to \$225,000 (the “KERP Carve-Out”).

c. The Priority Tax Claim Carve-Out. UPN has further agreed, upon the Closing, to a carve-out of up to \$110,000 for payment of the trust fund portion of priority tax claims against the Debtor (the “Priority Tax Claims Carve-Out”).

21. In connection with and to effectuate the Agreed Carve-Outs, and conditioned on the occurrence of, the Closing, UPN has agreed that, in addition to the disbursement to be made to UPN as the holder of the first priority lien on the Sale Assets, the following disbursements may be made from the Cash Consideration portion of the purchase price due at Closing:

a. \$250,000 to counsel for the Purchaser, Daniel Sroka, Esq., in his capacity as the Post-Closing Escrow Agent, to be held pursuant to the Post-Closing Escrow Agreement described in the Asset Purchase Agreement.

b. To the Debtor’s bankruptcy counsel, the amount of the cure costs required to be paid in connection with the assumption and assignment of leases and executory contracts to the Purchaser, which cure costs shall be disbursed to the appropriate parties in interest by Debtor’s bankruptcy counsel within ten (10) days. The amount, if any, by which \$20,000 exceeds such cure costs is referred to herein as the “Cure Cost Surplus.”

c. To the appropriate tax authorities, the amounts necessary to pay real and personal property taxes owed on any of the Sale Assets. The amount, if any, by which \$60,000 exceeds the aggregate amount of such taxes is referred to herein as the “Property Tax Surplus.”

d. To the Debtor’s bankruptcy counsel, \$110,000, which is to be disbursed to the appropriate taxing authorities within ten (10) days to pay the trust fund portion of priority tax claims owed by the Debtor for pre-petition payroll taxes. The amount, if any, by which \$110,000 exceeds the aggregate amount of such trust fund portion is referred to herein as the “Priority Tax Surplus.” The Debtor has agreed to pay one-half of the Property Tax Surplus, as finally determined, to UPN.

e. To the Debtor’s operating account, \$185,250, from which is to be paid the portion of the KERP payments due at Closing.

f. To the Debtor’s operating account, the amount by which the Administrative Expense Carve-Out exceeds (X) the Debtor’s cash on hand at Closing plus (Y) the amount of the Debtor’s accounts receivable and payment intangibles outstanding on the Closing Date that are reasonably projected to be collectible in the future (the “Projected Collections”). Under the form of the Order granting this Motion, the Debtor shall be authorized to use the funds so disbursed to the Debtor, the Debtor’s cash on hand at Closing and the collections on the aforementioned accounts receivable and payment intangibles to pay administrative expenses, including administrative expenses entitled to the benefits of the Prior Carve-Out.

**REQUEST FOR APPROVAL  
OF THE SALE OF THE SALE ASSETS**

22. Section 363 of the Bankruptcy Code authorizes a debtor in possession “after notice and a hearing ... to use, sell, or lease other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1).

23. The sale of substantially all of a debtor’s assets should be authorized by a bankruptcy court pursuant to Section 363 of the Bankruptcy Code if a debtor demonstrates that: (a) a sound business justification exists for doing so; (b) adequate and reasonable notice of the proposed Sale has been given; (c) the sale is proposed in good faith; and (d) the proposed purchase price is fair, reasonable, and adequate. See, e.g., Committee of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1071 (2d Cir. 1983); Institutional Creditors of Continental Airlines, Inc. v. Continental Airlines, Inc. In re Continental Airlines, Inc., 780 F.2d 1223 (5th Cir. 1986) (endorsing the “sound business justification” standard set forth in Lionel); Stephens Indus., Inc. v. McClung, 789 F.2d 386, 389-90 (6th Cir. 1986) (upholding a similar sale involving a broadcast station with FCC Licenses); Big Shanty Land Corp. v. Comer Properties, Inc., 61 B.R. 272 (N.D. Ga. 1985) (same). Courts have made it clear that a debtor’s showing of a sound business justification need not be unduly exhaustive but, rather, a debtor is “simply required to justify the proposed disposition with sound business reasons.” In re Baldwin United Corp., 43 B.R. 888, 906 (Bankr. S.D. Ohio 1984). Whether or not there are sound business reasons to justify a transaction depends upon the facts and circumstances of each case. See Lionel, 722 F.2d at 1071.

24. A bankruptcy court’s power to authorize a sale under section 363(b) is to be exercised at the court’s discretion. In re WPRV-TV, Inc., 983 F.2d 336, 340 (1st Cir. 1993); New Haven Radio, Inc. v. Meister (In re Martin-Trigona), 760 F.2d 1334, 1346 (2d Cir. 1985);

Committee of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1069 (2d Cir. 1983).

25. Courts have authorized a sale of all or substantially all of a Debtor's assets pursuant to section 363(b) of the Bankruptcy Code and in the absence of a reorganization plan where there is a "sound business purpose." In determining whether a "sound business purpose" exists, courts look for (i) a sound business reason for the transaction, (ii) accurate and reasonable notice, (iii) a fair and reasonable price, and (iv) good faith negotiations by the parties. Titusville Country Club v. Penn Bank (In re Titusville Country Club), 128 B.R. 396 (Bank. W.D. Pa. 1991); In re Delaware & Hudson Ry. Co., 124 B.R. 169, 176 (D. Del. 1991); In re Industrial Valley Refrigeration and Air Conditioning Supplies, Inc., 77 B.R. 15 (Bankr. E.D. Pa. 1987). See also, Stephens Indus., Inc. v. McClung, 789 F.2d 386 (6th Cir. 1986); In re Lionel Corp., 722 F.2d at 1071 (setting forth the "sound business purpose" test in the context of a sale of assets under section 363(b)).

26. In this case, the first two elements of "sound business purpose" test are easily met, based upon the status of these proceedings and the notice provided to the parties in interest. Additionally, given the limited amount of liquidity available to the Debtor requiring the Debtor to seek post-petition financing from UPN, there exists no other option but to sell substantially all of the assets of the Debtor. Finally, the sale will dramatically increase the chances that the Debtor's existing and former employees will secure continued or future employment, as well as maximizing the return to the Debtor's creditors. Absent a sale pursuant to section 363(b), the Debtor would be forced to liquidate its assets piecemeal. The Debtor and UPN contend that in a liquidation context, the Debtor would receive much less value for its assets than if a sale of the assets as a going concern were approved pursuant to section 363(b).

27. The other elements of the “sound business purpose” test namely that the sale price be fair and reasonable and that the sale be the result of good faith negotiations with the Purchaser are also satisfied. The extended length of time in which the Debtor and UPN have been marketing the station, and the degree to which they have cooperated in supplying information to potential buyers establish these points. The Purchaser has negotiated this deal in good faith and has engaged in substantial due diligence. In re Abbotts Dairies of Pa., Inc., 788 F.2d 143,147-50 (3d Cir. 1986) (discussing the elements of good faith); In re Tempo Technology Corp., 202 B.R. 363, 367 (D. Del. 1996), In re Industrial Valley, 77 B.R. at 22; In re Stroud Ford. Inc., 163 B.R. 730 (Bankr. M.D. Pa. 1993); See also, e.g., In re Ewell, 958 F.2d 276 (9th Cir. 1992) (declining to set aside or modify a sale pursuant to section 363 of the Bankruptcy Code because the price was fair and reasonable and the buyer was a good faith purchaser pursuant to section 363(m) of the Bankruptcy Code). The Debtor submits that the negotiations of the Asset Purchase Agreement were conducted in a fair manner to a good faith purchaser.

28. The Debtor respectfully submits that the proposed Sale is entirely consistent with the guidelines set forth in the applicable case law. The Debtor believes that a prompt sale is in the best interest of the Debtor, its creditors and its estate and will maximize the amount that the Debtor, its creditors, and its estate, may realize for the value of the Sale Assets.

29. The Debtor, exercising its business judgment after a thorough analysis and review of the current status of its business operations, its financial condition, and its financial outlook, has determined to proceed with the proposed sale of the Sale Assets to the Purchaser, as detailed in the Asset Purchase Agreement. The Debtor submits that the proposed sale is in the best interest of its estate and constitutes a reasonable exercise of the Debtor’s business judgement.

30. The Purchase Price to be paid by the Purchaser pursuant to the Asset Purchase Agreement represents the highest or otherwise best offer that has been received for the Sale Assets by an entity reasonably likely to qualify as an eligible owner under the FCC duopoly rules. The Debtor submits to the Court that the Purchase Price for the Sale Assets is reasonable and fair and currently represents the highest and best recovery for the Debtor and its creditors. The Debtor views the prospect of making the proposed sale subject to any higher or better offers as detrimental to the proposed sale, and has determined that the Purchase Price includes a premium sufficient to counter any alternative offers.

31. Further, the Debtor had for several months prior to the Petition Date considered the sale of substantially all of its assets and its ongoing business as desirable due to the increasing costs of operation in the face of reduced ratings of its predominantly UPN programming. As a result, and for the further reasons stated above, the Debtor believes that the proposed sale to the Purchaser on the terms set forth in the Asset Purchase Agreement, is in the best interests of the estate and the creditors thereof and should therefore be approved pursuant to section 363 of the Bankruptcy Code.

32. Throughout the course of these proceedings, and in advance of determining that the proposed sale was the best possible alternative, the Debtor prepared due diligence materials and solicited offers from various third parties. Upon information and belief, the presentation materials were provided to at least six (6) different entities, and at least four (4) other entities were given the opportunity to request such materials. Notwithstanding the solicitation of offers, the Debtor was unable to secure from any third party a commitment or offer to purchase the Sale Assets either (i) at a price comparable to the offer presented by Purchaser, or (ii) acceptable to UPN.

33. The Debtor's General Manager, Gary Kneller, and his representatives also have been in frequent contact with many companies in the broadcast industry. In light of the time requirements and inability of the Debtor to continue indefinitely in its current status, as well as the consent of UPN to the proposed sale, the Debtor has accepted, subject to this Court's approval, Huntsville TV, LLC's offer to purchase the Sale Assets. UPN as the sole secured creditor has approved of the sale to the Purchaser and as a concession, has agreed to the carve-out from the sales proceeds as set forth above. Absent approval of this Purchaser, UPN may not be as gracious as it has been with respect to payments of other creditor's claims.

**REQUEST FOR APPROVAL OF THE SALE  
OF THE SALE ASSETS FREE AND CLEAR OF  
LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS**

34. The Debtor seeks authority to sell the Sale Assets free and clear of any liens, claims, encumbrances, and other interests pursuant to section 363(f) of the Bankruptcy Code. Section 363(f) of the Bankruptcy Code provides in pertinent part as follows:

(f) The trustee may sell property under subsection (b) or (c) of this section free and clear of any interest in such property of an entity other than the estate, only if –

(1) applicable nonbankruptcy law permits sale of such property free and clear of such interest;

(2) such entity consents;

(3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;

(4) such interest is in bona fide dispute; or

(5) such entity could be compelled, in a legal or equitable proceeding to accept a money satisfaction of such interest. 11 U.S.C. § 363 (f).

35. To satisfy section 363(f) of the Bankruptcy Code, the Debtor need only satisfy one of the five conditions set forth above. See In re Gulf States Steel Inc. of Alabama, 285 B.R.

497, 506 (Bankr. N.D. Ala. 2002) (citing WBQ Partnership v. Virginia Dept. of Medical Assistance Svcs. (In re WBQ Partnership), 189 B.R. 97 (Bankr. E.D. Va. 1995)).

36. Section 363(f)(2) of the Bankruptcy Code allows a secured creditor to consent to the sale of the collateral securing such lien. UPN has a valid, properly perfected security interest in or lien against the Sale Assets to be transferred to the Purchaser. UPN has consented to and supports the sale of the Sale Assets to the Purchaser on the terms set forth in the Asset Purchase Agreement. As stated above, UPN is subsidizing the sale by causing its single-purpose subsidiary, which holds a long term ground lease for the property on which Debtor's primary broadcast tower stands, to consent to the transfer of the Tower Lease as part of the sale to increase the value of the Sales Assets in the aggregate.

37. Even if UPN, the only holder of bona fide liens, secured claims, encumbrances, or other interests does not consent to the sale, a sale of the Sale Assets free and clear can still proceed pursuant to section 363(f) of the Bankruptcy Code because creditors with an interest in the Sale Assets can be compelled to accept monetary satisfaction of their claims pursuant to section 363(f)(5) of the Bankruptcy Code. The Debtor also believes that other provisions of section 363(f) of the Bankruptcy Code may be applicable to and would permit the proposed Sale of the Sale Assets. Prior to the debtor filing its petition, UPN's affiliate allegedly terminated the Tower Sublease. As a result there is a question as to whether the Debtor could assume this lease. If it could not, then the only way the broadcast tower could be transferred would be with UPN's consent. However, absent UPN's consent, any other purchaser may not be able to get access to the tower located on the real property subject to the Tower Sublease, thereby drastically reducing the Debtor's broadcast market, and thereby reducing the potential purchase price that another prospective purchaser would be willing to pay for the Debtor's assets and business. UPN has

agreed to cause its affiliate, UPN Properties, Inc., to transfer the underlying ground lease to Purchaser, thereby mooting the issue of whether the Tower Sublease is still in force and effect.

38. The Debtor submits that the Court should approve the sale of the Sale Assets, pursuant to section 363 of the Bankruptcy Code, free and clear of all liens, claims, interests, and encumbrances, with any such liens, claims, interests, and encumbrances to attach to the net proceeds of the sale with the same validity and in the same order of priority as in the underlying Sale Assets.

39. The Debtor is further seeking the protections afforded to sale transactions under section 363(m) of the Bankruptcy Code, which provides in pertinent part:

(m) The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11 U.S.C. § 363(m).

40. The Debtor submits that the terms and conditions of the proposed sale are fair, reasonable and appropriate and were reached after arms-length negotiations. To the Debtor's knowledge, the Purchaser is not in any way affiliated with the Debtor, UPN or any other major creditor or constituency in this case. The Debtor believes that the Purchaser is likely to be considered an eligible owner under the FCC ownership rules, and that a transfer of the License to the Purchaser will be approved by the FCC. The Debtor believes that both the Debtor and the Purchaser are proceeding in good faith. Therefore, the proposed sale is entitled to the protections of section 363(m) of the Bankruptcy Code.

41. Pursuant to section 1146(c) of the Bankruptcy Code, the "transfer ... or the making or delivery of an instrument of transfer under a plan confirmed under section 1129 of this

title, may not be taxed under any law imposing a stamp tax or similar tax.” See 11 U.S.C. § 1146(c). Courts have broadly construed this provision to include sales and transfers that occur outside of a chapter 11 plan of reorganization and before or after confirmation of that chapter 11 plan. See Director of Revenue, State of Delaware v. CCA Partnership (In re CCA Partnership), 70 B.R. 696 (Bankr. D. Del. 1987), aff’d 72 B.R. 765, aff’d 833 F.2d 304 (3d Cir. 1987); In re Jacoby-Bender, Inc., 40 B.R. 10 (Bankr. E.D.N.Y. 1984), aff’d 758 F.2d 840 (2d Cir.1985); In re 995 Fifth Ave. Assocs., L.P., 116 B.R. 384 (Bankr. S.D.N.Y. 1990) aff’d 127 B.R. 533 (S.D.N.Y. 1991), aff’d in part, rev’d in part (on other grounds) 963 F.2d 503 (2d Cir. 1992). In so holding, the courts have focused on whether the sale and transfer is “necessary to the consummation of the plan.” In re Jacoby-Bender, 758 F.2d at 842.

42. In this case, the Debtor’s sale of the Sale Assets is essential to any plan and, therefore, should be deemed to be “under a plan” as the Debtor may propose to distribute the net proceeds of the sale of the Sale Assets to creditors in connection with or pursuant to a confirmed chapter 11 plan. Consequently, the Debtor submits that the sale and distribution of the net proceeds pursuant to a chapter 11 plan facilitates and is indeed essential to confirmation of a chapter 11 plan for the Debtor, and thus falls within the scope of the exemption provided for under section 1146(c) of the Bankruptcy Code. See In re Permar Provisions, Inc., 79 B.R. 530, 534 (Bankr. E.D.N.Y. 1987) (sale of property one year prior to plan confirmation was exempt under section 1146(c) where sale proceeds were distributed to secured and unsecured creditors).

#### **REQUEST FOR AUTHORITY TO ASSUME AND ASSIGN EXECUTORY LEASES AND CONTRACTS**

43. In order to effectuate the proposed sale of the Sale Assets, the Debtor seeks authority to assume the leases of antenna space, and assign them to the Purchaser effective as of the date of the Closing of the sale of the Sale Assets. The name of the nondebtor party and a

detailed description of each leased location are set forth on Exhibit B attached hereto and incorporated herein by reference. In assuming the antenna space leases (collectively, the “Leases,” and individually, a “Lease”), the Debtor will promptly cure defaults, if any, as required by section 365(b) of the Bankruptcy Code, and will provide the nondebtor party of each Lease adequate assurance of future performance by the Purchaser to whom the Leases are being assigned. The proposed sale of the Sale Assets also contemplates the transfer of the interest of UPN’s subsidiary, UPN Properties, Inc., as a lessee under the Tower Lease.

44. In order to effectuate the proposed sale of the Sale Assets, the Debtor must also transfer to the Purchaser any and all of its rights and interests in the executory contracts that are enumerated and described on Exhibit C attached hereto (the “Assumed Contracts”). Accordingly, the Debtor seeks authority to assume the Assumed Contracts and assign them to the Purchaser effective as of the date of Closing of the sale of the Sale Assets. In assuming the Contracts, the Debtor will promptly cure defaults, if any, as required by section 365(b) of the Bankruptcy Code, and will provide adequate assurance of future performance by the Purchaser to whom the Contracts are being assigned. Cure amounts with respect to the Contracts, which are discussed in more detail later in this Motion, are also listed on Schedule 1.4 of the Asset Purchase Agreement.

45. In the Debtor’s business judgment, it is in the best interest of its estate to assume the antenna space leases and the Contracts (to the extent the Purchaser desires that the Contracts be assigned) and assign each of these agreements to the Purchaser at the closing of the sale of the Sale Assets. The assumption and assignment of the Leases and the Contracts (again, to the extent the Purchaser desires the Contracts be assigned) is an integral part of the proposed sale and should be approved by the Court.

46. Section 365 of the Bankruptcy Code authorizes a debtor in possession to assign an executory contract or unexpired lease of nonresidential real property subject to the Court's approval. Specifically, section 365(f) of the Bankruptcy Code provides in pertinent part as follows:

(f)(1) Except as provided in subsection (c) of this section, notwithstanding a provision in an executory contract or unexpired lease of the debtor, or in applicable law, that prohibits, restricts or conditions the assignment of such contract or lease, the trustee may assign such contract or lease under paragraph (2) of this subsection...

(2) The trustee may assign an executory contract or unexpired lease of the debtor only if -

- (A) the trustee assumes such contract or lease in accordance with the provisions of this section; and
- (B) adequate assurance of future performance by the assignee of such contract or lease is provided, whether or not there has been a default in such a contract or lease.

11 U.S.C. § 365(f)(1) and (2).

47. Section 365(b) of the Bankruptcy Code requires that a debtor in possession satisfy certain requirements at the time of assumption if a default exists under the contract which is to be assumed. That section states in pertinent part as follows:

(b)(1) If there has been a default in an executory contract or unexpired lease of the debtor, the trustee may not assume such contract or lease unless, at the time of assumption of such contract or lease, the trustee

- (A) cures, or provides adequate assurance that the trustee will promptly cure, such default;
- (B) compensates, or provides adequate assurance that the trustee will promptly compensate, a party other than the debtor to such contract or lease, for any actual pecuniary loss to such party resulting from such default; and
- (C) provides adequate assurance of future performance under such contract or lease.

11 U.S.C. § 365(f).

48. The assumption of an unexpired lease by a debtor in possession is subject to review under the business judgment standard. See NLRB v. Bildisco & Bildisco, 465 U.S. 513, 525 (1984). In the Eleventh Circuit, in order to assume an executory contract or unexpired lease, a debtor need only show that its decision to assume, in its “business judgment,” is in the economic best interest of such debtor. Byrd v. Gardinier, Inc. (In re Gardinier, Inc.), 831 F.2d 974, 976 n.2 (1st Cir. 1987), cert. den., 488 U.S. 853 (1988); In re SunBelt Elec. Constructors, Inc., 56 B.R. 686, 689 (Bankr. N.D. Ga. 1986). In the Debtor’s business judgment, it is in the best interests of its estate to assume the Leases and Contracts and assign them to the Purchaser. If the debtor’s business judgment has been reasonably exercised, a court should approve the assumption of an executory contract, including an unexpired lease. See, e.g., Bildisco, 465 U.S. at 523 (1984); Sharon Steel Corp. v. National Fuel Gas Distribution Corp., 872 F.2d 36, 39-40 (3d Cir. 1989).

49. The Debtor respectfully requests that this Court authorize the assumption and assignment of the Leases and the Contracts listed on the attached Exhibits B and C, respectively, subject to and conditioned on the closing of the proposed sale.

50. The Debtor submits, and will demonstrate at the hearing on this motion, that there are adequate business justifications for the assumption and assignment of the Leases and Contracts, and that all requirements to assumption and assignment, including adequate assurance of future performance by the Purchaser have been met.

51. The meaning of “adequate assurance of future performance” depends on the facts and circumstances of each case, but should be given “practical pragmatic construction.” See In re Great Northwest Recreation Center, Inc., 74 B.R. 846, 854 (Bankr. D. Mont. 1987) (citing In re Natco Industries, Inc., 54 B.R. 436, 440 (Bankr. S.D.N.Y. 1985)); Carlisle Homes, Inc. v. Arrari

(In re Carlisle Homes, Inc.), 103 B.R. 524, 538 (Bankr. D.N.J. 1988); In re Bon Ton Restaurant & Pastry Shop, Inc., 53 B.R. 789, 803 (Bankr. N.D. Ill. 1985) (“although no single solution will satisfy every case, the required assurance will fall considerably short of an absolute guarantee of performance”). To the extent a party raises an issue of “adequate assurance of future performance” the Debtor requests this Court to address the matter at the hearing on the sale of the Sale Assets.

52. Finally, pursuant to section 365(k), the Debtor requests that it be relieved from any further liability with respect to the Assumed Contracts and Leases after assumption and assignment to the Purchaser. See 11 U.S.C. § 365(k).

#### **CURE AMOUNTS**

53. The Debtor has set forth on Exhibit B with respect to the Leases and Exhibit C with respect to the Contracts the amounts (the “Cure Amounts”) believed and determined by the Debtor to be necessary to cure defaults under the Leases and the Contracts existing as of the date of this Motion based upon a review of the Debtor’s books and records. The Debtor requests that, unless an objection to the proposed Cure Amounts is properly and timely filed and served, the order granting this motion and approving the sale of the Sale Assets further provide that: (i) the Cure Amounts shall be fixed at the amounts shown on Exhibits B and C as of the date thereof, and shall constitute the entire amount necessary to cure any defaults under section 365(b) of the Bankruptcy Code (except for any additional arrearages incurred after the date thereof and prior to the hearing on the Motion); and (ii) the Cure Amounts shall be withheld from the sale proceeds and paid by the Debtor within ten (10) days after closing of the sale of the Sale Assets. If an objection to a particular Cure Amount is timely filed and served, the Debtor requests that the Court determine the disputed Cure Amount at the hearing on this Motion.

**REQUEST FOR AUTHORITY TO ENTER INTO AND PERFORM UNDER  
THE LOCAL MARKETING AGREEMENT**

54. In addition to the favorable price the Purchaser is prepared to pay for the Business, subject to the conditions set forth therein, the Purchaser is willing to enter into a Local Marketing Agreement (the “LMA”) within a short time after the entry of this Order. Effectuation of the LMA as quickly as possible is critical to preserving the value of the Business. Under the LMA, during the period from the Commencement Date of the LMA until the earlier of the Closing of the sale of the Sale Assets or the expiration or termination of the LMA, the Purchaser will reimburse the Debtor for the expenses of operation of the Business itemized in the LMA. Because FCC approval is required before the Closing of the sale of the Sale Assets can occur, substantial time may elapse between the entry of an order granting this Motion, and the Closing.

55. The Debtor’s cash flow is negative, and it has only been able to continue in operation if the Court authorizes the limited post-petition financing that the Debtor proposes to be provided by UPN pursuant to a separate motion filed simultaneously with this Motion. UPN has not consented, however, to provide additional post-petition financing to satisfy the Debtor’s cash shortfalls. In lieu of such additional financing, entry into the LMA will enable the going concern value of the Business to be maintained until the Closing can occur with Purchaser picking up such operating expenses as provided for in the LMA pending final FCC approval of a transfer of the License.

**REQUEST FOR AUTHORITY TO PROVIDE  
KEY EMPLOYEE RETENTION PLAN**

56. It is critical to the success of the Debtor’s proposed sale of the Sale Assets that the Debtor retains and maintains the focus of its key employees during such time as the FCC is considering the Debtor’s application to transfer the FCC License. Achieving this productivity

requires a fully enforceable retention compensation plan in place during the period in which the proposed sale is tentative. The proposed Key Employee Retention Plan (the “KERP”) enables the Debtor to meet this need for the benefit of the estate by reducing uncertainty among its workforce and providing continuous management of the Debtor’s operations. A summary of the terms of the KERP is attached as Exhibit D.

57. Conditioned on the occurrence of the Closing, UPN has consented to the terms of the proposed KERP in recognition of the need for certain critical employees to remain employed by the Debtor to supervise and maintain the operations of the station and thereby preserve the value of the Sale Assets during the period prior to the closing of the sale of the Sale Assets. Accordingly, the Debtor hereby requests this Court’s authority, pursuant to Bankruptcy Code §§ 105, 363 and 364, to adopt the KERP because it is in the best interests of the Debtor’s estate and the creditors for whom the preservation of the value of the Sale Assets is essential.

58. The KERP provides that, conditioned on the occurrence of the Closing, the Debtor will pay certain of the Debtor’s employees additional compensation for their continued employment with the Debtor as an additional carve-out from the Cash Collateral of UPN in order for those employees to stay with the Debtor during the period from the date of the commencement of the LMA through the closing of the sale. The KERP provides for the delivery to the Debtor out of the proceeds from the closing of the Sale \$185,250 at Closing, with such additional amount, if any, as may be payable under the KERP to be delivered to the Debtor from the Post\_Closing Escrow Fund when it is released pursuant to the Post-Closing Escrow Agreement.. The Debtor will allocate these funds among its key employees at the discretion of its general manager.

59. All employees of the Debtor will be bound by the KERP, and payments made thereunder shall be in lieu of any claims for bonuses or severance benefits against the Debtor; provided, however, that this waiver shall not include any claims for payment of any salary, payroll, commission, health, welfare or other ordinary benefits of any employee, any claims by the Debtor's manager for indemnification under the Debtor's Operating Agreement.

60. Court approval of a proposed use of estate property when a debtor is in possession of the estate and acting in the capacity as Trustee, pursuant to sections 1107 and 1108 of the Bankruptcy Code, should be granted when such use is an exercise of sound business judgment. See In re Lionel Corp., 722 F.2d 1063 (2d Cir. 1983); In re Continental Air Lines, Inc., 780 F.2d 1223 (5th Cir. 1986; In re Delaware & Hudson Ry. Co., 124 B.R. 169 (D. Del. 1991).

61. The Debtor contends that sound business justifications exist for approving the KERP. The Debtor's employees are experienced in the operations of the station operated by the Debtor and are vital to the continuation of broadcasts by the station. Their continued employment is likely to preserve the value of the estate's assets during the time prior to the closing of the sale of the Sale Assets. In addition, FCC regulations require that the Debtor maintain at least two (2) employees during the pendency of the LMA. Payment of the funds under the KERP is a fair and reasonable use of estate property, is payable with UPN's consent out of assets on which UPN has a lien and/or Cash Collateral, and can reduce the risk of immediate flight of employees, as well as compensate them for the additional responsibilities they have assumed as a result of the Chapter 11 filing.

62. Accordingly, the Debtor believes that entry into the KERP is an exercise in sound business judgment, and such entry is in the best interests of the estate. On a finding that sound business judgment has been used by the Debtor in creating and paying assets of the estate in

accordance with a such a plan, the Court in justified in approving the entry of a Debtor into such a plan. See In re Aerovox, Inc., 269 B.R. 74 (Bankr. D. Mass. 2001); In re Convenience USA, Inc., 2003 WL 21459559 (Docket No. 01-81478C-11) (Bankr. M.D.N.C. 2003).

**REQUEST FOR AUTHORITY TO REJECT DEBTOR'S  
AFFILIATION AGREEMENT WITH UPN**

63. The Debtor lastly seeks authority to reject its Affiliation Agreement with UPN, and UPN has consented to this rejection as part of its stated support for the proposed sale of the Sale Assets, conditioned on the sale closing. During the negotiations among the Debtor, UPN, and the Purchaser, it was deemed in the best interests of all three parties that the Purchaser enter into a new Affiliation Agreement with UPN at such time as the sale was consummated.

64. The Debtor and Purchaser further contend that the restrictions contained in its Affiliation Agreement with UPN would unnecessarily bind the Purchaser from making strategic moves to preserve the value of the station, and that it is in the best interests of the estate, the creditors, and the Debtor to reject the existing Affiliation Agreement in order to facilitate the transfer of the Sale Assets to the Purchaser free of unnecessary obligations to UPN.

65. Rejection of an executory contract such as the Affiliation Agreement is reviewable under the same standards as the assumption and assignment of other executory contracts set forth above in this motion. The Debtor has reviewed and considered the consequences of rejecting the Affiliation Agreement, and has provided adequate advance notice to UPN, the remaining party in interest. The Debtor, the Purchaser, and UPN have in good faith negotiated this position, and the Debtor hereby requests the Court to approve the Debtor's decision to reject said Affiliation Agreement to facilitate the proposed sale effective as of the closing of such sale.

## NOTICE

66. Notice of this Motion has been served upon; (i) the Office of the United States Trustee; (ii) Counsel to UPN; (iii) the United States Attorney for the Northern District of Georgia; (iv) local, state and federal taxing authorities for each jurisdiction where the Debtor is subject to such authorities; (v) counsel to the Purchaser; (vi) the twenty largest unsecured creditors; and (vii) other parties designated on the service list by the Debtor to receive notice. Given the nature of the relief requested herein, the Debtor submits that no further notice is necessary.

67. The Debtor requests that objections to any relief requested in this motion, including any objections to the Cure Amounts, be: (a) made in writing; (b) filed with the Court on or before the third business day prior to the hearing on this motion; and (c) served so as to be received by Brian L. Schleicher, Esq., Robinson, Jampol, Aussenberg & Schleicher, LLP, counsel for the Debtor, 11625 Rainwater Drive, Suite 350, Alpharetta, GA 30004; Lawrence R. Barnett, Esq., Gipson, Hoffman & Pancione, counsel for UPN, 1901 Avenue of the Stars, Suite 1100, Los Angeles, CA 90067-6002 and Alfred S. Lurey, Esq., Kilpatrick Stockton, LLP, counsel for UPN, 1100 Peachtree Street, Suite 2800, Atlanta, GA 30309; and Daniel Sroka, Esq., counsel for the Purchaser, at 3625 N. Elm Street, Suite 100 (Zip 27455), P.O. Box 1658, Greensboro, NC, 27402, on or before such date.

68. The Debtor requests that each objection to this motion set forth the specific grounds for the objection. Further, objections to Cure Amounts should: (a) state the nature of any alleged monetary default (including the date and amount of payment allegedly due) and cure amounts, if any, due and owing by the Debtor; (b) state the nature of any alleged non-monetary default and the type of action required to cure such non-monetary default; (c) set forth any and

all claims of any nature whatsoever allegedly arising against the Debtor under the Leases or any Contract; and (d) include documentary evidence in support of such objection.

69. Federal Rules of Bankruptcy Procedure 6004(g) and 6006(d) respectively provide that an order authorizing the use, sale, or lease of property and an order authorizing the assumption and assignment of executory contracts or unexpired leases will be stayed for ten (10) days after entry of such approval orders unless the court orders otherwise. Because of the need to close the transactions contemplated by the Asset Purchase Agreement as promptly as possible, the Debtor requests that the Court order and direct that the order approving this motion shall not be automatically stayed for such period.

WHEREFORE, the Debtor respectfully requests that the Court: (i) approve the Asset Purchase Agreement with the Purchaser; (ii) authorize the sale of the Sale Assets by the Debtor to the Purchaser, pursuant to section 363 of the Bankruptcy Code, with such sale being free and clear of any and all liens, claims, encumbrances, and other interests, with any and all such liens, claims, encumbrances, and other interests attaching to the net proceeds of the sale with the same validity and in the same order of priority as in the underlying Sale Assets; (iii) authorize the carve-outs of sales proceeds as described for the payment of certain claims both superior to and subordinate to the creditor holding the security interest in such Sale Assets; (iv) authorize the Debtor to assume and assign the Leases described on Exhibit B and Contracts described on Exhibit C to the Purchaser pursuant to section 365 of the Bankruptcy Code; (v) determine that the Cure Amounts shown on Exhibits B and C attached hereto (and any additional arrearages brought to the Court's attention at the hearing on the Motion) constitute the entire amount necessary under section 365(b) of the Bankruptcy Code to cure defaults, if any, in order to assume and assign the Leases and Contracts, respectively, that all parties are bound thereby, and

that payment of such amounts will cure any and all defaults under the Leases and Contracts; (vi) require that the Debtor satisfy the Cure Amount for each Lease or Contract within ten (10) days after the later of the closing of the sale of the Sale Assets or the date of entry of an Order determining the applicable Cure Amount; (vii) authorize the Debtor to enter into all other agreements and transactions contemplated by the Asset Purchase Agreement; (viii) approve the KERP; (ix) approve the rejection of the Affiliation Agreement between Debtor and UPN; and (x) grant such other and further relief as the Court deems just and proper.

Respectfully submitted this 25th day of February, 2004.

ROBINSON, JAMPOL,  
AUSSENBERG, & SCHLEICHER, LLP

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Brian L. Schleicher, Esq.  
Georgia Bar No. 629321  
J. Christopher Miller, Esq.  
Georgia Bar No. 507307  
Counsel for the Debtor

11625 Rainwater Drive, Suite 350  
Alpharetta, Georgia 30004  
Telephone No.: 770-667-1290

# **EXHIBIT A**

ASSET PURCHASE AGREEMENT

between

FLORENCE TELEVISION, LLC, DEBTOR IN POSSESSION IN  
CHAPTER 11 CASE 02-81667-PWB

and

VALLEY TELEVISION, LLC

as Sellers,

and

HUNTSVILLE TV., L.L.C.

as Purchaser

February 24, 2004

## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of February 24, 2004, is made and entered into by and among FLORENCE TELEVISION, LLC, a Georgia limited liability company, as Debtor in Possession in Chapter 11 Case 02-81667-PWB in the United States Bankruptcy Court for the Northern District of Georgia ("Florence"), VALLEY TELEVISION, LLC, a Georgia limited liability company ("Valley" with Valley and Florence sometimes referred to jointly as "Sellers" and each a "Seller"), and HUNTSVILLE TV., L.L.C., a Virginia limited liability company, or its designee ("Purchaser");

### WITNESSETH:

WHEREAS, Sellers own interests in and to certain broadcast television assets associated with the operation of WHDF-TV in the Huntsville-Decatur-Florence, Alabama designated market area (the "Business" or the "Station"); and

WHEREAS, on November 12, 2002 (the "Petition Date"), Florence filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"), commencing Case No. 02-81667-PWB (the "Chapter 11 Case"), in the United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division (the "Bankruptcy Court"); and

WHEREAS, Sellers desire to sell to Purchaser, and Purchaser desires to purchase from Sellers substantially all of the assets of Sellers, tangible and intangible, including without limitation all FCC licenses pertaining to the operation of the Business, all in the manner and subject to the terms and conditions set forth herein and in accordance with sections 105, 363 and 365 of the Bankruptcy Code; and

NOW, THEREFORE, for Ten Dollars (\$10.00) and in consideration of the mutual benefits to be derived from this Agreement and of the representations, warranties, conditions, agreements and promises contained herein and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Sellers and Purchaser hereby agree as follows:

### ARTICLE I

#### PURCHASE AND SALE OF ASSETS

1.1 Definitions. As used herein, the following terms shall have the meanings set forth in this Article:

1.1(a) "Accounts." All accounts receivable of the Sellers in existence at the Closing, including, without limitation, those accounts receivable set forth on Schedule 1.1(a) attached hereto to the extent still outstanding as of the Closing.

1.1(b) “Assets.” All of Sellers’ right, title and interest in all properties, assets, and rights of any kind, whether tangible or intangible, real or personal, owned, licensed or leased, by Sellers in connection with or incidental to the operation of the Business or otherwise, including without limitation, all Accounts, instruments, equipment, furniture, fixtures, leasehold improvements, Inventory, supplies, Records, goodwill, Leases, Contracts, licenses, permits, approvals, franchises, authorizations, rights, insurance claims and insurance proceeds (unless such claims arise solely in connection with an Excluded Asset) and the Tower (as defined in Section 4.1(h)), but excluding those Excluded Assets described in Section 1.3 hereof. A list of all known Assets is set forth as Schedule 1.1(b) attached hereto solely for illustrative purposes and not by way of limitation, it being the intention of the Sellers to convey all of its owned, licensed, or leased assets that in any way relate to the operation of the Business, whether or not listed on Schedule 1.1(b), other than Excluded Assets. Without limiting the foregoing, the Assets shall include such Contracts of the Sellers as Purchaser shall designate on Schedule 1.4 for assumption and assignment provided however, that such assumption and assignment shall be subject to determination of the amount necessary to cure any defaults under such Contracts and to a determination of the method for curing such defaults. Sellers shall be responsible for payment of such cure amounts up to \$10,000.00 from the proceeds of this transaction with any additional cure amounts to be paid by Purchaser in addition to the Purchase Price.

1.1(c) “Bankruptcy Claims.” All of the claims of Florence that are specifically reserved in favor of Florence pursuant to the Extended Final Cash Collateral Order entered on June 12, 2003 by the Bankruptcy Court relating to the cash collateral of UPN, as said Order has been or may be amended or supplemented from time-to-time, and including but not limited to any claims of Florence under Chapter 5 of the Bankruptcy Code.

1.1(d) “Closing” or “Closing Date.” The date upon which all the events associated with the purchase and sale described herein actually occur, as described in Section 1.7.

1.1(e) “Contracts.” All of Sellers’ rights in and under all affiliation, marketing, representation, airtime, programming, licensing, purchase order, service, supply, maintenance, equipment, Leases, and other contracts (whether purchase, sale, or otherwise) affecting or involving the operation of the Business. A complete list of all known material Contracts is listed on Schedules 1.1(e) and 1.1(i) attached hereto, solely for illustrative purposes and not by way of limitation

1.1(f) “Environmental Laws.” All federal, state and local laws, ordinances and regulations pertaining to air and water quality, soils and subsurface strata, groundwater, wetlands, landfills, open dumps, storage tanks, underground storage tanks, solid waste, waste water, storm water runoff, waste emissions, wells, natural resources, hazardous materials, waste generation, management, transportation and disposal or other environmental matters, whether civil or criminal, promulgated or issued. Without limiting the generality of the foregoing, the term shall encompass each of the following statutes

and any regulations promulgated thereunder, and all amendments and successors to such statutes and regulations, as may be enacted and promulgated from time to time: (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (codified in scattered sections of 26 U.S.C.; 33 U.S.C.; 42 U.S.C. and 42 U.S.C. § 9601 et seq.); (ii) the National Environmental Policy Act of 1969 (42 U.S.C. § 4321); (iii) the Superfund Amendment and Reauthorization Act of 1986 (codified in scattered sections of 10 U.S.C., 29 U.S.C., 33 U.S.C. and 42 U.S.C.); (iv) Title III of Superfund Amendment and Reauthorization Act (40 U.S.C. § 1101 et seq.); and (v) the Federal Solid Waste Disposal Act (42 U.S.C. § 6901 et seq.).

1.1(g) “Intellectual Property.” All patents, trademarks, trade secrets, proprietary processes or rights, copyrights, trade names, service marks, internet domain names any applications or agreements for or relating to any of the foregoing including, without limitation, the name WHDF-TV, audiotapes and videotapes created by and for the benefit of Sellers, advertisement designs and scripts, logos, musical scores associated in the marketplace with Sellers’ broadcasts, lists of suppliers, goodwill (including the exclusive right to represent itself as carrying on the Business in succession to Sellers), marketing literature, electronic systems and databases, common law or implied rights to use intellectual property, claims, and rights to recovery or offset of any kind or character arising from or concerning the Sellers and/or the Business, including, without limitation, confidentiality obligations and similar obligations, and all other intangible property rights of Sellers utilized in connection with, or related to, the operation of the Business.

1.1(h) “Inventory.” All of the stock in trade, supplies, and inventory used or useful in the operation of the Business as stocked by Sellers in accordance with normal ordering procedures including without limitation, the inventory listed in Schedule 1.1(h) attached hereto, but not including any inventory used or sold prior to the Closing in the ordinary course and in accordance with orders of the Bankruptcy Court.

1.1(i) “Leases.” All of Sellers’ rights and obligations in and under all real and personal property lease agreements, including, without limitation, Sellers’ rights and obligations, if any, in and under the leases listed on Schedule 1.1(i) attached hereto.

1.1(j) “Licenses.” All of the licenses and other authorizations issued by the FCC, as hereinafter defined in Section 1.9, to Sellers for the operation of the Business, a complete listing of which is identified in Schedule 1.1(j) hereto.

1.1(k) “Records.” All customer, inventory, billing and supply records, product information, product drawings, production documentation, material specifications, equipment lists, formulae, specifications, plans, reports, data, notes, correspondence, marketing and production material, files, instruction or maintenance manuals for equipment, and all other books and records relating to the operation of the Business.

1.1(l) “Trade Payables.” Those accounts payable of Sellers owed to trade vendors as identified in Schedule 1.1(l) hereto.

1.1(m) “To the knowledge of Seller” shall mean the actual knowledge of Gary Kneller, the General Manager of Florence.

1.1(n) "Tower Lease" shall mean that certain ground lease dated as of April 29, 1999 entered by and between UPN Properties, Inc., as Tenant, and Ronnie Davis (a/k/a Ronald G. Davis) and his wife Patsy Davis (a/k/a Patsy D. Davis), as Landlord, relating to property on which Sellers erected its transmission tower, buildings, and equipment.

1.1(o) "Tower Sublease" shall mean that certain ground sublease dated as of April 29, 1999 entered by and between Florence Television, LLC, as Sublessee, and UPN Properties, Inc. as Sublessor, relating to the same property leased to UPN Properties, Inc. pursuant to the terms of the Tower Lease.

1.1(p) "UPN" shall mean The United Paramount Network.

1.2 Purchase and Sale. Subject to the terms and conditions set forth herein, and subject to the court and regulatory approvals specified in Sections 4.1 and 4.2, on the Closing Date, Sellers shall sell and deliver to Purchaser, and Purchaser shall purchase from Sellers, the Assets, free and clear of any and all liens, claims, encumbrances or interests except as specifically permitted herein.

1.3 Excluded Assets. The Assets shall not include any of the following (collectively, the "Excluded Assets"):

(a) Cash and cash equivalents (other than Accounts) including, without limitation, the Deposit as defined in Section 1.5;

(b) All Accounts;

(c) Any tax refunds to which Sellers may be entitled;

(d) Bankruptcy Claims; and

(e) Any and all existing network affiliation agreements to which either Seller is a party, including without limitation any such agreements between either Seller and UPN or any affiliate of UPN.

(f) Such other assets as Purchaser shall designate for exclusion, in its sole discretion, including without limitation, such Contracts as may be designated for exclusion by Purchaser prior to the Closing Date. Sellers acknowledge and agree that Purchaser's willingness to acquire certain assets will be subject to Purchaser's ongoing diligence and in some circumstances, the renegotiation of agreements and instruments affecting such assets. Notwithstanding Purchaser's right to exclude assets, nothing herein shall be deemed to give Purchaser the right to delay or terminate its obligation to close based upon the results of any due diligence investigation, unless otherwise permitted in this Agreement.

#### 1.4 Assignment and Assumption of Liabilities.

(a) Assumed Liabilities. Purchaser shall assume and agree to pay all obligations (the “Assumed Liabilities”) under the Contracts which Purchaser expressly assumes pursuant to this Agreement, as set forth on Schedule 1.4 (the “Assumed Contracts”), which schedule Purchaser, in its sole discretion, may amend by deletion up to and including the date of Closing. All costs to cure the Assumed Contracts, to the extent required by operation of 11 U.S.C. § 365, shall be governed by Section 1.1(b). Obligations arising from the operations of the Station during the Term of this Agreement shall be made in the manner set forth in the Local Marketing Agreement attached hereto as Exhibit A.

(b) No Other Liabilities Assumed. Except for the Assumed Liabilities, Purchaser shall not assume or be deemed to assume any liability or obligation of Sellers, and Sellers shall remain fully liable and responsible for its liabilities and obligations that are not Assumed Liabilities, including but not limited to any pre-petition claims of Florence (collectively, the “Retained Liabilities”).

1.5 Deposit. Purchaser and Sellers hereby acknowledge that concurrently with the execution hereof, Purchaser has delivered to counsel for Sellers, as escrow agent (the “Pre-Closing Escrow Agent”), either (i) cash, or (ii) an irrevocable letter of credit from a bank in a form reasonably acceptable to Sellers, in each case in the amount of Two Hundred Fifty Thousand Dollars (\$250,000.00), which amount or letter of credit shall be held for the benefit of Purchaser and Sellers (collectively, the “Deposit”), pursuant to the terms of this Agreement. The Deposit shall at Closing be credited as a partial payment of the Purchase Price payable by wire transfer at the Closing to Sellers (and if a letter of credit is provided, Sellers shall be entitled to draw on such letter of credit for application against the Purchase Price unless Purchaser and Sellers agree otherwise). The Deposit, if provided in cash, shall, at all times prior to its release or return in accordance with the terms of this Agreement, be held by the Escrow Agent in escrow in a segregated interest bearing account, and in any event held in accordance with the terms of this Agreement and the Pre-Closing Escrow Agreement in the form of Exhibit C attached hereto, and, except for interest collected on the Deposit, no other money or funds shall be commingled in such account. All interest earned shall remain, at all times, property of the Purchaser. The Deposit shall be fully refunded to Purchaser within five (5) business days after the occurrence of any of the following: (i) the conditions precedent in Section 4.1 are not either satisfied or waived by Purchaser; (ii) in the event of termination of this Agreement by Purchaser pursuant to Section 7.2 (a) or (b); (iii) in the event that the Closing does not occur or this Agreement is terminated as a result of breach or default by a Seller of any of its obligations hereunder, or as a result of any other action, inaction or other failure or inability to perform on the part of a Seller; (iv) in the event that a Seller terminates this Agreement pursuant to Section 7.2(c)(i) (except pursuant to a breach of Section 4.2(d) or pursuant to Section 7.2(c)(ii)); (v) in the event that this Agreement is terminated by any party pursuant to Section 1.7; (vi) in the event that this Agreement is terminated by any party pursuant to Section 1.9; (vii) in the event that Purchaser terminates this Agreement pursuant to Section 3.6(a); (viii) in the event that Purchaser terminates this Agreement pursuant to Section 3.6(b); or (ix) in the event that Purchaser terminates this Agreement pursuant to Section 3.6(d). The Deposit, including any interest earned thereon, shall be delivered to Sellers (i) in the event of termination of this Agreement by a Seller pursuant to Section 7.2(c)(ii); (ii) in the event that Purchaser fails to close after all of the conditions

precedent in Section 4.1 have been either satisfied or waived; or (iii) in the event that the Closing does not occur or this Agreement is terminated as a result of Purchaser's breach or default of any of its obligations under this Agreement. Delivery of the Deposit to Sellers in accordance with the foregoing shall constitute full and exclusive compensation for any and all losses and expenses incurred by Sellers, and as such shall constitute full and liquidated damages and not a penalty. In addition to the foregoing, the Deposit shall be governed by an escrow agreement acceptable to each of Purchaser, the Sellers, and the Pre-Closing Escrow Agent.

1.6 Purchase Price. The purchase price for the Assets shall be (i) Five Million Five Hundred Thousand Dollars (\$5,500,000) (the "Cash Consideration"), plus (ii) an assumption of the Assumed Liabilities (collectively, the "Purchase Price"). The Cash Consideration shall be paid in full in cash or other immediately available funds at Closing. The Deposit, including any interest earned hereon, shall be credited against the Purchase Price at Closing. In addition to paying the Cash Consideration as provided in Section 4.3(b)(i), the Purchaser will assume the Assumed Liabilities effective as of the Closing. Except as otherwise specified herein, the term "Dollars" or "\$" as used in this Agreement refers to United States Dollars. At the Closing, the net amount of the Purchase Price payable by Purchaser shall be adjusted as appropriate for any applicable credits and pro-rated amounts. Not less than five (5) business days prior to the Closing, the parties shall agree as to a closing statement identifying any and all such credits and pro-rated amounts, which closing statement the parties shall update as of the Closing, if necessary.

1.7 Closing. The Closing shall occur within five (5) business days after the later of (i) entry of the Sale Order (as defined in Section 3.1(b)), and (ii) the issuance of a final order of the FCC approving of the transfer of the Licenses to Purchaser or its assignee, at the offices of Robinson, Jampol, Aussenberg & Schleicher, LLP, 11625 Rainwater Drive, Suite 350, Alpharetta, Georgia, 30004, or such other place as Sellers and Purchaser shall agree, and shall be effective as of 11:59 p.m. Eastern Standard Time on the date of Closing; provided, however in the event that Closing shall not have occurred on or before September 15, 2004, either Purchaser or a Seller may terminate this Agreement upon written notice to the other parties, notwithstanding any provision in this Agreement to the contrary, unless the party purporting to terminate this Agreement has been responsible for the delay.

1.8 Allocation of Purchase Price. The Purchase Price shall be allocated among the Assets in accordance with Schedule 1.8 to be provided at or before the Closing Date.

1.9 FCC Consent. The sale and transfer of the Assets to Purchaser are subject to approval of an assignment to Purchaser of the Licenses by the Federal Communications Commission ("FCC") pursuant to a final order issued by the FCC without condition(s) unacceptable to Purchaser in its reasonable discretion and otherwise in form and substance acceptable to Purchaser in its reasonable discretion. Sellers and Purchaser shall, within seven (7) days after the submission of this Agreement for approval by the Bankruptcy Court by appropriate motion(s), proceed to prepare and file with the FCC the necessary applications (the "Applications") requesting the grant by the FCC of an order consenting to the assignment of the License(s) to Purchaser or its designee, together with all other appropriate instruments, provided, however, if the Applications have not been filed within thirty (30) days after the submission of this Agreement for approval by the Bankruptcy Court, Purchaser or Sellers (but, in the case of Sellers, only with the written consent of UPN) may terminate this Agreement upon written notice

to the other parties, unless the party purporting to terminate this Agreement has been responsible for the delay. The parties shall cooperate with each other in the preparation of the Applications and shall in good faith and with due diligence take all reasonable steps necessary to expedite the processing of the Applications and, once filed, to secure such consents or approvals as expeditiously as practicable, each of the parties to bear its own respective costs and expenses with respect to each of the foregoing. Each of Sellers and Purchaser shall deliver a draft of its portion of the Applications to the others for review and comment within five (5) business days of the date of this Agreement. If the Closing shall not have occurred for any reason within the initial effective periods of the granting of the FCC approval of any of the Applications, and no party shall have terminated this Agreement under Section 7.2, the parties shall jointly request and use their respective commercially reasonable efforts to obtain one or more extensions of the effective periods of such grants. No party shall knowingly take, or knowingly fail to take, any action the intent or reasonably anticipated consequence of which would be to cause the FCC not to grant approval of the Applications, provided, however, that Purchaser's acts and/or omissions with respect to the Station pursuant to the LMA shall not be deemed to be a violation of the foregoing, so long as such act or omission does not constitute a breach by Purchaser of the LMA.

1.10 Publications of Notices, etc. Sellers shall publish the notices required by the FCC relative to the filing of the Applications promptly after the date of such filing. Copies of all Applications, documents and papers filed after the date hereof and prior to the Closing, or filed after the Closing with respect to the transactions under this Agreement, by Sellers or Purchaser with the FCC, shall be mailed to the other and to UPN simultaneously with the filing of the same with the FCC. None of the information contained in any filing made by Purchaser or Sellers with the FCC with respect to the transactions contemplated by this Agreement shall knowingly contain any untrue statement of a material fact.

1.11 Subject to Sale Order. The transactions contemplated in this Agreement shall be expressly subject to the entry of the Sale Order (as defined in Section 3.1(b)) by the Bankruptcy Court, which order shall have continued in full force and effect and shall not have been vacated, revoked or modified in a manner unacceptable to Purchaser as of the Closing Date.

## ARTICLE II

### SELLERS' REPRESENTATIONS AND WARRANTIES

2.1 Sellers' Representations. Sellers, jointly and severally, hereby represent and warrant to Purchaser that to the knowledge of Sellers (unless otherwise specified), as of the date hereof and also as of the Closing Date, giving effect to the Sale Order, and except as set forth in the Schedules corresponding to the Section numbers of this Article II:

(a) Organization. Each Seller is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Georgia. Each Seller has full corporate power to execute and deliver this Agreement and to perform its obligations hereunder, to own, lease and operate its properties, and to carry on its business as now being conducted. Except as shown on Schedule 2.1(a), each Seller is duly qualified to do business and is in good standing in each jurisdiction in which such qualification is necessary because of the property owned, leased or operated by it or because of the nature of its business as now being conducted, which jurisdictions are indicated on Schedule 2.1(a).

(b) Authority and Binding Agreement. This Agreement has been duly authorized, executed and delivered by Sellers and, subject to the approval of the Bankruptcy Court and the FCC, is the valid and binding obligation of Sellers. This Agreement is enforceable against Sellers in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) Conflicts; Consents. Except as shown on Schedule 2.1(c), neither the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Sellers nor compliance by any such party with any of the provisions hereof (as well as all other instruments, agreements, certificates or other documents contemplated hereby) will (i) conflict with or result in a breach of, or require any consent or approval under, the charter, by-laws, or other constitutive documents, as applicable, of such party, except for any such conflict, breach or requirement with respect to which requisite waivers, consents or approvals shall be obtained before the Closing (which waivers, consents and approvals are set forth in Schedule 2.1(c)), (ii) give rise to any right of termination, cancellation, acceleration, or modification under any of the provisions of any material contract, agreement or other instrument to which such party is a party, (iii) to the best of Sellers' knowledge violate any law, statute, rule, regulation or order, (iv) violate any writ, injunction or decree applicable to such party or the properties or assets of such party, or (v) result in the creation or imposition of any security interests, liens, pledges, charges, escrows, options, rights of first refusal, mortgages, indentures, security agreements or other encumbrances (each, a "Claim," and collectively, "Claims") on any of the Assets, in each case in any manner that could reasonably be expected to delay or prevent the Closing or the consummation of the transactions contemplated hereunder or prevent Purchaser from receiving good and marketable title to the Assets, free and clear of any Claims. Except as set forth in Schedule 2.1(c), no consent or approval by, or any notification of or filing with, any governmental authority or body is required in connection with the execution, delivery and performance by such party of this Agreement or the consummation of the transactions contemplated hereby.

(d) Schedules and Statements. The schedules and statements of financial affairs, as amended, which were filed by Florence with the Bankruptcy Court are attached hereto as Schedule 2.1(d).

(e) Absence of Material Adverse Change. Except as set forth in Schedule 2.1(e), since the Petition Date, there has not been any damage, destruction or loss (whether or not covered by insurance) affecting any Asset or property of Sellers that is materially adverse to the conduct of the Business.

(f) Assets, Personal Property and Related Matters. Except as expressly stated otherwise in this Agreement and except as set forth on Schedule 2.1(f), Sellers will deliver to Purchaser at Closing good legal and equitable title to all personal property Assets and good record title to, or a valid leasehold interest in, as applicable, all of the real property Assets, AS IS and WHERE IS with no representation or warranties of any kind, except as to title and as otherwise expressly provided in this Agreement, and in each case free and clear of all Claims. Any real property included among the Assets shall be insurable by a reputable title insurance company, at Purchaser's sole cost and expense, subject only to the terms of the title insurance

policy and exceptions identified on the Schedules hereto and exceptions that, in the aggregate, do not have a material adverse effect on the Assets or on the Purchaser's ability to operate the Assets substantially as they had been operated by Sellers. The Assets are suitable for the purposes for which they are now being used and, together with the Excluded Assets, constitute all of the properties, assets, interests and rights (not including employees or non-transferable governmental or regulatory approvals) necessary, appropriate, used or useful to operate the Business consistent with past or current practice (excluding properties owned by non-insider third parties).

(g) Owned and Leased Real Property.

(i) Attached hereto as Schedule 2.1(g) is a true and complete list (with the exception of the Tower Sublease) of all real estate and real property rights (whether in the form of ownership or leasehold rights) held by Florence (the "Real Property"), including the nature of Florence's ownership interest therein. Valley neither owns nor leases any real property.

(ii) With respect to the Real Property that is leased, except as set forth in Schedule 2.1(g), Florence is in compliance with such leases in all material respects. The status of the Tower Sublease is as set forth on Schedule 2.1(g).

(iii) The Real Property includes sufficient rights in its rights of way and other real property interests to allow access to the Real Property from public ways without material interference.

(iv) Except as set forth on Schedule 2.1(g), the Real Property is not subject to any liens or encumbrances.

(h) Intellectual Property. Schedule 2.1(h) sets forth all (i) patents, patent applications, patent disclosures, inventions; (ii) trademarks, service marks, trade names, logos and corporate names and registrations and applications for registration and applications for registration thereof, together with all of the goodwill associated therewith; (iii) registered and unregistered copyrights; (iv) computer software (other than general commercial software), data, data bases and documentation thereof; and (v) domain names and URLs used by Sellers in the course of their business, all of which Sellers are transferring to Purchaser pursuant to this Agreement, other than Excluded Assets. Except as set forth on Schedule 2.1(h), Sellers are not currently infringing upon any intellectual property rights of any other Person and no other Person is infringing upon, or challenging the validity of, the Intellectual Property.

(i) Agreements. Sellers have delivered to Purchaser a true, complete and correct schedule of all material executory contracts to which any Seller is a party. Seller has provided Purchaser and its representatives with access to a true, complete and correct copy of each such contract.

(j) Environmental Regulations. Except as set forth on Schedule 2.1(j) and in the materials listed on said Schedule, each Seller is in compliance with all Environmental Laws in all material respects. Except as set forth on Schedule 2.1(j), no Seller has received notice of any failure to comply with such Environmental Laws which could result in a material adverse effect

on the Assets. Schedule 2.1(j) sets forth all material federal, state, provincial and local governmental licenses and permits issued under Environmental Laws necessary to conduct businesses of such party as presently being conducted. Except as set forth on Schedule 2.1(j) and in the materials listed on said Schedule, there are no conditions existing on any real property owned or leased by such party that give rise to any material violation of any Environmental Law. Issues arising under Environmental Laws are addressed solely in this Section and not, for example, under Section 2.1(m) hereof.

(k) Governmental Regulations. Except as set forth on Schedule 2.1(k), no federal, state, or local governmental licenses or permits necessary for Sellers to conduct the Business as presently being conducted has been suspended or revoked at any time within the three (3) years prior to the date of this Agreement.

(l) Prepayments. Except as indicated on Schedule 2.1(l), no Seller has received any prepayment for services to be performed or goods to be delivered by Purchaser after the Closing Date.

(m) Brokers. Except as set forth in Schedule 2.1(m), no agent, broker, investment banker or any other Person acting on behalf of or under the authority of a Seller is or will be entitled to any broker's or finder's fee or any other commission or similar fee directly or indirectly from any of the parties hereto in connection with any of the transactions contemplated hereby, and in no event shall Purchaser be obligated to pay such Person.

(n) All Assets Transferred. The Assets, together with the Excluded Assets, include all of the assets, properties, licenses, contracts, and other rights (not including employees or non-transferable governmental or regulatory approvals) licensed, leased or owned by Seller.

(o) Survival of Warranties and Representations; Limitation or Damages. Sellers' representations and warranties shall survive the Closing.

2.2 Representations and Warranties by Purchaser. Subject to the provisions of Section 7.7, Purchaser represents and warrants to Sellers, as of the date hereof and again at and as of the Closing Date, as follows:

(a) Organization, Standing and Power. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia. Purchaser is (or as at the date of closing will be) qualified to do business in each jurisdiction necessary to consummate the transactions contemplated hereby and perform its obligations hereunder. Purchaser has full organizational power and authority to execute and deliver this Agreement and to perform its obligations hereunder and to own, lease and operate its properties and to carry on its business as now being conducted.

(b) Authority; Binding Agreement. This Agreement has been duly authorized, executed and delivered by Purchaser and, subject to the approval of the Bankruptcy Court and the FCC, is the valid and binding obligation of Purchaser, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) Conflicts; Consents. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor compliance by Purchaser with any of the provisions hereof (as well as all other instruments, agreements, certificates or other documents contemplated hereby) will (i) conflict with or result in a breach of, or require any consent or approval under, the certificate of formation or operating agreement of Purchaser, (ii) conflict with or result in a default (or give rise to any right of termination, cancellation, acceleration or modification) under, or require any consent or approval under, any of the provisions of any note, bond, lease, mortgage, indenture, license, franchise, permit, agreement or other instrument or obligation to which Purchaser is a party, or by which Purchaser or its properties or assets, may be bound or affected, except for such conflict, breach or default as to which requisite waivers or consents shall be obtained before the Closing or (iii) violate any law, statute, rule, regulation, order, writ, injunction or decree applicable to Purchaser or its properties or assets. Except as set forth in Schedule 2.2(c) (which may be amended by addition or deletion, up to and including the date of Closing), no consent or approval by, or any notification of or filing with, any governmental authority or body is required in connection with the execution, delivery and performance by Purchaser of this Agreement or the consummation of the transactions contemplated hereby.

(d) Brokers. No agent, broker, investment banker or other Person acting on behalf of Purchaser or under the authority of Purchaser is or will be entitled to any broker's or finder's fee or any other commission or similar fee directly or indirectly from Sellers or UPN in connection with any of the transactions contemplated hereby.

### ARTICLE III

#### ADDITIONAL AGREEMENTS

##### 3.1 Bankruptcy Actions.

(a) **Intentionally omitted.**

(b) Immediately upon the signing of this Agreement, Florence shall file and prosecute in good faith a motion (the "Sale Motion") seeking the approval of this Agreement and the LMA by the Bankruptcy Court. Sellers shall use their best efforts to obtain an order granting the relief requested in the Sale Motion, approving this Agreement and the LMA and approving the sale and assignment under this Agreement of the Assets of Florence free and clear of all liens, encumbrances, claims and interests (the "Sale Order") as soon thereafter as possible but in no case later than the Closing Date, which order shall be substantially in the form attached hereto as Exhibit B.

(c) Sellers shall comply (or obtain an order from a competent court waiving compliance) with all applicable laws and regulations, including, without limitation, requirements under the Bankruptcy Code and the Federal Rules of Bankruptcy Procedure, in connection with obtaining approval of the sale of the Assets to Purchaser under this Agreement.

##### 3.2 Intentionally omitted.

3.3 Expenses. Each party hereto shall bear its own costs and expenses incurred in connection with the transactions contemplated by this Agreement.

3.4 Preservation of Assets. From the date hereof until the earlier of the termination of this Agreement or the Closing Date, except as expressly permitted by this Agreement or except with Purchaser's prior written consent, Sellers shall preserve the material Assets in good operating condition such that the Business may be operated without Purchaser incurring material repair or maintenance expense. Without limiting the foregoing, within five (5) business days after the date of the Sale Order, Sellers shall acquire and be responsible for all premiums through the Closing Date with respect to one or more property insurance policies insuring the Assets through the Closing Date, each such policy: (a) to be acceptable to Purchaser in its reasonable discretion; (b) to name Purchaser as an additional insured; and (c) to expressly provide that it shall not expire or be amended or terminated absent at least thirty (30) days' prior, written notice to Purchaser. The term of each such policy shall be not less than six (6) months from the date of the Sale Order. In the event that Seller fails to maintain any policy as required pursuant to this Section 3.4, Purchaser shall have the right, but not the obligation, to maintain any such policy at Sellers' expense, with any amounts so expended by Purchaser to be credited against the Purchase Price on the Closing Date.

3.5 Further Assurances. Each of the parties hereto agrees to use all commercially reasonable efforts to take, or cause to be taken, all action, 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 as expeditiously as practicable and to ensure that the conditions set forth in Article IV hereof are satisfied, insofar as such matters are within the control of such party. In case at any time after the Closing Date any further action is necessary or reasonably desirable to carry out the purposes of this Agreement, each of the parties to this Agreement shall take or cause to be taken all such action, to the extent commercially reasonable, including the execution and delivery of such further instruments and documents, as may be reasonably requested by another party for such purposes or otherwise to complete or perfect the transactions contemplated hereby; provided, however, that no party shall be required to take any action or execute and deliver any document that increases or extends its liability beyond that set forth herein. Without limitation of the foregoing, Sellers shall execute and deliver such affidavits and other documents as may reasonably be requested (including affidavits relating to Sellers' operations) by Purchaser and/or Purchaser's title and other insurers solely for purposes of obtaining a title or other insurance policy satisfactory to Purchaser.

3.6 Delivery of Schedules; Access and Information.

(a) As soon as reasonably possible, and in any event on or before the execution of this Agreement, Sellers shall deliver to Purchaser full and complete Schedules, except that Purchaser shall be responsible for the delivery of Schedule 1.4. On or before the time of Closing, each party shall have the right to amend and supplement the Schedules delivered to the other party to clarify or amend their contents. A party receiving an amended Schedule after the execution of this Agreement which discloses a materially adverse change therein shall have the option to (i) reject the Schedules and terminate this Agreement, without any further liability hereunder, or (ii) accept the Schedules (subject to any changes or modifications that may have been agreed upon by Seller and Purchaser or as otherwise contemplated herein). Any amendments to the Schedules not disclosing a materially adverse change shall be deemed

accepted. Amended Schedules accepted or deemed accepted shall thereupon constitute a part of this Agreement with the same force and effect as if originally attached hereto. Failure by Purchaser to give written notice of rejection of the Schedules within the period specified above shall constitute acceptance by Purchaser of such Schedules.

(b) From the date hereof until the earliest of the Closing Date and the date of termination of this Agreement, Sellers shall continue to permit Purchaser and its agents and representatives (including without limitation their lenders and financial advisors) to have access to Sellers, their affiliates and subsidiaries, if any, and their respective officers, counsel, auditors, books and records, and the opportunity to investigate Sellers, their affiliates and the property and the condition and nature of their assets, business and liabilities, in each case upon reasonable notice and during normal business hours. If, during such investigation, Purchaser identifies facts or conditions that could not reasonably have been discovered by Purchaser as of the date that the Schedules are accepted by Purchaser and that render Sellers' Representations untrue or inaccurate in one or more material respect, or otherwise could reasonably be expected, individually or in the aggregate, to materially adversely affect the Assets or Purchaser's use, operation or exploitation of the Assets, then Purchaser may, by written notice delivered to Sellers within seven (7) business days of Purchaser's receipt of such facts or conditions, terminate this Agreement.

(c) Likewise, to the extent that possession, custody or control of the books and records of the Sellers is transferred to the Purchaser prior to Closing as a result of the obligations assumed by each party under the LMA, Purchaser shall permit Sellers and their agents and representatives to have access to the books and records of Sellers at all times at the premises owned or leased by Sellers prior to Closing in order to comply with their obligations under the LMA or as may be required by FCC regulations or other applicable laws. Additionally, to the extent reasonably necessary to enable the Sellers to collect on the Accounts, Purchaser shall permit Sellers and their agents and representatives access to those books and records of Purchaser relating to the customers of the Business indebted to Sellers pursuant to the Accounts.

(d) From the date hereof until two days prior to the scheduled hearing on the approval of the Sale Order, Purchaser shall have the right to conduct, directly or through agents and contractors, at their expense and risk, full environmental surveys of all Real Property owned by a Seller. Purchaser shall use commercially reasonable efforts to cause such surveys to be conducted as quickly as possible. All survey results shall be made available to Sellers and, in the event that this Agreement is terminated, the information and documentation relating to such work shall, subject to reimbursement by Sellers of Purchaser's costs and expenses in connection with such work, become the property of Sellers and Purchaser shall retain no rights in such work. Prior to the Closing, Purchaser shall not contact any governmental agencies or agents concerning hazardous wastes, toxic substances, petroleum products or oil wastes or the existence of any underground tanks unless with the consent of the Sellers or the Bankruptcy Court, or as required by law, and the Sellers shall have the option of participating in any such contacts. In the event that Purchaser is denied the right to so contact a governmental agency or agent, Purchaser shall have the right to terminate this Agreement upon written notice to Sellers.

### **3.7 Intentionally omitted.**

### **3.8 Tax Matters and Covenants.**

(a) Sellers shall cause to be included in their income Tax Returns for all periods (or portions thereof) ending on or before the Closing Date (a “Pre-Closing Tax Period”) all tax items arising during such periods (or portions thereof). Purchaser will cause to be included in its Tax Returns for all periods (or portions thereof) beginning after the Closing Date (a “Post-Closing Tax Period”) all tax items relating to the Assets during such periods (or portions thereof). As used in this Agreement, “Tax Return” means returns, reports, information statements and other documentation (including any additional or supporting materials) filed or maintained, or required to be filed or maintained, in connection with the calculation, determination, assessment or collection of any tax and shall include any amended returns required as a result of examination adjustments made by the Internal Revenue Service or other tax authority.

(b) Sellers shall cause the provisions of any tax sharing or indemnity agreement between Sellers and any of their affiliates to be terminated on or before the Closing Date.

(c) To the extent not excused under 11 U.S.C. §1146, all transfer, documentary, sales, use, stamp, registration, and other similar taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the transactions contemplated hereby, other than income taxes, shall be paid one-half by Purchaser and one-half by Seller. Each party shall file, to the extent required by applicable law, all necessary Tax Returns and other documentation with respect to all such transfer or sales and use taxes. The parties shall cooperate with each other to minimize the amount of such transfer or sales and use taxes.

3.9 Notice of Developments. Sellers shall give prompt written notice to Purchaser of any material development affecting the Assets, Assumed Liabilities, or the Business, and each party hereto shall give prompt written notice to the others of any material development adversely affecting the ability of any such party to consummate the transactions contemplated hereby.

3.10 Employees. Purchaser shall not be obligated hereby to offer employment to any or all employees of Sellers. During the three-week period prior to the effective date of the LMA, Sellers shall make available to Purchaser for interviews such employees as Purchaser may designate, subject to the interest of any such employee to be interviewed. Sellers shall release from employment any employees that Purchaser desires to employ, and Sellers shall refrain from enforcing any restrictive covenants made by such employees that might interfere with Purchaser’s ability to hire the employees.

3.11 Post-Closing Access and Information. Sellers acknowledge and agree that from and after the Closing Date, Purchaser will be entitled to possession of all documents, books, records, agreements, and financial data of any sort relating to the Assets, which shall be maintained at the chief executive office of Purchaser; provided, however, that Sellers, at their sole cost and expense and upon reasonable notice to Purchaser, shall be entitled to reasonable access to, and to make copies of, such books and records as necessary for the purposes of tax audits or litigation, or to collect the Accounts, or in connection with any bankruptcy or similar proceedings, or to the extent they relate to assets retained by Sellers, and Purchaser shall maintain such books, records and material financial data for a period of at least three (3) years. Purchaser agrees to cooperate with the Sellers’ efforts to collect the Accounts, provided, however, that Purchaser shall have no obligation to engage in any affirmative collection

activities with respect to any Account, and Purchaser also agrees to make its accounting and record-keeping personnel available to Sellers at reasonable times during normal business hours, in exchange for reimbursement of the costs associated with such employee's time, to the extent reasonably requested by Sellers in connection with its access to and use of such materials.

**3.12 Intentionally omitted.**

3.13 Assumed Contracts. Prior to Closing, Sellers shall obtain an order of the Bankruptcy Court, authorizing Florence to assume and assign the Assumed Contracts to Purchaser pursuant to Section 365 of the Bankruptcy Code free and clear of any encumbrances. To the extent, if any, such consent is necessary, Sellers shall use best efforts to obtain the consent of any third party to the assignment of any Assumed Contract; provided, however, that Sellers need not pay any money or other consideration to such third party in excess of the amount specified in Section 1.1(b) hereof unless such amounts are paid, with UPN's written consent, either out of the proceeds of sale of the Assets or otherwise out of Cash Collateral of UPN. If, by the sixtieth (60<sup>th</sup>) day following the Closing Date and after using best efforts to obtain such consent, Sellers are unable to obtain any such consent, and Purchaser has not waived the necessity of obtaining such consent, then such assigned Contracts shall not be assigned and transferred to Purchaser (and shall be deemed Excluded Assets) and Purchaser shall not assume any liabilities or obligations with respect thereto. Nothing in this Section 3.13. shall be construed as imposing any obligation on Purchaser to make any cure payment with respect to any Contract.

**3.14 Intentionally omitted.**

3.15 Collection of Accounts. Purchaser and Sellers also agree that, to the extent Purchaser receives payments on any of the Accounts, Purchaser shall pay over to Florence such monies within fifteen (15) days of receipt. Conversely, Sellers agree to pay over to Purchaser, within fifteen (15) days of receipt, any monies received from any customer of the Business that represent payment on accounts receivable owned by Purchaser. In the absence of contrary designation by the account obligor, a payment shall be deemed to be made on the oldest outstanding invoice(s).

## ARTICLE IV

### CLOSING CONDITIONS

4.1 Conditions to Obligations of Purchaser. The obligations of Purchaser to perform hereunder and at the Closing are subject to the satisfaction, at or prior to the Closing, of the following conditions, unless waived by Purchaser:

(a) Sale Order. The Bankruptcy Court shall have entered the Sale Order in substantially the form attached hereto as Exhibit B. The Sale Order shall not have been vacated, stayed, amended, reversed or modified. The form of the Sale Order shall be satisfactory to Purchaser and shall include findings of fact that the Purchaser will be a purchaser in good faith for value for all purposes, including, without limitation, within the meaning of good faith purchaser as used in Section 363(m) of the Bankruptcy Code. Further, the Sale Order shall

contain (or be accompanied by) findings of fact and conclusions of law by the Bankruptcy Court that, among other things, find and conclude that (x) the transactions contemplated hereby are in good faith and otherwise satisfy the provisions of Sections 363 and 365 of the Bankruptcy Code, (y) the stays of Rules 6004(g) and 6006(d) of the Federal Rules of Bankruptcy Procedure shall not apply, and (z) Florence has complied with all applicable notice requirements with respect to the transactions contemplated by this Agreement. The Sale Order shall provide and declare that all right, title and interest of Florence under each of the Assumed Contracts shall, upon Closing, be transferred and assigned to and fully and irrevocably vest in Purchaser and remain in full force and effect and shall relieve Florence from any further obligations under the Assumed Contracts as provided for in 11 U.S.C. §365(k). The Sale Order or other order shall also declare and include or be accompanied by findings of fact and conclusions of law of the Bankruptcy Court which, among other things, shall determine and declare: (a) that each Assumed Contract is in full force and effect and is an executory contract of Florence under Section 365 of the Bankruptcy Code; (b) that Florence may assume each such Assumed Contract in accordance with Section 365 of the Bankruptcy Code; (c) that Florence may assign each such contract in accordance with Section 363 and 365 of the Bankruptcy Code and any provisions in any contract that prohibit or condition the assignment of such contract constitute unenforceable anti-assignment provisions which are void and of no force and effect; (d) that all other requirements and conditions under Section 363 and 365 of the Bankruptcy Code for the assumption and assignment by Florence of each such Assumed Contract have been satisfied; (e) that upon Closing, in accordance with Section 363 and 365 of the Bankruptcy Code, Purchaser shall be fully and irrevocably vested in all right, title and interest of each such contract and that following the Closing, each such Assumed Contract shall remain in full force and effect; (f) that the assignments of each such contract are in good faith under Section 363(b) and (m) of the Bankruptcy Code; (g) that the cure amount set forth for each Assumed Contract in the applicable exhibit to the Sale Motion shall be final and binding on the non-debtor party to the Contract unless a different amount is set forth in the Sale Order; and (h) that Florence gave due and proper notice of such assumption and assignment to each landlord, licensor, sublicensee and other non-debtor party under each such Assumed Contract as well as to any sublicensees, subtenants and landlords. The Sale Order shall further provide that, upon the Closing, the Affiliation Agreement dated as of April 29, 1999, by and between UPN and the Sellers shall be deemed rejected.

(b) Pending Actions. No action, suit or proceeding (including any proceeding over which the Bankruptcy Court has jurisdiction under 28 U.S.C. § 157(b) and (c)) brought by any Governmental Entity shall be pending to enjoin, restrain or prohibit the transactions contemplated hereby, or that would be reasonably likely to prevent or make illegal the transactions contemplated hereby.

(c) Sellers' Representations; Sellers' Performance. Sellers' Representations shall be true and correct in all respects, including without limitation, Sellers shall be in compliance with all Environmental Laws and all necessary federal, state and local permits are in place, except however, for matters which are not, in the aggregate, materially adverse to the assets, liabilities, financial condition, results of operations or business of Sellers, taken as a whole. Sellers shall have performed and complied in all material respects with all covenants and agreements required to be performed or complied with by it on or prior to the Closing Date.

(d) Deliveries by Sellers. Sellers shall be ready, willing and able to deliver to Purchaser the items specified in Section 4.3(a).

(e) Legal Bar. No injunction or orders issued by a court of competent jurisdiction that prohibits the consummation of the transactions contemplated herein shall be in effect.

(f) Diligence Regarding Operating Assets. Purchaser shall have had the opportunity to inspect all material operating Assets of the Sellers and all related Assets and facilities used in or in connection with the operations of Sellers within the one year period preceding the Closing for the purpose of determining that the same are in good working condition and fully operational for the purposes to which Purchaser will put such Assets.

(g) Requisite Consents. Sellers shall have received and delivered to Purchaser all consents, if any, that are required for the assumption and assignment to Purchaser of each of the contracts and agreements listed on Schedule 1.4, which Schedule may be amended by deletion up to the date of the Closing.

(h) Sale of Tower and Assignment of Tower Lease. (i) In addition to the other Assets, Purchaser shall be entitled to receive at the Closing sole possession and sole title, free and clear of any and all liens, claims, and encumbrances (other than those created by the Tower Lease), of the tower that is the subject of the Tower Lease, along with all associated buildings, equipment, and facilities (collectively, the “Tower”) without payment of any consideration than otherwise required by this Agreement; (ii) UPN Properties, Inc. shall have agreed to assign, effective as of the Closing, the Tower Lease to Purchaser or its designee and shall have obtained all necessary consents to such assignment, including without limitation any required consent of the lessors under the Tower Lease; (iii) as of the Closing, UPN Properties, Inc. shall have paid in full all rent to date and any other amounts then due and payable with respect to the Tower Lease such that Purchaser’s or its designee’s obligations as the party assuming the Tower Lease shall be prospective in all respects; (iv) the consummation of the sale of the Tower by Florence to Purchaser or its designee and the assignment of the Tower Lease by UPN Properties, Inc. to Purchaser or its designee shall occur simultaneously with the Closing; and (v) Purchaser shall be entitled to receive at the Closing a quitclaim bill of sale from UPN Properties, Inc. of any interest it may have in the Tower.

(i) FCC Approval. The approval of the FCC to the assignment of the Licenses to Purchaser or its designee shall have become final (i.e., no longer subject to administrative or judicial review).

(j) UPN Affiliation Agreement. Purchaser and UPN shall have entered into the long-term station affiliation agreement with respect to the Station attached hereto as Schedule 4.1(j), such affiliation agreement to become effective as of the Closing Date (the “New Affiliation Agreement”).

(k) Financing. Purchaser shall have obtained financing for the full amount of the Purchase Price upon terms and conditions acceptable to Purchaser in its sole discretion, which financing shall be available to Purchaser at the Closing. This condition shall be deemed satisfied or waived by Purchaser solely upon written notice delivered by Purchaser to Sellers that this condition has been satisfied or waived by Purchaser.

4.2 Conditions to Obligations of Sellers. The obligations of Sellers to enter into the Closing are subject to the satisfaction, at or prior to the Closing, of the following conditions, unless waived by Sellers:

(a) Sale Order. The Bankruptcy Court shall have entered in the Bankruptcy Case the Sale Order (together with any related findings of fact or conclusions of law) approving this Agreement and the transactions contemplated hereby, and reasonably satisfactory in form and substance to Seller. The Sale Order shall not have been vacated, stayed, amended, reversed or modified.

(b) Pending Actions. No action, suit proceeding (including any proceeding over which the Bankruptcy Court has jurisdiction) brought by any Governmental Entity shall be pending to enjoin, restrain or prohibit the transactions contemplated hereby, or that would be reasonably likely to prevent or make illegal the transactions contemplated hereby.

(c) Covenants, Representations and Warranties. The representations and warranties of Purchaser contained herein shall be true and correct in all material respects as of the date hereof and again at and as of the Closing Date, except for any changes resulting from activities or transactions which may have taken place after the date hereof and which are permitted or contemplated by this Agreement or which have been entered into in the ordinary course of business and except to the extent that such representations and warranties are expressly made as of another specified date and, as to such representation, the same shall be true as of such specified date. Purchaser shall have performed and complied in all material respects with all covenants and agreements required to be performed or complied with by it on or prior to the Closing Date.

(d) Deliveries by Purchaser. Purchaser shall be ready, willing and able to deliver to Sellers the items specified in Section 4.3(b).

(e) Legal Bar. No injunction or orders issued by a court of competent jurisdiction that prohibits the consummation of the transactions contemplated herein shall be in effect.

(f) FCC Approval. The approval of the FCC to the assignment of the Licenses to Purchaser or its designee shall have become final (i.e., no longer subject to administrative or judicial review).

#### 4.3 Deliveries at Closing.

(a) Deliveries by Sellers. At the Closing, Sellers shall deliver or cause the delivery of the following to Purchaser:

(i) Conveyance Documents. Bills of sale, assignment and assumption agreements, deeds, and other documents reasonably requested by Purchaser in order to effectively convey to Purchaser the Assets in accordance with the terms hereof, in form and substance to the reasonable satisfaction of Purchaser, executed by Sellers.

(ii) Keys, Computer Codes, Etc. To the extent permitted under any licenses or agreements with third parties or provided in the Sale Order, all keys and security access

information or procedures to the Sellers' offices, facilities and other premises and properties being sold or leased to Purchaser hereunder, all computer access codes and passwords for computer programs or systems being sold or leased to Purchaser hereunder and any other property in the possession of Sellers and being sold or leased to Purchaser hereunder.

(b) Deliveries by Purchaser. At the Closing, Purchaser shall deliver the following to Sellers or to UPN, as set forth below:

(i) Purchase Price. Except as otherwise required by order of the Bankruptcy Court (including but not limited to the Extended Final Cash Collateral Order, as may be extended or modified from time to time), the Cash Consideration portion of the Purchase Price that is due at Closing, less the items identified in the immediately succeeding clauses (i) through (vi), shall be payable by wire transfer to UPN of immediately available funds to one or more bank accounts as specified by UPN in writing not later than two business days prior to the Closing Date and as otherwise agreed in Section 1.6 hereof: (i) the Deposit (which shall be released from escrow and delivered to Florence); (ii) any applicable credits and pro-rated amounts; (iii) cure amounts agreed to by UPN and established in the Sale Order; (iv) unpaid property taxes owed by Florence which have been assessed against the Assets, if any; (v) the amount, if any, by which carve-outs that have been agreed to in writing by UPN for U.S. Trustee fees, professional fees, payments due at the time of Closing under Florence's Key Employee Retention Program, other administrative expenses, and certain priority tax claims (collectively, the "Agreed Carve-Outs") exceed the sum of (X) the Deposit and (Y) Florence's cash on hand on the Closing Date plus the amount of Florence's accounts receivable and payment intangibles (as defined in section 9-102(61) of the Uniform Commercial Code) outstanding on the Closing Date that are reasonably projected to be collectible in the future (the "Projected Collections"); and (vi) the Post-Closing Escrow Fund. The cure amounts referred to above shall be paid to the parties in interest entitled thereto, and the pre-petition property taxes referred to above, if any, shall be paid to the appropriate taxing authorities. The balance of any such Cash Consideration shall be payable by wire transfer of immediately available funds to Florence's debtor-in-possession operating account.

(ii) Conveyance Documents. Assignment and assumption agreements and other documents reasonably requested by Sellers and third parties in order to effectuate Purchaser's assumption of the Assumed Liabilities, in form and substance to the reasonable satisfaction of Sellers, executed by Purchaser.

## ARTICLE V

### LOCAL MARKETING AGREEMENT

Purchaser and Sellers agree, upon entry of the Sale Order, to enter into a Local Marketing Agreement (the "LMA") attached hereto as Exhibit A with respect to the Station.

## ARTICLE VI

### POST-CLOSING ESCROW FUND

Notwithstanding any provision in this Agreement to the contrary, a portion of the Cash Consideration in the sum of Two Hundred Fifty Thousand Dollars (\$250,000.00)(the “Post-Closing Escrow Fund”) shall be deposited by Purchaser directly with a third party escrow agent mutually acceptable to all parties hereto and selected prior to Closing (the “Post-Closing Escrow Agent”). The Post-Closing Escrow Fund shall be governed by this Agreement and by the Post-Closing Escrow Agreement attached hereto as Exhibit D. In the event that a Seller breaches any representation, warranty, covenant, or obligation of a Seller contained in this Agreement, or any third party asserts a claim against Purchaser which claim is either the result of a breach of this Agreement by a Seller or is based upon a liability or obligation that is the responsibility of a Seller and not of Purchaser, then, in any such event Purchaser shall have the right to receive from the Post-Closing Escrow Fund any and all damages, costs, injuries, losses, and expenses (including without limitation attorneys’ fees and legal costs) arising from any one or more of the foregoing (a “Claim”), subject to and in accordance with the following:

(a) Purchaser shall notify Sellers, UPN and Escrow Agent of each Claim in writing describing in reasonable detail the nature of the Claim, the date that the Claim arose, and the amount of the Claim.

(b) Sellers and/or UPN shall have the right to object to a Claim in the manner and within the time period provided in the Post-Closing Escrow Agreement.

(c) The balance, if any, of the Post-Closing Escrow Fund, plus and any all interest accrued thereon and income earned with respect thereto, less any amounts payable to the Post-Closing Escrow Agent by Sellers, shall be disbursed to UPN on the date that is sixty (60) days after the Closing Date; provided, however, that if as of such date there are any Claims that Purchaser has asserted but which have not as of such date been resolved in accordance with the Post-Closing Escrow Agreement, the amount of such Claim(s) shall remain in the Post-Closing Escrow Fund and shall remain subject to the terms of this Agreement and the Post-Closing Escrow Agreement pending the resolution thereof, and provided further, however, that, from the funds disbursed to UPN from the Post-Closing Escrow Fund, if needed to pay administrative claims in the Chapter 11 Case for which UPN has agreed to a carve-out, UPN shall transfer to counsel for Sellers identified in Section 7.5 the amount, if any, by which the Projected Collections (as defined in Section 4.3(b)(i)) exceed the actual collections received by Florence on its accounts receivable and payment intangibles during the period from the Closing Date to the date of the disbursement to UPN of the balance of the Post-Closing Escrow Fund.

(d) The amount of the Post-Closing Escrow Fund shall not be construed as a limit upon the amount of damages that Purchaser may be entitled to recover in the event of a breach or default of this Agreement by a Seller.

(e) Purchaser, in its sole discretion, shall have the right to seek other or additional rights and remedies in the event of breach or default of this Agreement by a Seller.

## ARTICLE VII

### MISCELLANEOUS

7.1 Entire Agreement. This Agreement and the Schedules and Exhibits, together with the confidentiality agreement previously executed and delivered by Purchaser, contain the entire agreement between the parties with respect to the transactions contemplated by this Agreement and supersede all prior agreements or understandings among the parties.

7.2 Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing:

(a) Mutual Consent. Upon the mutual written consent of Sellers, UPN and Purchaser.

(b) By Purchaser.

(i) By Purchaser, in accordance with Section 1.7, Section 1.9, Section 3.6(a) or Section 3.6(b);

(ii) By Purchaser, at any time after September 15, 2004, if any of the conditions provided for in Section 4.1 shall not have been waived by Purchaser or fully satisfied prior to such date;

(iii) By Purchaser, in the event of a violation or breach by a Seller of its agreements contained in this Agreement that has rendered the satisfaction of any condition to the obligations of Purchaser impossible, and Purchaser is not in material violation or breach of its agreements, representations or warranties contained in this Agreement;

(iv) By Purchaser, if the Sale Order has not been entered on or before April 30, 2004; or

(v) By Purchaser, if the Closing does not occur on or before September 15, 2004.

(c) By Sellers.

(i) By Sellers, at any time after September 15, 2004, if any of the conditions provided for in Section 4.2 shall not have been waived in writing by Sellers or fully satisfied prior to such date;

(ii) By Sellers, in the event of a material violation or breach by Purchaser of its agreements, representations or warranties contained in this Agreement that has rendered the satisfaction of any condition to the obligations of Sellers impossible, and Sellers are not in material violation or breach of their agreements contained in this Agreement; provided, that such violation or breach shall not have been waived or cured

within fifteen (15) days following receipt by Purchaser of written notice of such breach from Sellers.

(d) Effect of Termination. In the event of termination of this Agreement pursuant to this Section 7.2, written notice thereof shall forthwith be given to the other party and UPN, and all further obligations of the parties hereunder shall immediately and without further action terminate, except that the obligations set forth in Sections 1.5 and the last sentence of this Section 7.2(d) shall survive in full force and effect; provided, however, that if this Agreement is terminated by a party because of the other party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies for breach of contract or otherwise, including, without limitation, damages relating thereto, shall also survive such termination unimpaired. If this Agreement is terminated as provided herein each party will redeliver all documents, work papers and other material of any other party relating to the transactions contemplated hereby, whether obtained before or after the execution hereof to the party furnishing the same, except as provided in Section 3.6(c) of this Agreement and shall abide by the terms of any confidentiality agreement relating thereto.

**7.3 Intentionally omitted.**

**7.4 Descriptive Headings; Certain Interpretations.**

(a) Descriptive headings are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

(b) Except as otherwise expressly provided in this Agreement, the following rules of interpretation apply to this Agreement: (i) the singular includes the plural and the plural includes the singular; (ii) "or" and "either" are not exclusive and "include" and "including" are not limiting; (iii) a reference to any agreement or other contract includes schedules and exhibits thereto and permitted supplements and amendments thereof, (iv) a reference to a law includes any amendment or modification to such law and any rules or regulations issued thereunder; (v) a reference to a Person includes a natural person or entity and its permitted successors and assigns; and (vi) a reference in this Agreement to an Article, Section, Exhibit or Schedule is to the Article, Section, Exhibit or Schedule of this Agreement.

**7.5 Notices.** All notices, requests and other communications to any party hereunder shall be in writing and sufficient if delivered personally or sent by facsimile transmission (with confirmation of receipt) or by overnight delivery service maintaining records of receipt, addressed as follows:

If to Purchaser, to:

Huntsville TV., L.L.C.  
220 Salters Creek Road  
Hampton, VA 23661  
Facsimile: (757) 726-0196  
Attention: David Hanna, President

with a copy, which shall not constitute notice, to:

Daniel Sroka, Esq.  
3625 N. Elm Street  
Suite 100 (Zip 27455)  
P.O. Box 1658  
Greensboro, North Carolina 27402  
Facsimile: (336) 282-5796

If to Sellers, to:

Florence Television, LLC / Valley Television, LLC  
Attn: Gary Kneller  
3639 Summerford Drive  
Marietta, Georgia 30062  
Facsimile (c/o Brian L. Schleicher): (770) 667-1690

with a copy, which shall not constitute notice, to:

Brian L. Schleicher, Esquire  
Robinson, Jampol, Aussenberg & Schleicher, LLP  
11625 Rainwater Drive, Suite 350  
Alpharetta, Georgia 30004  
Facsimile: (770) 667-1690

If to UPN, to:

M.P. Messinger  
CBS  
1515 Broadway, 49<sup>th</sup> Floor  
New York, New York 10036  
Facsimile: (212) 846-1905

with a copy, which shall not constitute notice, to:

Lawrence R. Barnett  
Gipson Hoffman & Pancione  
1901 Avenue of the Stars, Suite 1100  
Los Angeles, California 90067  
Facsimile: (310) 556-8945

or to such other address or telecopy number as the party to whom notice is to be given may have furnished to the other parties in writing in accordance herewith. Each such notice, request or communication shall be effective when received at the address specified in this Section 7.5.

7.6 Counterparts, Facsimile Transmission. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which counterparts collectively shall constitute one instrument. Signatures sent to the other parties by facsimile transmission shall be binding as evidence of acceptance of the terms hereof by such signatory party.

7.7 Survival. All the provisions of this Agreement that contemplate performance after the Closing shall survive the Closing.

7.8 Benefits of Agreement. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Except as otherwise set forth herein with respect to UPN, this Agreement is for the sole benefit of the parties hereto and not for the benefit of any third party.

7.9 Amendments and Waivers. No modification, amendment or waiver, of any provision of, or consent required by, this Agreement, nor any consent to any departure herefrom, shall be effective unless it is in writing and signed by the parties hereto and, in the case of Florence, approved by the Bankruptcy Court; provided, however, that a modification or amendment after entry of the Sale Order which does not decrease materially the purchase price shall not require approval of the Bankruptcy Court if the Agreement, as so modified or amended, is still substantially in the form of the Agreement approved by the Sale Order. Such modification, amendment, waiver or consent shall be effective only in the specific instance and for the purpose for which given.

7.10 Assignment. This Agreement and the rights and obligations hereunder shall not be assignable or transferable by any party hereto without the prior written consent of the other parties hereto, provided that Purchaser may assign all or part of its rights and obligations hereunder to any Person directly or indirectly controlled by Purchaser or Purchaser's controlling shareholders, and provided further that Purchaser's obligations may be assumed by any subsequent purchaser and/or purchasers of the Assets who is/are no less credit worthy than Purchaser and such purchaser(s) agree(s) to be bound by the terms thereof.

7.11 Governing Law. The rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of Alabama, without regard to its conflict of laws principles.

7.12 Remedies Cumulative. Except as otherwise specifically provided herein, the remedies of the parties under this Agreement are cumulative and shall not exclude any other remedies to which any party may be lawfully entitled.

7.13 Bankruptcy Court Jurisdiction. The Bankruptcy Court shall have jurisdiction with respect to any issues arising between the parties and relating to the terms or provisions of this Agreement or the consummation of the transactions contemplated hereunder.

7.14 Equitable Relief. Sellers agree that Station, the Licenses, and the Assets constitute a special and unique asset and that the failure of either Seller to fulfill its obligations hereunder shall result in a loss to Purchaser which cannot be adequately or reasonably compensated in damages in an action at law, and that a Seller's failure to perform its obligations hereunder, or to otherwise comply with any provision of this Agreement, will cause Purchaser irreparable injury or damage. In addition to any other right or remedy, Purchaser shall be entitled to seek injunctive or other equitable relief from the Bankruptcy Court of the Northern District of Georgia to prevent a Seller's failing to perform hereunder. Resort by Purchaser to injunctive or other relief, however, shall not be construed as a waiver of any rights Purchaser may have against either Seller for damages or otherwise.

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed and delivered as of the day and year first above written.

WITNESS:

SELLERS:

**Florence Television, LLC**

By: Gary D. Kneller  
Name: GARY D. KNELLER  
Title: GENERAL MANAGER

**Valley Television, LLC**

By: Gary D. Kneller  
Name: GARY D. KNELLER  
Title: GENERAL MANAGER

PURCHASER:

**Huntsville TV., L.L.C.**

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

Date FEBRUARY 24, 2004

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed and delivered as of the day and year first above written.

WITNESS:

SELLERS:

**Florence Television, LLC**

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

**Valley Television, LLC**

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

PURCHASER:

**Huntsville TV., L.L.C.**

*Pamela B. Lawson*  
PAMELA B. LAWSON  
SECRETARY + MANAGER

By: *James L. Lockwood Jr*  
Name: JAMES L. LOCKWOOD JR  
Title: C.E.O + MANAGER

Date \_\_\_\_\_

## **SCHEDULES**

Schedule 1.1(a)	Accounts
Schedule 1.1(b)	Assets
Schedule 1.1(d)	Contracts
Schedule 1.1(h)	Inventory
Schedule 1.1(i)	Leases
Schedule 1.1(j)	Licenses
Schedule 1.1(l)	Trade Payables
Schedule 1.4	Assumed Contracts
Schedule 1.8	Purchase Price Allocation
Schedule 2.1(a)	Seller's Organization
Schedule 2.1(c)	Seller's Conflicts Consents
Schedule 2.1(d)	Seller's Financial Affairs/Statements
Schedule 2.1(e)	Changes to Seller's Assets
Schedule 2.1(f)	Assets, Personal Property, Related Matters
Schedule 2.1(g)	Owned/Leased Real Property
Schedule 2.1(h)	Intellectual Property
Schedule 2.1(j)	Environmental Compliance
Schedule 2.1(k)	Government Regulations
Schedule 2.1(l)	Repayments
Schedule 2.1(m)	Brokers
Schedule 4.1(j)	New Affiliation Agreement

## **EXHIBITS**

Exhibit A	LMA
Exhibit B	Form of Sale Order
Exhibit C	Form of Pre-Closing Escrow Agreement
Exhibit D	Form of Post-Closing Escrow Agreement

**EXHIBIT A**

**LOCAL MARKETING AGREEMENT**

## LOCAL MARKETING AGREEMENT

Local Marketing Agreement ("Agreement") dated as of the 27 day of February, 2004, by and among Florence Television, LLC, a Georgia limited liability company ("Owner"), Valley Television, LLC, a Georgia limited liability company ("FCC Licensee"), and Huntsville TV, L.L.C., a Virginia limited liability company ("Broker").

WHEREAS, Owner and FCC Licensee, which is a wholly-owned subsidiary of Owner, own and operate television station WHDF-TV, ("Station"), which is licensed by the Federal Communications Commission ("FCC") to the community of Huntsville-Decatur-Florence, Alabama; and

WHEREAS, Owner and FCC Licensee desire to engage Broker to provide certain programming and sales services for Station;

NOW, THEREFORE, for and in consideration of the mutual covenants herein contained, the parties hereto have agreed and do agree as follows:

1. Station Facilities and Program Time. Except as otherwise provided herein, Owner and FCC Licensee agree, effective as of the Commencement Date as hereinafter defined, to broadcast all programming supplied by Broker on Station for 23 hours per day, 7 days per week.

Owner and FCC Licensee shall permit Broker to use, subject to the restrictions contained herein, trademarks, trade names, rights to promotional material, jingles, and other intellectual property rights associated with the operation of Station. Broker will provide all commercial advertising aired on Station's programming, subject to advertising supplied by the UPN Television Network ("UPN") pursuant to the terms of

Station's UPN Network Affiliation Agreement. Broker will be responsible for all billing, collections, ratings service subscriptions, commercial insertions and other sales related functions arising during the Term of this Agreement.

2. Operation of Station. Notwithstanding anything to the contrary in this Agreement, Owner and FCC Licensee shall have the full authority and power over the operation of Station during the Term of this Agreement. Owner and FCC Licensee shall without limitation, and throughout the Term of this Agreement:

(a) maintain the operating power of Station at no less than its current level, and operate and maintain in good working condition Station's transmission facilities;

(b) employ a General Manager who will report to Owner and direct the performance of Owner's and FCC Licensee's obligations hereunder and who shall have no employment, consulting, or other material relationship with Broker;

(c) employ such other employees, including at least one full-time employee, to assist the General Manager in performing Owner's and FCC Licensee's obligations hereunder, who shall have no employment, consulting, or other material relationship with Broker;

(d) retain ultimate control over the personnel, finances, programming and operation of Station;

(e) maintain a main studio consistent with FCC regulations, at which the General Manager and the other full-time employees of Station will be available during normal business hours;

(f) comply with FCC policies with respect to the ascertainment of community problems, needs and interests; broadcast programming responsive to them; and timely prepare and place in Station's public inspection file (which shall be maintained by Owner and/or FCC Licensee within Station's community of license) appropriate documentation thereof;

(g) maintain Station's technical logs, and its political and public inspection files;

(h) oversee and retain ultimate responsibility for the broadcast of required station identification announcements and emergency broadcast test signals, which announcements and signals Broker shall insert into programming supplied by Broker as required by Owner;

(i) oversee and ensure that Station airs educational and informational children's television programming as Owner deems appropriate for fulfilling FCC requirements; and

(j) comply with political broadcasting and all other FCC regulations which may be applicable to the operations of Station.

Owner shall have the right to decide to reject any programming or advertisements which Owner reasonably deems to be unsuitable or contrary to the public interest; the right to preempt any programs in order to broadcast a program deemed by Owner to be of greater national, regional, or local importance or which is designed to meet the problems, needs or interests of Florence, Alabama; the right to interrupt Broker's programming to insert

emergency information or news bulletins; and the right to take any other actions necessary for compliance with the laws of the United States, the State of Alabama, and the rules, regulations, and policies of the FCC, provided, however, that whenever possible Owner will use its best efforts to provide Broker reasonable notice of its intention to preempt such broadcast or broadcasts.

3. Certifications.

(a) Licensee hereby certifies that it maintains ultimate control over the station's facilities, including, specifically control over the stations' finances, personnel, and programming.

(b) Broker hereby certifies that this Agreement complies with the provisions of paragraphs (a)(1) and (e)(1) of sections 73.3555 of the FCC's rules.

4. Effectiveness; Term.

(a) This Agreement shall be of no force or effect whatsoever unless and until each of this Agreement and that certain Asset Purchase Agreement among Owner, FCC Licensee, and Broker pertaining to the transfer of Station's FCC licenses to Broker and Broker's purchase of substantially all of the assets used in the operation of Station (the "APA") have been approved by an order of the United States Bankruptcy Court for the Northern District of Georgia (the "Bankruptcy Court") in case no. 02-81667-SWC which finds that broker is a good faith purchaser entitled to the protections of section 363(m) of the Bankruptcy Code (the "Sale Order").

(b) Provided that the Sale Order has not been stayed, vacated or revoked, the term of this Agreement ("Term") shall commence at the discretion of Broker at any time

within two (2) weeks after the date of entry of the Sale Order (the “Commencement Date”), and shall expire upon the earliest of (i) the date upon which Broker becomes the owner of Station and the holder of Station’s FCC licenses in consummation of the APA (the “APA Closing”), (ii) fifteen (15) days after the FCC has taken final action denying an assignment of Station’s FCC licenses to Broker, (iii) fifteen (15) days after the termination, if prior to the APA Closing, or (iv) September 15, 2004. Upon the expiration or termination of this Agreement pursuant to clause (ii), (iii) or (iv) of this section 4(b), all rights and responsibilities relating to the presentation of programming on Station, intellectual property rights, if any, and sale of advertising time for broadcast after the date of expiration of termination shall revert to Owner and/or FCC Licensee, as applicable, but only to the extent that FCC Licensee remains the licensee and owner of Station.

5. Expenses. Broker agrees to make payments to Owner for reimbursement of certain expenses of the operation of the Station as set forth in Exhibit A attached hereto and incorporated herein by reference. In the event that Owner or FCC Licensee fails to make payment of any amount which Owner or FCC Licensee has agreed to pay pursuant to this Agreement, Broker shall have the right, but shall have no obligation, to pay such amount on behalf of Owner or FCC Licensee. All LMA Payments (as defined in Exhibit A) shall be paid in immediately available funds, wired to an account supplied by Owner from time to time during this Agreement.

6. Proceeds of Sales. All revenues collected by Broker from its sale of advertising time on Station shall be retained by Broker, subject to Broker's obligation to remit LMA Payments.

7. Responsibility for Employees and Expenses. Owner shall employ and be responsible for the salaries, taxes, insurance, and related costs of all its personnel employed in the operation of Station as provided in Paragraph 2 of this Agreement. In addition, Owner will be responsible for the payment of all other recurring costs and expenses incident to the day-to-day operation of Station during the period of the Agreement, including, without limitation, all fees to ASCAP, BMI, SESAC and any other person or entity entitled to copyright fees attributable to Owner's programming broadcast on Station; in this connection Owner warrants and represents that it will maintain all necessary performing rights licenses to musical compositions included in any programming which Broker may supply to Station, and Broker warrants and represents that the performing rights to all such compositions shall be available for license through ASCAP, BMI or SESAC, in the public domain or controlled by Broker. Broker shall employ and be responsible for the salaries, taxes, insurance, and related costs for all personnel used by Broker in the production of its programming, the sale of advertising time, and related activities, including, without limitation, necessary subscriptions to ratings services. Owner covenants that not less than three weeks prior to the Commencement Date, Owner shall have provided Broker with access to all of Owner's employees, and the opportunity to interview them in a manner acceptable to Broker.

Owner further covenants that it shall not enforce any restrictive covenants made by any of its employees that might interfere with Broker's ability to hire such employees.

8. Programs and Indemnification.

(a) Broker 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 in good taste in accordance with FCC requirements. All programs shall be prepared and presented in conformity with such reasonable standards as may be prescribed by Owner.

(b) Broker shall indemnify Owner and FCC Licensee, and their respective shareholders, members, managers, affiliates, officers, agents, employees, successors, and permitted assigns and hold them harmless from any and all claims, damages, liabilities, costs or expenses, including, without limitation, attorney's fees, incurred by any such party by reason of the breach by Broker of any representation, warranty, covenant, or agreement made by Broker in this Agreement, and for any and all claims, damages, liabilities, costs, or expenses, including, without limitation, attorney's fees arising from the broadcast of any matter provided by Broker, including, without limitation, with respect to copyright infringement, libel, slander, defamation, or invasion of privacy, unless such claims arise from Owner's or FCC Licensee's addition or deletion of any material to or from programming supplied by Broker, or from breach of any of Owner's or FCC Licensee's warranties in Paragraph 7 hereof.

(c) Owner shall indemnify Broker, its shareholders, members, managers, subsidiaries and affiliates and their officers, agents, employees, successors and permitted assigns and hold them harmless from any and all claims, damages, liabilities, costs, or

expenses, including, without limitation, attorney's fees, incurred by any such party by reason of the breach by Owner and/or FCC Licensee of any representation, warranty, covenant, or agreement made by Owner and/or FCC Licensee in this Agreement and for any and all claims, damages, liabilities, costs or expenses, including, without limitation, attorney's fees arising from the broadcast of any matter provided by Owner and/or FCC Licensee, or arising from Owner's and/or FCC Licensee's addition or deletion of any material to or from programming supplied by Broker, including, without limitation, with respect to copyright infringement, libel, slander, defamation or invasion of privacy.

9. Handling of Mail and Other Communications. Except to the extent required to assure compliance by Owner and FCC Licensee with FCC requirements governing maintenance of Station's public inspection file, Broker shall be responsible for the handling of all mail, cables, electronic mail, or telephone calls in connection with programs provided by Broker hereunder unless Owner and FCC Licensee at the request of the Broker have agreed in writing to do so. Broker shall forward to Owner all mail, cables, and electronic mail that are the property of Owner pursuant to this Agreement and telephone calls intended for Owner or FCC Licensee. Owner and FCC Licensee will, as reasonably requested, cooperate with Broker in responding to any question, comment, or complaint from any third party (other than a governmental authority or agent thereof) with respect to any advertising or program broadcast by Broker through Station; provided, however, Broker shall immediately forward to Owner all written questions, comments, or complaints, for inclusion in Station's public file as necessary. All of Broker's responses to the questions, comments or complaints are subject to the approval

of Owner, not to be unreasonably withheld or delayed, it being understood that such responses shall not be regularly provided to Owner unless so requested by Owner. If requested by Owner, Broker shall cooperate fully with respect to all responses to questions, comments, or complaints.

10. Programming and Operations Standards. Broker agrees to abide by the reasonable standards prescribed by Owner with respect to Station's programming and operations. Broker further agrees that if, in the sole judgment of Owner or its general manager, Broker does not comply with those standards, Owner may suspend or cancel any program, including announcements or commercials not in compliance.

11. Confidentiality. The parties recognize and acknowledge that during the Term of this Agreement, each party may from time to time become privy to information belonging to the other party involving rates, program information, client list(s), and other information that is proprietary, valuable, special, and unique to the business of the other party (whether or not specifically related to Station), and that the appropriation of information by the disclosing party would work substantial and irreparable harm to the non-disclosing party and its business. Both parties, therefore, shall not communicate or disclose at any time during or after the Term of this Agreement any information, not otherwise available to, communicated to or independently derived by them, relating to client lists or other proprietary information, of the other party to any person, firm, corporation, association, or other entity for any reason or purpose whatsoever, unless required by law or an order of a court of competent jurisdiction. The parties acknowledge that a breach or threatened breach of the foregoing provisions is likely to

cause irreparable harm to the non-breaching party for which there is no adequate remedy available at law. Accordingly, in the event of any such breach or threatened breach, the non-breaching party shall have the right to seek injunctive or other equitable relief in response thereto in any court of competent jurisdiction, notwithstanding any provision in this Agreement to the contrary.

12. Force Majeure. Any failure or impairment of Station's transmitting facilities or any delay or interruption in producing or broadcasting programs or any other failure to comply with any obligation contained in this Agreement due to acts of God, force majeure, or causes beyond the control of Owner or Broker shall not constitute a breach of this Agreement, provided, however, that if the Station does not operate at the power level required by this Agreement due to any of the foregoing causes, Broker shall have no obligation to make LMA Payments (as defined in Exhibit A) accruing or arising during such time period.

13. Right to Use the Programs. The right to use the programs provided by Broker and to authorize their use in any manner and in any media whatsoever, shall be and remain vested in Broker; however, pursuant to Paragraph 2 and as otherwise provided herein, Owner and FCC Licensee shall retain the right to accept or reject any programming and to preempt any programming under the circumstances provided for in this Agreement.

14. Compliance with Law. Broker, Owner, and FCC Licensee agree that throughout the Term of this Agreement, each will comply with all laws and regulations applicable in the conduct of Station's business. Without limitation of the foregoing,

Owner and FCC Licensee shall oversee and take ultimate responsibility with respect to the provision of equal opportunities, lowest unit charge, and reasonable access to political candidates, and compliance with the political broadcasting provisions of FCC regulations. Broker shall cooperate with Owner in complying with such provisions, and shall supply promptly to Owner such information reasonably requested by Owner for such purposes. Owner, in consultation with Broker, will develop a statement which discloses its political broadcasting rates and policies to political candidates, and Broker will follow those policies in the sale of political programming and advertising. In the event that Broker violates the political broadcasting provisions of the FCC's regulations, Broker shall provide any rebates due to political advertisers and release advertising availabilities to Owner sufficient to permit Owner to comply with political broadcasting provisions of the FCC regulations. Within 24 hours of any request to purchase time for or on behalf of a candidate for public office, Broker will immediately report the fact to Owner so that appropriate records can be kept in Station's public file with respect to the request for time and the disposition of that request.

To enable Owner to fulfill its obligations under Section 317 of the Communications Act of 1934, as amended (the "Act"), Broker, in compliance with Section 508 of the Act, will disclose to Owner, in advance of any scheduled broadcast by Station, any information of which Broker has knowledge, or that has been disclosed to it, 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 in programming to be supplied to Station. At Owner's direction, Broker shall cause to be

included in programming which Broker supplies, any announcement which Owner deems necessary to comply with said provisions of the Act. Commercial matter, the sponsorship of which is obvious, shall not require disclosure in addition to that contained in the commercial copy.

15. Events of Default and Termination.

(a) Each of the following shall, after the expiration of the applicable cure periods, constitute an Event of Default under this Agreement:

(i) The failure to make timely payment of any LMA Payment (as defined in Exhibit A).

(ii) A default in the material observance or performance of any material covenant, condition, or agreement contained herein.

(b) An Event of Default under Subparagraph 15(a)(i) shall not be deemed to have occurred until five business days after, and under Subparagraph 15(a)(ii) shall not be deemed to have occurred until ten business days after, the non-defaulting party has provided the defaulting party with written notice specifying the event or events that if not cured would constitute an Event of Default. If the party in default of Subparagraph 15(a)(ii) is acting in good faith to cure and any delay to cure would not be materially adverse to the other party, the consent of the non-defaulting party to a brief extension of time in which to complete the cure shall not be unreasonably withheld.

(c) In the event of the occurrence of an Event of Default that is not cured in accordance with Subparagraph 15(b), the non-defaulting party may terminate the Agreement upon written notice to the other party.

(d) Subject to Paragraph 25 hereof, if this Agreement or the transactions and dealings provided for or contemplated hereby become prohibited under federal or applicable state law, including without limitation the rules, policies or decisions of the FCC, it shall terminate to the extent and when required by law.

16. Representations. Owner (subject to entry of the Sale Order), FCC Licensee, and Broker each represent to the others that (a) it is legally qualified, empowered, and able to enter into this Agreement, (b) the Agreement has been duly executed and delivered by its authorized representative, and (c) the performance by it of its obligations under this Agreement will not constitute a default under or breach of its articles of incorporation, bylaws, any contract or agreement to which it is a party, or any license, permit, rule, regulation, statute, ordinance, judgment, order or decree to which it is subject or by which it is bound.

17. Waiver. No waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed by the party waiving such provision, and then such waiver shall be effective only in the specific instance and for the purpose for which given.

18. No Waiver; Remedies Cumulative. No failure or delay on the part of Owner, FCC Licensee, or Broker in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such a right or power preclude any other or further exercise thereof or the exercise of any right or power. The rights and remedies of Owner, FCC Licensee, and Broker herein provided are cumulative and are not exclusive of any rights or remedies which they may otherwise have.

19. Construction. This Agreement shall be construed in accordance with the laws of the State of Alabama, and the obligations of the parties hereto are subject to all federal, state or municipal laws or regulations now or hereafter in force and to the regulations of the FCC and all other governmental bodies or authorities presently or hereafter to be constituted.

20. Headings. The headings contained in this Agreement are included for convenience only and no heading shall in any way alter the meaning of any provision.

21. Assignment. No party may assign this Agreement, or any of the rights and responsibilities hereunder, without both the written permission of each of the non-assigning party, UPN, and the Bankruptcy Court.

22. Counterpart Signatures. This Agreement may be signed in one or more counterparts, each of which shall be deemed a duplicate original, binding on the parties hereto notwithstanding that the parties are not signatory to the original or the same counterpart.

23. Notices. Any notice required hereunder shall be in writing and any payment, notice, or other communication shall be deemed given, as applicable, when delivered by facsimile transmittal with confirmation thereof, delivered personally, by overnight delivery service, or mailed by certified mail, postage prepaid, with return receipt requested, and addressed as follows or at such other address as shall be designated by notice to the other parties:

If to Broker:

Huntsville TV, LLC  
220 Salters Creek Road  
Hampton, VA 23661  
Facsimile: (757) 726-0196

If to Owner and/or FCC Licensee:

Florence Television, LLC / Valley Television,  
LLC  
Attn: Gary Kneller  
3639 Summerford Drive  
Marietta, Georgia 30062  
Facsimile (c/o Brian L. Schleicher): (770) 667-1690

With copies, which shall not constitute notice, to:

Brian L. Schleicher, Esquire  
Robinson, Jampol, Aussenberg & Schleicher, LLP  
11625 Rainwater Drive, Suite 350  
Alpharetta, Georgia 30004  
Facsimile: (770) 667-1690

M.P. Messinger  
CBS  
1515 Broadway, 49<sup>th</sup> Floor  
New York, New York 10036  
Facsimile: (212) 846-1905

Lawrence R. Barnett  
Gipson Hoffman & Pancione  
1901 Avenue of the Stars, Suite 1100  
Los Angeles, California 90067  
Facsimile: (310) 556-8945

24. Dispute Resolution. In the event the parties are unable to resolve any dispute arising under this Agreement, the parties shall submit such dispute to the United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division for

resolution by the judge to whom the Owner's bankruptcy proceeding is assigned at the time such dispute is heard. The Bankruptcy Judge shall have the right, but not the obligation, to award attorneys fees, together with any related costs and expenses, to the prevailing party.

25. Entire Agreement. This Agreement embodies the entire agreement among the parties and there are no other agreements, representations, warranties, or understandings, oral or written, among them with respect to the subject matter hereof. No alteration, modification, or change of this Agreement shall be valid unless by a written instrument signed by all parties.

26. Severability. If any provision contained in this Agreement is held to be invalid, illegal, or unenforceable in whole or in part by any court or other government authority, that invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if the invalid, illegal, or unenforceable provision had not been contained herein. Moreover, in such event the parties agree to negotiate in good faith to amend the Agreement so as to comply with the decision of such court or government authority, while effectuating to the greatest extent possible the business intent of the original agreement.

27. Books and Records. Each of the parties shall keep and maintain reasonably detailed books and records relating to the performance of its obligations hereunder. Such books and records shall be subject to inspection and copying by the other parties or their authorized representatives during normal business hours upon reasonable prior notice.

28. No Partnership or Joint Venture. This Agreement is not intended to be and shall not be construed as a partnership or joint venture agreement among the parties. Except as otherwise specifically provided in this Agreement, no party to this Agreement shall be authorized to act as agent of or otherwise represent any other party to this Agreement.

29. Equitable Relief. Owner and FCC Licensee agree that Station is special and unique and the failure of Owner or FCC Licensee to fulfill its obligations hereunder shall result in a loss to Broker which cannot be adequately or reasonably compensated in damages in an action at law, and that Owner's or FCC Licensee's failure to perform their respective obligations hereunder, or to otherwise comply with any provision of this Agreement, will cause Broker irreparable injury or damage. In addition to any other right or remedy, Broker shall be entitled to seek injunctive or other equitable relief against Owner and FCC Licensee in the Bankruptcy Court to prevent Owner's or FCC Licensee's failing to perform hereunder. Resort by Broker to injunctive or other relief, however, shall not be construed as a waiver of any rights Broker may have against Owner or FCC Licensee for damages or otherwise.

30. Risk of Loss. Risk of Loss with respect to the assets of Station shall remain with Owner during the Term of this Agreement.

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

FLORENCE TELEVISION, LLC

By: Gay E. Kneller  
Name: GARY D. KNELLER  
Title: GENERAL MANAGER

VALLEY TELEVISION, LLC

By: Gay E. Kneller  
Name: GARY D. KNELLER  
Title: GENERAL MANAGER

HUNTSVILLE TV, L.L.C.

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

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

FLORENCE TELEVISION, LLC

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

VALLEY TELEVISION, LLC

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

HUNTSVILLE TV, L.L.C.

By: James L Lockwood Jr  
Name: JAMES L LOCKWOOD JR  
Title: C.E.O. + MANGER

## Exhibit A to Local Marketing Agreement

1. Broker shall pay Owner the sum of Thirty Thousand Dollars (\$30,000) plus the amount of approved Discretionary Expenses, as defined below, on the first (1st) day of each month throughout the Term, (the "LMA Payments"). The first LMA Payment shall be due on the Commencement Date of this Agreement and pro-rated as of the Commencement Date with respect to the month in which the Commencement Date occurs. The purpose of the LMA Payments is to reimburse Owner only with respect to the following expenses of operating the Station during the Term of this Agreement, and only to the extent actually incurred by Owner, reasonable in amount, legitimately pertaining to the operation of the Station during the Term of this Agreement, and entered into and performed at arm's-length and in good faith (the "Reimbursed Expenses"):

Office lease rental  
Tower sublease rental  
Telephone (land-line) usage  
Office Supplies  
Utilities usage fees  
Cable usage fees  
Postage  
Nielsen  
Marketron  
BMI, SESAC, and ASCAP  
Voiceover work  
Janitorial  
"Tell Us More" web page

The base salary and related payroll taxes of the following two (2) employees of Owner or such other employees as are agreed upon by Broker and Owner (the "Owner Employees"), exclusive of any and all severance-related items and exclusive of any and all benefits, at the following rates:

Okima Byrd: Wage = \$8.50/hr, 160 hrs/month maximum

Marion Lewis: Salary = \$13,248/year

Without limiting the foregoing, Reimbursed Expenses shall not include any of the following: (i) any expense that pertains to any period prior to the Commencement Date; (ii) any insurance premium or payment; (iii) any expense pertaining to any employee of the Owner other than the Owner Employees; (iv) any barter or trade agreement; (v) the replacement or repair cost of any asset which has been damaged, lost, stolen, or destroyed, or which fails to perform its function, other than as a result of Broker's

negligence; and (vi) late fees, late charges, or interest applicable to overdue payments, unless the direct result of Broker's failure to timely remit any LMA Payment to Owner.

2. Broker shall reimburse Owner for repairs and maintenance expenses for building facilities and equipment associated with the Station, subject to the prior approval by Broker for such expenses, which approval shall not be unreasonably withheld (the "Discretionary Expenses").

3. Not later than five (5) business days prior to the date of the APA Closing, Owner shall deliver to Broker written documentation, in detail, form, and substance reasonably acceptable to Broker, demonstrating the amount, nature, and date of each Reimbursed Expense, and proof of Broker's payment thereof (the "Demonstrated Expenses"). If the aggregate amount of the Demonstrated Expenses is less than the aggregate amount of the LMA Payments made by Broker to Owner, then such difference shall be credited as a partial payment of the Purchase Price by Broker pursuant to the APA. If the aggregate amount of the Demonstrated Expenses is more than the aggregate amount of the LMA Payments made by Broker to Owner, then such difference shall be paid in additional Cash Consideration by Broker pursuant to the APA.

**EXHIBIT B**  
**FORM OF SALE ORDER**

**EXHIBIT C**

**FORM OF PRE-CLOSING ESCROW AGREEMENT**

## PRE-CLOSING ESCROW AGREEMENT

THIS PRE-CLOSING ESCROW AGREEMENT (the "Escrow Agreement") is made and entered into this 24<sup>th</sup> day of Feb, 2004, by and among FLORENCE TELEVISION, LLC, a Georgia limited liability company, as Debtor in Possession in Chapter 11 Case 02-81667-PWB ("Florence"), VALLEY TELEVISION, LLC, a Georgia limited liability company ("Valley" with Valley and Florence sometimes referred to jointly as "Sellers" and each a "Seller"), HUNTSVILLE TV, L.L.C., a Virginia limited liability company, or its designee ("Purchaser"), and ROBINSON, JAMPOL, AUSSENBERG & SCHLEICHER, LLP ("Escrow Agent").

### WITNESSETH:

WHEREAS, Sellers and Purchaser are parties to a certain Asset Purchase Agreement dated Feb. 24, 2004 pertaining to television station WHDF licensed to Huntsville-Decatur-Florence, Alabama (the "Asset Purchase Agreement"), which provides, *inter alia*, that either (i) cash or (ii) an irrevocable letter of credit from a bank in a form reasonably acceptable to Sellers shall be placed into escrow for a specified period for the purposes stated in the Asset Purchase Agreement; and

WHEREAS, Sellers and Purchaser agree to the appointment of Robinson, Jampol, Aussenberg & Schleicher, LLP, counsel to Sellers, as the Escrow Agent hereunder; and

WHEREAS, Escrow Agent is willing and able to accept, hold, and administer the Deposit (as defined below) in accordance with the terms and provisions of this Escrow Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound, the parties hereby agree as follows:

1. Deposit. Escrow Agent hereby acknowledges receipt of the sum of Two Hundred Fifty Thousand Dollars (\$250,000.00) (the "Deposit"), and shall immediately place the Deposit in an interest-bearing, demand deposit account at a financial institution acceptable to Sellers and Purchaser, or such other interest-bearing readily liquid investment as Sellers and Purchaser shall mutually designate. The Deposit shall be governed by this Escrow Agreement. All interest, dividends, and other income earned on the Deposit shall be deemed a part of the Deposit.
2. Procedure for Disbursement of Deposit. The parties agree that notwithstanding any provision herein to the contrary, all disbursements of the Deposit shall be made in compliance with Section 1.5 of the Asset Purchase Agreement to either Seller or Purchaser subject to the following procedures:
  - a. Manner of Requesting Disbursements. No party hereto shall request any disbursement of the Deposit except in a writing to the Escrow Agent, a copy of which shall be simultaneously delivered by the requesting party to each of the other parties hereto by a means no slower than the means by which the writing was delivered to the Escrow Agent.
  - b. Objections. If any party hereto, upon receipt of notice that another party hereto has requested that the Escrow Agent disburse all or any portion of the Deposit, objects to such request, the objecting party shall deliver written notice of such objection to the

Escrow Agent and to all other parties hereto for delivery not later than ten (10) business days after the Escrow Agent received the request for disbursement.

- c. Escrow Agent. Escrow Agent shall not disburse any portion of the Deposit except upon written request, each such written request to be governed by the following:
- (i) Mutual Request. Upon receipt of a written request to disburse all or a portion of the Deposit signed by Sellers and Purchaser, Escrow Agent shall disburse the Deposit in accordance with such request.
  - (ii) Other Requests for Disbursement. If Escrow Agent receives a written request to disburse the Deposit signed by any of a Seller or Purchaser but not signed by Sellers and Purchaser, Escrow Agent shall not disburse any portion of the Deposit in response to such request for a period of ten (10) business days from Escrow Agent's receipt of such request (the first day of such period being the first business day after Escrow Agent's receipt of such request). If Escrow Agent does not receive a written objection to such request from any party hereto during such period, then upon the expiration of such period Escrow Agent shall disburse the Deposit in accordance with such request. If Escrow Agent receives a written objection from any other party hereto during such period, Escrow Agent shall not disburse any of the Deposit pursuant to such request unless and until instructed to do so: (A) in a writing signed by Sellers and Purchaser; or (B) in a final order from a court of competent jurisdiction.
- d. Conflicting Requests. In the event that Escrow Agent receives an objection, or conflicting requests, notices, or instructions from the parties hereto, Escrow Agent, in its discretion, may do either or both of the following:
- (i) Cease Further Performance. Escrow Agent may immediately cease further performance of this Escrow Agreement, other than the duty to maintain the Deposit.
  - (ii) Commence Interpleader Action. Escrow Agent may file an interpleader action in the Bankruptcy Court of the Northern District of Georgia and obtain an order from such court requiring the other parties hereto to interplead and litigate in such court all issues arising pursuant to this Escrow Agreement. Sellers shall jointly pay one-half of, and Purchaser shall pay one-half of, all reasonable costs and fees, including attorneys' fees, incurred by Escrow Agent in connection with such an interpleader action. Seller and Purchaser hereby consent to the court's entry of an award of such reasonable costs and fees in favor of the Escrow Agent as part of the interpleader action. The commencement of such an interpleader action by Escrow Agent shall release Escrow Agent, *ipso facto*, from any and all further obligations and duties arising pursuant to this Escrow Agreement.
3. Escrow Agent's Fee and Expenses. For its ordinary services rendered hereunder, Escrow Agent shall not charge any fee for services. However, Escrow Agent shall be entitled to reimbursement of reasonable expenses, including attorneys' fees, payment of which shall be paid one-half by Sellers jointly and one-half by Purchaser, incurred by Escrow Agent in the event that Escrow

Agent is made a party to any litigation pertaining to this Escrow Agreement which does not involve an allegation of wrongful conduct on the part of the Escrow Agent.

4. Resignation of Escrow Agent. Escrow Agent may at any time resign such position by giving ten (10) business days' written notice to all other parties hereto. Such resignation shall take effect upon the expiration of such period, or upon the earlier appointment of a successor to the Escrow Agent. If a successor Escrow Agent is not appointed within such period, Escrow Agent may petition the Bankruptcy Court to name a successor Escrow Agent.
5. Removal of Escrow Agent. Sellers and Purchaser, by their mutual consent, may remove Escrow Agent for any reason or for no reason at any time upon ten (10) business days' written notice to the Escrow Agent. Such removal shall take effect upon the expiration of such period. From and after the effective date of such removal, the Escrow Agent so removed shall have no obligation to perform any duties arising pursuant to this Escrow Agreement.
6. Notice. All notices, requests and other communications to any party hereunder shall be in writing and sufficient if delivered personally or sent by facsimile transmission (with confirmation of receipt) or by overnight delivery service maintaining records of receipt, addressed as follows:

If to Purchaser, to:

Huntsville TV, L.L.C.  
220 Salters Creek Road  
Hampton, VA 23661  
Facsimile: (757) 726-0196  
Attention: David Hanna, President

If to Sellers, to:

Florence Television, LLC / Valley Television, LLC  
Attn: Gary Kneller  
3639 Summerford Drive  
Marietta, Georgia 30062  
Facsimile: (c/o Brian L. Schleicher): (770) 667-1690

If to Escrow Agent, to:

Brian L. Schleicher, Esquire  
Robinson, Jampol, Aussenberg & Schleicher, LLP  
11625 Rainwater Drive, Suite 350  
Alpharetta, Georgia 30004  
Facsimile: (770) 667-1690

7. Escrow Agent. In addition to the foregoing, the parties hereto further agree as follows with respect to the Escrow Agent:
  - a. Ministerial Nature of Duties. The parties acknowledge and agree that the duties of the Escrow Agent arising pursuant to this Escrow Agreement are purely ministerial in nature and that Sellers and Purchaser shall not seek to impose any liability against Escrow Agent

in connection with this Escrow Agreement except for willful misconduct or gross negligence on the part of Escrow Agent.

- b. Indemnification. Sellers and Purchaser shall indemnify Escrow Agent for any claim, expense, or liability, including but not limited to attorneys' fees, arising from Escrow Agent's performance of this Escrow Agreement, except as may arise with respect to a claim based on Escrow Agent's willful misconduct or gross negligence. Sellers be jointly responsible for one-half, and Purchaser shall be responsible for one-half, of any such claim, expense, or liability
- c. Documents. Escrow Agent shall have no responsibility to determine the genuineness or validity of any document or notice received by Escrow Agent pursuant to this Escrow Agreement which to the Escrow Agent reasonably appears to be genuine and valid. The Escrow Agent may at all times rely on any written notice executed by Sellers and Purchaser.
- d. Legal Proceedings. Escrow Agent shall have no obligation to institute a legal proceeding of any nature in connection with this Escrow Agreement, but may do so as provided herein.
- e. Lien. Sellers and Purchaser hereby grant to Escrow Agent a first priority security interest in and lien upon the Post-Closing Escrow Funds to secure payment of any and all amounts payable by Sellers and/or Purchaser to Escrow Agent pursuant to this Escrow Agreement.

8. Miscellaneous.

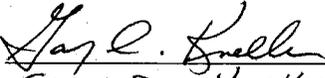
- a. Severability. If any provision of this Escrow Agreement is held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remainder of this Escrow Agreement shall remain in full force and effect and shall in no way be invalidated, void, or voidable.
- b. Entire Agreement. This Escrow Agreement, and documents and instruments referred to herein, and any appendices and exhibits hereto which are incorporated herein by reference, constitute the entire understanding among the parties with respect to the subject matter hereof.
- c. Modification. No modification of this Escrow Agreement shall be valid unless in a writing signed by each party to this Escrow Agreement.
- d. No Waiver. The waiver of any term or condition of this Escrow Agreement by any party hereto shall not be construed as a waiver of any subsequent breach or failure of the same term or condition, or a waiver of any other term or condition of this Escrow Agreement.
- e. Applicable Law. This Escrow Agreement shall be governed by, and construed in accordance with, the laws of Georgia, without giving effect to procedural rules or legal principles regarding conflicts of laws.

- f. Headings. Section and paragraph titles and headings herein contained are inserted only for convenience and are not intended to be construed as a part of this Escrow Agreement or as a limitation on the scope of the particular portions of this Escrow Agreement to which they refer.
- g. Succession. This Escrow Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.
- h. Counterparts. This Escrow Agreement may be executed in multiple counterparts, the combination of which shall constitute a single Escrow Agreement.
- i. Waiver of Conflict of Interest. Purchaser and Sellers hereby acknowledge that Escrow Agent has acted as counsel to Seller with respect to the Purchase Agreement and with respect to this Escrow Agreement, and hereby waive any conflict of interest which may arise from such representation.
- j. Construction. Sellers, Purchaser, and Escrow Agent have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or a question of intent or interpretation arises, this Escrow Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Escrow Agreement.

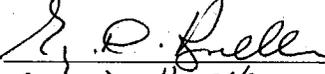
[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed and their corporate seals to be affixed hereto by their authorized officers by authority duly given, all as of the date first above written.

FLORENCE TELEVISION, LLC

By:   
Name: GARY D. KNELLER  
Title: GENERAL MANAGER

VALLEY TELEVISION, LLC

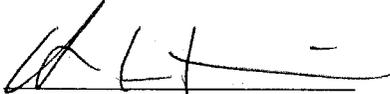
By:   
Name: GARY D. KNELLER  
Title: GENERAL MANAGER

HUNTSVILLE TV, LLC

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

ESCROW AGENT:

ROBINSON, JAMPOL,  
AUSSENBERG & SCHLEICHER, LLP

By:   
Brian L. Schleicher, Partner

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed and their corporate seals to be affixed hereto by their authorized officers by authority duly given, all as of the date first above written.

FLORENCE TELEVISION, LLC

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

VALLEY TELEVISION, LLC

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

HUNTSVILLE TV, LLC

By: James L. Lockwood Jr.  
Name: JAMES L. LOCKWOOD JR.  
Title: C.E.O + MANAGER

ESCROW AGENT:

ROBINSON, JAMPOL,  
AUSSENBERG & SCHLEICHER, LLP

By: \_\_\_\_\_  
Brian L. Schleicher, Partner

**EXHIBIT D**

**FORM OF POST-CLOSING ESCROW AGREEMENT**

## POST-CLOSING ESCROW AGREEMENT

THIS POST-CLOSING ESCROW AGREEMENT (the "Escrow Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2004, by and among FLORENCE TELEVISION, LLC, a Georgia limited liability company, as Debtor in Possession in Chapter 11 Case 02-81667-PWB ("Florence"), VALLEY TELEVISION, LLC, a Georgia limited liability company ("Valley" with Valley and Florence sometimes referred to jointly as "Sellers" and each a "Seller"), HUNTSVILLE TV., L.L.C., a Virginia limited liability company, or its designee ("Purchaser"), THE UNITED PARAMOUNT NETWORK, a Delaware partnership ("UPN"), and DANIEL SROKA ("Escrow Agent").

### WITNESSETH:

WHEREAS, Sellers and Purchaser are parties to a certain Asset Purchase Agreement dated \_\_\_\_\_, 2004 pertaining to television station WHDF licensed to Huntsville-Decatur-Florence, Alabama (the "Purchase Agreement"), which provides, *inter alia*, that a portion of the Purchase Price (as defined in the Purchase Agreement) shall be placed into escrow for a specified period for the purposes stated in the Purchase Agreement; and

WHEREAS, Sellers, Purchaser and UPN agree to the appointment of Daniel Sroka as the Escrow Agent hereunder; and

WHEREAS, Escrow Agent is willing and able to accept, hold, and administer the Post-Closing Escrow Funds (as defined below) in accordance with the terms and provisions of this Escrow Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound, the parties hereby agree as follows:

1. Post-Closing Escrow Funds. Escrow Agent hereby acknowledges receipt of the sum of Two Hundred Fifty Thousand Dollars (\$250,000.00) (the "Post-Closing Escrow Funds"), and shall immediately place the Post-Closing Escrow Funds in an interest-bearing, demand deposit account at a financial institution acceptable to UPN and Purchaser, or such other interest-bearing, readily liquid investment as UPN and Purchaser shall mutually designate. The Post-Closing Escrow Funds shall be governed by this Escrow Agreement. All interest, dividends, and other income earned on the Post-Closing Escrow Funds shall be deemed a part of the Post-Closing Escrow Funds.
2. Procedure for Disbursement of Post-Closing Escrow Funds. The parties agree that notwithstanding any provision herein to the contrary, all disbursements of the Post-Closing Escrow Funds shall be made in compliance with Article VI of the Purchase Agreement to either UPN or Purchaser subject to the following procedures:
  - a. Manner of Requesting Disbursements. Neither UPN nor Purchaser shall request any disbursement of Post-Closing Escrow Funds except in a writing to the Escrow Agent, a copy of which shall be simultaneously delivered by the requesting party to each of the other parties hereto by a means no slower than the means by which the writing was delivered to the Escrow Agent.
  - b. Objections. If any party hereto, upon receipt of notice that another party has requested that the Escrow Agent disburse all or any portion of the Post-Closing Escrow Funds, objects to such request, then the objecting party shall deliver written notice of such objection to the

Escrow Agent and to all other parties hereto for delivery not later than ten (10) business days after the Escrow Agent received the request for disbursement.

- c. Escrow Agent. Escrow Agent shall not disburse any Post-Closing Escrow Funds except upon receipt of a written request to disburse Post-Closing Escrow Funds signed by UPN and Purchaser (a “Mutual Request”).
  - d. Conflicting Requests. In the event that Escrow Agent receives conflicting requests, notices, or instructions from the parties hereto, Escrow Agent, in its discretion, may do either or both of the following:
    - (i) Cease Further Performance. Escrow Agent may immediately cease further performance of this Escrow Agreement, other than the duty to maintain the Post-Closing Escrow Funds until receipt of a Mutual Request or instructions pursuant to a final order from the United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division (the “Bankruptcy Court”).
    - (ii) Commence Interpleader Action. Escrow Agent may file an interpleader action in the Bankruptcy Court and obtain an order from such court requiring the other parties hereto to interplead and litigate in such court all issues arising pursuant to this Escrow Agreement. UPN shall jointly pay one-half of, and Purchaser shall pay one-half of, all reasonable costs and fees, including attorneys’ fees, incurred by Escrow Agent in connection with such an interpleader action. UPN and Purchaser hereby consent to the court’s entry of an award of such reasonable costs and fees in favor of the Escrow Agent as part of the interpleader action. The commencement of such an interpleader action by Escrow Agent shall release Escrow Agent, *ipso facto*, from any and all further obligations and duties arising pursuant to this Escrow Agreement.
3. Escrow Agent’s Fee and Expenses. For its ordinary services rendered hereunder, Escrow Agent shall not charge any fee for services. However, Escrow Agent shall be entitled to reimbursement of reasonable expenses, payment of which shall be paid one-half by UPN and one-half by Purchaser, incurred by Escrow Agent in the event that Escrow Agent is made a party to any litigation pertaining to this Escrow Agreement which does not involve an allegation of wrongful conduct on the part of the Escrow Agent.
  4. Resignation of Escrow Agent. Escrow Agent may at any time resign such position by giving ten (10) business days’ written notice to all other parties hereto. Such resignation shall take effect upon the expiration of such period, or upon the earlier appointment of a successor to the Escrow Agent. If a successor Escrow Agent is not appointed within such period, Escrow Agent may petition the Bankruptcy Court to name a successor Escrow Agent.
  5. Removal of Escrow Agent. UPN and Purchaser, by their mutual consent, may remove Escrow Agent for any reason or for no reason at any time upon ten (10) business days’ written notice to the Escrow Agent. Such removal shall take effect upon the expiration of such period. From and after the effective date of such removal, the Escrow Agent so removed shall have no obligation to perform any duties arising pursuant to this Escrow Agreement.

6. Notice. All notices, requests and other communications to any party hereunder shall be in writing and sufficient if delivered personally or sent by facsimile transmission (with confirmation of receipt) or by overnight delivery service maintaining records of receipt, addressed as follows:

If to Purchaser, to:

Huntsville TV, L.L.C.  
220 Salters Creek Road  
Hampton, VA 23661  
Facsimile: (757) 726-0196  
Attention: David Hanna, President

If to UPN, to

M.P. Messinger  
CBS  
1515 Broadway, 49<sup>th</sup> Floor  
New York, New York 10036  
Facsimile: (212) 846-1905

With a copy to:

Lawrence R. Barnett  
Gipson Hoffman & Pancione  
1901 Avenue of the Stars, Suite 1100  
Los Angeles, California 90067  
Facsimile: (310) 556-8945

If to Sellers, to:

Florence Television, LLC / Valley Television, LLC  
Attn: Gary Kneller  
3639 Summerford Drive  
Marietta, Georgia 30062  
Facsimile (c/o Brian L. Schleicher): (770) 667-1690

With a copy, which shall not constitute notice, to:

Brian L. Schleicher, Esquire  
Robinson, Jampol, Aussenberg & Schleicher, LLP  
11625 Rainwater Drive, Suite 350  
Alpharetta, Georgia 30004  
Facsimile: (770) 667-1290

If to Escrow Agent, to:

Daniel Sroka, Esq.  
3625 N. Elm Street, Suite 100 (Zip 27455)  
P.O. Box 1658  
Greensboro, NC 27402  
Facsimile (336) 282-5796

7. Escrow Agent. In addition to the foregoing, the parties hereto further agree as follows with respect to the Escrow Agent:
- a. Ministerial Nature of Duties. The parties acknowledge and agree that the duties of the Escrow Agent arising pursuant to this Escrow Agreement are purely ministerial in nature and that Sellers and Purchaser shall not seek to impose any liability against Escrow Agent in connection with this Escrow Agreement except for wilful misconduct or gross negligence on the part of Escrow Agent.
  - b. Indemnification. UPN and Purchaser shall indemnify Escrow Agent for any claim, expense, or liability, including but not limited to attorneys' fees, arising from Escrow Agent's performance of this Escrow Agreement, except as may arise with respect to a claim based on Escrow Agent's wilful misconduct or gross negligence. UPN shall be responsible for one-half, and Purchaser shall be responsible for one-half, of any such claim, expense, or liability.
  - c. Documents. Escrow Agent shall have no responsibility to determine the genuineness or validity of any document or notice received by Escrow Agent pursuant to this Escrow Agreement which to the Escrow Agent reasonably appears to be genuine and valid. The Escrow Agent may at all times rely on any written notice executed by UPN and Purchaser.
  - d. Legal Proceedings. Escrow Agent shall have no obligation to institute a legal proceeding of any nature in connection with this Escrow Agreement, but may do so as provided herein.
  - e. Lien. UPN and Purchaser hereby grant to Escrow Agent a first priority security interest in and lien upon the Post-Closing Escrow Funds to secure payment of any and all amounts payable by UPN and/or Purchaser to Escrow Agent pursuant to this Escrow Agreement.
8. Miscellaneous.
- a. Severability. If any provision of this Escrow Agreement is held by a court of competent jurisdiction to be invalid, void, or otherwise unenforceable, the remainder of this Escrow Agreement shall remain in full force and effect and shall in no way be invalidated, void, or voidable.
  - b. Entire Agreement. This Escrow Agreement, and documents and instruments referred to herein, and any appendices and exhibits hereto which are incorporated herein by reference, constitute the entire understanding among the parties with respect to the subject matter hereof.
  - c. Modification. No modification of this Escrow Agreement shall be valid unless in a writing signed by each party to this Escrow Agreement.

- d. No Waiver. The waiver of any term or condition of this Escrow Agreement by any party hereto shall not be construed as a waiver of any subsequent breach or failure of the same term or condition, or a waiver of any other term or condition of this Escrow Agreement.
- e. Applicable Law. This Escrow Agreement shall be governed by, and construed in accordance with, the laws of North Carolina, without giving effect to procedural rules or legal principles regarding conflicts of laws. Any legal proceedings brought to resolve any dispute arising out of or relating to this Escrow Agreement shall be commenced in the Bankruptcy Court.
- f. Headings. Section and paragraph titles and headings herein contained are inserted only for convenience and are not intended to be construed as a part of this Escrow Agreement or as a limitation on the scope of the particular portions of this Escrow Agreement to which they refer.
- g. Succession. This Escrow Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.
- h. Counterparts. This Escrow Agreement may be executed in multiple counterparts, the combination of which shall constitute a single Escrow Agreement.
- i. Waiver of Conflict of Interest. Sellers and UPN hereby acknowledge that Escrow Agent has acted as counsel to Purchaser with respect to the Purchase Agreement and with respect to this Escrow Agreement, and hereby waive any conflict of interest which may arise from such representation.
- j. Construction. Sellers, UPN, Purchaser, and Escrow Agent have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or a question of intent or interpretation arises, this Escrow Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Escrow Agreement.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed and their corporate seals to be affixed hereto by their authorized officers by authority duly given, all as of the date first above written.

FLORENCE TELEVISION, LLC

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

VALLEY TELEVISION, LLC

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

HUNTSVILLE TV, LLC

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

THE UNITED PARAMOUNT NETWORK

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

ESCROW AGENT:

\_\_\_\_\_  
Daniel Sroka

## **EXHIBIT B**

**EXHIBIT B**  
**LEASES TO BE ASSUMED AND ASSIGNED**

<u>Description of Lease</u>	<u>Property Address</u>	<u>Cure Amount</u>
Antenna Space Leases:		
ARCH WIRELESS	840 Cypress Mill Rd Florence, AL 35630	\$ -0-
SBA	840 Cypress Mill Rd. Florence, AL 35630	\$ -0-
FBI	Crooked Oak Community Colbert County, AL	\$ -0-
METROCALL	840 Cypress Mill Rd. Florence, AL 35630	\$ -0-
WAYM-FM	840 Cypress Mill Rd. Florence, AL 35630	\$ -0-
BLUE STAR READY MIX	Crooked Oak Community Colbert County, AL	\$ -0-

## **EXHIBIT C**

**EXHIBIT C**  
**CONTRACTS TO BE ASSUMED AND ASSIGNED**

<u>Nondebtor Party</u>	<u>Description of Contract</u>	<u>Cure Amount</u>
ASCAP	Music License	\$ 680.18
BellSouth	Telephones	\$ 0.00
BMI	Music License	\$1,716.00
SESAC	Music License	\$4,433.09
Ardmore Tower Utilities	Utilities	\$ -0-
Florence Utilities	Utilities	\$ -0-
Minor Hill Utilities	Utilities	\$ -0-
Pulaski Electric	Utilities	\$ -0- (claim disputed)
Sheffield Utilities	Utilities	\$ -0-

## **EXHIBIT D**

## EXHIBIT D

### Florence Television, LLC Key Employee Retention Plan Summary of Terms

1. With respect to Covered Employees, the Key Employee Retention Plan (the “KERP”) will become effective upon the entry by Florence Television, LLC (the “Debtor”), subject to court and FCC approval, into an asset purchase agreement with Huntsville, TV., L.L.C. (the “Purchaser”) and the filing by the Debtor of a motion to sell the Debtor’s assets to the Purchaser (the “Asset Sale”). “Covered Employees” means those employees, including Gary Kneller, designated by the Debtor’s CEO, Gary Kneller, to be covered by the KERP. Any amount available under the KERP not designated by Mr. Kneller to be allocated to another employee shall be allocated to Mr. Kneller.
2. The amount available for distribution to Covered Employees under the KERP shall be equal to (X) the proceeds received by UPN from the Asset Sale, net of the amount of post-petition financing provided to the Debtor by UPN, multiplied by (Y) .0375. Thus, for example, if the proceeds of the Asset Sale received by UPN were \$5,160,000 and UPN had provided \$220,000 of post-petition financing to the Debtor, the amount available for distribution pursuant to the KERP would be \$185,250 ( $\$4,940,000 \times .0375$ ). Further, if, pursuant to the asset purchase agreement, \$250,000 of the purchase price were to be placed in a hold-back escrow for a period of time and subsequently released to UPN pursuant to the terms of the escrow agreement, \$9,375 of the \$185,250 payable pursuant to the KERP would not be payable to the Covered Employees until the \$250,000 was released to UPN.
3. Employees covered by the Program will remain in place and continue to perform their duties until the closing of the Asset Sale. If the employees are terminated without cause before the occurrence of the Asset Sale, the employees will still qualify for the retention payments, provided such employees have met their obligations under Paragraph 4.
4. The Covered Employees will exercise their best efforts in maintaining and enhancing the value of the Debtor’s assets consistent with the resources available to the Debtor to do so. The employees will cooperate fully and in an expeditious manner in seeking promptly and diligently court and FCC approval for the Asset Sale. The employees will not denigrate or disparage the Debtor’s assets or take any action that would make the Asset Sale less likely to occur.
5. The retention payments will be payable in connection with the Asset Sale, will be payable only out of the proceeds of the Asset Sale, and will be payable only to employees who have met their obligations under Paragraph 4. The right to a retention payment may be enforced in the bankruptcy court.
6. UPN will carve out from its liens in the proceeds of the Asset Sale, including liens granted in connection with post-petition financing, an amount sufficient to pay the retention payments earned by the Covered Employees.
7. The retention payments shall be in addition to any normal salary or wages payable to the Covered Employees.

# **EXHIBIT E**

**UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF GEORGIA  
ATLANTA DIVISION**

In re:	)	Chapter 11
FLORENCE TELEVISION, L.L.C.	)	Case No. 02-81667-PWB
	)	HON. PAUL W. BONAPFEL
Debtor.	)	
<hr/>		

**ORDER PURSUANT TO SECTIONS 105, 363, 365 AND 1146 OF THE  
BANKRUPTCY CODE AND RULES 6004 AND 6006 OF THE FEDERAL RULES OF  
BANKRUPTCY PROCEDURE (I) APPROVING THE SALE OF SUBSTANTIALLY  
ALL OF THE DEBTOR’S ASSETS, FREE AND CLEAR OF ALL CLAIMS, LIENS,  
ENCUMBRANCES AND OTHER INTERESTS, (II) AUTHORIZING THE  
ASSUMPTION AND ASSIGNMENT OF THE ASSUMED CONTRACTS, (III)  
ESTABLISHING CURE AMOUNTS, IF ANY, WITH RESPECT TO THE ASSUMED  
CONTRACTS, (IV) AUTHORIZING THE DEBTOR TO ENTER INTO AND  
PERFORM UNDER A LOCAL MARKETING AGREEMENT, (V) APPROVING A  
KEY EMPLOYEE RETENTION PLAN, AND (VI) AUTHORIZING THE  
REJECTION OF THE DEBTOR’S AFFILIATION AGREEMENT WITH THE  
UNITED PARAMOUNT NETWORK**

Upon consideration of the motion, dated February 25, 2004 (the “Motion”), of Florence Television, LLC (the “Debtor”), as debtor and debtor-in-possession, for an order, pursuant to 11 U.S.C. §§ 105, 363, 365 and 1146 and Rules 6004 and 6006 of the Federal Rules of Bankruptcy Procedure, (1) approving the sale of substantially all of the Debtor’s assets (the “Sale Assets”) pursuant to the terms and conditions of an Asset Purchase Agreement (the “Asset Purchase Agreement”), by and among the Debtor and its wholly-owned subsidiary, Valley Television, LLC (“Valley”), (collectively, the “Sellers”), and Huntsville TV, LLC, or its designee, as purchaser (the “Purchaser”), the form of which is annexed hereto as Exhibit A, and (2) granting certain other relief relating to the sale of the Sale Assets as reflected in the title above; and it appearing that the Court has jurisdiction to consider the Motion and the relief requested therein

pursuant to 28 U.S.C. §§157 and 1334; and it appearing that due notice of the Motion having been given and no other or further notice need be given; and a hearing to consider the Motion and the relief requested having been held before this Court on \_\_\_\_\_, 2004 (the “Hearing”); and based upon the Motion, the exhibits annexed thereto, the evidence presented, the arguments made at the Hearing and the full record of these cases, it appearing that the relief requested in the Motion is in the best interests of the Debtor, its estate and creditors; and, upon due deliberation, good and sufficient cause appearing,

**IT IS HEREBY FOUND AND DETERMINED THAT:**

A. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Asset Purchase Agreement.

B. The Debtor owns and operates broadcast television station WHDF-TV in the Huntsville-Decatur-Florence, Alabama designated market area (the “Business”) pursuant to an FCC license owned by Valley.

C. The Court has jurisdiction over the Motion and the relief requested therein pursuant to 28 U.S. §§157(b)(2)(A) and (N). Venue of these chapter 11 cases and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

D. The statutory predicates for the relief sought in the Motion are sections 105(a), 363(b), (f), (m), 365(a) and (f), and 1146 of the Bankruptcy Code.

E. The United Paramount Network (“UPN”) holds a first priority security interest in and lien on the Sale Assets as well as the Debtor’s membership interest in Valley (i) securing post-petition financing provided by UPN of approximately \$220,000, (ii) as adequate protection for the use of UPN’s cash collateral, and (iii) securing pre-petition indebtedness in excess of \$8,000,000.

F. Proper, timely, adequate and sufficient notice of the Motion and the Hearing on the Sale of the Sale Assets and the other transactions described in the Motion, including without limitation the entry by the Debtor into a Local Marketing Agreement with the Purchaser (the “LMA”) (collectively, the “Sale Transaction”), and other actions related to the Sale Transaction, has been provided in accordance with sections 102(1), 105(a), 363, 365 and 1146 of the Bankruptcy Code and Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), including, without limitation, mailing by United States Postal Service, first class delivery to (i) the Office of the United States Trustee, (ii) the attorneys for UPN, (iii) all non-debtor contracting parties with respect to the Assumed Contracts, as defined in the Asset Purchase Agreement, (iv) all appropriate federal, state and local taxing authorities, (v) all known persons holding a lien on any of the Sale Assets, (vi) the twenty largest unsecured creditors, and (vii) all parties having filed a notice of appearance in the Debtor’s chapter 11 case as of January 25, 2004, and such notice was good and sufficient, and appropriate under the particular circumstances, and no other or further notice is required.

G. A reasonable opportunity to object or be heard with respect to the Motion and the relief requested therein has been afforded to all interested persons and entities receiving notice.

H. The Debtor has full corporate or organizational power and authority to execute the LMA and the Asset Purchase Agreement and all other documents contemplated thereby, and the Sale Transaction has been duly and validly authorized by all necessary corporate or organizational action of the Debtor. Upon entry of this Order, the Debtor has all the corporate or organizational power and authority necessary to consummate the transactions contemplated by the LMA and the Asset Purchase Agreement.

I. No consents or approvals, other than this Order, the approval of the Federal Communications Commission (the “FCC”), and the consent of UPN, are required for the Debtor and Valley to consummate the Sale Transaction.

J. Since the filing of this chapter 11 case, the Debtor has engaged in a lengthy and strenuous effort to attract prospective purchasers for the Business. Moreover, UPN, which has extensive contacts in the industry, has sought out parties that might have an interest in acquiring the Business.

K. After an extensive search to identify interested purchasers, only the Purchaser has come forward with an offer to purchase substantially all of the assets of the Business at a price to which UPN is willing to consent. In addition to the favorable price the Purchaser is prepared to pay for the Business, subject to the conditions set forth in the Asset Purchase Agreement, the Purchaser is willing to enter into the LMA within a short time after the entry of this Order. Effectuation of the LMA as quickly as possible is critical to preserving the value of the Business because of the liquidity crunch the Debtor is currently experiencing. Under the LMA, during the period from the Commencement Date of the LMA until the earlier of the Closing of the sale of the Sale Assets or the expiration or termination of the LMA, the Purchaser will reimburse the Debtor for the expenses of operation of the Business itemized in the LMA. Because FCC approval is required before the Closing of the sale of the Sale Assets can occur, substantial time may elapse between the entry of this Order and the Closing.

L. The Debtor’s cash flow is negative, and it has only been able to continue in operation because of limited, court-authorized funding provided by UPN. UPN is not prepared, however, to continue to fund the Debtor’s cash shortfalls. The LMA will enable the going concern value of the Business to be maintained until the Closing can occur.

M. The Purchaser is an affiliate of owners of several successful television stations in other markets. The Debtor is confident that FCC approval for the sale of the Business to the Purchaser will be obtained and that the Purchaser will have the ability to close the Sale Transaction.

N. The Purchaser is unwilling to proceed with its offer to purchase the Business and to enter into the LMA in a context of possible competitive bidding. The Debtor and UPN have alleged that the Business has been marketed widely and there is no realistic prospect that a higher and better offer would be forthcoming from a party likely to obtain FCC approval if further procedures for competitive bidding were implemented. If competitive bidding were allowed, the result would be the withdrawal of the Purchaser from the process with a devastating effect upon the Debtor and its estate. Moreover, based on the indebtedness to UPN secured by the Sale Assets, the Business would have to be sold for substantially more than \$2,700,000 above the Purchase Price to benefit any creditor other than UPN, a scenario that the Debtor believes to be totally unrealistic. As a practical matter then, UPN is the only party in interest that stands to lose if an auction process is not required, and UPN fully supports the Motion.

O. The Debtor believes and has alleged that the Purchaser's offer is fair and reasonable. The Debtor, therefore, has requested the Court to approve a private sale of the Sale Assets to the Purchaser, in accordance with the terms of the Asset Purchase Agreement, pursuant to Rule 6004(f)(1) of the Federal Rules of Bankruptcy Procedure, without the necessity for an auction process.

P. Based on the evidence presented, the Court concludes that the Debtor's decision to enter into the Asset Purchase Agreement and proceed without the opportunity for competitive bidding constitutes the exercise of the Debtor's sound business judgment. In view of

the efforts that have been made to market the Business and the current regulatory environment, the Asset Purchase Agreement appears to represent the highest and best offer for the Sale Assets. Rather than promoting a sale to the highest and best bidder in this case, requiring the opportunity for competitive bidding would likely drive away the Purchaser. Moreover, the only party in interest that reasonably stands to benefit if competitive bidding were required fully supports the Motion.

Q. Approval at this time of (i) the Asset Purchase Agreement, (ii) the LMA, (iii) the consummation of the LMA and the Sale Transaction, and (iv) the other matters set forth in the Sale Motion is in the best interests of the Debtor, its creditors, its estate and other parties in interest.

R. The Debtor has demonstrated both (i) good, sufficient, and sound business purpose and justification; and (ii) compelling circumstances for approval of the LMA and the Sale Transaction and other matters set forth in the Motion, in accordance with section 363(b) of the Bankruptcy Code without the filing and confirmation of a plan of reorganization in the Debtor's chapter 11 case, including, without limitation, that (a) the Debtor is about to run out of cash; and (b) the going concern value of the Business will be lost or severely diminished if a sale must await promulgation and confirmation of a plan.

S. The Asset Purchase Agreement and the LMA were negotiated, proposed and entered into by the Debtor and the Purchaser without collusion, in good faith, and from arm's-length bargaining positions. Neither the Debtor nor the Purchaser has engaged in any conduct that would cause or permit the Asset Purchase Agreement or the LMA to be avoided under section 363(n) of the Bankruptcy Code.

T. The Purchaser is a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to all of the protections afforded thereby. The Purchaser has acted and will be acting in good faith within the meaning of section 363(m) of the Bankruptcy Code in closing the transactions contemplated by the Asset Purchase Agreement at all times after the entry of this Order.

U. The terms and conditions of the Asset Purchase Agreement and the Purchase Price to be paid to the Debtor by the Purchaser (i) are fair and reasonable, (ii) represent the highest or best offer for the Sale Assets, (iii) will provide a greater recovery for the Debtor's creditors than would be provided by any other practical available alternative, and (iv) constitute fair consideration for the Sale Assets.

V. The Sale Transaction will, upon consummation thereof (the "Closing"), (i) be legal, valid, and effective transfer of the Sale Assets to the Purchaser and, (ii) vest the Purchaser with good title to the Sale Assets free and clear of all liens, claims, encumbrances and interests.

W. All amounts, if any, that become payable by the Debtor pursuant to the Asset Purchase Agreement or any of the documents delivered by the Debtor pursuant to or in connection with the Asset Purchase Agreement or the LMA shall constitute administrative expenses pursuant to sections 503(b) and 507(a)(1) of the Bankruptcy Code.

X. All of the provisions of this Order and the Asset Purchase Agreement are nonseverable and mutually dependent.

Y. The Debtor may consummate the LMA and, subject to the approval of the Federal Communications Commission (the "FCC"), the Sale Transaction, including the transfer

by the Debtor of the Sale Assets to the Purchaser under the Asset Purchase Agreement, free and clear of all liens, claims, encumbrances and interests of any kind or nature whatsoever because one or more of the standards set forth in sections 363(f)(1)-(5) of the Bankruptcy Code have been satisfied. Those non-debtor parties with liens, claims, encumbrances and interests of any kind or nature whatsoever in the Sale Assets who did not object to the Motion and the relief requested therein, are deemed to have consented pursuant to sections 363(f)(2) and 365 of the Bankruptcy Code. Those non-debtor parties with liens, claims, encumbrances and interests of any kind or nature whatsoever in the Sale Assets who did object to the Motion and the relief requested therein fall within one or more of the other subsections of sections 363(f) and 365 of the Bankruptcy Code and are adequately protected by having their Liens, defined below, attach to the net proceeds of the Sale Transaction with the same validity, enforceability, priority, force and effect that they now have as against the Sale Assets, subject to the rights, claims, defenses and objections, if any, of the Debtor and all interested parties with respect to such Liens and Claims.

Z. Except as otherwise provided in the LMA or the Asset Purchase Agreement, consummation of the LMA and the Sale Transaction, respectively, will not subject the Purchaser to any debts, liabilities, obligations, commitments, responsibilities or claims of any kind or nature whatsoever, whether known or unknown, contingent or otherwise, existing as of the date hereof or hereafter arising, of or against the Debtor, any affiliate of the Debtor, or any other person by reason of such transfers and assignments, including without limitation, based on any theory of successor or transferee liability.

AA. To maintain the Business as a going concern as it is conveyed to the Purchaser, the Debtor has further requested authority to assume and assign to the Purchaser certain leases and contracts under which it is performing, as set forth on Exhibits B and C to the

Motion (the “Assumed Contracts”). The Debtor has alleged that it is in the interests of the estate and its creditors that such leases and contracts be assumed and assigned, and has established sound business reasons for such decisions.

BB. The Debtor has further requested that this Court establish the amounts necessary to cure defaults, if any, on those leases and contracts being assumed and assigned to the Purchaser. At the hearing on the Motion, the Debtor set forth the final amounts owing under such leases and contracts, and presented support for its claims that the payment of such cure amounts are fair and reasonable uses of assets in the estate under the sound business judgment rule applicable to such uses.

CC. The Debtor further requested this Court to approve payments to certain of its employees under a Key Employee Retention Plan (the “KERP”). The Court recognizes that the retention of such employees preserves the value of the estate by providing continuity in business relationships and further ensures the Debtor’s compliance with FCC regulations mandating the presence of employees of the FCC Licensee at the station during business hours. For the Debtor to fulfill its obligations under the Local Marketing Agreement into which it is entering, the continued employment of its key employees is essential, and the Debtor has used sound business judgment in entering into the KERP.

DD. Lastly, the Debtor requests approval of its rejection of the affiliation agreement between it and UPN. As the Purchaser intends to enter into a new affiliation agreement with UPN in connection with the Closing, the Debtor’s affiliation agreement with UPN (the “Debtor/UPN Affiliation Agreement”) will not be assumed and assigned to the Purchaser but will be deemed rejected upon the Closing.

EE. Accomplishing all of the above-provided-for transactions related to the Sale Transaction is in the best interests of the estate given the context of the Sale Transaction, and the payments authorized thereunder shall be made out of the proceeds of the Sale Transaction as agreed to by the Debtor and UPN and as provided below.

**NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:**

General Provisions

1. The Motion shall be, and it hereby is, granted, as further described herein.
2. All Objections to the Motion, including, without limitation, any subsequently interposed at the Hearing, or the relief requested therein that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are hereby overruled on the merits.

Approval of the Asset Purchase Agreement and the LMA

3. The terms and conditions of, and the transactions contemplated by, the LMA and the Asset Purchase Agreement between the Debtor and the Purchaser are hereby approved in all respects, and, subject to the entry of this Order, the consummation of the LMA and the Asset Purchase Agreement are hereby approved, authorized and directed under sections 105 and 363(b) of the Bankruptcy Code.

4. Pursuant to section 363(b) of the Bankruptcy Code, and subject to the entry of the this Order, the Debtor is hereby authorized, directed and empowered to fully assume, perform under, consummate and implement the LMA and (subject to FCC approval) the Asset Purchase Agreement, including, without limitation, effecting the transfers of the Sale Assets

from the Debtor to the Purchaser, together with all additional, instruments and documents that may be reasonably necessary or desirable to implement the LMA and the Asset Purchase Agreement, and to take all further actions as may reasonably be requested by the Purchaser for the purpose of assigning, transferring, granting, conveying, and conferring to the Purchaser, or reducing to possession, any or all of the Sale Assets, including but not limited to the execution of any document necessary to effectuate a transfer of the License to the Purchaser or its designee.

#### Effect of Transfer of Assets

5. Pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, upon Closing, the Sale Assets shall be transferred by the Debtor to the Purchaser, free and clear of all mortgages, security interests, conditional sale or other title retention agreements, pledges, liens, judgments, demands, encumbrances, easements, restrictions or charges of any kind or nature, if any, including, but not limited to, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership (the foregoing collectively referred to as “Liens” herein), and all debts arising in any way in connection with any acts of the Debtors, including without limitation all claims (as such term is defined in the Bankruptcy Code), obligations, demands, guaranties, options, rights, contractual commitments, restrictions, interests and matters of any kind and nature, arising prior to the Closing Date or relating to acts occurring prior to the Closing Date, and whether imposed by agreement, understanding, law, equity or otherwise (the foregoing collectively referred to as “Claims”), with all such Liens, to attach to the net proceeds of the Sale Transaction, with the same validity, enforceability, priority, force and effect that they now have as against the Sale Assets, subject to the rights, claims, defenses and objections, if any, of the Debtor and all interested parties with respect to such Liens and Claims.

6. Except as expressly permitted by the Asset Purchase Agreement, all persons and entities, including, but not limited to, all holders of the Debtor’s indebtedness, debt

security holders, equity security holders, governmental, tax, and. regulatory authorities, lenders, trade and other creditors, holding Liens or Claims against the Debtor or the Sale Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or noncontingent, senior or subordinated), arising on or before the Closing Date, or out of, under, in connection with, or in any way relating to, events occurring prior to the Closing Date, with respect to Sale Assets hereby are forever barred, estopped, and permanently enjoined from asserting such Liens and Claims of any kind and nature against the Purchaser, its successors or assigns, their property, or the Sale Assets.

7. The Sale Transaction is not subject to taxation under any federal, state, local, municipal or other law imposing or purporting to impose a stamp, transfer, recording, or any other similar tax on any of the Debtor's transfers or sales of real estate, personal property or other assets owned by it in accordance with sections 1146(c) and 105(a) of the Bankruptcy Code.

Assumption and Assignment of the Assumed Contracts

8. The Motion, insofar as it relates to the assumption and assignment of the Assumed Contracts, as defined in the Asset Purchase Agreement, in accordance with 11 U.S.C. §365, is hereby granted.

9. The Debtor's assumption of the Assumed Contracts, pursuant to 11 U.S.C. § 365 and as contemplated pursuant to the Asset Purchase Agreement, is approved.

10. The Debtor is authorized to assign the Assumed Contracts to Purchaser or its designee, pursuant to 11 U.S.C. § 365 and as contemplated pursuant to the Asset Purchase Agreement or the related Local Marketing Agreement.

11. The cure amounts required to be paid in connection with the assumption and assignment of the Assumed Contracts, if any, are as set forth on the attached schedule. Upon closing, each non-debtor contracting party in connection with the Assumed Contracts shall be

forever barred from asserting different cure amounts with respect to the Assumed Contracts, or that uncured non-monetary defaults existed as of the Closing Date, and, in accordance with 11 U.S.C. § 365(k), the Debtor and its chapter 11 estate are hereby relieved from any liability for any breach of the Assumed Contracts occurring after the assignment thereof.

12. The conveyance and assignment of the Assumed Contracts to Purchaser, in and of itself, shall be deemed to provide each non-debtor contracting party with adequate assurance of future performance under the Assumed Contracts.

13. This Order shall be effective and enforceable as to all matters dealt with herein immediately upon entry and shall not be stayed pursuant to Rule 6004(g) or 6006(d) of the Bankruptcy Rules.

14. This Order is without prejudice to the rights of the Debtor and the Purchaser to seek approval, upon notice and a hearing or pursuant to a stipulation and order, of the assumption and assignment of additional executory contracts and unexpired leases to facilitate the consummation of the transactions contemplated by the Asset Purchase Agreement.

#### Approval of the Key Employee Retention Plan

15. The terms and conditions of, and the transactions contemplated by, the KERP proposed by the Debtor are hereby approved in all respects, and, subject to the entry of this Order, the payments under the KERP are hereby approved, authorized and directed under sections 105 and 363(b) of the Bankruptcy Code.

16. Pursuant to section 363(b) of the Bankruptcy Code, and subject to the entry of this Order, the Debtor is hereby authorized, directed and empowered to fully assume, perform under, consummate and implement the KERP, together with all additional, instruments and documents that may be reasonably necessary or desirable to implement the KERP, and to take all further actions as may reasonably be requested by the Purchaser for the purpose of

assigning, transferring, granting, conveying, and conferring to the Purchaser, or reducing to possession, any or all of the Sale Assets.

#### Carve-Outs

17. In connection with agreed cash collateral orders, UPN previously has consented to certain carve-outs for the fees of the United States Trustee and fees of the Debtor's professionals (the "Prior Carve-Out"). UPN has agreed that, upon the Closing of the Asset Purchase Agreement, the scope of the carve-outs will be expanded as follows:

- a. The Administrative Expense Carve-Out. Upon the Closing, UPN agrees to a carve-out for administrative expenses (inclusive of the Prior Carve-Out) of up to \$300,000 plus (a) the Cure Cost Surplus (as defined in paragraph 18 of this Order), (b) the Property Tax Surplus (as defined in paragraph 18), and (c) one-half of the Priority Tax Surplus (as defined in paragraph 18) (collectively, the "Administrative Expense Carve-Out").
- b. The KERP Carve-Out. UPN has further agreed, upon the Closing, to a carve-out for the amounts payable under the Debtor's Key Employee Retention Plan up to \$225,000 (the "KERP Carve-Out").
- c. The Priority Tax Claim Carve-Out. UPN has further agreed, upon the Closing, to a carve-out of up to \$110,000 for payment of the trust fund portion of priority tax claims against the Debtor (the "Priority Tax Claims Carve-Out").

### Distribution of Sale Proceeds

18. Upon the Closing, the Cash Consideration portion of the Purchase Price shall be disbursed as follows:

- a. \$250,000 to counsel for the Purchaser, Daniel Sroka, Esq., in his capacity as the Post-Closing Escrow Agent, to be held pursuant to the Post-Closing Escrow Agreement described in the Asset Purchase Agreement.
- b. To the Debtor's bankruptcy counsel, the amount of the cure costs required to be paid in connection with the assumption and assignment of leases and executory contracts to the Purchaser, which cure costs shall be disbursed to the appropriate parties in interest by Debtor's bankruptcy counsel within ten (10) days. The amount, if any, by which \$20,000 exceeds such cure costs is referred to in this Order as the "Cure Cost Surplus."
- c. To the appropriate tax authorities, the amounts necessary to pay real and personal property taxes owed on any of the Sale Assets. The amount, if any, by which \$60,000 exceeds the aggregate amount of such taxes is referred to in this Order as the "Property Tax Surplus."
- d. To the Debtor's bankruptcy counsel, \$110,000, which is to be disbursed to the appropriate taxing authorities within ten (10) days to pay the trust fund portion of priority tax claims owed by the Debtor for pre-petition payroll taxes. The amount, if any, by which \$110,000 exceeds the aggregate amount of such trust fund portion is referred to in this Order as the "Priority Tax Surplus"). The Debtor's bankruptcy counsel shall disburse one-half of the Priority Tax Surplus, as finally determined, to UPN.

e. To the Debtor's operating account, \$185,250, from which is to be paid the portion of the KERP payments due at Closing.

f. To the Debtor's operating account, the amount by which the Administrative Expense Carve-Out exceeds (X) the Debtor's cash on hand at Closing plus (Y) the amount of the Debtor's accounts receivable and payment intangibles outstanding on the Closing Date that are reasonably projected to be collectible in the future (the "Projected Collections"). The Debtor shall be authorized to use the funds so disbursed to the Debtor, the Debtor's cash on hand at Closing and the collections on the aforementioned accounts receivable and payment intangibles to pay administrative expenses, including administrative expenses entitled to the benefits of the Prior Carve-Out.

g. The balance of the Cash Consideration shall be paid to UPN at Closing by wire transfer of immediately available funds to one or more bank accounts specified by UPN for application against the Debtor's indebtedness to UPN in such order as UPN may determine.

#### Post-Closing Escrow Fund

19. The Post-Closing Escrow Fund shall be administered by the Escrow Agent in accordance with Article VI of the Asset Purchase Agreement. Disbursements from the Post-Closing Escrow Fund shall be made at the time or times and in the manner provided in Article VI of the Asset Purchase Agreement.

#### Payment of Administrative Expenses

20. Notwithstanding UPN's liens and security interests therein, the Debtor may use the funds disbursed to the Debtor pursuant to subparagraph 18(f) of this Order, the

Debtor's cash on hand at Closing and the collections on its accounts receivable and payment intangibles for the payment of administrative expenses, including without limitation administrative expenses entitled to the benefit of the Prior Carve-Outs set forth in the Cash Collateral Order. As adequate protection of its interest in such Collateral, UPN shall have a fully perfected, first priority security interest in and lien on all of the Debtor's property (whenever acquired) that is not encumbered by an unavoidable, perfected security interest or lien which is not subject to subordination, and a fully perfected junior security interest in and lien on all of the Debtor's property (whenever acquired) that is encumbered by such a security interest or lien.

#### Liens and Claims

21. On the Closing Date of the Sale Transaction, each of the Debtor and the Debtor's creditors is authorized and directed to execute such documents and take all other actions as may be necessary to release its Liens or Claims, if any, against the Sale Assets, as such Liens or Claims may have been recorded or may otherwise exist. Upon execution thereof at the Closing or thereafter, each of the agreement documents, and other writings which are contemplated by the Asset Purchase Agreement, shall be the legal, valid and binding obligation of the Debtor in accordance with the terms set forth therein.

22. This Order (a) is and shall be effective as a determination that, on the Closing Date, all Liens existing as to the Sale Assets prior to the Closing have been unconditionally released, discharged and terminated, and that the conveyance of the Sale Assets described herein has been effected, and (b) is and shall be binding upon and shall govern the acts of all entities, including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, registrars of patents, trademarks or other intellectual property, administrative agencies, governmental departments,

secretaries of state, federal, state, and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to, accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Sale Assets.

23. Each and every federal, state, and local governmental agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Asset Purchase Agreement.

24. If any person or entity that has filed financing statements, mortgages, mechanic's liens, *lis pendens*, or other documents or agreements evidencing Liens on or interests in the Sale Assets shall not have delivered to the Debtor prior to the Closing Date, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all Liens or other interests that the person or entity has with respect to the Sale Assets or otherwise, then (a) the Debtor is hereby authorized to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Sale Transaction and (b) the Purchaser is hereby authorized to file, register, or otherwise record a certified copy of this Order, which, once filed, registered, or otherwise recorded, shall constitute conclusive evidence of the release of all Liens or other interests of any kind or nature whatsoever in the Sale Assets.

25. All entities who are presently, or on the Closing Date may be, in possession of some or all of the Sale Assets are hereby directed to surrender possession of the Sale Assets to the Purchaser on the Closing Date.

26. Except as otherwise provided in the Asset Purchase Agreement and documents executed in connection therewith, the Purchaser is not assuming nor shall it in any

way whatsoever be liable or responsible, as a successor or otherwise, for any liabilities, debts, commitments or obligations (whether known or unknown, disclosed or undisclosed, absolute, contingent, inchoate, fixed or otherwise) of the Debtor or Valley or any liabilities, debts, commitments or obligations in any way whatsoever relating to or arising from the Sale Assets or the Debtor's operations or use of the Sale Assets on or prior to the Closing Date or any such liabilities, debts, commitments or obligations that in any way whatsoever relate to periods on or prior to the Closing Date or are to be observed, paid, discharged or performed on or prior to the Closing Date (in each case, including any liabilities that result from, relate to or arise out of tort or other product liability claims), or any liabilities calculable by reference to the Debtor or its assets or operations, or relating to continuing conditions existing on or prior to the Closing Date, which liabilities, debts, commitments and obligations are hereby extinguished insofar as they may give rise to successor liability, without regard to whether the claimant asserting any such liabilities, debts, commitments or obligations has delivered to the Purchaser a release thereof. Without limiting the generality of the foregoing, except as provided in the Asset Purchase Agreement and documents executed in connection therewith, the Purchaser shall not be liable or responsible, as a successor or otherwise, for the Debtor's liabilities, debts, commitments or obligations, whether calculable by reference to the Debtor, arising on or prior to the Closing and under or in connection with (i) any employment or labor agreements, consulting agreements, severance arrangements, change-in-control agreements or other similar agreement to which Debtor is a party, (ii) any pension, welfare, compensation or other employee benefit plans, agreements, practices and programs, including, without limitation, any pension plan of the Debtor, (iii) the cessation of the Debtor's operations, dismissal of employees, or termination of employment or labor agreements or pension, welfare, compensation or other employee benefit

plans, agreements, practices and programs, or obligations that might otherwise arise from or pursuant to the Employee Retirement Income Security Act of 1974, as amended, the Fair Labor Standards Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination and Employment Act of 1967, the Federal Rehabilitation Act of 1973, the National Labor Relations Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, COBRA, or the Worker Adjustment and Retraining Notification Act, (iv) workmen's compensation, occupational disease or unemployment or temporary disability insurance claims, (v) environmental liabilities, debts, claims or obligations arising from conditions first existing on or prior to Closing (including, without limitation, the presence of hazardous, toxic, polluting, or contaminating substances or wastes), which may be asserted on any basis, including, without limitation, under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 et seq., (vi) any bulk sales or similar law, (vii) any liabilities, debts, commitments or obligations of, or required to be paid by, the Debtor for any taxes of any kind for any period, (viii) any liabilities, debts, commitments or obligations for any taxes relating to the Business or the Sale Assets for or applicable to the Pre-Closing tax period, including any property taxes, (ix) any liabilities, debts, commitments or obligations for any transfer taxes, (x) any litigation, and (xi) any products liability or similar claims, whether pursuant to any state or any federal laws or otherwise.

27. The recitation, in the immediately preceding paragraph of this Order, of specific agreements, plans or statutes is not intended, and shall not be construed, to limit the generality of the categories of liabilities, debts, commitments or obligations referred to therein.

28. Except as otherwise expressly provided in the Asset Purchase Agreement, no person or entity, including, without limitation, any federal, state or local governmental

agency, department or instrumentality, shall assert by suit or otherwise against the Purchaser or its successors in interest any claim that they had, have or may have against the Debtor, or any liability, debt or obligation relating to or arising from the Sale Assets, or the Debtor's operations or use of the Sale Assets, including without limitation any liabilities calculable by reference to the Debtor or its assets or operations, and all persons and entities are hereby enjoined from asserting against the Purchaser in any way any such claims, liabilities, debts or obligations.

#### Other Provisions

29. Any amounts that become payable by the Debtor pursuant to the LMA or the Asset Purchase Agreement or any of the documents delivered by the Debtor pursuant to or in connection with the LMA or the Asset Purchase Agreement, or with respect to the negotiation or consummation of the Sale Transaction, shall constitute administrative expenses of the Debtor's estate pursuant to sections 503(b) and 507(a)(1) of the Bankruptcy Code.

30. Subject to the provisions of the LMA and Asset Purchase Agreement, the Court shall retain jurisdiction (i) to enforce and implement the terms and provisions of the LMA and Asset Purchase Agreement, all, amendments thereto, any waivers and consents thereunder, and of each of the agreements executed in connection therewith, (ii) to compel delivery of the Sale Assets to the Purchaser pursuant to the Sale Transaction (iii) to resolve any disputes, controversies or claims arising out of or relating to the LMA or the Asset Purchase Agreement, and (iv) to interpret, implement, and enforce the provisions of this Order.

31. Nothing contained in any plan of reorganization or liquidation confirmed in this chapter 11 case or any Order of this Court confirming such plan or any other order entered in this chapter 11 case shall conflict with or derogate from the provisions of the LMA or the Asset Purchase Agreement or the terms of this Order.

32. In the absence of a stay pending appeal, in the event that the Debtor and the Purchaser elect to consummate the transactions contemplated by the Asset Purchase Agreement at any time after entry of this Order, then, with respect to the Sale Transaction approved and authorized herein, the Purchaser, as a purchaser in good faith, shall be entitled to the protections of section 363(m) of the Bankruptcy Code if this Order or any authorization contained herein is reversed or modified on appeal.

33. Except as expressly provided in the Asset Purchase Agreement and documents executed in connection therewith, the Purchaser is not acquiring or assuming, and the consummation of the Sale Transaction shall not subject the Purchaser to, any debts, liabilities, obligations, commitments, responsibilities or claims of any kind or nature whatsoever, whether known or unknown, contingent or otherwise existing as of the date hereof or hereafter arising, of or against the Debtor, any affiliate of the Debtor, or any other person by reason of such transfer, assignment and delivery including, without limitation, based, in whole or in part directly or indirectly, on any theory of equitable subordination or successor or transferee liability.

34. The terms and provisions of the Asset Purchase Agreement, the LMA, the KERP, and the assumed and assigned Leases and Contracts, together with the terms and provisions of this Order, shall be binding in all respects upon, and shall inure to the benefit of, the Debtor, its estate and creditors, the Purchaser, its affiliates, and their respective successors and assigns, any committee or examiner now existing or appointed in the future, any mediator, and any other fiduciary, and this Order shall be binding in all respects upon any affected third parties, and all persons asserting a Claim against or interest in the Debtor's estate or any of the Sale Assets. The Asset Purchase Agreement, the LMA and the transactions contemplated thereby shall be specifically performable and enforceable against and binding upon, and not subject to

rejection or avoidance by, the Debtor or any chapter 7 or chapter 11 trustee of the Debtor and its estate.

35. The failure specifically to include any particular provisions of the LMA or the Asset Purchase Agreement in this Order shall not diminish or impair the effectiveness of such provisions, it being the intent of the Court that the LMA and the Asset Purchase Agreement be authorized and approved in their respective entireties.

36. The LMA or the Asset Purchase Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto in accordance with the terms thereof without further order of the Court, provided that any such modification, amendment or supplement is not material in nature or does not change the economic substance of the transactions approved hereby.

37. This Court hereby orders that the ten-day stay provided for in Bankruptcy Rules 6004(g) and 6006(d) shall not be in effect with respect to the Sale Transaction, and, thus, this Order shall be effective and enforceable immediately upon entry. Any party objecting to this Order must exercise due diligence in filing an appeal and obtaining a stay or risk its appeal being foreclosed as moot in the event the Purchaser and the Debtor elect to close prior to this Order becoming a final order.

38. Upon the Closing, the Debtor/UPN Affiliation Agreement shall be deemed rejected.

39. The Debtor and the Purchaser will do everything necessary or desirable to consummate the Sale Transaction, and the Debtor and the Purchaser are authorized to do so without further order of this Court.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2004 at Atlanta, Georgia

\_\_\_\_\_  
HONORABLE PAUL W. BONAPFEL  
United States Bankruptcy Judge

Order prepared and presented by:

ROBINSON, JAMPOL,  
AUSSENBERG AND SCHLEICHER, LLP

By: \_\_\_\_\_

Brian L. Schleicher, Esq.  
Georgia Bar No. 629321  
J. Christopher Miller  
Georgia Bar No. 507307  
11625 Rainwater Drive, Suite 350  
Alpharetta, Georgia 30004  
Telephone: (770) 667-1290  
Counsel for the Debtor

Consented and Agreed to by:

KILPATRICK STOCKTON, LLP

By: \_\_\_\_\_

Alfred S. Lurey  
Georgia Bar No. 461500  
1100 Peachtree Street, Suite 2800  
Atlanta, Georgia 30309  
Telephone: (404) 815-6500  
Counsel for the United Paramount Network