

## **OPERATING CONDITIONS AGREEMENT**

This Operating Conditions Agreement ("Agreement") is dated as of April \_\_, 2007 by and among CADILLAC TELECASTING CO., a Delaware Corporation ("CTC") and HERITAGE BROADCASTING CO. OF MICHIGAN, a Michigan corporation ("Heritage") individually, a "Party" and collectively, the "Parties").

### **WITNESSETH**

WHEREAS, CTC is the licensee of the television broadcast Stations WFQX-TV; WFQX-DT, Cadillac Michigan, FCC Fac. ID 25396 and WFUP (TV), Vanderbilt, Michigan, FCC Fac. ID 25395, and their associated translators (the "Stations");

WHEREAS, Representative owns and operates television broadcast Stations WWTW-TV, Cadillac, MI, FCC Facility ID No. 26994, and WWUP-TV, Sault Ste. Marie, MI FCC Facility No. 26993 (the "Heritage Stations"); and

**WHEREAS**, in an effort to reduce operating costs at the Stations and to effectuate certain operating efficiencies to improve the Stations' service to the public, the Parties have executed on this date a Shared Service Agreement ("Services Agreement") by which they have agreed to share certain services and procurements which they individually require in connection with the ownership and operation of the Stations, and an Advertising Representation Agreement ("Advertising Agreement") by which they have provided an efficient mechanism for marketing the Stations' commercial inventory; and

**WHEREAS**, Section 2.1.7 of the Services Agreement contemplated that the Parties would collaborate to create an operating conditions agreement or procedural memorandum to govern the broadcast of programming to be provided by Heritage for broadcast during certain hours on the Stations (the "Provided Programming"); and

**WHEREAS**, by means of this Agreement, the Parties wish to fulfill the foregoing obligation;

**NOW, THEREFORE**, in consideration of the premises and mutual promises contained herein and in the Services Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

1. Following commencement of operations of CTC Stations, the total number of weekly hours of operation of CTC Stations shall, on the average, be not less than one hundred sixty-seven (167), provided, however, if, for any reason, the service of CTC Stations shall be interrupted, or if CTC Stations shall fail to operate on a full-time basis with its maximum FCC-authorized facilities (the "Maximum Facilities"), CTC shall promptly notify Heritage of such interruption and shall promptly undertake such actions as may be necessary to restore the Maximum Facilities.

2. In accordance with Section 2.1.5 of the Services Agreement, the Provided Programming will consist of not more than twenty-five (25) hours per week, on the average. In accordance with Section 2.1.5 of the Services Agreement, the Provided Programming will, in

general, be broadcast between the hours of 6:00 PM and 11:00 PM Eastern Time, Mondays through Fridays. It is contemplated by the Parties that the broadcast time provided to Heritage may require variation overtime and with experience and depending on the nature of the Provided Programming, for example, 7-11pm on weekends, or some other configuration. CTC agrees to adjust this time period as may be reasonably requested by Heritage, provided that the adjustment will not cause Heritage to exceed the than twenty-five (25) hours per week limit for Provided Programming. The Provided Programming will be subject in all respects to the applicable terms and provisions of the Services Agreement. In accordance with Section 2.1.6 of the Services Agreement, in the event that CTC shall believe that the broadcast of any of the Provided Programming would not comply with CTC Stations Programming Policies or would otherwise be unsatisfactory, unsuitable, or contrary to the public interest, CTC may reject, refuse, delay, or pre-empt the broadcast of such Provided Programming; provided, however, that CTC shall use reasonable efforts to provide Heritage with at least twenty-four (24) hours' advance notice of CTC's intention to reject, refuse, delay, or pre-empt the broadcast of such Provided Programming CTC also may reject, refuse, delay, or pre-empt the broadcast of Provided Programming in order to present program material which CTC reasonably believes is of greater local or national importance than the Provided Programming; provided, however, that CTC shall use reasonable efforts to provide Heritage with at least twenty-four (24) hours advance notice of CTC's intention to reject, refuse, delay, or

3. The Parties and their respective successors and permitted assigns, agree in accordance with Section 2.1.7 of the Services Agreement to consult with each other in connection with any required or reasonable modifications to this Operating Conditions Agreement that may be desired or desirable from time to time.

4. CTC shall maintain full control over the operations of CTC Stations, including management, programming, finances, editorial policies, personnel, facilities, and compliance with the Act, FCC Rules, and all other applicable federal, state, or local laws in effect from time to time, including the right to accept or reject any Provided Programming pursuant to this Agreement and Section 2.1.6 of the Services Agreement. Nothing contained herein shall give Heritage any right to control the management, programming, finances, editorial policies, personnel, facilities, or any other matter relating to CTC Stations, except as otherwise expressly provided herein.

5. All arrangements contemplated herein shall be subject to, and are intended to comply with, the Act, FCC Rules, and all other applicable federal, state, and local laws and regulations in effect from time to time.

6. The term of this Agreement shall be coextensive with the Services Agreement. Upon termination of the Services Agreement, this Agreement shall terminate as well.

7. Except to the extent otherwise provided in the Services Agreement and Advertising Agreement, each party shall bear its own expenses in the performance of this Agreement, such that the costs of producing the Provided Programming and delivering it to the Stations studios shall be borne by Heritage and all costs incurred in the broadcast of the Provided Programming and the operation of the Stations shall be borne by CTC.

8. Each Party shall indemnify and hold harmless the other for all liabilities resulting from or related to such Party's performance or breach of any provision of this Agreement.

9. This Agreement, together with the Services Agreement and the Advertising Agreement, embodies the entire agreement between the Parties with respect to the subject matter hereof and may not be amended, modified or changed orally, but only in writing signed by the party against whom enforcement of any amendment, modification, change, waiver, extension or discharge is sought. No waiver shall be deemed a continuing waiver in respect of any subsequent breach or default, either of similar or different nature, unless expressly so stated in writing.

10. This Agreement may be executed in counterparts, each of which shall be deemed an original, but which taken together shall constitute one agreement.

11. This Agreement, and the rights and obligations of the parties hereto, shall be governed by and construed in accordance with the laws of the State of Michigan applicable to contracts made and to be performed therein.

12. Nothing in this Agreement, nor any agreement, instrument or document contemplated hereby or relating hereto, shall be deemed to create any right with respect to any person or Heritage other than the Parties.

13. Except as otherwise required by law, the provisions of this Agreement shall be held in confidence, and neither Party shall discuss or issue any public statement relating to this Agreement without the consent of the other Party.

14. Any notice required hereunder shall be in writing, delivered personally, or mailed by certified mail, postage prepaid, with return receipt requested, or delivered to FedEx (Federal Express), or any other nationally recognized overnight delivery service for next morning delivery or when dispatched by facsimile transmission (with the facsimile transmission confirmation being deemed conclusive evidence of such dispatch), or by electronic mail with such notice attached in Portable Document Format (PDF) and sent with requests for delivery and read receipts, the return of such receipts being deemed conclusive evidence of such dispatch, in each case addressed to the persons, parties or entities All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission) and shall be given,

If the notice is to Stations Owner:

If the notice is to Representative:

or at such other address as either Party shall specify by written notice to the other.

**[Operating Conditions Agreement Signature Page]**

**IN WITNESS WHEREOF**, each party has caused this Agreement to be duly executed and delivered in its name and on its behalf, all as of the date and year first above written.

CADILLAC TELECASTING CO.

By: \_\_\_\_\_  
Alexander Bolea  
(Office)

HERITAGE BROADCASTING CO. OF  
MICHIGAN

By: \_\_\_\_\_  
(Name & Office)