

## **AGREEMENT FOR THE SALE OF COMMERCIAL TIME**

This Agreement for the Sale of Commercial Time (“Agreement”) is entered into as of \_\_\_\_\_, 2004 by and among SagamoreHill of Minnesota, LLC, a Delaware limited liability company (“Sagamore”), SagamoreHill of Minnesota Licenses, LLC, a Delaware limited liability company (“SHM Licenses”; Sagamore and SHM Licenses are collectively referred to as “SHM), Quincy Newspapers, Inc., an Illinois corporation (“QNI”), and KTTC Television, Inc., a Delaware corporation (“QNI Sub”; QNI and QNI Sub are collectively referred to as “Quincy”). SHM and Quincy referred to collectively as the “Parties.”

**WHEREAS**, SHM owns television broadcast station KXLT-TV, Rochester, Minnesota (the “Station”).

**WHEREAS**, Quincy desires to purchase advertising time on the Station.

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

**1. Term of Agreement.** The term of this Agreement shall commence on the date of execution of this Agreement. The initial term of this Agreement is ten (10) years. Unless otherwise terminated by either Party, the term of this Agreement shall be extended for an additional ten (10) year term. Either Party may terminate this Agreement at the end of the initial ten year term by six months prior written notice to the other. Notwithstanding the foregoing, the Agreement will terminate (i) upon the consummation of the purchase and sale of assets of SHM relating to the Station by Quincy, or an assignee of Quincy, under the terms of a certain Option Agreement (the “Option Agreement”) entered into by SHM (as “Optionor) and QNI (as Optionee”), or (ii) at Quincy’s option, if the assets of SHM relating to the Station are sold to a party other than Optionee.

**2. Advertising Time.** SHM agrees that during the term of this Agreement, it will sell to Quincy, and will permit Quincy to resell to advertisers, all of the time available for commercial announcements on the Station. All advertising announcements furnished by Quincy shall comply with applicable federal, state, and local regulations and pertinent governmental policies, including, but not limited to, lottery restrictions, prohibitions on obscenity and indecency, deceptive advertising, false representations or deception of any kind, and political broadcasting rules and the Bipartisan Campaign Reform Act (“BCRA”). Quincy shall notify SHM in advance of the broadcast of any material which promotes or opposes any candidate for public office or any issue to appear on a ballot or takes a position on a controversial issue of public importance. No material constituting a personal attack or which is defamatory, violates any right of privacy, infringes on any intellectual property right of another party, or is not in the English language will be accepted for broadcast. Quincy shall furnish SHM with all material required by law, including FCC rules and BCRA, to be made available for public inspection regarding requests for time by political advertisers or the broadcast of issue advertising. All material furnished by Quincy for broadcast on the Station shall include any and all sponsorship identification announcements as required by Section 317 of the Communications Act of 1934, as amended, and the FCC’s rules and regulations (the “Communications Laws”), and Quincy shall undertake in good faith to determine each instance where such announcements are required. To assist Quincy in its advertising time sales efforts,

SHM shall, during the term of this Agreement, provide Quincy with not less than ninety (90) days advance written notice of any television network affiliation change for the Station.

**3. Payments.** During the term of this Agreement, for the revenues that Quincy collects pursuant to this Agreement, Quincy will pay seventy (70) percent of such revenues to SHM (the "Monthly Payment"). In exchange for the services Quincy provides under this Agreement, Quincy will retain thirty (30) percent of the revenues it collects as its fee for such services. The Monthly Payment will be paid on the last day of each month from and after the month this Amendment is executed and will be prorated for the first month and last month of the Agreement on a calendar day basis.

**4. Revenues.** Subject to Section 3, Quincy shall be entitled to all revenues attributable to commercial advertisements sold by Quincy, and all other advertising time revenue received, in each case with respect to commercial advertisements broadcast during the term hereof. Notwithstanding anything herein to the contrary, at the request of an advertiser, SHM may set a reasonable rate for time on the Station and sell time in accordance with such rates for the account of Quincy for broadcast during the term of this Agreement.

**5. SHM's Broadcast Obligations.** During the term of this Agreement, Quincy shall assume, and undertake the administration and servicing of all of the Station's contracts and other agreements which provide for the sale and broadcast of advertising and related activities. All revenues arising from such contracts and agreements for advertising broadcast during the term of this Agreement shall belong to Quincy, even though the time was sold by SHM; and all commissions to employees, agencies, or representatives payable on account of advertising broadcast during the term of the Agreement shall be paid by Quincy even if the time was sold by SHM.

**6. Personnel.** Quincy shall employ and be responsible for the salaries, benefits, employer taxes, and related costs of employment of a sales staff for the sale of the advertising time and for the collection of accounts receivable with respect to advertising sold by Quincy pursuant to this Agreement. SHM shall retain sufficient staff to oversee those aspects of its business and financial matters not specifically delegated to Quincy hereunder.

**7. Interruption of Normal Operations.** If the Station suffers loss or damage of any nature to its transmission facilities which results in the interruption of service or the inability to operate full time at maximum authorized facilities, SHM shall immediately notify Quincy and shall undertake such repairs as are necessary to restore the full-time operation of the Station. If the Station does not resume operation with at least 80% of its authorized signal coverage within one hundred twenty (120) hours, or such longer time as is reasonable in the circumstances, provided that repair or replacement is being pursued in a commercially reasonable manner. Quincy may, at its option, terminate this Agreement. In such event, Quincy shall be entitled to a pro rata refund of the payments made pursuant to Section 3 hereof.

**8. Operation of the Station.** During the term of this Agreement, SHM shall continue to maintain full control over the operations of the Station, including programming, editorial policies, employees of SHM, and SHM-controlled facilities. SHM is responsible for the Station's compliance with the Communications Act of 1934, as amended, FCC rules, regulations, and policies, and all other applicable laws. SHM shall be solely responsible for and pay in a timely manner all expenses relating to the operation of the Station other than for the sale of advertising time, including but not limited to, maintenance of the studios and

transmitting facilities and all taxes and other costs incident thereto; payments due, under any leases, contracts and agreements; music performance license fees; and all utility costs relating to the operation of the Station. SHM shall also maintain insurance covering the Station's transmission facilities. SHM may, in its sole discretion, decline to accept advertising sold by Quincy, in the event that it reasonably believes that the broadcast of such advertising would violate applicable laws or regulations, would damage SHM's reputation in the community, or would otherwise be contrary to the public interest, or preempt any of the commercial time sold by Quincy in order to present program material of pressing public interest or concern. SHM shall promptly notify Quincy of any such rejection or rescheduling of advertising and shall cooperate with Quincy in efforts to fulfill Quincy's commitments to advertisers. In the event Quincy sustains any liability or loss of revenue as a result of the rejection or rescheduling by SHM of any advertising for any reason other than as set forth above, SHM shall promptly indemnify Quincy for any and all such losses. Quincy shall not enter into any contract, without SHM's approval, that would be violated if SHM reasonably exercised its foregoing rights.

**9. Advertising Rates.** The rates for advertising sold by Quincy shall be set by Quincy, provided, however, that Quincy shall comply with all applicable statutes and regulations regarding access to airtime and rates charged for political advertising and shall indemnify SHM against any liability incurred by SHM as a result of Quincy's failure to comply with such statutes and regulations.

**10. Delivery of Material for Broadcast.** All advertising material furnished by Quincy for broadcast on the Station shall be delivered to the Station on tape cartridges, or other mutually agreeable method, in a format to be agreed upon by Quincy and SHM, in a form ready for broadcast on the Station's existing playback equipment, and with quality suitable for television broadcast. SHM shall not be required to provide production services or to copy, reformat, or otherwise manipulate material furnished by Quincy other than inserting tape cartridges into machinery for broadcast.

**11. Access to Station Premises.** Quincy shall have access to any available space at the studio and offices of the Station for purposes of selling time and producing commercial announcements to the extent reasonably necessary or appropriate for Quincy to exercise its rights and perform its obligations under this Agreement. When on the Station premises, Quincy's personnel shall be subject to the direction and control of SHM's management personnel and shall not act contrary to the terms of any lease for the premises. If Quincy utilizes telephone lines other than those of SHM in connection with its sale of time on the Station, it shall not answer those lines in a way that implies that the lines are those of SHM; but Quincy may use the Station's call letters in promotional literature and in answering the telephone (*e.g.*, "KXLT Sales").

**12. Billing.** Quincy shall keep written records relating to the sale of commercial advertising consistent with Quincy's past practices at its existing stations.

**13. SHM's Representations and Warranties.**

(a) To its knowledge, SHM represents and warrants as follows:

(i) There is not now pending, nor is there threatened, any action by the FCC or any other party to revoke, cancel, suspend, refuse to renew or otherwise modify any of the FCC licenses, permits or authorizations of the Station.

(ii) SHM is not in material violation of any statute, ordinance, rule, regulation, policy, order, or decree of any federal, state, or local entity, court, or authority having jurisdiction over it, the Station, or over any part of their operations or assets, which default or violation would have a materially adverse effect upon SHM, its assets, the Station, or upon SHM's ability to perform this Agreement.

(iii) During the term of this Agreement, SHM shall not take any action or omit to take any action which would put it in material violation of or in default under any agreement to which SHM or its owners is a party, which default or violation would have a material adverse impact upon SHM, its assets, or the Station or upon SHM's ability to perform this Agreement.

(iv) All material reports and applications required to be filed by SHM with the FCC or any other governmental body prior to the date hereof have been filed in a timely and complete manner. During the term of this Agreement, SHM will file all reports and applications required to be filed with the FCC or any other governmental body in a timely and complete manner. SHM will maintain the Station's facilities in accord with good engineering practice and in compliance in all material respects with the engineering requirements set forth in the Station's FCC licenses, including broadcasting at substantially maximum authorized power (except at such time that reduction of power is required for routine or emergency maintenance).

(v) SHM may, during the term of this Agreement, dispose of any of its assets or properties, so long as: (1) such action does not adversely affect SHM's ability to perform its obligations hereunder; and (2) such action does not abrogate any of Quincy's rights hereunder.

(b) Quincy and SHM each represent and warrant to the other that it has the power and authority to enter into this Agreement and to engage in the transactions contemplated by this Agreement. SHM is a limited liability company and Quincy is a corporation, each of which is in good standing in the state of its formation and qualified to do business in the State of Minnesota. The signatures appearing for Quincy and SHM, respectively, at the end of this Agreement have been affixed pursuant to such specific authority as, under applicable law, is required to bind them. Neither the execution, delivery, nor performance by SHM or Quincy of this Agreement conflicts with, results in a breach of, or constitutes a default or ground for termination under any agreement or judicial or governmental order or decree to which SHM or Quincy, respectively, is a party or by which it is bound.

**14. Events of Default.** The following shall, after the expiration of the applicable cure periods, constitute Events of Default under the Agreement:

(a) Non-Payment. Quincy's failure to remit to SHM any payment described in Section 3 above in a timely manner.

(b) Default in Covenants. The default by either party hereto in the material observance or performance of any material covenant, condition, or agreement contained herein, or if any material misrepresentation or warranty herein made by either party to the other shall prove to have been false or misleading as of the time made.

**15. Cure Period and Termination upon Default.** An Event of Default shall not be deemed to have occurred until ten (10) business days after the nondefaulting party has provided the defaulting party with written notice specifying the event or events which if not

cured would constitute an Event of Default and specifying the actions necessary to cure within such ten day period. The notice period provided in this Section shall not preclude SHM from at any time preempting or refusing to broadcast any advertising furnished by Quincy. If Quincy has defaulted in the performance of its obligations and has failed to cure such default within the applicable time period, SHM shall be under no further obligation to make commercial time available to Quincy, and all amounts then due and payable to SHM shall immediately be paid by Quincy to SHM.

**16. Other Agreements.** SHM will not enter into any other commercial time sales (except as permitted by Section 4 hereof), time brokerage, local marketing or similar agreement for the Station with any third party during the term of this Agreement. SHM will also not purchase or accept for broadcast on the Station any programming that includes commercial advertising sold by any third party without Quincy's consent, excluding national advertising time sold in network programming and nationally syndicated barter programming aired on the Station.

**17. Liabilities after Termination.** After the expiration or termination of this Agreement for any reason other than an assignment of the Station's assets to Quincy or any assignee of Quincy, (i) SHM shall be responsible for broadcasting such advertising on the Station as may be required under advertising contracts entered into by Quincy during the term of this Agreement and (ii) SHM shall be entitled to any revenues for advertising broadcast after termination of this Agreement.

**18. Indemnification; Insurance.** Quincy shall indemnify and hold SHM and its officers, directors, stockholders, agents, and employees harmless against any and all liability for libel, slander, illegal competition or trade practice, infringement of trademarks, trade names, or program titles, violation of rights of privacy, and infringement of copyrights and proprietary rights resulting from or relating to the advertising or other material furnished by Quincy for broadcast on the Station, along with any fine or forfeiture imposed by the FCC because of the content of material furnished by Quincy or any conduct of Quincy. SHM shall indemnify and hold Quincy and its officers, directors, members, agents, and employees harmless from any failure by SHM to broadcast advertising material furnished by Quincy except as permitted by Section 8 of this Agreement. Indemnification shall include all liability, costs, and expenses, including counsel fees (at trial and on appeal). The indemnification obligations under this Section shall survive any termination of this Agreement. The obligation of each party to indemnify is conditioned on the receipt of notice from the party making the claim for indemnification in time to allow the defending party to timely defend against the claim and upon the reasonable cooperation of the claiming party in defending against the claim. The party responsible for indemnification shall select counsel and control the defense, subject to the indemnified party's reasonable approval, provided, however, that no claim may be settled by an indemnifying party without the consent of the indemnified party, and provided further, that if an indemnifying party and a claimant agree on a settlement and the indemnified party rejects the settlement unreasonably, the indemnifying party's liability will be limited to the amounts the claimant agreed to accept in settlement. Quincy and SHM shall each carry (A) comprehensive general liability insurance with reputable companies covering their activities under this Agreement, in an amount not less than Two Million Dollars (\$2,000,000.00); (B) worker's compensation and/or disability insurance; and

(C) libel/defamation/First Amendment liability insurance, with a deductible of no more than \$100,000. Each Party will name the other party as an additional insured on these policies.

**19. No Partnership or Joint Venture.** The Agreement is not intended to be, and shall not be construed as, an agreement to form a partnership, agency relationship, or a joint venture between the parties. Except as otherwise specifically provided in the Agreement, neither party shall be authorized to act as an agent of or otherwise to represent the other party.

**20. Successors and Assigns.** Neither party may assign its rights and obligations under this Agreement, either in whole or in part, without the prior written consent of the other; however, such consent shall not be unreasonably withheld. The covenants, conditions and provisions hereof are and shall be for the exclusive benefit of the parties hereto and their permitted successors and assigns, and nothing herein, express or implied, is intended or shall be construed to confer upon or to give any person or entity other than the parties hereto and their permitted successors and assigns any right, remedy or claim, legal or equitable, under or by reason of this Agreement. This Agreement shall be binding upon and inure to the benefit of the parties and their respective permitted successors and assigns.

**21. Authority; Construction; Entire Agreement.** Both SHM and Quincy represent that they are legally qualified and able to enter into this Agreement, which shall be construed in accordance with the laws of the State of Minnesota without regard to principles of conflict of laws. This Agreement, the Shared Services Agreement which the Parties have entered into on the date hereof, and the Option Agreement embody the entire agreement between the parties with respect to the subject matter hereof and thereof, and there are not other agreements, representations, or understandings, oral or written, between them with respect thereto.

**22. Modification and Waiver.** No modification or waiver of any provision of the Agreement shall be effective unless in writing and signed by the party against whom such modification or waiver is asserted, and no failure to exercise any right, power, or privilege hereunder shall operate to restrict the exercise of the same right, power, or privilege upon any other occasion nor to restrict the exercise of any other right, power, or privilege upon the same or any other occasion. The rights, powers, privileges, and remedies of the parties hereto are cumulative and are not exclusive of any rights, powers, privileges, or remedies which they may have at law, in equity, by statute, under this Agreement, or otherwise.

**23. Unenforceability.** If any provision of this Agreement or the application thereof to any person or circumstances shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby and shall be enforced to the greatest extent permitted by law, except that if such invalidity or unenforceability should change the basic economic positions of the Parties, they shall negotiate in good faith such changes in other terms as shall be practicable in order to restore them to their prior positions. In the event that the FCC alters or modifies its rules or policies in a fashion which would raise substantial and material questions as to the validity of any provision of this Agreement, the Parties shall negotiate in good faith to revise any such provision of this Agreement in an effort to comply with all applicable FCC rules and policies, while attempting to preserve the intent of the Parties as embodied in the provisions of this Agreement. The Parties agree that, upon the request of either of them, they will join in requesting the view of the staff of the FCC, to the extent necessary, with respect to the revision of any provision of this Agreement in accordance with the foregoing. If the Parties are unable

to negotiate a mutually acceptable modified Agreement, then either party may terminate this Agreement upon written notice to the other, and each Party shall be relieved of any further obligations, one to the other.

**24. Notices.** Any notice required hereunder shall be in writing and any payment, notice, or other communication shall be deemed given when delivered personally or, in the case of communications other than payments, delivered by facsimile as follows:

To SHM: SagamoreHill of Minnesota, LLC  
3825 Inverness Way  
Augusta, Georgia 30907  
Attention: Louis Wall  
Telephone: (706) 855-8506  
Telecopy: (706) 855-8747

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

Wiley Rein & Fielding LLP  
1776 K Street, NW  
Washington, DC 20006  
Attention: Brook A. Edinger  
Telephone: (202) 719-7279  
Telecopy: (202) 719-7049

To Quincy: Quincy Newspaper, Inc.  
130 South 5th Street  
Quincy, Illinois 62301  
Attention: Ralph Oakley  
Telephone: (217) 221-3404  
Telecopy: (217) 221-3402

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

Scholz, Loos, Palmer, Siebers and Duesterhaus  
625 Vermont Street  
Quincy, Illinois 62301  
Attention: Steven E. Siebers  
Telephone: (217) 223-3444  
Telecopy: (217) 223-3450

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

**26. Headings.** The headings are for convenience only and will not control or affect the meaning or construction of the provisions of this Agreement.

**27. Waiver of Jury Trial.** AS A SPECIFICALLY BARGAINED INDUCEMENT FOR EACH OF THE PARTIES TO ENTER INTO THIS AGREEMENT (EACH PARTY HAVING HAD OPPORTUNITY TO CONSULT COUNSEL), EACH PARTY EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN.

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[SIGNATURE PAGE FOLLOWS]

**SIGNATURE PAGE TO AGREEMENT FOR THE SALE OF  
COMMERCIAL TIME**

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

**SAGAMOREHILL OF MINNESOTA, LLC**

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

**SAGAMOREHILL OF MINNESOTA  
LICENSES, LLC**

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

**QUINCY NEWSPAPERS, INC.**

By: \_\_\_\_\_  
Name: Ralph M. Oakley  
Title: Vice President

**KTTC TELEVISION, INC.**

By: \_\_\_\_\_  
Name: Ralph M. Oakley  
Title: Vice President