

AMENDED AND RESTATED
AGREEMENT AND PLAN OF MERGER

between

LAMCO COMMUNICATIONS, INC.

and

BLUESTONE MERGER CO.

Dated January 13, 2004

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AMENDED AND RESTATED
AGREEMENT AND PLAN OF MERGER

This Amended and Restated Agreement and Plan of Merger ("**Merger Agreement**") made and entered into this 13th day of January, 2004, by and between Lamco Communications, Inc., a Pennsylvania corporation ("**Lamco**"), and BlueStone Merger Co., a Pennsylvania corporation ("**Buyer**").

RECITALS:

WHEREAS, Lamco is the owner of all of the issued and outstanding stock of The DGH Company, a Delaware corporation ("**DGH**"), which in turn is the owner of all of the issued and outstanding stock of (a) Appalachian Broadcasting Corporation, a Virginia corporation ("**Appalachian Broadcasting**") and licensee of television broadcast station WCYB-TV ("**WCYB**"), (b) Eastern North Carolina Broadcasting Corporation, a North Carolina corporation ("**ENC Broadcasting**") and licensee of television broadcast station WCTI-TV ("**WCTI**"), (c) Abilene-Sweetwater Broadcasting Company, a Texas corporation ("**A-S Broadcasting**") and licensee of television broadcast station KTXS-TV ("**KTXS**"), (d) California Broadcasting, Inc., a California corporation ("**California Broadcasting**") and licensee of television broadcast stations KRCR-TV ("**KRCR**") and KAEF ("**KAEF**"), and (e) Eagle Communications, Inc., a Montana corporation ("**Eagle**", and collectively with DGH, Appalachian Broadcasting, ENC Broadcasting, A-S Broadcasting and California Broadcasting, the "**Subsidiaries**" and each individually, a "**Subsidiary**") and licensee of television broadcast stations KECI-TV ("**KECI**"), KCFW-TV ("**KCFW**") and KTVM ("**KTVM**", and collectively with WCYB, WCTI, KTXS, KRCR, KAEF, KECI and KCFW, the "**Stations**" and each individually, a "**Station**");

WHEREAS, the Subsidiaries also hold various additional FCC construction permits and licenses which are associated with operation of the Stations;

WHEREAS, Buyer desires to merge with and into Lamco and Lamco desires to merge with Buyer, in accordance with the provisions of this Merger Agreement and subject to the prior consent of the Federal Communications Commission (together with any successor thereto, the "**FCC**") to transfer of control of Stations to Buyer;

WHEREAS, control of the FCC Licenses may not be transferred to Buyer without the prior written consent of the FCC; and

WHEREAS, the parties hereto entered into and desire to amend and restate that certain Agreement and Plan of Merger dated December 19, 2003 between Lamco and Buyer, as amended on January 7, 2003 (the "**Original Agreement**");

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained herein, the parties intending to be legally bound, agree, and the Original Agreement is hereby amended and restated in its entirety, as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. Unless otherwise stated in this Merger Agreement, the following terms, when used in capitalized form, shall have the following meanings:

“**A-S Broadcasting**” has the meaning set forth in the first Recital.

“**Account A**” has the meaning given such term in the Agency Agreement.

“**Account B**” has the meaning given such term in the Agency Agreement.

“**Adjustment**” has the meaning set forth in Section 2.3(b).

“**Adjustment Item**” has the meaning set forth in Section 2.3(b).

“**Affiliate**” means, with respect to any Person, (a) any other Person directly or indirectly controlling, controlled by or under common control with, such Person, (b) any other Person that owns or controls 15% or more of any class of equity securities (including any equity securities issuable upon the exercise of any option or convertible security) of such Person, or (c) any director or officer (including any general manager of a Station) of such Person. For the purposes of this definition, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”) means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

“**Agency Agreement**” means the Paying and Escrow Agency Agreement to be entered into at or prior to Closing among Agent, Lamco, Buyer and the Shareholders’ Representatives in substantially the form of Exhibit A attached hereto, with such changes thereto as may be reasonably requested by any party prior to the Closing Date.

“**Agent**” means a bank or trust company designated by Lamco and Buyer to act as paying agent and escrow agent hereunder pursuant to the Agency Agreement.

“**Aggregate Adjustment Amount**” means the aggregate amount required to be deposited by Buyer in Account A in accordance with Section 2.3(c) and (d) in connection with the final determination of the Adjustments and the resulting increase or decrease to the Merger Consideration used for purposes of the Closing under Section 2.3(b).

“**Aggregate Base Purchase Price**” means \$133,672,000.

“**Aggregate Indemnification Release Amount**” means the aggregate amount in the Indemnification Escrow Account as of the Release Date.

“**Aggregate Negative WC Adjustment Amount**” means the amount, if any, by which the Net Working Capital is less than the Target Net Working Capital Amount.

“Aggregate Positive WC Adjustment Amount” means the amount, if any, by which the Net Working Capital is greater than the Target Net Working Capital Amount.

“Annuity” means that certain MetLife Group Annuity Contract Number 27460 purchased by Lamco to fund payments to be made under the Deferred Compensation Obligations.

“Appalachian Broadcasting” has the meaning set forth in the first Recital.

“Assumptions” has the meaning set forth in Section 4.11.

“Balance Sheet” has the meaning set forth in Section 3.6(a)(ii).

“Balance Sheet Date” has the meaning set forth in Section 3.6(a)(ii).

“Basket” has the meaning set forth in Section 9.1(c).

“Benefit Plan” means any Plan that is sponsored, maintained or contributed to or required to be contributed to by Lamco or any Subsidiary or to which Lamco or a Subsidiary is a party, whether written or oral, for the benefit of any employee, director, former employee or director of Lamco or any Subsidiary and their dependent beneficiaries.

“Business Day” means any day other than Saturday, Sunday or any other day on which the commercial banks in the Commonwealth of Pennsylvania are closed for business.

“Buyer” has the meaning set forth in the introduction.

“Buyer Indemnified Person(s)” has the meaning set forth in Section 9.1(a).

“Buyer’s Estimate” has the meaning set forth in Section 2.3(b).

“Capex Budgets” shall have the meaning given in Section 3.6(c)(iii).

“Capital Lease Obligation” means any obligation of Lamco and its Subsidiaries under any capital lease of real or personal property that, in accordance with GAAP, would be required to be recorded as a capitalized lease obligation.

“Claim” has the meaning set forth in Section 9.4.

“Closing” has the meaning set forth in Section 2.1(a).

“Closing Certificate” has the meaning set forth in Section 2.3(c).

“Closing Date” has the meaning set forth in Section 2.1(a).

“Closing Date Remaining Cash Amount” means the amount that results from subtracting (a) the Escrowed Indemnification Amount from (b) the Merger Consideration determined as of the Closing pursuant to Section 2.2(b).

“**Code**” means the Internal Revenue Code of 1986, as amended, any successor statute thereto and the rules and regulations promulgated thereunder.

“**Common Stock**” has the meaning set forth in Section 2.4(a).

“**Communications Act**” has the meaning set forth in Section 3.5.

“**Contested Claim**” has the meaning set forth in Section 9.7.

“**Contract**” means any contract, agreement, indenture, note, bond, instrument, lease, conditional sales contract, mortgage, license agreement, franchise agreement, concession agreement, guaranty or binding commitment, whether written or oral.

“**Converted Shares**” has the meaning set forth in Section 2.4(a).

“**Convertible Securities**” has the meaning set forth in Section 3.2.

“**Current Assets**” means, without duplication, the following items of Lamco and its Subsidiaries: (a) cash and cash equivalents (but excluding investments); (b) accounts and other receivables, net of the related reserve for bad debts (collectively, the “**Accounts Receivable**”); (c) prepaid expenses, deposits and advances, including prepaid rent, property taxes, utility charges, fees and deposits paid, but excluding unamortized film and programming costs; and (d) the excess of the fair market value of services to be received by Lamco and its Subsidiaries after the Closing Date under any Trade-Out Agreement over the value of the air time to be provided by the Stations after the Closing Date under such agreement determined at standard rate card rates, all as of 12:01 a.m. on the Closing Date, and determined on a consolidated basis in accordance with GAAP except as modified by the practices, procedures and methodologies consistently applied by Lamco and set forth on Schedule 3.6(b).

“**Current Financial Statements**” has the meaning set forth in Section 3.6(a)(ii).

“**Current Liabilities**” means, without duplication, the following items of Lamco and its Subsidiaries: (a) accounts payable; (b) accrued liabilities and expenses; (c) deferred revenue; (d) accrued payroll, salaries, bonuses and fringe benefits (but excluding stay or change of control bonuses, Deferred Compensation Obligations, Post-Retirement Obligations, the 2004 GM Bonus, health benefits and claims and vacation accruals); (e) the current portion of all Indebtedness to the extent required to be reflected as a current liability (but excluding film and programming obligations or liabilities); (f) accrued Taxes; and (g) the excess of the value of the air time to be provided by Stations after the Closing Date under any Trade-Out Agreement determined at standard rate card rates over the fair market value of the services to be received by Lamco and its Subsidiaries after the Closing Date under such agreement, all as of 12:01 a.m. on the Closing Date, and determined on a consolidated basis in accordance with GAAP except as modified by the practices, procedures and methodologies consistently applied by Lamco and set forth on Schedule 3.6(b).

“**Damages**” has the meaning set forth in Section 9.1(a).

“**Deferred Compensation Obligations**” means the obligations of Lamco and its Subsidiaries under or in respect of the agreements between Lamco and certain of its current and former officers, directors and employees set forth on Schedule 1.1(a). The amounts of such obligations as of the date of the Original Agreement are set forth on Schedule 1.1(a) hereto.

“**Deposit**” has the meaning set forth in Section 2.8.

“**Deposit Escrow Account**” has the meaning set forth in Section 2.8.

“**Deposit Escrow Agreement**” means the Deposit Escrow Agreement in the form of Exhibit C attached hereto executed by Lamco, Buyer and Agent simultaneously with the execution of this Merger Agreement.

“**DGH**” has the meaning set forth in the first Recital.

“**Dissenting Share Fraction**” means a fraction, the numerator of which shall be the aggregate number of Dissenting Shares outstanding immediately prior to the Effective Time and the denominator of which shall be the aggregate number of Shares issued and outstanding on the Business Day immediately prior to the Effective Time.

“**Dissenting Shares**” has the meaning set forth in Section 2.7(a).

“**ENC Broadcasting**” has the meaning set forth in the first Recital.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended, any successor statute thereto and the rules and regulations promulgated thereunder.

“**ERISA Affiliate**” means each entity which is treated as a single employer with Lamco or any Subsidiary for purposes of Section 414 of the Code.

“**Eagle**” has the meaning set forth in the first Recital.

“**Effective Time**” has the meaning set forth in Section 2.1(b).

“**Environmental Claims**” has the meaning set forth in Section 3.18(a).

“**Environmental Conditions**” has the meaning set forth in Section 3.18(a).

“**Environmental Laws**” has the meaning set forth in Section 3.18(a).

“**Environmental Noncompliance**” has the meaning set forth in Section 3.18(a).

“**Escrow Agent**” means The Bank of New York, who shall act as the escrow agent hereunder pursuant to the Deposit Escrow Agreement.

“**Escrow Termination Date**” means (a) the Release Date, if there are no Notices of Claims pending on the Release Date, or otherwise (b) the date on which the last of the Claims pending on the Release Date has been paid or otherwise resolved.

“**Escrowed Indemnification Amount**” means the amount set forth on Schedule 1.1(d) hereto.

“**Estimate**” has the meaning set forth in Section 2.3(b).

“**Expenses**” has the meaning set forth in Section 3.18(a).

“**Excess Amount**” has the meaning set forth in Section 2.3(c).

“**FCC**” has the meaning set forth in the third Recital.

“**FCC Licenses**” means all licenses, permits and other authorizations issued by the FCC with respect to the Stations or any auxiliary or other non-broadcast, FCC-licensed facility associated with the Stations or any of them, and all applications and petitions therefor, together with any renewals, extensions, or modifications thereof, and all of which are listed and described on Schedule 3.5 hereto.

“**Final Order**” means action by the FCC granting its consent and approval to the Transfer Application, which action has not been reversed, stayed, enjoined or set aside prior to Closing, and with respect to which (i) no timely requests for stay, reconsideration, review, rehearing or notices of appeal are pending; (ii) the time for filing any such request, petition or notice of appeal or for review by the FCC has expired or, if filed, has been denied, dismissed or withdrawn and such denial, dismissal or withdrawal is no longer subject to administrative or judicial review; and (iii) the time during which the FCC could initiate review on its own motion has expired and the FCC has not initiated such review.

“**Funding Amount**” has the meaning set forth in Section 4.11.

“**GAAP**” means generally accepted accounting principles in the United States of America.

“**2004 GM Bonus**” means an amount equal to the aggregate 2004 performance bonuses, if any, payable to the General Managers of the Stations in 2005 based on their respective performances for the period from January 1, 2004 to the Closing Date, calculated based on their respective 2003 performance bonus formulas and prorated for the period in question.

“**Guaranteed Debt**” of Lamco and its Subsidiaries means, without duplication, Indebtedness of any other Person to the extent guaranteed directly or indirectly by Lamco or any Subsidiary, or in effect guaranteed directly or indirectly by Lamco or any Subsidiary, through a Contract (a) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (b) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (c) to supply funds to, or in any other manner invest in, the debtor (including any Contract to pay for property or services without requiring that such property be received or such services be rendered), primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the

holder of such Indebtedness against loss, (d) to maintain working capital or equity capital of the debtor, or otherwise to maintain the net worth, solvency or other financial condition of the debtor, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, or (e) otherwise to assure the holder of such Indebtedness against loss; provided, however, that the term “guarantee” shall not include (i) endorsements for collection or deposit, in either case in the ordinary course of business, (ii) the Deferred Compensation Obligations or the Rabbi Trust and the Annuity or Annuities held by the Rabbi Trust to fund the Deferred Compensation Obligations or (iii) the Post-Retirement Obligations or the Rabbi Trust and the Insurance Product held by the Rabbi Trust to fund the Post-Retirement Obligations.

“**Government Authority**” means any government, governmental entity, agency, authority, bureau, commission, department or similar body or instrumentality thereof, any court, tribunal or judicial body, whether federal, state, county, provincial, local or foreign.

“**Hart-Scott Act**” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

“**Hazardous Materials**” has the meaning set forth in Section 3.18(a).

“**Historical Financial Statements**” has the meaning set forth in Section 3.6(a)(i).

“**Indebtedness**” means, as of any date, without duplication, (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, including, without limitation, all obligations, contingent or otherwise, of such Person in connection with any letters of credit issued under letter of credit facilities or acceptance facilities (specifically excluding obligations pursuant to operating leases), (b) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments, (c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person, (d) all obligations under Interest Rate Agreements of such Person, (e) all Capital Lease Obligations of such Person, (f) all Indebtedness referred to in clauses (a) through (e) above of other Persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or with respect to property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness, (g) all Guaranteed Debt of such Person, (h) all interest, fees, prepayment penalties and premiums, and breakage costs with respect to the Indebtedness referred to in clauses (a) through (g) assuming such obligations were to be paid immediately prior to such date, and (i) all other liabilities (but specifically excluding Current Liabilities) that in accordance with GAAP would be recorded as a liability as of such date on a balance sheet of such Person prepared in accordance with GAAP except as modified by the practices, procedures and methodologies consistently applied by Lamco set forth on Schedule 3.6(b). The amount of Indebtedness of any Person at any date shall be, without duplication, the maximum determinable liability of any Indebtedness referred to in clause (g) above at such date and the reasonably anticipated liability for any Indebtedness referred to in clause (h) above at such date.

“**Indemnification Escrow Account**” means Account B.

“**Independent Accountants**” has the meaning specified in Section 2.3(d).

“**Insurance Product**” has the meaning set forth in Section 4.11.

“**Intellectual Property**” means any (a) patents, patent applications, patent disclosures and improvements thereto, (b) Marks, (c) copyrights, and any registrations and applications for registration thereof, and (d) URLs and Internet web sites, and the hypertext markup language files, graphics, text files and documentation associated with such Internet websites, if any.

“**Interest Rate Agreements**” means interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements) and any obligations in respect of any hedging agreements.

“**Interim Financial Statements**” has the meaning set forth in Section 4.6.

“**Interim Income Statement**” has the meaning set forth in Section 3.6(a)(ii).

“**Interim Release Date**” means the nine month anniversary of the Closing Date.

“**KAEF**” has the meaning set forth in the first Recital.

“**KCFW**” has the meaning set forth in the first Recital.

“**KECI**” has the meaning set forth in the first Recital.

“**KRCR**” has the meaning set forth in the first Recital.

“**KTVM**” has the meaning set forth in the first Recital.

“**KTXS**” has the meaning set forth in the first Recital.

“**Kalil Fee**” shall have the meaning set forth in Section 3.23.

“**Lamco**” has the meaning specified in the introduction.

“**Lamco’s Knowledge**” and “**Knowledge of Lamco**” and phrases of similar import mean the actual knowledge of the Persons identified on Schedule 1.1(c) without inquiry or investigation.

“**Lamco Ownership Loss**” means any Damages resulting directly from any inaccuracy or misrepresentation contained herein as to the ownership of Shares of Lamco or of any failure of the representations set forth in Section 3.2 to be true and correct as of the Effective Time in respect of the ownership of Shares of Lamco.

“**Lamco Transaction Expenses**” means those fees and expenses incurred by Lamco or any of its Subsidiaries in connection with the Merger contemplated hereby which have not been paid at or prior to the Closing Date or accrued as a Current Liability, including legal, accounting, consulting, brokers, investment banking (including the Kalil Fee) and other professional fees and expenses.

“Leased Real Estate” the real property covered by the Real Estate Leases.

“Liability” means any indebtedness, obligation or other liability that is required to be recorded as a liability on a balance sheet prepared in accordance with GAAP.

“Liability Reimbursement Amount” means, without duplication and determined as of 12:01 a.m. on the Closing Date, an amount equal to the sum of (a) all Indebtedness of Lamco and its Subsidiaries as of such date and time (but excluding (i) the Deferred Compensation Obligations and the Post-Retirement Obligations, (ii) Current Liabilities, (iii) Indebtedness of Lamco or any Subsidiary owed to Lamco or any Subsidiary, as the case may be, (iv) the 2004 GM Bonus and (v) Indebtedness of Lamco or any Subsidiary arising under or in respect of any film or programming agreements), (b) to the extent not included in Current Liabilities, or paid by Lamco at Closing, any Taxes that should have been accrued (assuming the fiscal year of Lamco ended at 12:01 a.m. on the Closing Date), net of any Tax refunds received or receivable, each with respect to the properties and operations of Lamco and its Subsidiaries related solely to the period prior to the Closing Date, determined in accordance with GAAP except as modified by the practices, procedures and methodologies consistently applied by Lamco set forth on Schedule 3.6(b), (c) to the extent not included in Current Liabilities, or paid by Lamco at Closing, the amount necessary to satisfy unpaid stay bonuses or change of control bonuses to employees of Lamco and its Subsidiaries payable in connection with the Merger, (d) to the extent not included in Current Liabilities, unpaid Lamco Transaction Expenses, (e) to the extent not included in Current Liabilities, the dollar amount of all unpaid employee medical and health claims arising prior to the Closing Date and submitted to Lamco or any of the Subsidiaries at any time prior to the Closing Date, (f) to the extent not included in Current Liabilities, the dollar amount of the unpaid obligations of Lamco and its Subsidiaries payable after the Closing Date under the Consulting Agreement between DGH and Robert H. Precht dated on or about May 14, 1998, (g) the difference between the aggregate dollar amount of capital expenditures Lamco and its Subsidiaries were required to make prior to the Closing Date pursuant to Section 4.1(i) and the aggregate dollar amount actually expended by Lamco and its Subsidiaries for such purpose prior to the Closing Date or included in Current Liabilities, (h) the difference between the aggregate dollar amount Lamco and its Subsidiaries were required to spend on advertising, marketing and promotion prior to the Closing Date pursuant to Section 4.1(h) and the aggregate dollar amount spent by Lamco and its Subsidiaries on such account from the date of the Original Agreement to the Closing Date or included in Current Liabilities, (i) the total amount of any negative network compensation (as such term is understood in the television broadcasting industry), if any, agreed to be paid to the Networks in order to obtain the Network Consents, and (j) \$125,000, which is the agreed cost to complete the digital upgrade of K34FI.

“Liens” means all liens, mortgages, security interests, pledges, claims, charges and other encumbrances adversely affecting a Person’s title to property of any nature whatsoever, other than statutes and ordinances of general applicability.

“Marks” means all names, service marks, trademarks, logos, trade names, corporate names and domain names, the goodwill associated therewith, and any registrations and applications for registration thereof.

“**Market Cable Systems**” shall mean all U.S. cable systems located within any particular Station’s market, as defined in Section 76.55 of the FCC regulations.

“**Marsh**” has the meaning set forth in Section 4.11.

“**Material Adverse Effect**” means any event, fact or circumstance relating directly to Lamco or its Subsidiaries that, individually or in the aggregate with any other event, fact or circumstance, has had or would reasonably be expected to have a materially adverse effect on the business, assets, operation, financial condition, or results of operations of Lamco and the Subsidiaries, taken as a whole, but in any event excluding events, facts and circumstances having general economic effect in the United States.

“**Merger**” means the merger of Buyer with and into Lamco, as contemplated by the terms of this Merger Agreement.

“**Merger Agreement**” has the meaning set forth in the introduction.

“**Merger Consideration**” has the meaning set forth in Section 2.2(a).

“**Net Working Capital**” means the excess of the Current Assets over the Current Liabilities as of 12:01 a.m. on the Closing Date.

“**Network Consents**” has the meaning set forth in Section 4.4(d).

“**Networks**” has the meaning set forth in Section 4.4(d).

“**New Bern License Assets**” means (a) the FCC Licenses that relate to the ownership and operation by ENC Broadcasting of Station WCTI, (b) the Primary Television Affiliation Agreement between American Broadcasting Company and ENC Broadcasting for WCTI-TV dated June 21, 1995 as amended and (c) the film and programming agreements to which ENC Broadcasting is a party and which are designated in writing by Buyer at least 5 days prior to the Closing Date, subject to Lamco’s approval, such approval not to be unreasonably withheld or delayed.

“**New Bern License Co.**” means Newport Broadcasting Inc., a Delaware corporation.

“**Notice of Claim**” has the meaning set forth in Section 9.4.

“**Original Agreement**” has the meaning set forth in the fifth Recital.

“**Owned Real Estate**” means all real estate owned by Lamco and its Subsidiaries, including all buildings, fixtures and improvements thereon.

“**PBCL**” means the Business Corporation Law of 1988, as amended, of the Commonwealth of Pennsylvania, 15 Pa. C.S. 1501 et seq.

“**Permitted Liens**” means (a) any Lien for Taxes and assessments not yet past due, or otherwise being contested in good faith and for which appropriate reserves have been established

in accordance with GAAP, (b) any Lien arising out of deposits made to secure leases or other obligations of a like nature arising in the ordinary course of business, (c) any Lien affecting owned real property that does not secure a monetary obligation and which does not materially interfere with or materially impair the use or transferability of the property subject thereto or affected thereby (including any easements, rights of way, restrictions, ground leases, installations of public utilities, title imperfections and restrictions, reservations in land patents, riparian rights, or other similar Liens) and any Lien in respect of which the related secured obligation has been included as a Liability Reimbursement Amount, (d) as to leaseholds, interests of the lessors thereof and Liens affecting the interests of such lessors, (e) any Lien set forth on Schedule 3.7(a) to this Merger Agreement and (f) any obligations imposed by the FCC which generally affect all holders of licenses granted by the FCC with respect to broadcast television.

“**Person**” means an individual, corporation, partnership, limited liability company, joint venture, joint stock company, association, trust, business trust, unincorporated organization, Government Authority, or any other entity of whatever nature.

“**Phase I Assessment**” has the meaning set forth in Section 4.4(b).

“**Phase II Assessment**” has the meaning set forth in Section 4.4(b).

“**Plan**” means (a) each “employee pension benefit plan” as defined in Section 3(2) of ERISA, (b) each “employee welfare benefit plan” as defined in Section 3(1) of ERISA, and (c) each other retirement, profit sharing, deferred compensation, incentive compensation, bonus, stock option, stock purchase, severance pay, unemployment benefit, vacation pay, health, life or other insurance plan, Section 125 cafeteria plan or flexible benefit arrangement or other employee benefit plan, program, agreement or arrangement.

“**Planned Distributions**” has the meaning set forth in Section 4.2(i).

“**Post-Retirement Obligations**” means the obligations Lamco and its Subsidiaries have to certain former officers, directors and employees (and their eligible dependents) who are retired (including those described in Policy 300.12 and 300.13 of Appalachian’s employment policy manual) for healthcare and life insurance benefits as described on Schedule 1.1(b) hereto.

“**Potential Transaction**” has the meaning set forth in Section 4.3(a)(ii).

“**Proprietary Rights**” means (a) Intellectual Property, (b) trade secrets and confidential business information (including ideas, formulas, compositions, inventions (whether patentable or unpatentable and whether or not reduced to practice), know-how, research and development information, software, drawings, specifications, designs, plans, proposals, technical data, copyrightable works, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information), (c) other proprietary rights, (d) copies and tangible embodiments thereof (in whatever form or medium), and (e) licenses granting any rights with respect to any of the foregoing.

“**Rabbi Trust**” means those certain trusts established or which may be established by Lamco and its Subsidiaries prior to the Closing to hold certain assets to fund the Deferred Compensation Obligations and Post-Retirement Obligations.

“Real Estate” means the Owned Real Estate and the Leased Real Estate.

“Real Estate Leases” means all real estate leases of Lamco and its Subsidiaries, together with any leasehold improvements thereon and fixtures therein and all other rights, subleases, licenses, permits, deposits and profits appurtenant or related to such leases.

“Release Date” has the meaning set forth in Section 9.10.

“Response Period” has the meaning set forth in Section 2.3(c).

“Schedules” has the meaning set forth in Article III.

“Share Certificate” has the meaning set forth in Section 2.6(a).

“Shareholders” means the record owners of the Shares.

“Shareholders’ Adjustment Date Amount” means an amount determined by dividing (a) the Aggregate Adjustment Amount by (b) the number of Converted Shares outstanding at the Effective Time.

“Shareholders’ Closing Date Amount” means an amount determined by dividing (a) the Closing Date Remaining Cash Amount by (b) the number of Converted Shares outstanding at the Effective Time.

“Shareholders’ Indemnification Release Amount” means an amount determined by dividing (a) the Aggregate Indemnification Release Amount by (b) the number of Converted Shares outstanding at the Effective Time.

“Shareholders’ Merger Consideration” has the meaning set forth in Section 2.4(a).

“Shareholders’ Representatives” shall mean Andrew Stabler, James Lamade and Bernard Kolczynski or any other Person designated as such pursuant to Section 9.3.

“Shares” means all issued and outstanding shares of capital stock of Lamco, including (without duplication) Shares represented by stock certificates and shares represented by Voting Trust certificates.

“Shortfall Amount” has the meaning set forth in Section 4.11.

“Sites” has the meaning set forth in Section 3.18.

“Station” has the meaning set forth in the first Recital.

“Subsidiary” has the meaning set forth in the first Recital.

“Subsidiary Ownership Loss” means any Damages resulting directly from any inaccuracy or misrepresentation in Section 3.3 as of the Effective Time in respect of the ownership of shares of any Subsidiaries.

“**Superior Proposal**” means a Potential Transaction on terms and conditions determined by the Board of Directors of Lamco, in its good faith judgment, to be more favorable to the shareholders of Lamco than the Merger.

“**Support Data**” has the meaning set forth in Section 4.11.

“**Support Documents**” has the meaning set forth in Section 2.3(b).

“**Surviving Corporation**” means, following the Effective Time, Lamco Communications, Inc., which is the entity intended by the parties to be the surviving corporation after consummation of the Merger.

“**Target Working Capital Amount**” means the amount set forth on Schedule 1.1(e) hereto.

“**Tax**” or “**Taxes**” means any federal, state, county, provincial, local or foreign income, gross receipts, sales, use, ad valorem, employment, transfer, gains, profits, excise, franchise, property, capital stock, premium, minimum and alternative minimum or other taxes, levies, duties or assessments imposed by any Governmental Authority (whether payable directly or by withholding), together with any interest, penalties (civil or criminal), additions to or additional amounts imposed by, any Governmental Authority with respect thereto.

“**Tax Return**” means a report or return required to be supplied to a Governmental Authority with respect to any Tax.

“**Third-Party Claim**” has the meaning set forth in Section 9.4.

“**Trade-Out Agreements**” means all Contracts for the sale of advertising time on the Stations pursuant to which payment is to be made to the Station other than in cash.

“**Transfer Application**” refers to the application or applications which Lamco and its Subsidiaries on the one hand and Buyer and New Bern License Co. on the other hand, will join in and file with the FCC requesting its unconditional written consent to the transfer of control of the FCC Licenses for the Stations.

“**Transmittal Letter**” has the meaning specified in Section 2.6(a).

“**Voting Trust**” means the Voting Trust Agreement made between certain Shareholders, Lamco, and the Voting Trustees dated June 1, 2000.

“**Voting Trustees**” means James H. Lamade, Howard J. Lamade, Jr. and Andrew W. Stabler, who are the voting trustees appointed and serving under the Voting Trust.

“**WCTI**” has the meaning set forth in the first Recital.

“**WCYB**” has the meaning set forth in the first Recital.

“**Working Capital Adjustment**” has the meaning set forth in Section 2.3.

ARTICLE II
CLOSING;
CONVERSION OF SHARES

Section 2.1. The Merger.

(a) Closing. Subject to the terms and conditions of this Merger Agreement and in accordance with the PBCL, the closing (the “**Closing**”) of the merger and transactions contemplated hereby shall take place at the offices of Lamco at 460 Market Street, Williamsport, Pennsylvania, or such other place as the parties may mutually agree to in writing, at 10:00 a.m., local time, on the fifth Business Day after the conditions set forth in Article VII and VIII have been duly satisfied or waived (other than those conditions which require delivery at Closing) or on such other date, time and place as the Buyer and Lamco shall mutually agree (such fifth Business Day or other agreed upon date being referred to herein as the “**Closing Date**”).

(b) Merger Effects.

(i) The merger shall be effective, for corporate law purposes, at the time and on the date of the filing of Articles of Merger in accordance with the PBCL (the “**Effective Time**”). Following the merger, Lamco shall continue as the Surviving Corporation under the laws of Pennsylvania and the separate corporate existence of Buyer shall cease. The Articles of Merger shall be filed so as to be effective as of the Closing Date with the Pennsylvania Department of State and any other filing agency of any other state as required by law.

(ii) The Merger shall have the effects set forth in Section 1929 of the PBCL.

(iii) The Articles of Incorporation of Lamco as in effect immediately prior to the consummation of the Merger shall be the Articles of Incorporation of the Surviving Corporation, unless and until thereafter amended as provided by law.

(iv) The By-laws of Buyer as in effect immediately prior to the consummation of the Merger shall be the By-Laws of the Surviving Corporation, unless and until thereafter amended as provided by law.

(v) Upon consummation of the Merger, the directors and officers of the Buyer immediately prior to the Merger shall become the directors and officers of the Surviving Corporation.

Section 2.2. Merger Consideration.

(a) The merger consideration payable to the Shareholders (other than holders of Dissenting Shares) will be equal to the product of (i) Aggregate Base Purchase Price, as adjusted

by the Funding Amount or Shortfall Amount as provided in Section 2.3(a) and by the Adjustments required pursuant to Section 2.3 hereof multiplied by (ii) one minus the Dissenting Share Fraction (the “**Merger Consideration**”).

(b) Prior to the Effective Time, Lamco and Buyer shall designate an Agent to act as paying and escrow agent in effecting, among other payments, the payment of the Merger Consideration to the holders of Converted Shares in accordance with Section 2.4. The Agent shall be appointed as such pursuant to the Agency Agreement.

(c) At the Closing, Buyer shall deposit in trust with the Agent (i) for the sole benefit of the Shareholders (other than holders of Dissenting Shares), an amount equal to the Closing Date Remaining Cash Amount in Account A and (ii) an amount equal to the Escrowed Indemnification Amount in the Indemnification Escrow Account. Said amounts shall be maintained in two separate trust accounts. All funds so deposited with the Agent shall be held in trust and disbursed by the Agent on the terms and subject to the conditions set forth in this Merger Agreement and the Agency Agreement. In the event of conflict between the terms of this Merger Agreement and the Agency Agreement, the terms of this Merger Agreement shall control.

(d) Any funds deposited with the Agent pursuant to this Section 2.2 or Section 2.3 (together with any earnings thereon) that shall not have been applied or released by the Agent prior to the 90th day following the Escrow Termination Date shall be returned by the Agent to the Surviving Corporation, and any former Shareholders who thereafter remain entitled in accordance with the terms of this Merger Agreement to receive the Merger Consideration or any portion thereof shall thereafter look only to the Surviving Corporation for payment of the same, without any interest thereon, but shall have no greater rights against the Surviving Corporation than may be accorded to general creditors thereof under applicable law. Notwithstanding the foregoing, neither the Agent nor the Surviving Corporation shall be liable to any former Shareholder for any cash or interest thereon delivered to a public official to the extent required by applicable abandoned property laws.

Section 2.3. Calculation of Merger Consideration; Adjustment.

(a) The Merger Consideration shall be calculated by (i)(A) increasing the Aggregate Base Purchase Price by the Aggregate Positive WC Adjustment Amount or (B) decreasing the Aggregate Base Purchase Price by the Aggregate Negative WC Adjustment Amount, as applicable (either (A) or (B) is the “**Working Capital Adjustment**”), (ii) decreasing the Aggregate Base Purchase Price by the Funding Amount or the Shortfall Amount, if any, and (iii) decreasing the Aggregate Base Purchase Price by the Liability Reimbursement Amount.

(b) Lamco shall prepare and submit to Buyer, not later than five (5) Business Days prior to the Closing Date, a written good faith estimate of the amount of the Working Capital Adjustment and the Liability Reimbursement Amount (each an “**Adjustment Item**” and together the “**Adjustments**”) and the resulting Merger Consideration (the “**Estimate**”). The Funding Amount or Shortfall Amount, if any, determined in accordance with Section 4.11 shall be final and conclusive for all purposes of this Agreement. The Estimate shall be accompanied by detailed supporting documents, work papers and other data supporting each Adjustment Item

(“**Support Documents**”). The Estimate shall be based upon the books and records of Lamco. The Estimate shall be accompanied by a certificate signed by the President or Chief Financial Officer of Lamco certifying in his capacity as such officer that the Adjustments and the Estimate were prepared from the books and records of Lamco and in accordance with the provisions of this Section 2.3. After the delivery of the Estimate and Support Documents and prior to the Effective Time, Lamco and Buyer shall attempt to resolve any disputes among themselves with respect to the Estimate. In connection therewith, Buyer shall have full access to all Lamco’s books and records related to Lamco’s proposed Adjustments. Prior to the Effective Time, Buyer shall advise Lamco in writing as to any dispute Buyer has with the Estimate and shall provide Lamco with Buyer’s calculation of each Adjustment Item and the Merger Consideration, accompanied by a certificate signed by the President or Chief Financial Officer of Buyer certifying in his capacity as such officer that Buyer’s calculations were made in good faith and in accordance with the provisions of this Section 2.3 and shall be accompanied by Support Documents (“**Buyer’s Estimate**”). In the event Buyer’s Estimate of the Merger Consideration is less than \$150,000 less than the Estimate, the Closing shall proceed with the Merger Consideration based upon the Estimate. In the event that Buyer’s Estimate of the Merger Consideration is more than \$150,000 less than the Estimate, then the mid-point between the Estimate and Buyer’s Estimate shall be used for purposes of computing the Merger Consideration for purposes of Closing and the Closing shall proceed on that basis; provided, however, Buyer shall fund the full amount of the Estimate with the Agent for deposit to Account A (the amount funded in excess of the mid-point between the Estimate and Buyer’s Estimate, the “Excess Amount”). The Excess Amount shall not be considered Merger Consideration for purposes of Closing.

(c) Within 60 days after the Effective Time, Buyer shall deliver to the Shareholders’ Representatives a certificate (the “**Closing Certificate**”) signed by the President or Chief Financial Officer of Buyer providing the Adjustments to be made pursuant to this Section 2.3, including any changes in any Adjustment Item used to determine the initial Merger Consideration at Closing, together with Support Documents relating to such Closing Certificate and such other supporting evidence as the Shareholders’ Representatives may reasonably request either prior to or after delivery thereof. If Buyer fails to deliver a Closing Certificate to the Shareholders’ Representative within such 60-day period, the Estimate, and the calculation of the Merger Consideration set forth therein, shall be final and binding on Buyer, Lamco and the Shareholders and the Excess Amount together with all earnings thereon shall be considered Merger Consideration and immediately distributed to the Shareholders. If the Buyer delivers the Closing Certificate to the Shareholders’ Representatives within the required 60 day period, the Shareholders’ Representatives shall, within 30 days after their receipt of the Closing Certificate (such 30 day period being referred to as the “**Response Period**”), deliver to Buyer a written statement of any discrepancies or disputes as to the Adjustment Items asserted by the Shareholders’ Representatives. If the Closing Certificate is delivered to the Shareholders’ Representatives and the Shareholders’ Representatives fail to so notify Buyer of any discrepancies or disputes, or if they deliver notice to Buyer that no discrepancy or dispute exists, then the calculation of the Merger Consideration set forth in Buyer’s Closing Certificate shall be controlling for all purposes hereof, and (i) if the Merger Consideration reflected in the Closing Certificate exceeds the Merger Consideration used for purposes of Closing pursuant to Section 2.3(b), then Buyer shall deposit in Account A an additional amount which, together with

the Excess Amount (together with earnings thereon), shall equal the amount Buyer is obligated to pay in accordance with the Closing Certificate, or (ii) if the Merger Consideration used for purposes of Closing pursuant to Section 2.3(b) exceeds the Merger Consideration reflected in the Closing Certificate, then the Shareholders' Representatives and Buyer shall give a joint written instruction to Agent to cause Agent, on behalf of the Shareholders as a withdrawal of funds from Account A to the extent of the Excess Amount with any balance from the Indemnification Escrow Account, to pay to the Buyer the amount that the Agent is obligated to repay (on behalf of the Shareholders) in accordance with the Closing Certificate. Any such payment by Buyer or Agent (on behalf of the Shareholders) shall be made on or before the fifth Business Day following the expiration of the Response Period. In the event that the Shareholders' Representatives notify Buyer of discrepancies or disputes within the Response Period, then on or before the fifth Business Day following the date that the Buyer receives Shareholders' Representatives' statement of discrepancies or disputes, the Buyer or the Agent, as the case may be, shall pay to the other the amount, if any, as to which there is no discrepancy or dispute as follows: (A) if the Merger Consideration reflected in the Closing Certificate exceeds the Merger Consideration used for purposes of Closing pursuant to Section 2.3(b), then the Buyer shall pay the amount as to which there is no discrepancy or dispute by deposit into Account A of an amount which, together with the Excess Amount (and the earnings thereon), shall equal the amount Buyer is obligated to pay in accordance with the Closing Certificate or (B) if the Merger Consideration used for purposes of Closing pursuant to Section 2.3(b) exceeds the Merger Consideration reflected in the Closing Certificate, then the Shareholders' Representatives and Buyer shall give a joint written instruction to Agent to cause Agent, on behalf of the Shareholders as a withdrawal of funds from the Indemnification Escrow Account, to pay such amount to the Buyer, as the case may be. Buyer and the Shareholders' Representatives shall use good faith efforts to jointly resolve their differences within 15 days of Buyer's receipt of the Shareholders' Representatives' written statement of discrepancies or disputes, which resolution, if achieved, shall be binding upon the parties and not subject to further dispute or review.

(d) In the event Buyer and the Shareholders' Representatives are unable to resolve their differences within such fifteen (15) day period, then any party to this Merger Agreement may request that the matter be resolved by KPMG's Wilmington, Delaware office so long as such firm is neither Lamco's accountant or Buyer's accountant (the "**Independent Accountants**"). In submitting a dispute to the Independent Accountants, each of the parties shall furnish, at its own expense, the Independent Accountants and the other party with such Support Documents and information as the Independent Accountants may reasonably request. Each party may also furnish to the Independent Accountants such other information and documents as it deems relevant with the appropriate copies and notification being given to the other party. The Independent Accountants may conduct, and at the request of either party shall conduct, a conference concerning the disagreements between the Shareholders' Representatives and Buyer at which conference each party shall have the right to present additional documents, material and other evidence and to have present its advisors, accountants and counsel. The Independent Accountants shall be bound by the determination of Funding Costs and Shortfall Amount, if any, made pursuant to Section 4.11. The Independent Accountants shall promptly render a decision on the issues presented, and such decision shall be final and binding on the parties hereto and the Shareholders. The fees and expenses of the Independent Accountants shall be divided equally between Buyer on the one hand and the Shareholders on the other (to be paid by Agent from the

Indemnification Escrow Account). Within five (5) days of the receipt of the Independent Accountants' decision with respect to such dispute and taking into account any payments to Buyer and deposits to Account A by Buyer pursuant to Section 2.3(c) and the Excess Amount, if Buyer is determined to owe an amount of additional Merger Consideration to the Shareholders, Buyer shall deposit such additional amount in Account A and Buyer and the Shareholders' Representative shall deliver the certificate to the Agent as required by Section 2(c) of the Agency Agreement and if the Shareholders are determined to owe a portion of the Merger Consideration previously received by them to Buyer, the Shareholders' Representatives and Buyer shall give a joint written instruction to Agent to cause Agent to pay such amount to Buyer by withdrawing such amount out of Indemnification Escrow Account on behalf of the Shareholders and shall release such portion of the Excess Amount as was not required to fulfill the payment of the Merger Consideration.

(e) In the event that Buyer (or the Surviving Corporation) performs a post-Closing audit of the opening balance sheet of the Surviving Corporation, the Shareholders' Representatives and their agents shall be afforded, at their own expense, the right to participate therein.

Section 2.4 Conversion of Shares. At the Effective Time, by virtue of the Merger and without any action on the part of any Shareholder.

(a) Each share of the common stock of Lamco, par value \$100 per share (the "Common Stock"), issued and outstanding at the Effective Time (other than shares of Common Stock held in Lamco's treasury and Dissenting Shares) (collectively, the "Converted Shares") shall be converted at the Effective Time into the right to receive, on the terms and subject to the conditions set forth in this Merger Agreement, (i) an amount in cash equal to the Shareholders' Closing Date Amount payable to the holder thereof on and after the Closing Date, (ii) an amount in cash equal to the Shareholders' Adjustment Date Amount, if any, payable following the final determination of the Merger Consideration pursuant to Sections 2.3(c) and (d), such amount, if any, payable by Agent from Account A and (iii) an amount in cash equal to the Escrowed Indemnification Amount divided by the number of Converted Shares outstanding at the Effective Time, subject to reduction in accordance with Article IX and payable in accordance with Section 9.8 (collectively referred to herein as the "Shareholders' Merger Consideration"). No interest shall be paid on any of the foregoing amounts, irrespective of the time of the actual payment thereof, but interest and earnings accrued on funds deposited with the Agent shall be distributed proportionately with the related principal amounts.

(b) At the Effective Time, all of the Converted Shares, by virtue of the Merger and without any action on the part of the Shareholders, shall be cancelled and retired and shall cease to exist, and the Shareholders shall thereafter cease to have any rights with respect to the Converted Shares except the right to receive the Shareholders' Merger Consideration (whether upon consummation of the Merger or upon release of the Shareholders' Merger Consideration held in escrow pursuant to the Agency Agreement) in accordance with this Merger Agreement.

(c) Each share of Common Stock, if any, held in the treasury of Lamco immediately prior to the Effective Time shall be cancelled and retired and shall cease to exist, and no consideration shall be paid with respect thereto.

(d) Each share of common stock of Buyer shall be converted into one share of common stock of the Surviving Corporation.

(e) The stock transfer books of Lamco shall be closed on the Business Day immediately preceding the Closing Date and there shall not be any further registrations of transfers of any Shares thereafter on the records of Lamco.

(f) Each Share Certificate shall, following delivery of the Shareholders' Closing Date Amount with respect to the Converted Shares represented by such certificate, be forthwith cancelled.

Section 2.5. Distributions with Respect to Shares. No dividends or other distributions will be declared after the Effective Time with respect to the Shares.

Section 2.6. Payment for Converted Shares.

(a) Each record holder of a certificate that immediately prior to the Effective Time represented Converted Shares (a "Share Certificate") shall be provided with a form of letter of transmittal by Lamco (the "Transmittal Letter") and instructions for the use thereof to surrender such Share Certificate to the Agent for payment pursuant to this Section 2.6. The Transmittal Letter shall specify that delivery shall be effected, and risk of loss and title to Share Certificates shall pass, only upon proper delivery of Share Certificates (or an appropriate affidavit of loss in respect thereof) to the Agent in accordance with the terms of delivery specified in the Transmittal Letter and the instructions for the use thereof in surrendering Share Certificates.

(b) Each holder of Converted Shares immediately prior to the Effective Time shall be entitled to receive, upon surrender to the Agent for cancellation of the Share Certificate(s) that previously represented such Converted Shares, and subject to any required withholding of Taxes, the Shareholders' Merger Consideration into which such Converted Shares shall have been converted in the Merger, such payments to be made in accordance with the Agency Agreement, only if surrender of such Share Certificate(s) has been made and (i) in the case of the Shareholders' Closing Date Amount, as soon as practicable following the Effective Time, (ii) in the case of payment of any Shareholders' Adjustment Amount, as soon as practicable following the final determination of the Merger Consideration pursuant to Sections 2.3(c) and (d), and (iii) in the case of payment of any Shareholders' Indemnification Release Amount, as soon as practicable following the times set forth in Section 9.8, as applicable. As contemplated by the Agency Agreement, if a Shareholder delivers his, her or its Share Certificates, a properly completed Transmittal Letter and payment instructions (including wire transfer instructions if applicable) to the Agent at least three (3) Business Days prior to the Closing Date, the Shareholders' Closing Date Amount in respect of such Share Certificates so delivered will be paid to such Shareholder promptly following the Effective Time and in no event later than the Business Day following the Effective Time. Until surrendered to the Agent, each Share Certificate shall be deemed for all corporate purposes to evidence only the right to receive, in accordance with the terms of this Merger Agreement, the Shareholders' Merger Consideration

into which the Converted Shares previously represented thereby shall have been converted in the Merger.

Section 2.7. Dissenters' Rights.

(a) Notwithstanding any provision of this Merger Agreement to the contrary, shares of Common Stock issued and outstanding immediately prior to the Effective Time that are held by Shareholders who have properly exercised dissenter rights with respect thereto in accordance with Subchapter D of Chapter 15 of the PBCL or other applicable law ("**Dissenting Shares**") will not be converted into the right to receive the Shareholders' Merger Consideration pursuant to the Merger, but the holder thereof will become entitled to the right to receive such consideration as may be determined to be due to the holders of such Dissenting Shares in accordance with the provisions of such Subchapter D or other applicable law. If any holder of Dissenting Shares fails to perfect or effectively withdraws or loses such dissenters rights under such Subchapter D or other applicable law after the Effective Time, then (i) such holder will forfeit the right to payment of the fair value of such shares of Common Stock, (ii) such shares of Common Stock will no longer be Dissenting Shares and will be converted as of the Effective Time into the right to receive an amount equal to the Shareholders' Merger Consideration with respect to such shares as such holder otherwise would have been entitled to receive as a result of the Merger if such Dissenting Shares had been Converted Shares and (iii) Buyer will promptly pay to the Agent on behalf of such holder an amount equal to the sum of (x) the Shareholders' Closing Date Amount to be deposited in Account A, and once determined, (y) any Shareholders' Adjustment Amount to be deposited in Account A and (z) any Shareholders' Indemnification Release Amount to be deposited in the Indemnification Escrow Account.

(b) Lamco will give Buyer prompt notice of any written demand for payment of the fair value of shares pursuant to applicable law, withdrawals of demands for dissenter rights as described in Section 2.7(a), and any other related instruments received by Lamco, and the Buyer will have the right to participate in all negotiations and proceedings with respect to such demands. Prior to the Effective Time, Lamco will not, except with the prior written consent of Buyer, make any payment with respect to, or settle or offer to settle, any such demands. Notwithstanding anything to the contrary in this Section 2.7 if the Merger is terminated, rescinded or abandoned, then the right of any Shareholder to be paid the fair value of such Shareholder's Shares will cease.

(c) The Surviving Corporation will comply with all obligations of the PBCL with respect to Dissenting Shares.

Section 2.8. Deposit. Simultaneously with the execution of this Merger Agreement, Buyer shall deposit in a separate account (the "**Deposit Escrow Account**") as a good faith deposit the amount set forth on Schedule 2.8 (the "**Deposit**") with the Escrow Agent, to be held, invested and disbursed pursuant to the terms of the Deposit Escrow Agreement. If the Closing occurs, then the Deposit and all earnings on the Deposit shall be deposited with the Escrow Agent in Account A (and credited against and deducted from Closing Date Remaining Cash Amount to be paid at Closing by Buyer as set forth in Section 2.2 above). All payments by the Escrow Agent

with respect to the Deposit and the earnings thereon shall be made in accordance with the procedures and other provisions set forth in the Deposit Escrow Agreement.

Section 2.9. Withholding of Merger Consideration. Buyer and Lamco shall be entitled to deduct and withhold from the Merger Consideration paid pursuant to this Merger Agreement, such amounts as are required to be deducted and withheld under the Code or any other applicable provision of state, local or federal Tax law with respect to the making of such payment. To the extent that amounts are so withheld, such withheld amounts shall be paid over to the appropriate Tax authority when due and shall be treated for all purposes hereof as having been paid to such Person in respect of which such deduction and withholding was made.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF LAMCO

The disclosure schedules referenced in this Article III (the “Schedules”) are incorporated into this Merger Agreement by reference and are made an integral part hereof. Lamco represents and warrants to Buyer that:

Section 3.1. Organization and Standing. Lamco and the Subsidiaries are subsisting corporations organized, validly existing and in good standing under the laws of their states of incorporation. Lamco and each of the Subsidiaries is qualified as a foreign corporation to do business in, and is in good standing in, each state in which the properties owned, leased or operated, or the business conducted by such corporation requires such qualification, except such jurisdictions where a failure to be so qualified would not have a Material Adverse Effect. Lamco and the Subsidiaries have full corporate power and authority to carry on their businesses and the Stations’ businesses as they are now being conducted, and to own, lease and operate the assets owned, leased and being operated by them. Lamco has heretofore delivered to Buyer accurate copies of the articles of incorporation and by-laws (or similar organizational documents) of Lamco and each Subsidiary.

Section 3.2. Lamco Shares. Except as set forth on Schedule 3.2, the Shares have been duly authorized, validly issued, including in compliance with all applicable securities laws, and are fully paid and non-assessable and free of preemptive rights. Schedule 3.2 sets forth a table indicating the capitalization of Lamco. Such capitalization table sets forth for each class and series of capital stock (a) the authorized number of shares, (b) the issued and outstanding number of shares, (c) the name of each holder of record of shares, (d) the number and class or series of shares held of record by each holder, (e) the number of shares issuable upon the exercise, conversion or exchange of outstanding options and other securities, notes or rights convertible into such class and/or series of stock (collectively, the “Convertible Securities”), (f) the name of each holder of record of Convertible Securities and (g) the number of shares issuable upon the exercise, conversion or exchange of the Convertible Securities. Except as set forth on Schedule 3.2, there are no subscriptions, options, warrants, calls, rights, tag-along rights, drag-along rights, rights of first refusal, voting trusts or restrictions relating to the issuance, voting, sale or transfer by Lamco or, to Lamco’s Knowledge, its Shareholders of any shares of such capital stock or Convertible Securities, including rights of conversion or exchange under any outstanding securities or other instruments.

Section 3.3. Subsidiaries' Shares. The shares of the Subsidiaries have been duly authorized, validly issued, including in compliance with all applicable securities laws, and are fully paid and non-assessable and Lamco is the record and beneficial owner of all of the issued and outstanding shares of The DGH Company. The DGH Company is the record and beneficial owner of all of the issued and outstanding shares of all other Subsidiaries. Schedule 3.3 sets forth a table indicating the capitalization of each Subsidiary. Such capitalization table sets forth for each class and series of stock (a) the authorized number of shares, (b) the issued and outstanding number of shares, (c) the number of Convertible Securities, (d) the name of each holder of Convertible Securities and (e) the number of shares issuable upon the exercise, conversion or exchange of the Convertible Securities held by such holder. Except as set forth on Schedule 3.3, there are no subscriptions, options, warrants, calls, rights, tag-along rights, drag-along rights, rights of first refusal, voting trusts, proxies or restrictions relating to the issuance, voting, sale or transfer of any shares of such capital stock or Convertible Securities of any Subsidiary, including rights of conversion or exchange under any outstanding securities or other instruments.

Section 3.4. Authorization. Lamco has full corporate power and authority to execute and deliver and, subject to approval of the Merger by the Shareholders, expiration of the waiting period under the Hart-Scott Act and obtaining the Final Order to the transfer of control of the Stations and the other governmental and third party consents referred to in Schedule 7.5, perform its obligations under this Merger Agreement and consummate the Merger contemplated hereby. Except for approval of the Merger by the Shareholders, the execution, delivery and performance of this Merger Agreement and the consummation of the Merger contemplated hereby have been duly and validly approved by all necessary corporate and shareholder action of Lamco. This Merger Agreement has been duly executed and delivered by Lamco and constitutes a valid and binding obligation of Lamco enforceable in accordance with its terms subject to such approvals and to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws, rules or regulations relating generally to the rights of creditors and to laws, rules and regulations relating to general equitable principles (whether considered at law or in equity) and an implied covenant of good faith and fair dealing.

Section 3.5. FCC Licenses and Cable Systems. (a) Each of the Subsidiaries is the authorized legal holder of the FCC Licenses listed under its name in Schedule 3.5(a) hereto (none of which is subject to any restriction or condition which would limit in any material respect the operation of any Station as now operated and all of which expire on the dates set forth on Schedule 3.5(a)), with regular unconditional renewals thereof having been granted for the full license term. The FCC Licenses constitute all of the material licenses and authorizations required for and/or used in the operation of Stations as now operated, and the FCC Licenses are in full force and effect and, to the Knowledge of Lamco, are unimpaired by any act or omission of Lamco or any Subsidiary, or their respective officers, directors, employees or agents. Except as set forth in Schedule 3.5(a), there is not pending, or to Lamco's Knowledge, threatened, any action by or before the FCC to revoke, cancel, rescind, modify or refuse to renew in the ordinary course any of the FCC Licenses, or any investigation, Order to Show Cause, Notice of Violation, Notice of Apparent Liability or of Forfeiture or material complaint by or before the FCC against the Stations, the Subsidiaries, or Lamco. In the event of any such action, or the filing or issuance

of any such order, notice or complaint or knowledge of the threat thereof, arises after the date of the Original Agreement, Lamco shall notify the Buyer of same in writing within five (5) days, and shall take commercially reasonable measures to contest in good faith, or seek removal or rescission of such action, order, notice or complaint. All reports, forms, and statements required by law or regulation to be filed by Lamco with the FCC with respect to the Stations have been filed and are complete and accurate in all material respects. The Stations are operating in all material respects in accordance with the FCC Licenses, and in all material respects in compliance with the Communications Act of 1934, as amended (the “Communications Act”), and the Rules and Regulations of the FCC thereunder.

(b) Set forth on Schedule 3.5(b) is the following information concerning cable carriage with respect to the Stations:

(i) Schedule 3.5(b)(i) hereto contains a list of all cable television systems carrying the signal of each of the Stations;

(ii) Schedule 3.5(b)(ii) hereto contains a list of all Market Cable Systems on which each of the Stations, respectively, made a must-carry election for the current must-carry election period (by default or otherwise) and on which such Station is not currently carried;

(iii) Schedule 3.5(b)(iii) hereto contains a list of all retransmission consent agreements and/or copyright indemnification agreements that are in effect entered into on behalf of any Station and any multi-channel video distribution system;

(iv) Schedule 3.5(b)(iv) hereto contains a list of all retransmission consent elections that are in effect made by each of the Stations;

(v) Schedule 3.5(v) hereto contains a list of all Market Cable Systems, if any, which are carrying any Station and which have notified Lamco or the Station of such Market Cable System’s intention to delete the Station from carriage or to change the channel position of the Station on such cable system, other than pursuant to any agreement described in clause (c) above;

(vi) Schedule 3.5(b)(vi) hereto contains a list (with copies having been made available to Buyer) of each notice, if any, received by any Station from any Market Cable System alleging that the Station does not deliver an adequate quality signal, as defined in Section 76.55(c)(3) of the FCC Regulations, to such Market Cable System’s principal headend (other than any such notice as to which such failure has been remedied or been determined not to exist), and all further correspondence between the Station and any such Market Cable System relating to such notice;

(vii) Schedule 3.5(vii) hereto contains a list of all pending petitions for special relief to modify the area in which any Station is entitled to demand must-carriage pursuant to Sections 76.55(c) and (e) of the FCC Regulations; and

(viii) Schedule 3.5(b)(viii) hereto contains a list of must-carry complaints, if any, filed on behalf of any Station.

(c) Since acquiring Eagle as licensee of KCFW, to Lamco's Knowledge, Lamco has not received an offer in writing directed to the Board of Directors for the purchase of KCFW as a "stand-alone" station (other than as part of any group sale in connection with an offer to purchase KECI and KTVM), and during such period, KCFW, KECI and KTVM have been operated by Eagle as a "parent/satellite" combination.

Section 3.6. Financial Statements.

(a) Lamco has provided Buyer with the following:

(i) true and complete copies of the audited consolidated balance sheets of Lamco and its Subsidiaries as of December 31, 2001 and December 31, 2002 and the related audited statements of income, stockholders' equity and cash flows for the years then ended (collectively, the "**Historical Financial Statements**"); and

(ii) true and complete copies of the unaudited consolidated balance sheet (the "**Balance Sheet**") of Lamco and its Subsidiaries at October 31, 2003 (the "**Balance Sheet Date**") and the related unaudited consolidated statement of income for the 10-month period then ended (the "**Interim Income Statement**") (the Balance Sheet and the Interim Income Statement are collectively referred to herein as the "**Current Financial Statements**").

(b) Each of the Historical Financial Statements and Current Financial Statements was prepared in accordance with GAAP (except as applied or modified by the practices, policies and methodologies consistently applied by Lamco and its Subsidiaries and described on Schedule 3.6(b)) applied on a basis consistent with prior periods and past practices and, except that the Current Financial Statements do not include usual and customary year-end adjustments and omit certain footnotes and other presentation items required by GAAP (except as applied or modified by the practices, policies and methodologies consistently applied by Lamco and its Subsidiaries and described on Schedule 3.6(b)); each of the balance sheets included in the Historical Financial Statements and Current Financial Statements fairly presents in all material respects in accordance with GAAP (except as aforesaid) the financial condition of Lamco and its Subsidiaries as at the close of business on the date thereof; and each of the statements of income included in the Historical Financial Statements and Current Financial Statements fairly presents in all material respects in accordance with GAAP (except as aforesaid) the results of operations of Lamco and its Subsidiaries for the fiscal period then ended.

(c) Except as set forth on Schedule 3.6(c), from the Balance Sheet Date to the date of the Original Agreement neither Lamco nor any Subsidiary has:

(i) sold, assigned or transferred any of its assets having a fair market value in excess of \$50,000 except (w) pursuant to existing Contracts in the ordinary course of business consistent with past practice, (x) for assets sold or disposed of and replaced by other assets of comparable use and value, (y) for inventory sold in the ordinary course of business consistent with past practice and

(z) investment assets not being used or held for use in the operation of the Stations;

(ii) waived any material rights, other than in the ordinary course of business, or canceled any debts or claims involving more than \$50,000; or

(iii) entered into any other material transaction, except in the ordinary course of business (it being understood that Lamco and its Subsidiaries have continued and will continue to make capital improvements and purchase capital additions consistent with their budgets previously delivered to the Buyer (the "Capex Budgets")), or entered into any Contract (other than employee compensation arrangements in the ordinary course of business, consistent with past practice) with any officer or director of Lamco or its Subsidiaries, or to Lamco's Knowledge, any Affiliate of Lamco or its Subsidiaries;

(iv) suffered any material damage, destruction or casualty loss with respect to its assets or properties not covered by insurance;

(v) except for cash dividends or distributions on its Common Stock, declared or paid any dividend, made any distribution of any of its assets or redeemed or purchased any shares of its capital stock or other equity interest except as permitted under Section 4.2(i);

(vi) made any increases in the base compensation, bonuses, paid vacation time allowed or fringe benefits for its officers or key employees, except for normal periodic increases in base compensation made in the ordinary course consistent with past practices of Lamco or such Subsidiary, as the case may be;

(vii) to Lamco's Knowledge, suffered any material adverse change in its business relationship with any material supplier, material distributor or material network;

(viii) entered into any Contract under which it has outstanding Indebtedness for borrowed money in excess of \$5,000,000, or made any loan or advance to any Person other than advances to officers, directors, employees, consultants or agents of Lamco and its Subsidiaries for business expenses consistent with past practices;

(ix) made any material change in accounting procedures or practices;

(x) mortgaged or pledged any of its properties or assets, tangible or intangible, or subjected them to any Liens, except for Permitted Liens;

(xi) make or change any material election in respect of Taxes;

(xii) entered into any Contract to do any of the foregoing.

(d) The assets of Lamco and the Subsidiaries reflected in accordance with GAAP (except as applied or modified by the practices, policies and methodologies consistently applied by Lamco and its Subsidiaries and set forth on Schedule 3.6(b)) on the Balance Sheet are all of the assets, real and personal, tangible and intangible, currently held for use or used in the operation of the Stations as conducted during the twelve (12) months preceding the date of the Original Agreement.

(e) Lamco and its Subsidiaries on the date of the Original Agreement have no liabilities of any nature, whether absolute, contingent, known or unknown, which in accordance with GAAP (as applied or modified by the practices, policies and methodologies applied by Lamco and its Subsidiaries and set forth on Schedule 3.6(b)) would be required to be reflected on a consolidated balance sheet of Lamco and its Subsidiaries prepared as at the date of the Original Agreement except for liabilities (x) reflected or reserved against on the Balance Sheet or that would have been so reflected except for the practices, policies and methodologies consistently applied by Lamco and its Subsidiaries and set forth on Schedule 3.6(b) or (y) incurred since October 31, 2003 in the ordinary course of business or (z) set forth in Schedule 3.6(c).

Section 3.7. Title to Assets; Condition of Assets.

(a) Lamco and its Subsidiaries have good title to, and possession of, all assets purported to be owned by them, free and clear of all Liens other than Permitted Liens and Liens set forth in Schedule 3.7(a).

(b) As of December 31, 2002, all equipment and tangible personal property of Lamco and its Subsidiaries that individually had a net book value in excess of \$5,000 is listed in Schedule 3.7(b). After the date of the Original Agreement, Lamco and its Subsidiaries will not remove any of the assets of Lamco and its Subsidiaries from the Stations' premises except in the ordinary course of business.

(c) The tangible personal property, improvements to real property and fixtures (including broadcasting towers, whether or not affixed to real estate) of Lamco and its Subsidiaries currently being used or held for use by the Stations on the whole are in reasonable working order and repair, reasonable wear and tear excepted and are suitable for use in the ordinary course of business consistent with past practice. All such tangible personal property, improvements and fixtures and the state of maintenance thereof is in compliance in all material respects with the applicable rules and regulations of the FCC and with all other applicable statutes, ordinances, rules and regulations, federal, state and local.

Section 3.8. Insurance. Lamco has delivered previously to Buyer all existing policies of title, liability, directors' and officers', fire, workers' compensation and other forms of insurance (including bonds) which are presently in force. All such insurance policies are listed in Schedule 3.8. Lamco and the Subsidiaries have complied in all material respects with each of such insurance policies and binders and have not failed to give notice or present any known claim thereunder in a due and timely manner. Except as set forth in Schedule 3.8, there are no outstanding unpaid claims under any of such insurance policies or binders and neither Lamco nor

any Subsidiary has received any notice of cancellation or nonrenewal thereof. There is no material inaccuracy in any application for any such existing policies or binders which would reasonably be expected to materially adversely affect coverage thereunder. All premiums due and payable under any such insurance policies or binders have been duly paid or accrued by Lamco.

Section 3.9. Litigation. Except as set forth on Schedule 3.9, there is no judgment against Lamco, any of the Subsidiaries, or any of the Stations which has not been paid or which materially adversely affects their businesses or which questions the validity of any action taken or to be taken in connection with the Merger Agreement. Except for matters described on Schedule 3.9 and matters affecting the broadcasting industry or the economy generally, there is no litigation, action, claim, suit, judgment, proceeding or investigation pending, or to Lamco's Knowledge, threatened, in which Lamco, any of the Subsidiaries or any of the Stations are or, with respect to claims and investigations, could be named as parties defendant that (i) affects the businesses of Lamco and its Subsidiaries and would reasonably be expected to result in aggregate payments by Lamco and the Subsidiaries in excess of \$50,000, (ii) has the stated purpose of enjoining or preventing the consummation of this Merger Agreement or to recover damages by reason thereof (other than dissenters' rights proceedings), (iii) questions the validity of any action taken or to be taken pursuant to or in connection with this Merger Agreement (other than proceedings respecting dissenters rights, if any), or (iv) would have a material adverse effect upon the Transfer Application.

Section 3.10. Contracts. Schedule 3.10 sets forth a true and complete list of all Contracts to which Lamco and/or the Subsidiaries are parties, including, without limitation, all Trade Out Agreements, Contracts related to Indebtedness, programming and film Contracts, syndication Contracts, national sales representation Contracts, employment Contracts, retransmission (must carry) Contracts, distribution Contracts and network affiliation Contracts, other than (a) Contracts for the sale of time on Stations which are for cash at rate card values consistent with prior practices for the periods in question and with not more than twelve (12) months remaining in their terms or (b) Contracts which were entered into in the ordinary course of business and (x) which are terminable on thirty (30) days' notice or less without penalty or premium, or (y) which impose monetary obligations on Lamco or its Subsidiaries not in excess of \$50,000 and which impose no material restrictions on the operation of the Stations. All of such Contracts are valid, binding and enforceable in accordance with their terms by Lamco and its Subsidiaries and neither Lamco nor any of the Subsidiaries is in material default under any of such Contracts. Subject to the receipt of the consents referred to below, no event has occurred which but for the passage of time or giving of notice or both would constitute a default under any such Contracts by any of Lamco or the Subsidiaries and neither Lamco nor any of its Subsidiaries have received any notice of default or termination under any such Contract. To Lamco's Knowledge, no other party is in material default under any of such Contracts. Subject to the receipt of the consents referred to below, the transfer of control provided for in this Merger Agreement would not affect the validity, enforceability and continuity of any of such Contracts or reduce the amounts payable to Lamco and/or the Subsidiaries thereunder or require the Consent of any Person in connection with such transfer of control except as reflected in Schedule 7.5 or Schedule 3.10.

Section 3.11. Insolvency. No insolvency proceeding of any character including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, concerning Lamco or the Subsidiaries or any of their assets or properties is pending or, to Lamco's Knowledge, threatened.

Section 3.12. Taxes and Reports.

(a) All Tax Returns of Lamco and the Subsidiaries that are required to be filed have been duly and timely filed (subject to extensions) with the appropriate Governmental Authorities. All Tax Returns of Lamco and the Subsidiaries becoming due between the date of the Original Agreement and the Closing Date will be duly and timely filed (subject to extensions). All such Tax Returns are (or, in the case of Tax Returns required to be filed prior to the Closing Date, will be) true, correct and complete in all material respects.

(b) All Taxes required to be paid by Lamco and the Subsidiaries have been, and prior to the Effective Time will be, fully and timely paid or accrued. With respect to any period for which Tax Returns of Lamco and the Subsidiaries have not been filed as of the Closing Date, or for which Taxes are not yet due or owing as of the Closing Date, Lamco and the Subsidiaries have made adequate provisions on their financial statements therefor in accordance with GAAP (except as described on Schedule 3.6(b)).

(c) Except as set forth on Schedule 3.12, there is no action, suit, proceeding, audit, investigation or claim now pending or, to Lamco's Knowledge, threatened, regarding any Taxes or any Tax Return of Lamco and the Subsidiaries. Except as set forth on Schedule 3.12, no examination of any Tax Return of Lamco and the Subsidiaries is currently in progress.

(d) Within the past 5 years, neither Lamco nor any Subsidiary has been a member of a group filing a consolidated federal income tax return or a combined, consolidated, unitary or other affiliated group Tax Return for state, local or foreign law purposes (other than a group the common parent of which is Lamco or as described on Schedule 3.12), and neither Lamco nor any Subsidiary has any liability for Taxes of any Person (other than Lamco and its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any corresponding provision of state, local or foreign law).

(e) Except as set forth on Schedule 3.12, there are no outstanding agreements or waivers extending the statutory period of limitation applicable to any Tax Return of either Lamco or any of its Subsidiaries for any period with respect to any Tax.

(f) There are no Liens for Taxes on the assets of any Company other than for current Taxes not yet due and payable.

(g) Lamco and the Subsidiaries have complied (and until the Closing Date will comply) in all material respects with all applicable laws, rules and regulations relating to the payment and withholding of Taxes (including, without limitation, withholding of Taxes pursuant to Sections 1441 and 1442 of the Code) and have withheld and paid (and, until the Closing Date, will withhold and pay) from employee wages, within the time and in the manner prescribed by

law, over to the proper governmental authorities all amounts required to be so withheld and paid over under all applicable laws.

(h) None of the Tax Returns filed by Lamco or any of its Subsidiaries during the five (5) years preceding the date of the Original Agreement contain a disclosure statement under former Section 6661 of the Code or Section 6662 of the Code (or any similar provision of state, local or foreign law).

(i) All material elections made during the five (5) years preceding the date of the Original Agreement with respect to Taxes affecting Lamco or any of its Subsidiaries, as of the date of the Original Agreement, are listed in Schedule 3.12.

(j) None of the shares of outstanding capital stock of Lamco or any of its Subsidiaries is subject to a “substantial risk of forfeiture” within the meaning of Section 83(b) of the Code. Except as set forth on Schedule 3.12, neither Lamco nor any Subsidiary is a party to any agreement, contract, arrangement or plan that has resulted or would result, separately or in the aggregate, in the payment of any amount for which a deduction would be disallowed or deferred under Section 162 or Section 404 of the Code.

(k) None of the assets of Lamco or any Subsidiary secure any debt the interest on which is tax-exempt under Section 103(a) of the Code. None of the assets of Lamco or any Subsidiary is “tax-exempt use property” within the meaning of Section 168(h) of the Code.

(l) Neither Lamco nor any Subsidiary is, or has been, a U.S. real property holding company (as defined in Section 897(c)(2) of the Code) during the five (5) years preceding the date of the Original Agreement.

(m) Neither Lamco nor any Subsidiary during the five years immediately preceding the date of the Original Agreement has been either a “controlled corporation” or a “distributing corporation” (within the meaning of Section 355(a)(1)(A) of the Code) with respect to a transaction that was described in, or intended to qualify as a tax-free transaction pursuant to, Section 355 of the Code.

(n) During the five (5) years immediately preceding the date of the Original Agreement, neither Lamco nor any Subsidiary has made or agreed to make any adjustment under Section 481 of the Code (or corresponding provision of state, local or foreign law) by reason of a change in accounting method or otherwise.

(o) Neither Lamco nor any Subsidiary has made any election within the five (5) years preceding the date of the Original Agreement under Section 1362 of the Code to be treated as an S corporation for federal income tax purposes or made a similar election under any comparable provision of any state, local or foreign law.

(p) Within the five (5) years preceding the date of the Original Agreement, neither Lamco nor any Subsidiary has been a party to any Tax sharing agreement or similar arrangement

(including, but not limited to, an indemnification agreement or arrangement) except among Lamco and its Subsidiaries.

Section 3.13. Employee Benefit Plans.

(a) Schedule 3.13(a) contains a true and complete list of all Benefit Plans. Lamco has delivered to Buyer a copy of each Benefit Plan, and, to the extent applicable, a summary plan description for each Benefit Plan, the most recent determination letter from the Internal Revenue Service, the most recent Form 5500 filed with the Internal Revenue Service with respect to each Benefit Plan and each trust agreement, group annuity contract or other funding or financing vehicle relating to any Benefit Plan (or if unwritten, a reasonably detailed description of such Benefit Plan).

(b) No existing Benefit Plan is a plan that is subject to Title IV of ERISA or 302 of ERISA or the minimum funding rules of Section 412 of the Code, and neither Lamco, any Subsidiaries nor any present ERISA Affiliate has within the six years (except in the case of Eagle, 5 years) preceding the date of the Original Agreement contributed to, sponsored or maintained, or been obligated to sponsor, maintain or contribute to, any such plan.

(c) Except as set forth on Schedule 3.13(c), the consummation of the transactions contemplated by this Merger Agreement will not in and of itself, (i) entitle any Person to any bonus, severance pay, unemployment compensation or any other payment, or (ii) accelerate the time of payment or vesting, or increase the amount of compensation due any such Person.

(d) Except as set forth on Schedule 3.13(d), there has been no material failure of any Benefit Plan that is a group health plan (as defined in Section 5000(b)(1) of the Code) to meet the requirements of Section 4980B(f) of the Code with respect to a qualified beneficiary (as defined in Section 4980B(g) of the Code).

(e) With respect to each Benefit Plan: (i) if intended to qualify under Section 401(a) of the Code, such plan so qualifies, and its trust is exempt from taxation under Section 501(a) of the Code and no event has occurred since the date of the most recent determination (other than the effective date of certain amendments to the Code the remedial amendment period for which has not expired) that would adversely affect the qualified status of any Benefit Plan; (ii) such plan has been administered and enforced in accordance with its terms and all applicable laws, regulations and rulings in all material respects; and (iii) no breach of fiduciary duty has occurred with respect to which Lamco and the Subsidiaries or any Benefit Plan may be liable or otherwise damaged in any material respect, including, without limitation, any liability pursuant to Sections 406 and 409 of ERISA or any civil penalty assessed pursuant to Section 502(i) or (l) of ERISA or a tax imposed pursuant to Section 4975 of the Code. There are no pending or, to Lamco's knowledge, threatened claims, actions or lawsuits by or on behalf of any Benefit Plan (other than a multiemployer plan, as defined in Section 3(37) of ERISA), by any employee or beneficiary covered under any such Benefit Plan, or otherwise involving any such Benefit Plan (other than routine claims for benefits).

(f) Neither Lamco nor any of its Subsidiaries will have as of the Closing Date any obligation, commitment or promise to any current officer, director, employee (or their dependents) to provide or continue any health and/or life insurance benefits (other than as required by COBRA or other applicable law) after such officer's, director's or employee's retirement or other termination of employment, except to certain of its current officers and directors are obligees of the Deferred Compensation Obligations (provided the obligation to any such officer and director for post-retirement health and/or life insurance benefits shall be taken into account in determining the Funding Amount or Shortfall Amount in accordance with Section 4.11 hereof to the extent not funded by an Insurance Product by the Closing Date).

Lamco and its Subsidiaries have reserved all rights necessary to amend or terminate each of the Benefit Plans that provide for post-retirement health and/or life insurance benefits for current employees (and their eligible dependents) without the consent of any participant, beneficiary or other dependent and without payment of any additional compensation or other amounts, additional vesting or acceleration of any benefits under any of such Benefit Plans.

(g) Neither Lamco, its Subsidiaries nor any ERISA Affiliate, at any time within the past five years, maintained, contributed to, or had any obligation to contribute to or had any liability with respect to a "multiemployer plan" as defined in Section 3(37) of ERISA.

(h) All contributions (including all employer contributions and employee salary reduction contributions) that are due with respect to any Benefit Plan have been made within the time periods prescribed by ERISA and the Code to each such Plan and all contributions for any period ending on or before the Closing Date which are not yet due have been made to each such Benefit Plan or accrued in accordance with the past custom and practice of Lamco and its Subsidiaries. All premiums or other payments which are due for all periods ending before the Closing Date have been paid or accrued with respect to each Benefit Plan.

(i) There are no agreements to which Lamco or any Subsidiary is a party which will provide payments to any Person which will be "excess parachute payments" under Section 280G (without regard to the exceptions set forth in Sections 280G(b)(4) and 280G(b)(5) of the Code) or Section 4999 of the Code for which the Buyer would have withholding liability or that would result in loss of tax deductions under Section 280G of the Code.

Section 3.14. Absence of Restrictions. Except as reflected in Schedule 3.14 and assuming approval of the Merger by the Shareholders and receipt of the consents contemplated by Schedule 7.5 or Schedule 3.10, the execution, delivery and performance of this Merger Agreement and the consummation of the Merger contemplated hereby by Lamco does not:

(a) Violate any provisions of law or governmental regulation applicable to Lamco or the Subsidiaries, or conflict with, result in the termination or breach of any term, condition or provision of, or constitute a default under (including, without limitation, with the giving of notice or the passage of time, or both), the Articles of Incorporation or By-laws of Lamco or the Subsidiaries, or assuming expiration of the waiting period under the Hart-Scott Act and receipt of the Material Consents listed on Schedule 7.5 or Schedule 3.10, of any material Contract by which Lamco, the Subsidiaries or the Stations are bound or to which the property and assets of

Lamco, the Subsidiaries or the Stations are subject, or result in the creation of any Lien upon the property or assets of Lamco, the Subsidiaries or the Stations or upon any of the Shares or any of the shares of capital stock of the Subsidiaries; or

(b) Subject to the receipt of the consents contemplated by Schedule 7.5 or Schedule 3.10, cause or result in the advancement or acceleration of maturity of any Indebtedness of Lamco, the Subsidiaries or the Stations, or the alteration or modification to the detriment of Lamco or any of its Subsidiaries of the terms, conditions or provisions of any material Contract by which Lamco, the Subsidiaries or the Stations are bound or to which the property and assets of any of them is subject.

Section 3.15. Real Property.

(a) Title to Real Property. Schedule 3.15 contains a complete list of each parcel of Real Estate, owned or leased, including a complete list of each Real Estate Lease. Lamco and/or the Subsidiaries have good title (insurable at standard ALTA rates (where such insurance is available with exceptions and exclusions usual and customary for ALTA title insurance in various states where the Owned Real Estate is located) in and to the Owned Real Estate, free and clear of all Liens, other than Permitted Liens and the Liens on Schedule 3.15. The Real Estate Leases are valid, binding, and enforceable, subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws, rules or regulations relating generally to the rights of creditors and to laws, rules and regulations relating to general equitable principles (whether considered at law or in equity) and an implied covenant of good faith and fair dealing, and are in full force and effect, and neither Lamco nor any Subsidiary nor, to Lamco's Knowledge, any other party thereto is in material default thereunder nor to Lamco's Knowledge has there occurred an event which, with or without notice, lapse of time or both would constitute any such material default. None of the Real Estate Leases will be affected, or terminate or lapse, by reason of this Merger Agreement or the Merger contemplated hereby.

(b) Condemnation. Neither Lamco nor any Subsidiary has been served with notice of any pending condemnation proceeding concerning any of the Real Estate; neither Lamco nor any Subsidiary has received a notice covering future condemnation; and neither Lamco nor any Subsidiary has any Knowledge that any of the Real Estate will be condemned.

(c) Zoning. Each parcel of Real Estate and any improvements thereon, including all antenna, tower and other transmission sites has (i) access for the purposes of (x) ingress and egress over public or private streets, and (y) construction, operation, maintenance, repair or replacement of any other equipment or facilities used by Lamco or its Subsidiaries pursuant to valid easements or pursuant to public rights of way and conforms in all material respects in its current use and occupancy to all material applicable zoning requirements.

(d) Other Contracts. There are no leases, rental agreements, or material Contracts for service or maintenance existing and relating to the occupancy or operation of the Real Property, except as disclosed in Schedule 3.10.

(e) Facilities. The transmitting facilities of the Stations, including the towers, antennas, guy lines, anchors, ground systems, base stations and all other related buildings, structures and appurtenances are located entirely within the confines of the parcel of Real Estate in which they relate (including within any required setbacks) except as specifically described in Schedule 3.15.

(f) Utilities. All utilities required for the operation of the Real Property and improvements thereon either enter the Real Property through adjoining public streets, or if they pass through adjoining private land, they do so in accordance with existing easements.

(g) Violations. The Real Estate and all related fixtures including the broadcast towers of Lamco and its Subsidiaries and their use of the same, (i) comply in all material respects with all laws, ordinances, codes, regulations and other requirements of Governmental Authorities, including, but not limited to, building and fire safety ordinances, codes, regulations and other requirements of such authorities (but excluding laws, ordinances, codes, regulations and other requirements of Governmental Authorities related to zoning, ERISA, and the protection of the environment) and (ii) comply in all material respects with the requirements, standards, rules and regulations of the FCC and the terms and conditions of all FCC Licenses. The transmitters for the Stations are operating in all material respects in accordance with the parameters established by the FCC and the Licenses. As of the date of the Original Agreement, there are no outstanding notices of violation of law or ordinances, orders or requirements issued by any Governmental Authority, or prosecutions on account thereof, materially adversely affecting the Real Property.

Section 3.16. Compliance with Applicable Laws. Except as set forth on Schedule 3.16, Lamco and the Subsidiaries currently comply in all material respects and are not in material default or violation of, or in material contravention of all statutes, laws, ordinances, decrees, orders, rules and regulations of all Governmental Authorities applicable to Lamco, the Subsidiaries or the Stations (excluding statutes, laws, ordinances, decrees, orders, rules and regulations of Governmental Authorities related to zoning, ERISA, and the protection of the environment) including, without limitation, the Communications Act and rules and regulations of the FCC.

Section 3.17. Intentionally Omitted.

Section 3.18. Environmental Matters.

(a) **Definitions**. As used in this Section, the following terms shall have the following definitions.

(i) **“Hazardous Materials”** means hazardous wastes, hazardous substances, hazardous constituents, toxic substances or related hazardous or toxic materials, whether solids, liquids or gases, including but not limited to substances defined as “hazardous wastes,” “hazardous substances,” “toxic substances,” “pollutants,” “contaminants,” “radioactive materials,” polychlorinated biphenyls, friable asbestos or other similar designations in, or otherwise subject to regulation under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the

Superfund Amendments and Reauthorization Act of 1986 (“CERCLA”), 42 U.S.C. 9601 et seq.; the Toxic Substance Control Act (“TSCA”), 15 U.S.C. 2601 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. 1802; the Resource Conservation and Recovery Act (“RCRA”), 42 U.S.C. 9601 et seq.; the Clean Water Act (“CWA”), 42 U.S.C. 7401 et seq.; or any similar federal, state or local environmental law; and in the rules, regulations or ordinances adopted, or other legally binding criteria and guidelines promulgated pursuant to the preceding laws (collectively the **“Environmental Laws”**), specifically including but not limited to petroleum or any fraction thereof.

(ii) **“Environmental Conditions”** means conditions of the environment, including the ocean, natural resources (including flora and fauna), soil, surface water, ground water, any drinking water supply, subsurface strata or the ambient air, relating to or arising out of the use, handling, storage, treatment, recycling, generation, transportation, release, spilling, leaking, pumping, pouring, emptying, discharging, injecting, escaping, leaching, disposal or dumping of Hazardous Materials at the Real Estate (**“Current Sites”**) or any other real estate previously owned or leased by Lamco or a current or former Subsidiary (the **“Former Sites”** and together with the Current Sites, the **“Sites”**) on or prior to the Closing Date. With respect to claims by current or former employees of Lamco or the Subsidiaries, Environmental Conditions also includes the exposure of persons to Hazardous Materials within a work place on the Sites.

(iii) **“Environmental Noncompliance”** means (A) the release of any Hazardous Materials into the environment, any storm drain, sewer, septic system or publicly owned treatment works, in material violation of any applicable Environmental Law; (B) any facility operations or procedures which do not substantially conform to the statutory or regulatory requirements of the CWA, the TSCA, the RCRA or any other Environmental Laws; (C) the operation of any facility or equipment in material violation of any environmental permit condition, schedule of compliance, or administrative or court order to which Lamco and its Subsidiaries are a party under any Environmental Law.

(iv) **“Environmental Claims”** means demands, suits, causes of action for personal injury or property damage (including any depreciation of property values or lost use of property) arising out of Environmental Conditions on account of Environmental Noncompliance; claims for the recovery of response costs, or administrative or judicial orders to which Lamco and its Subsidiaries are a party directing the performance of investigations, response or remedial actions under CERCLA, RCRA, or other Environmental Laws; a claim to implement “corrective action” pursuant to any order or permit issued pursuant to RCRA; claims for restitution, contribution or equitable indemnity from third parties or any governmental agency under any Environmental Law; fines, penalties and Liens against property under any Environmental Law; claims for injunctive relief or other orders or notices of violation of Environmental Laws from federal, state or local agencies or courts.

(v) **“Expenses”** means any liability, loss, out-of-pocket cost or out-of-pocket expense including, without limitation, costs of investigation, cleanup, remedial or

response action and the costs associated with posting financial assurances for the completion of response, remedial or corrective actions, the preparation of any closure or other necessary or required plans or analyses, or other reports or analyses submitted to or prepared by regulating agencies, including the cost of health assessments, epidemiological studies and the like, retention of engineers and other expert consultants, legal counsel, capital improvements necessary in connection with any testing, monitoring or remediation effort, and monitoring costs, power and utility costs and pumping taxes or fees, and administrative costs incurred by governmental agencies.

(b) Environmental Representations and Warranties. Except as set forth in Schedule 3.18,

(i) No Proceedings. There are no pending Environmental Claims to which Lamco or any Subsidiary is a party based on Environmental Conditions or Environmental Noncompliance at the Sites, or any part thereof, or otherwise arising from Lamco or any Subsidiary's activities at the Sites involving Hazardous Materials, including proceedings under CERCLA, RCRA, or any other Environmental Laws;

(ii) Environmental Compliance. There are no Environmental Conditions or facilities at the Current Sites that are owned by Lamco or any of its Subsidiaries that constitute or are in material Environmental Noncompliance. There are no Environmental Conditions or facilities at the Former Sites or the Current Sites that are leased by Lamco or any of its Subsidiaries that constitute or are in material Environmental Noncompliance that has been caused by Lamco or its Subsidiaries or, to Lamco's Knowledge, any other Person.

(iii) Asbestos. There are no structures, improvements or fixtures on the Current Sites which are constructed with, contain or use friable asbestos;

(iv) Polychlorinated biphenyls. No structure, improvements, equipment or fixtures at any of the Current Sites contain polychlorinated biphenyls;

(v) Releases. There are no facilities, operations, equipment or activities on the Current Sites owned by Lamco or any of its Subsidiaries which have resulted or currently result in the release of Hazardous Materials into the environment, except to the extent that such releases do not currently constitute a condition of Environmental Noncompliance. There are no facilities, operations, equipment or activities on the Current Sites leased by Lamco or any of its Subsidiaries which have resulted or currently result in the release of Hazardous Materials into the environment that has been caused by Lamco or any of its Subsidiaries or, to Lamco's Knowledge, any other Person, except to the extent that such releases do not currently constitute a condition of Environmental Noncompliance. There were no facilities, operations, equipment or activities on the Former Sites operated or caused by Lamco or a current or former Subsidiary or, to Lamco's Knowledge, any other Person which have resulted or currently result in the release of Hazardous Materials into the environment, except to the extent that such

releases do not currently constitute an Environmental Condition or a condition of Environmental Noncompliance.

(vi) Underground Storage Tanks. There are no underground storage tanks, or underground piping associated with storage tanks, being used for the management of Hazardous Materials at any of the owned or, to Lamco's Knowledge, leased Current Sites. No underground storage tanks used for other purposes at the Current Sites are in Environmental Noncompliance or constitute an environmental hazard; and

(vii) Reports. Lamco has delivered to Buyer all reports, data and analysis within its possession or control related to the investigation, status and/or remediation of Environmental Conditions on or related to the Sites.

Section 3.19. Transactions with Affiliates. Except as set forth in Schedule 3.19, neither Lamco nor any Subsidiary, directly or indirectly, (a) has borrowed money from, or loaned money to, any Affiliate of Lamco or any of its Subsidiaries which remains outstanding (other than among Lamco and its Subsidiaries), (b) has any interest in, uses or has any options or rights of any kind in or to any of the assets or properties of any Affiliate of Lamco or any of its Subsidiaries (other than among Lamco and its Subsidiaries), (c) purchases any material property or receives any material services from (other than services as a corporate officer or director), or sells any material property to, any Affiliate of Lamco or any of its Subsidiaries (other than among Lamco and its Subsidiaries), or (d) is a party to any Contract with any Affiliate of Lamco or any of its Subsidiaries (other than among Lamco and its Subsidiaries).

Section 3.20. Books and Records. All books, records, stock books and internal financial records of Lamco and the Subsidiaries have been made available to Buyer and were prepared in the ordinary course of business and consistent with Lamco and the Subsidiaries' normal practice, have been maintained in accordance with sound business practices and reflect the material transactions of Lamco in all material respects.

Section 3.21. Officers, Directors and Certain Authorized Persons. Schedule 3.21 to this Merger Agreement sets forth a complete and accurate list of:

(a) the names of all existing directors of Lamco and each Subsidiary (categorized by each company);

(b) the names and offices of all existing officers of Lamco and each Subsidiary (categorized by each company);

(c) the names of all Persons presently authorized to borrow money or incur or guarantee indebtedness on behalf of Lamco and each Subsidiary (categorized by each company);

(d) all safes, vaults and safe deposit boxes presently maintained by or on behalf of Lamco and each Subsidiary (categorized by each company) or in which their respective property is held, and the names of all Persons presently authorized to have access thereto;

(e) all existing bank accounts of Lamco and each Subsidiary (categorized by each company); and the names of all Persons who are presently authorized signatories and the terms of their authorizations; and

(f) the names of all Persons to which Lamco and each Subsidiary (categorized by each company) has granted a presently outstanding and enforceable power of attorney and the terms of any such powers of attorney.

Section 3.22. Intellectual Property and Proprietary Rights.

(a) Schedule 3.22(a) contains a complete and accurate list of the material Intellectual Property of Lamco and the Subsidiaries (categorized by company and by each category of Intellectual Property). The consummation of the merger contemplated hereby will not of itself result in the expiration or loss of any material Intellectual Property.

(b) Lamco and the Subsidiaries have good title to, or valid licenses to use, all material Intellectual Property used in their operation of their businesses. None of the owned Intellectual Property of Lamco and the Subsidiaries is subject to any Liens other than Permitted Liens.

(c) The business, assets and properties of Lamco and the Subsidiaries do not infringe upon the Proprietary Rights of any Person and to Lamco's Knowledge there are no present or threatened infringements relating to the Intellectual Property and the Proprietary Rights of Lamco and the Subsidiaries by any Person. Except as set forth on Schedule 3.22(c), within the past 2 years, none of the material Marks of Lamco and the Subsidiaries has been abandoned and none of the material Marks nor any material copyright of Lamco and the Subsidiaries is subject to any outstanding order, decree, judgment, stipulation or injunction restricting the scope of use thereof. Each of the registered Marks and registered copyrights set forth on Schedule 3.22(a) has been duly registered and such registrations remain in full force and effect. Except as set forth on Schedule 3.22(c), Lamco and the Subsidiaries have not granted any material license (other than such licenses for one-time or limited use granted in the ordinary course of business) to any Person to use any of the material Intellectual Property of Lamco and the Subsidiaries.

Section 3.23. Finders, Consultants and Brokers. There has been no finder, broker or consultant involved in the negotiations leading up to the execution of this Merger Agreement engaged by Lamco, and none of Lamco or any of its Subsidiaries has incurred or become liable for any finder's, broker's or consultant's fees or commissions in connection with the Merger contemplated hereby, except that Lamco has engaged the services of Kalil & Co. and shall be responsible for the payment of any commission thereto ("**Kalil Fee**").

Section 3.24. Advertisers and Suppliers. Schedule 3.24 sets forth a true and complete list of all (a) existing suppliers of Lamco and its Subsidiaries who supply programming to Lamco and its Subsidiaries and (b) existing advertisers who have purchased air time from any Station, in either case in an amount in excess of \$35,000 during the period from January 1, 2002 through the date of the Original Agreement.

Section 3.25. Disclosure. None of the representations and warranties of Lamco contained in this Article III as qualified by the Schedules delivered by Lamco hereunder contain or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements contained herein or therein not misleading in any material respect in light of the circumstances in which made.

Section 3.26. Exclusivity. THE REPRESENTATIONS AND WARRANTIES MADE BY LAMCO IN THIS MERGER AGREEMENT ARE IN LIEU OF AND ARE EXCLUSIVE OF ALL OTHER REPRESENTATIONS AND WARRANTIES, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS OR ADEQUACY FOR ANY PARTICULAR PURPOSE OR USE. LAMCO HEREBY EXCLUDES AND DISCLAIMS ANY SUCH OTHER OR IMPLIED REPRESENTATIONS OR WARRANTIES, NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO THE BUYER OR ITS OFFICERS, DIRECTORS, EMPLOYEES, STOCKHOLDERS, AGENTS, ADVISORS OR REPRESENTATIVES OF ANY DOCUMENTATION OR OTHER INFORMATION, IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

ARTICLE IV

COVENANTS OF LAMCO

Section 4.1. Affirmative Covenants regarding the Conduct of Business of Lamco. Between the date of the Original Agreement and the Closing Date, except as contemplated by this Merger Agreement, Lamco and its Subsidiaries shall:

(a) continue to operate (i) in the usual and ordinary course of business consistent with past practices; (ii) in all material respects in conformity with the FCC Licenses, the Communications Act and the rules and regulations of the FCC promulgated thereunder; and (iii) in all material respects in conformity with all other applicable laws, ordinances, regulations, rules and orders;

(b) use commercially reasonable efforts to (i) keep the business organization of Lamco and each of its Subsidiaries intact, (ii) retain the services of the key employees of Lamco and its Subsidiaries, (iii) preserve the operation of the Stations intact and preserve the business of the Stations' customers, advertisers, suppliers and others having business relations with the Stations and (iv) continue to conduct the financial operations of the Stations, including their credit and collection policies, with the same effort, to the same extent and in the same manner as in the prior conduct of the operations of the Stations;

(c) maintain its books and records in accordance with prior practice, maintain all of the tangible assets and Real Estate in their present condition, reasonable wear and tear in ordinary usage excepted, and maintain supplies of inventory and spare parts consistent with past practice;

(d) pay or cause to be paid or provide for all Taxes of or relating to Lamco and its Subsidiaries, their assets and operations, required to be paid to Governmental Authorities up to

the Closing Date and refrain from extending any statute of limitations with respect to any Taxes (other than with respect to the 2003 fiscal year);

(e) take reasonable steps necessary to protect the Stations broadcast signals from objectionable interference from other stations, including, without limitation, the filing of any and all necessary pleadings with the FCC to prevent same from continuing once known;

(f) take reasonable steps necessary to maintain in full force and effect, or renew when required, all FCC Licenses relating to the Stations;

(g) maintain insurance on the assets and property of Lamco and the Subsidiaries comparable to that maintained during the twelve (12) months prior to the date of the Original Agreement, and use the proceeds of any claims for loss under such policies, together with such other funds as may be required to repair, replace or restore to their former condition any assets or properties which may be damaged by fire or other casualty, all as soon as reasonably practical and subject to Section 11.14;

(h) continue to advertise, promote and market the Stations in the manner conducted during the twelve (12) months preceding the date of the Original Agreement, and in any event during the twelve months ending on the Closing Date, spend on advertising, marketing and promotion, on an aggregate basis, at least the same amount as was spent for advertising, marketing and promotion during the comparable period ending in 2003; provided, however, notwithstanding any other provision of this Merger Agreement, including the indemnification provisions of Article IX, the sole recourse of Buyer for Lamco's breach of the provisions of this clause shall be the reduction of the Merger Consideration provided for in the definition of Liability Reimbursement Amount;

(i) for the period ended December 31, 2003, make capital expenditures not less than the amount set forth in Capex Budgets (less \$125,000 related to the digital upgrade of K34FI, and for the period commencing January 1, 2004 through the Closing Date, make capital expenditures in an aggregate amount equal to the amount set forth on Schedule 4.1(i); provided, however, notwithstanding any other provision of this Merger Agreement, including the indemnification provisions of Article IX, the sole recourse of Buyer for Lamco's breach of the provisions of this clause shall be the reduction of the Merger Consideration provided for in the definition of Liability Reimbursement Amount;

(j) provide to the Buyer, reasonably promptly after filing thereof, copies of all reports to and other filings with the FCC; and

(k) notify Buyer in writing reasonably promptly after learning of the institution or threat of any material action against Lamco or any of its Subsidiaries in any court, or any action against Lamco or any of its Subsidiaries before the FCC or any other Governmental Authority, and notify Buyer in writing promptly upon receipt of any administrative or court order directed at Lamco or any of its Subsidiaries relating to the Stations.

Section 4.2. Negative Covenants of Lamco. Between the date of the Original Agreement and the Closing Date, except as contemplated by this Merger Agreement, Lamco and its Subsidiaries will not, without the prior written consent of Buyer:

(a) with respect to employees of Lamco or any of its Subsidiaries, (i) enter into or renew (other than with respect to at-will employees) any Contracts with such employees, (ii) increase the compensation or bonuses payable to or to become payable to any of such employees or (iii) effect any changes in the management, personnel policies or employee benefits, except in each case in accordance with existing practice and except in each case in the ordinary course of business consistent with past practices;

(b) create or assume any mortgage or pledge, subject to Lien (other than Permitted liens) any of their Real Property or other assets, whether now owned or hereafter acquired, or create, incur, assume, guarantee, contingently or otherwise, any Indebtedness for borrowed money other than (x) Indebtedness reflected on the Current Balance Sheet or (y) additional Indebtedness for borrowed money not to exceed \$5,000,000 in the aggregate;

(c) except for inventory sold in the ordinary course of business, investment assets not being used or held for use in the operation of the Stations (including the shares of Arraycom, Inc.), the Planned Distributions and the assets listed on Schedule 4.2(c), sell, assign, lease or otherwise transfer or dispose of any of their tangible assets or Real Estate whether now owned or hereafter acquired, other than in connection with replacements with assets of comparable use and value;

(d) renew, renegotiate, modify, amend, terminate, cancel or waive any material default or breach under any existing Contracts or enter into any new Contracts, including Contracts with any Affiliate of Lamco or any of its Subsidiaries, except Contracts with non-Affiliates entered into in the ordinary course of business consistent with past practice that individually do not involve (x) consideration payable by Lamco or its Subsidiaries of more than \$50,000 (except that purchases of capital items may exceed such limitation so long as the purchase thereof is not otherwise prohibited by this Merger Agreement) or (y) consideration payable to Lamco or its Subsidiaries of more than \$250,000;

(e) except as may be reasonably required to operate the Stations in accordance with the usual and ordinary course of business consistent with past practice, not permit any of the FCC Licenses to expire or to be surrendered, voluntarily modified in a manner adverse to Lamco and its Subsidiaries or take any action that would reasonably be expected to cause the FCC Licenses or any other Governmental Authority to institute proceedings for the suspension, revocation or limitation of rights under the FCC Licenses, fail to prosecute with due diligence any pending applications to any Governmental Authority, change the Stations call letters, apply for any construction permits with the FCC or make any material changes in the Stations' buildings, leasehold improvements and other improvements and fixtures on the Real Estate except as required hereunder;

(f) enter into any new collective bargaining agreement covering employees of Lamco or any of its Subsidiaries;

(g) change the corporate charters or bylaws of Lamco or the Subsidiaries, or change the current capital structure of Lamco or its Subsidiaries, including the issuance of any shares of Capital Stock or Convertible Securities that would increase the total number of Shares outstanding on the date of the Original Agreement;

(h) knowingly do or omit to do any act which will cause a material breach of, or material default under, or termination of, any material Contract to which Lamco or the Subsidiaries are parties;

(i) declare or pay any dividend or make any distribution of any kind upon any of the shares of capital stock of Lamco other than cash dividends or distributions on its Common Stock with respect to which the payment date thereof is prior to the Closing Date (the “**Planned Distributions**”), or redeem or repurchase any shares of Lamco’s capital stock having an aggregate redemption or repurchase price of more than \$2,000,000 for all such redemptions or repurchases;

(j) Settle any claim, action or proceeding involving any Liability for money damages exceeding \$50,000 or restrictions upon any of its operations;

(k) enter into a Contract to do any of the foregoing other than as permitted in clauses (a) – (j) above; or

(l) make or change any material election in respect of Taxes or adopt any new or change any existing accounting method or practice.

Section 4.3. No Solicitation. (a) From the date of the Original Agreement until the Closing or until the date that this Merger Agreement is terminated in accordance with Article X, Lamco will not, and will cause each of its Subsidiaries and each controlled Affiliate of Lamco and any such Subsidiary and each of their respective officers, directors, employees, representatives or agents (collectively “**Lamco Representatives**”) not to, directly or indirectly:

(i) solicit any proposal from, or initiate or engage in discussions or negotiations with, or agree with or enter into any Contract with, any Person or group of Persons other than the Buyer and its Affiliates and representatives, concerning any proposal to:

(x) acquire, directly or indirectly, through an asset or stock acquisition, merger, consolidation, combination, recapitalization or reorganization or other structure, Lamco, any of the Subsidiaries, any of the Stations, any group of material assets and properties of Lamco or the Subsidiaries, or any of the capital stock of Lamco or the Subsidiaries (other than as permitted by Section 4.2); or

(y) except as permitted by Section 4.2, enter into any other debt or equity financing, merger, consolidation, combination, recapitalization or reorganization of Lamco or the Subsidiaries (each such transaction described in clause (x) and (y), a “**Potential Transaction**”);

(ii) provide any information to any other Person in connection with any such Potential Transaction or where Lamco, any Subsidiary, any of their controlled Affiliates or Lamco Representatives has reason to suspect that the information may be utilized to evaluate any such Potential Transaction; or

(iii) otherwise cooperate in any way with, or assist or participate, facilitate or encourage, any effort or attempt by any other Person to do or seek any of the foregoing;

provided, however, that if, at any time prior to the earlier of the Effective Time or the approval of the Merger by the requisite vote of Lamco's shareholders at the Shareholders Meeting (such earlier date, the "**Merger Approval Date**"), the Board of Directors of Lamco determines in good faith, after consultation with outside counsel, that it is necessary to do so in order to comply with its fiduciary duties under applicable Law, Lamco may, in response to any written inquiry, proposal or other offer from any Person relating to a Potential Transaction which was not solicited subsequent to the date of the Original Agreement and which the Board of Directors determines in good faith is reasonably likely to result in a Superior Proposal, and subject to compliance with Section 4.3(c), (x) furnish information with respect to Lamco and its Subsidiaries to such Person pursuant to a customary confidentiality agreement (as determined by Lamco after consultation with its outside counsel) and (y) participate in negotiations regarding such Potential Transaction.

(b) Except as set forth in this Section 4.3, neither the Board of Directors of Lamco nor any committee thereof shall (i) withdraw or modify, or propose publicly to withdraw or modify, in a manner adverse to Buyer, the approval or recommendation by such Board of Directors of this Agreement, (ii) approve or recommend, or propose publicly to approve or recommend, any Potential Transaction or (iii) cause Lamco to enter into any letter of intent, agreement in principle, acquisition agreement or other similar agreement (each, a "**Competing Acquisition Agreement**") related to any Potential Transaction. Notwithstanding the foregoing, in the event that prior to the Merger Approval Date the Board of Directors of Lamco determines in good faith, after consultation with outside counsel, that it is necessary to do so in order to comply with its fiduciary duties under applicable Law, the Board of Directors of Lamco may (subject to this and the following sentences): (x) withdraw or modify in a manner adverse to Buyer its approval or recommendation of the Merger or (y) approve or recommend a Superior Proposal or terminate this Agreement (and concurrently with or after such termination, if it so chooses, cause Lamco to enter into a Competing Acquisition Agreement with respect to any Superior Proposal), but in each of the cases set forth in this clause (x) or (y), only at a time that is after the tenth Business Day following Buyer's receipt of written notice advising Buyer that the Board of Directors of Lamco has received a Superior Proposal, specifying the terms and conditions of such Superior Proposal and identifying the Person making such Superior Proposal.

(c) In the event that Lamco, any Subsidiary, any of their controlled Affiliates or representatives receives an unsolicited inquiry, proposal or offer with respect to a Potential Transaction, or obtains information that such an inquiry, proposal or offer is likely to be made, in addition to the obligations of Lamco in paragraphs (a) and (b) of this Section 4.3, Lamco will provide the Buyer with notice (orally and in writing) within two Business Days thereof and will notify the Buyer promptly of any subsequent developments with respect to such inquiries,

proposals or offers, which notices shall include the identity of the Person or Persons making such inquiry, proposal or offer and shall include all terms and conditions thereof. The obligations of Lamco pursuant to this Section 4.3 shall be binding upon their successors or assigns.

Section 4.4. Access and Information; Networks.

(a) Buyer shall have the right, itself or through its representatives, at mutually agreeable times during normal business hours, after reasonable notice (which may be oral) to Lamco, its Subsidiaries and their officers, directors and employees and without undue disruption to their normal business activities, to inspect the assets and properties of Lamco and its Subsidiaries (other than information which is subject to a legal privilege) and, subject to law, to inspect and make abstracts and reproductions of all books and records of Lamco and its Subsidiaries, including, without limitation, applications and reports to the FCC, all financial information of Lamco and its Subsidiaries, employee records, and engineering and environmental reports and Lamco shall furnish Buyer with such information respecting the assets, business and financial records of Lamco and its Subsidiaries as Buyer may, from time to time, reasonably request. In addition, Lamco shall provide Buyer and its representatives with access to Lamco's and its Subsidiaries' key management and engineering personnel in connection with Buyer's due diligence investigation. No investigation or findings of the Buyer shall diminish or affect the representations and warranties of Lamco hereunder or relieve Lamco of any obligation hereunder.

(b) Lamco acknowledges and agrees, subject to any restrictions placed thereon by an owner or lessor of any Real Estate involved, that Buyer may commission, at Buyer's cost and expense, a so-called "Phase I" environmental site assessment and environmental compliance assessment of each parcel of Real Estate used or owned by Lamco or any of its Subsidiaries (the "**Phase I Assessment**"). If the Phase I Assessment indicates that a so-called "Phase II" assessment (the "**Phase II Assessment**") or other additional testing or analysis of such real property is advisable, the Buyer may elect to cause its agents to conduct such testing and analysis at Buyer's cost and expense. Upon request of Lamco, Buyer will provide to Lamco and its counsel a copy of each Phase I Assessment and Phase II Assessment report. Such reports shall be kept confidential by the parties. Lamco will make commercially reasonable efforts to comply with any reasonable request for information made by Buyer or its agents in connection with any such investigation. Lamco will afford Buyer and its agents access to all operations of Lamco and its Subsidiaries at all reasonable times and in a reasonable manner in connection with any such investigation subject to any required approval of any applicable landlords, which approval Lamco will use its reasonable efforts to obtain. Should Buyer commission such an investigation, such investigation will have no effect upon the representations and warranties made by Lamco to Buyer under this Merger Agreement.

(c) Lamco shall allow Buyer at its expense the opportunity to conduct an engineering review of the Stations to confirm that the Stations comply with their Licenses and the regulations of the FCC and are otherwise in good condition and repair, reasonable wear and tear excepted.

(d) Lamco shall permit Buyer to actively participate in all meetings and discussions, telephonic or otherwise, with the television networks with which the Stations are affiliated (the "**Networks**") in connection with Lamco seeking to obtain the Networks' consent to the transfer

or assignment of the Stations' network affiliation agreements as contemplated by Section 7.5 (the "**Network Consents**"). Lamco shall use commercially reasonable efforts to provide Sandy DiPasquale, Buyer's representative, with advance notice (which may be telephonic) of any such meetings or discussions with the Networks for such purpose and to accommodate his schedule to the extent practical so that he may participate in such meetings and discussions. Buyer will cooperate with Lamco in good faith in connection with Lamco seeking the Network Consents. Lamco and Buyer will keep the other fully informed of material developments related to obtaining the Network Consents. Lamco shall provide Buyer a draft of any written request to the Networks seeking the Network Consents and allow Buyer a reasonable period to comment thereon. Buyer will respond in a timely manner to any draft written consent to a Network and if Buyer does not respond timely Lamco may proceed in such manner as Lamco determines to be appropriate in connection with obtaining such Network Consent.

Section 4.5. **Transaction Costs**. Lamco shall pay or accrue on or before the Closing Date (a) all transaction costs and expenses (including any legal, accounting, investment banking/brokerage (including the Kalil Fee) and other professional fees and expenses) that Lamco or its Subsidiaries incur and that are submitted for payment prior to the Closing Date in connection with the negotiation, execution and performance of this Merger Agreement and the consummation of the Merger contemplated hereby, whether or not the transactions contemplated hereby are consummated; and (b) one half of the costs of the Agency Agreement, the HSR Fee and FCC filing fees. Any other Lamco Transaction Expenses to the extent then known shall be accrued as a Current Liability prior to Closing and paid for by the Surviving Corporation. Lamco Transaction Expenses that are not paid for prior to the Closing Date or included as a Current Liability are herein referred to as "**Additional Expenses**". All Additional Expenses and all transaction costs and expenses incurred by the Shareholders Representatives in their capacity as such (including the costs of maintaining a temporary office, the cost of personnel and related costs and expenses) shall be paid for out of the Indemnification Escrow Account pursuant to the Agency Agreement. Neither Lamco nor the Surviving Corporation shall have any obligation for any transaction fees, costs or expenses incurred by a Shareholder in connection with the Merger, whether before or after the Effective Time.

Section 4.6. **Financial Statements**. Lamco covenants and agrees that during the period beginning immediately after the execution of the Original Agreement and ending immediately prior to the Effective Time, it shall provide Buyer, (a) within 20 days of the end of each calendar month, the unaudited consolidated balance sheet and income statement for such month, as applicable, for Lamco and its Subsidiaries ("**Interim Financial Statements**") and (b) on Tuesday of each week, the weekly pacing report for each of the Stations. The Interim Financial Statements will be true and correct in all material respects, will be prepared in accordance with GAAP (except as described on Schedule 3.6(b)) using the same accounting methods and procedures as used in the preparation of the Historical Financial Statements, except for the absence of footnotes and usual and customary and normally recurring year-end adjustments, and will present fairly in all material respects the financial position of Lamco and its Subsidiaries on a consolidated basis at the date indicated and the results of operations of Lamco and its Subsidiaries for such period.

Section 4.7. Employees. Nothing contained in this Merger Agreement shall confer upon any employee of Lamco or any Subsidiary any right with respect to continued employment by the Surviving Corporation or any Subsidiary following the Merger. No provision of this Merger Agreement shall create any third-party rights in any such employee, or any beneficiary or dependent thereof, with respect to the compensation, terms and conditions of employment and benefits that may be provided to such employee by the Surviving Corporation or under any benefit plan that the Surviving Corporation may maintain for its employees, except with respect to rights to indemnity provided under Section 9.11 hereof, the rights of the obligees of the Deferred Compensation Obligations.

Section 4.8. Supplemental Disclosure. Lamco shall promptly from time to time prior to the sixth Business Day prior to the Closing supplement in writing the Schedules hereto with respect to any matter hereafter arising that, if known as of the date of the Original Agreement, would have been required to be set forth or described in the Schedules hereto. If any such supplemental disclosure reasonably would be expected to result in an aggregate loss or liability to the Surviving Corporation for all such supplemental disclosures in excess of \$5,000,000, the Buyer shall be entitled to reject any of Lamco's supplemental disclosures made pursuant to this Section 4.8 for purposes of determining whether or not the condition to Closing set forth in Section 7.2 has been satisfied (it being understood that supplemental disclosures that Buyer does not have the right to reject pursuant to the foregoing provisions of this Section 4.8 will not by themselves be a basis for Buyer to assert that the condition to Closing set forth in Section 7.2 has not been satisfied). If the Buyer does not reject any such supplemental disclosure in writing within five Business Days following the Buyer's receipt thereof, the supplemental disclosure shall be deemed accepted by the Buyer solely for purposes of Section 7.2, and the condition to Closing set forth in Section 7.2 shall be deemed satisfied; provided that no such supplemental disclosure shall be deemed to modify or supplement any representations or warranties of Lamco hereunder for purposes of Buyer's rights to indemnification under Article IX hereof and any claim for indemnity in connection with any indemnifiable item covered by such supplemental disclosure shall be subject to the limitations thereof.

Section 4.9. Shareholder Approval. As soon as practicable but in any event within thirty (30) days following the date of the Original Agreement, Lamco will take all steps necessary to duly call, and hold a meeting of its shareholders, to be held no later than January 31, 2004, for the purpose of approving this Agreement and for such other purposes as may be necessary or desirable in connection with effectuating the Merger contemplated hereby, at which meeting Lamco will seek a vote by the shareholders of Lamco on approval and adoption of this Agreement and the Merger and other transactions contemplated hereby (the "**Shareholders Meeting**"). Time is of the essence with respect to holding the Shareholders Meeting. The Board of Directors of Lamco, subject to the provisions of Section 4.3(b) hereof, (i) will recommend to the shareholders of Lamco that they adopt this Agreement and approve the transactions contemplated hereby and (ii) will use its reasonable efforts (but not including soliciting proxies) to obtain any necessary adoption and approval by Lamco's shareholders of this Agreement and the transactions contemplated hereby. In connection with the Shareholders Meeting, Lamco shall not distribute any written material that would reasonably be construed to constitute a "proxy solicitation" relating to the Merger within the meaning of the Securities Act or any applicable state Securities Law without the written consent of Buyer, which consent will not be

unreasonably withheld or delayed. Lamco shall provide Buyer the proposed “proxy solicitation” material in advance and allow Buyer a reasonable period of time to review and comment thereon prior to the proposed distribution thereof.

Section 4.10. New Bern Transfer. Contemporaneously with the Closing, if Buyer requests, subject to the approval of the FCC, Lamco shall cause ENC Broadcasting to sell the New Bern License Assets to New Bern License Co. for \$4,000,000 (or such lesser amount as specified by Buyer) in cash pursuant to documentation prepared by Buyer and reasonably acceptable to Lamco. The New Bern transaction is being effected at the request of and for the sole benefit of the Buyer and shall have no adverse effect upon Lamco or the Lamco Shareholders. All representations, warranties, covenants and indemnities made by Lamco hereunder shall be read without giving effect to the transfer by ENC Broadcasting to New Bern License Co. of New Bern License Assets or to any agreement entered into by such parties in connection therewith, and neither the transfer of the New Bern License Assets contemplated thereby nor the representations, warranties, covenants or indemnities made by ENC Broadcasting to New Bern License Co. in connection therewith shall result in a breach of any representation, warranty or covenant or an indemnification obligation hereunder in respect thereof. Notwithstanding any other provision of this Merger Agreement to the contrary, (i) any Taxes, Liabilities or Indebtedness related to or arising from such sale shall be the sole responsibility of and paid for by the Buyer, (ii) any such Taxes, Liabilities or Indebtedness shall not be considered a liability of Lamco and its Subsidiaries for any purpose and shall be specifically excluded from the calculation of Net Working Capital, the determination of the Liability Reimbursement Amount and the Adjustments and for purposes of Section 3.12 and Article IX, any such Taxes, Liabilities or Indebtedness shall be deemed to be related solely to the period after the Effective Time, (iii) the cash paid by New Bern License Co. for the New Bern License Assets (x) shall be excluded from the calculation of Net Working Capital and from any calculation of the Adjustments, (y) shall remain in a bank account of ENC Broadcasting until after the Effective Time and (z) shall not be used by ENC Broadcasting for any purpose without Buyer’s express written approval, (iv) all risks and obligations related to the transfer of the New Bern Assets, including the related FCC Licenses, and the compliance of such transfer with applicable law shall be borne solely by Buyer, and (v) all costs and expenses of Lamco and its Subsidiaries directly related to compliance with the provisions of this Section 4.10 shall be for Buyer’s account and shall not be considered a Lamco Transaction Expense.

Section 4.11. Funding of Post-Retirement Obligations Prior to Closing.

(a) Lamco agrees that it is the parties’ intention that the entire cost of the Post-Retirement Obligations shall be borne by Lamco (and not the Surviving Corporation or its Subsidiaries) by providing for the funding of all of the Post-Retirement Obligations prior to the Closing Date through the purchase of an Insurance Product (as defined below) or through a reduction in the Aggregate Base Purchase Price. Lamco covenants and agrees to use commercially reasonable efforts to purchase one or more annuities or similar insurance products (collectively, an “**Insurance Product**”) by January 31, 2004 from an insurance company that is rated A+ or better by A.M. Best Company that will fund all present and future Post-Retirement Obligations (including, but not limited to, any premiums, claims incurred, expenses and service costs projected for both the healthcare benefits and the life insurance benefits) as and when such Post-Retirement Obligations are payable by the Surviving Corporation or its Subsidiaries. If an

Insurance Product is purchased by Lamco, the full cost thereof shall be paid by Lamco prior to the Closing Date without any payment obligation, deferred or otherwise, to be borne by the Surviving Corporation.

(b) Lamco shall notify Buyer in writing on or before January 31, 2004 whether Lamco has purchased an Insurance Product and, if such an Insurance Product is purchased, provide Buyer a true and complete copy thereof, the application therefor and all other data and information related to the Insurance Product and the Post-Retirement Obligations reasonably requested by Buyer and AON, Buyer's advisor, including retiree demographics and assumed healthcare and life insurance costs and interest rate and mortality rate assumptions (the "**Support Data**").

(c) If Lamco has not purchased an Insurance Product by January 31, 2004, Buyer and Lamco agree that the total amount of the present value of the liability for the Post-Retirement Obligations as of the expected Closing Date (the "**Funding Amount**") shall be determined by Marsh & McLennan Companies ("**Marsh**"). Buyer and Lamco agree to direct Marsh to make an independent determination of all present and future costs of satisfying the Post-Retirement Obligations (including, but not limited to, premiums, claims incurred, expenses and service costs projected for both the healthcare benefits and the life insurance benefits) using such assumptions as Marsh, in its good faith judgment, considers reasonable for the purpose of determining the most accurate cost projection, including mortality rates, interest rates and projected increases in healthcare and life insurance costs ("**Assumptions**"). Each of Lamco and Buyer shall furnish Marsh with such information as Marsh may reasonably request. Marsh shall be requested to render a decision on the Funding Amount within two (2) weeks of its appointment and such decision shall be final and binding upon Lamco and Buyer. The costs and expenses of Marsh shall be borne one-half each by Lamco and Buyer.

(d) If Lamco has obtained an Insurance Product by January 31, 2004, then within three (3) weeks following the delivery to Buyer of the Insurance Product and all of the Support Data in accordance with clause (b) above, Buyer shall advise Lamco in writing whether Buyer agrees that the Insurance Product will fully fund the present and future Post-Retirement Obligations. In the event Buyer determines that the Insurance Product will not, in Buyer's good faith judgment after consultation with AON, fully fund the Post-Retirement Obligations then Buyer and Lamco agree that the matter shall be submitted to Marsh for determination. Lamco and Buyer agree that Marsh shall be directed to make an independent determination of all present and future costs of satisfying the Post-Retirement Obligations using such Assumptions as Marsh in its good faith judgment considers reasonable for the purpose of determining the most accurate cost projection. Lamco and Buyer shall require Marsh to review and analyze the Insurance Product and Support Data and make a determination as to whether the Insurance Product will be sufficient to pay in full all present and future Post-Retirement Obligations (including but not limited to premiums, claims incurred, expenses and service costs projected for both the healthcare benefits and the life insurance benefits) as and when payable by the Surviving Corporation and its Subsidiaries and, if Marsh determines that the Insurance Product is insufficient to fully fund the obligations of the Surviving Corporation and its Subsidiaries for such Post-Retirement Obligations, Marsh shall calculate the present value on the Closing Date of the additional amount that would be necessary, when combined with the amounts the Surviving Corporation and its Subsidiaries or the employees, former employees and their beneficiaries and

dependents would receive (without duplication) pursuant to the Insurance Product in accordance with its terms to fully fund the obligations of the Surviving Corporation and its Subsidiaries for such Post-Retirement Obligations as and when payable (the "**Shortfall Amount**"). Lamco and Buyer shall use all reasonable efforts to cause Marsh to make such determination of the Shortfall Amount, if any, within two (2) weeks of the delivery of the Insurance Product and Support Data to Marsh. Marsh's determination of the Shortfall Amount, if any, shall be final and binding on the parties. The costs and expenses of Marsh shall be shared equally by Lamco and Buyer.

(e) Notwithstanding the foregoing provisions of this Section 4.11, to the extent that Lamco delivers to Buyer on or prior to January 31, 2004 releases from any of the obligees of the Post-Retirement Obligations (a "Releasing Person"), in form and substance reasonably satisfactory to Buyer, releasing Lamco and its Subsidiaries (and their successors and assigns) from any and all rights and claims with respect to the Post-Retirement Obligations, then Lamco shall not be obligated to obtain an Insurance Product covering such Releasing Person and the obligation to such Releasing Person will not be taken into account in determining the Funding Amount or Shortfall Amount. Any payment to be made to a Releasing Person in connection with obtaining such a release shall be paid in full prior to the Closing Date.

(f) Lamco will consult with Buyer concerning any termination of rights under the Benefit Plans referred to in Section 3.13(f).

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Lamco that:

Section 5.1. Organization and Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Pennsylvania and is qualified to do business in the state of its incorporation. Buyer has all necessary corporate power and authority to carry on its business as now being conducted and to enter into and perform this Merger Agreement.

Section 5.2. Authorization. Buyer has full corporate power and authority to execute and deliver and, subject to obtaining the Final Order and the termination of the waiting period under the Hart-Scott Act, perform its obligations under the Merger Agreement and consummate the transactions contemplated hereby. The execution, delivery and performance of this Merger Agreement and the consummation of the transactions contemplated hereby have been duly and validly approved by all necessary corporate action of Buyer. This Merger Agreement has been duly executed and delivered and constitutes a valid and binding agreement of Buyer enforceable in accordance with its terms subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and similar laws and law, rules or regulations relating generally to the rights of creditors general equitable principles (whether considered at law or in equity) and an implied covenant of good faith and fair dealing.

Section 5.3. Qualifications of Buyer. Each of Buyer and New Bern License Co. is legally and at the Closing each of Buyer and New Bern License Co. will be financially qualified

to be an FCC Licensee and to Buyer's knowledge, there are no facts with respect to Buyer that would prevent grant of the Transfer Application by the FCC without the necessity of any waiver of FCC rules or policies. Through the Closing Date, Buyer shall take no action that would require the FCC to waive any of its rules or policies in order to grant the Transfer Application.

Section 5.4. Litigation. No judgment has been issued against Buyer, nor is any litigation, action, suit, judgment, proceeding or investigation pending before any court or governmental body, department or agency of any kind, or to the knowledge of Buyer, threatened, to which Buyer is a party, (a) which has the stated purpose of enjoining or preventing the consummation of this Merger Agreement or the transactions contemplated hereby or to recover damages by reason thereof, (b) which questions the validity of any action taken or to be taken pursuant to or in connection with this Merger Agreement, (c) which would prevent Buyer from consummating the transactions contemplated hereunder or from being qualified to be the assignee of the Stations FCC Licenses or a controlling shareholder of the owner of the Stations, or (d) which would have a Material Adverse Effect upon the Transfer Application.

Section 5.5. Solvency. No insolvency proceeding of any character including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, concerning Buyer or any of its assets or properties is pending or, to the knowledge of Buyer, threatened. On the Closing Date, after giving effect to the transactions contemplated hereby, the Surviving Corporation and its Subsidiaries, on a consolidated basis, is and will be solvent, will be able to pay its debts as such debts become due, will have and continue to have funds and capital sufficient to carry on its business as now contemplated, and will own property having a value both at fair market valuation and at fair saleable value in the ordinary course of business greater than the amount required to pay its indebtedness and obligations as the same mature and become due.

Section 5.6. Absence of Restrictions. The execution, delivery and consummation of this Merger Agreement by Buyer do not conflict with, or result in a breach of, the terms, conditions or provisions of, or constitute a default under its Articles of Incorporation, bylaws, other charter documents, or any other Contracts, instruments, laws or regulations to which it is subject.

Section 5.7. Finders, Consultants and Brokers. There has been no finder, broker or consultant involved in the negotiations leading up to the execution of this Merger Agreement engaged by Buyer or its Affiliates and neither Buyer nor any of its Affiliates has incurred or become liable for any finder's, broker's or consultant's fees or commissions in connection with the transactions contemplated hereby.

Section 5.8 Financial Ability. The Buyer has furnished to Lamco correct and complete copies of a Credit Agreement pursuant to which Lender's have committed to provide the Buyer with senior credit facilities in an aggregate principal amount of at least the amount set forth on Schedule 5.8 ("**Senior Debt**"), representing all of the debt financing Buyer will require in order to consummate the Merger and fund the anticipated working capital needs of the Surviving Corporation and its Subsidiaries after the Closing Date. The Buyer has commitments from its shareholder to provide equity in an aggregate amount which, together with the Senior Debt, will be sufficient to pay all of the Merger Consideration as required by this Agreement, to make all

other necessary payments required of the Buyer in connection with the Merger contemplated hereby on the Closing Date, and to pay all related fees and expenses required to be paid by the Buyer.

ARTICLE VI

COVENANTS OF BUYER AND LAMCO

Section 6.1. Control of Stations. This Merger Agreement shall not be consummated until after the FCC has given its written consent and approval to the Transfer Application. Between the date of the Original Agreement and the Closing Date, Buyer, its employees or agents, shall not directly or indirectly control, supervise or direct or attempt to control, supervise or direct the operation of the Stations, and such operation shall be the sole responsibility of and in the complete discretion of Lamco.

Section 6.2. Application for FCC Consent and Approval. Lamco and Buyer shall join in and file the Transfer Application with the FCC as soon as practicable but in no event later than January 14, 2004. The parties will take all reasonable steps as may be necessary or proper expeditiously and diligently to prosecute the Transfer Application and to obtain final FCC approval of the Transfer Application, including the filing by Lamco or Eagle with the FCC of a certificate to the effect of the representation made in Section 3.5(c). Lamco and Buyer shall each bear their own expenses in connection with the preparation of the applicable sections of the Transfer Application and in connection with the prosecution thereof except that Buyer shall bear all expenses related to the transfer of the New Bern Assets. The parties shall share equally any filing fee required by the FCC to file the Transfer Application.

Section 6.3. HSR Approval. The parties hereto shall each cooperate and use their commercially reasonable efforts to prepare and file with the Federal Trade Commission (“**FTC**”) and the Department of Justice (“**DOJ**”) and other regulatory authorities as promptly as possible all requisite applications and amendments thereto together with related information, data and exhibits necessary to satisfy the requirements of the Hart-Scott Act. The parties agree to make the initial filing required under the Hart-Scott Act not later than January 31, 2004. Lamco and Buyer shall each pay one half of all filing fees in connection with any filings pursuant to this Section 6.3.

Section 6.4. Further Actions.

(a) Upon the terms and subject to the conditions set forth in this Merger Agreement, each of Lamco and Buyer shall act in good faith and use its commercially reasonable efforts to take, or cause to be taken, all appropriate action, and to do, or cause to be done, and to assist and cooperate with the other in doing, all things necessary under applicable laws to consummate the Merger contemplated hereby, including: (i) obtaining all necessary consents, approvals, licenses, permits, orders, actions or nonactions, waivers, authorizations, qualifications and registrations of any Governmental Authorities with competent jurisdiction over the transactions contemplated hereby and from third parties as set forth on Schedule 7.5 hereto, (ii) defending any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Merger Agreement or the consummation of the transactions contemplated hereby, including seeking to have vacated

or reversed any stay or temporary restraining order entered by any Governmental Authority prohibiting or otherwise restraining the consummation of the transactions contemplated hereby, and (iii) executing and delivering any additional instruments, certificates and other documents, in form mutually satisfactory to the parties, necessary or advisable to consummate the Merger contemplated hereby and to fully carry out the purposes of this Merger Agreement.

(b) Lamco hereby covenants and agrees to use commercially reasonable efforts to satisfy, or assist the Buyer in satisfying, the closing conditions set forth in Article VII prior to the Closing Date. Buyer hereby covenants and agrees to use all commercially reasonable efforts to (i) satisfy, or assist Lamco in satisfying, the closing conditions set forth in Article VIII prior to the Closing Date and (ii) execute and deliver any additional instruments, certificates and other documents necessary or advisable to consummate the transactions contemplated hereby and to fully carry out the purposes of this Merger Agreement.

Section 6.5. Public Announcements. Buyer and Lamco will consult with each other before issuing, and provide each other the opportunity to review, comment upon and concur with, any press release or other public statements with respect to the transactions contemplated by this Merger Agreement, including the Merger. Prior to the Effective Time, neither Buyer or Lamco shall issue any press release or make any public statement without the prior written consent of the other, except as may be required by applicable law or court process. The parties agree that the initial press release to be issued with respect to the transactions contemplated by this Merger Agreement shall be in the form heretofore agreed to by the parties.

Section 6.6 Certain Post-Closing Obligations. Buyer covenants and agrees that, from and after the Effective Time, Buyer will and will cause the Surviving Corporation to make or cause to be made all payments due under the Deferred Compensation Obligations and Post-Retirement Obligations to the extent not fully funded by the Annuities as such payments become due and payable in accordance with the terms thereof, and Buyer agrees that it will not take any action, or allow Surviving Corporation to take any action, that would restrict the making of or otherwise limit, reduce or modify in a manner adverse to the obligees of the Deferred Compensation Obligations, any such payment. Buyer further covenants and agrees, for itself and for its successors and assigns, including the Surviving Corporation, that it shall timely and fully (i) perform all obligations and pay all amounts due or to come due in respect of, or in connection with, and will take no action to terminate or modify (in a manner adverse to the obligees of the Post-Retirement Obligations) or otherwise adversely affect, the Post-Retirement Obligations and the benefits contemplated thereby, and (ii) pay when due any obligation in respect of which there has been an Adjustment pursuant to Section 2.3 whether by reason of inclusion of an item in Current Liabilities, in the Liability Reimbursement Amount or otherwise. The Buyer and Lamco agree that the Buyer (or the Surviving Corporation or any Subsidiary of the Surviving Corporation) may amend the Post-Retirement Obligations to clarify or provide that no employee hired by the Surviving Corporation or any Subsidiary of the Surviving Corporation after the Closing Date will be eligible to receive any post-retirement, healthcare, life insurance and other welfare benefits contemplated by the Post-Retirement Obligations. Buyer covenants and agrees to pay any 2004 GM Bonus.

ARTICLE VII

CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

The obligation of the Buyer to consummate the transactions contemplated hereby is subject to the fulfillment prior to and at the Closing Date of each of the following conditions, each of which may be waived insofar as Buyer is concerned (but only by an express written waiver) at the sole discretion of Buyer:

Section 7.1. FCC Approval. The FCC shall have given its unconditional written consent to the Transfer Application (excluding consent to the transfer of control to New Bern License Co. of the FCC Licenses related to the New Bern Assets) and such consent shall have become a Final Order, and shall not impose conditions on the Surviving Corporation following the Closing that are more onerous than those applicable to Lamco and the Subsidiaries as of the date of the Original Agreement or that diminish the operating rights of the Surviving Corporation with respect to the Stations in any material manner.

Section 7.2. Representations and Warranties. Each of the representations and warranties of Lamco contained in this Merger Agreement shall be true and correct in all respects on the date of the Original Agreement and as of the Closing Date as though such representations and warranties were made at such time, except (a) that (i) any representation or warranty that is expressly made as of a specified date shall be true and correct as of such specified date only and (ii) any representation or warranty that is not qualified by the application thereto of a materiality standard need be true only in all material respects and (b) for changes consented to in writing by the Buyer.

Section 7.3. Performance. Lamco and its Subsidiaries shall have in all material respects performed and complied with all covenants, agreements and conditions required by this Merger Agreement to be performed or complied with by them prior to and at the Closing Date.

Section 7.4. FCC Licenses. On the Closing Date (or in the case of the New Bern Assets until immediately prior to the Closing if Buyer has requested a transfer of the New Bern License Assets and such transfer has received FCC approval), the Subsidiaries shall be the holders of the FCC Licenses with regular unconditional renewals thereof. The FCC Licenses (a) shall be valid and existing authorizations in every respect for the purpose of operating the Stations, in full force and effect and validly held by the Subsidiaries, (b) shall have been issued or renewed by the FCC under the Communications Act for the full terms thereof and (c) shall contain no adverse modifications of the terms of the FCC Licenses. Except for proceedings that affect the broadcast television industry generally, no proceedings shall be pending or threatened against Lamco or any of its Subsidiaries which would be reasonably likely result in the revocation, cancellation, suspension or modification or non-renewal of any such FCC Licenses and neither Lamco and its Subsidiaries nor the Buyer shall have received any notice that any Governmental Authority may institute any such proceeding. The foregoing sentence shall not be applicable to the New Bern Assets if Buyer has requested that the New Bern Assets be transferred to New Bern License Co.

Section 7.5. Consents. Lamco shall have duly obtained and delivered to Buyer all of the material consents, approvals, licenses, permits, orders, actions, waivers, authorizations,

qualifications, and registrations of and filings with any Governmental Authority or any other Person which require consent to the valid transfer of control of Lamco or any of its Subsidiaries and the consummation of the Merger contemplated hereby (collectively, the “**Material Consents**”), all such Material Consents required to be delivered hereunder being set forth on Schedule 7.5, in each case such Material Consent to be in full force and effect at the Effective Time and granted on terms reasonably acceptable to Buyer.

Section 7.6. Litigation and Insolvency. No litigation, action, suit, judgment, proceeding or investigation shall be pending or outstanding before any court or other Governmental Authority which has the stated purpose of enjoining or preventing the consummation of this Merger Agreement or the transactions contemplated hereby or to recover damages by reason thereof, which questions the validity of any action taken or to be taken pursuant to or in connection with this Merger Agreement, or seeks to obtain substantial damages against the Buyer or Buyer’s Affiliates provided, however, the foregoing shall not apply to dissenters rights proceedings or actions taken by Buyer, its shareholders or their Affiliates. No insolvency proceedings of any character including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, relating to Lamco, a Subsidiary, or any of their assets or properties shall be pending, and Lamco shall not have taken any action in contemplation of the institution of any such insolvency proceedings.

Section 7.7. Hart-Scott Act. Any waiting period under the Hart-Scott Act applicable to the consummation of the Merger shall have expired or been favorably terminated.

Section 7.8. Deliveries. On the Closing Date, the Buyer shall have received, and Lamco shall execute and deliver or cause to be delivered to Buyer:

(a) Executed resignations, dated the Closing Date, of all officers and directors of Lamco and of the Subsidiaries (other than the general managers of the Stations).

(b) The Agency Agreement executed by Lamco and the Shareholders’ Representatives.

(c) The opinions in the forms set forth in Exhibit B-1 and Exhibit B-2 dated as of the Closing Date of Murphy, Butterfield & Holland, P.C. and Montgomery, McCracken, Walker & Rhoads, LLP, respectively, and Holland & Knight.

(d) A certificate dated as of the Closing Date executed by the Secretaries of Lamco and each of its Subsidiaries certifying: (i) the Articles of Incorporation and the Bylaws of Lamco and each of its Subsidiaries, each as in effect on the Closing Date, (ii) resolutions duly adopted by Lamco’s Board of Directors and Shareholders in accordance with the PBCL authorizing and approving the execution, delivery and performance of this Merger Agreement and the consummation of the transactions contemplated hereby, (iii) that such resolutions have not been amended and remain in full force and effect, (iv) as to the incumbency of each signatory to this Merger Agreement and attaching a certificate, telegram or other evidence dated not more than ten (10) days prior to the Closing Date, of the relevant Governmental Authority of each state in

which Lamco is incorporated or qualified to do business, as to each such Person's good standing in such state.

(e) A certificate of the Chief Executive Officer of Lamco dated as of the Closing Date certifying as to the matters set forth in Sections 7.2 and 7.3.

(f) Tax clearance certificates with respect to Lamco and its Subsidiaries from each of the states in which each of such Persons file Tax Returns or pay or owe any tax, provided that failure to deliver a tax clearance certificate from Pennsylvania shall be deemed waived by the Buyer if not available on the Closing Date.

(g) A properly executed statement satisfying the requirements of Treasury Regulation Sections 1.897-2(h) and 1.1445-2(c)(3) in a form reasonably acceptable to Buyer.

Section 7.9. Dissenting Shares. The Dissenting Share Fraction shall be less than 0.05.

Section 7.10. Environmental Site Assessments. The Buyer shall have received Phase II Assessments for each parcel of Real Estate for which there is a reasonable basis for believing there is Environmental Noncompliance, which Phase II Assessments (including any projected remediation costs) shall be reasonably satisfactory to the Buyer.

Section 7.11 No Material Adverse Effect. No Material Adverse Effect shall have occurred from the date of the Original Agreement through the Closing Date.

Section 7.12. General. All instruments and corporate proceedings in connection with the transactions contemplated by this Merger Agreement and any exhibit hereto shall be in form and substance reasonably satisfactory to the Buyer.

ARTICLE VIII

CONDITIONS PRECEDENT TO LAMCO'S OBLIGATIONS

The obligation of Lamco to consummate the transactions contemplated hereby is subject to the fulfillment prior to and at the Closing Date of each of the following conditions, each of which may be waived insofar as Lamco is concerned (but only by an express written waiver) at the sole discretion of Lamco:

Section 8.1. FCC Approval. The FCC shall have given its written consent to the Transfer Application and such consent shall have become a Final Order.

Section 8.2. Representations and Warranties. Each of the representations and warranties of the Buyer contained in this Merger Agreement shall be true and correct in all respects on the date of the Original Agreement and as of the Closing Date except that (a) any representation or warranty that is expressly made as of the specified date shall be true and correct in all respects as of such specified date only and (b) any representation or warranty that is not qualified by the application thereto of a materiality standard need be true only in all material respects.

Section 8.3. Performance. Buyer shall have in all material respects performed and complied with all covenants, agreements and conditions required by this Merger Agreement to be performed or complied with by it prior to and at the Closing Date.

Section 8.4. Litigation and Insolvency. No litigation, action, suit, judgment, proceeding or investigation shall be pending or outstanding before any court or other Governmental Authority which has the stated purpose of enjoining or preventing the consummation of this Merger Agreement or the transactions contemplated hereby or to recover damages by reason thereof, which questions the validity of any action taken or to be taken pursuant to or in connection with this Merger Agreement, or seeks to obtain substantial damages against Lamco or its directors; provided the foregoing shall not apply to dissenters rights proceedings or actions taken by Lamco, its shareholders or their Affiliates. No insolvency proceedings of any character including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, relating to Buyer or any of its assets or properties shall be pending, and Buyer shall not have taken any action in contemplation of, or which would constitute the basis for, the institution of any such insolvency proceedings.

Section 8.5. Hart-Scott Act. Any waiting period under the Hart-Scott Act applicable to the consummation of the Merger shall have expired or been favorably terminated.

Section 8.6. Buyer's Performance at Closing. On the Closing Date, Buyer shall:

(a) Pay by wire transfer of immediately available federal funds the monies payable as set forth in Section 2.2(c) hereof.

(b) Deliver to Lamco a copy of a resolution of Buyer's Board of Directors, certified by Buyer's Secretary, authorizing the execution, delivery and performance of this Merger Agreement and the transactions contemplated hereby.

(c) Execute and deliver to Lamco, the Shareholders, the Agent or otherwise as appropriate, such other instruments, documents and certificates of officers as reasonably may be requested by Lamco to consummate this Merger Agreement and the transactions contemplated hereby.

Section 8.7. Shareholder Approval. This Merger Agreement shall have been adopted and approved by the affirmative vote of a majority of the votes cast by the Shareholders in accordance with the PBCL.

Section 8.8 Opinion. Lamco shall have received an opinion of Edwards & Angell, LLP in substantially the form set forth as Exhibit D with such changes as may be reasonably requested by Lamco.

Section 8.9. General. All instruments and corporate proceedings in connection with the transactions contemplated by this Merger Agreement and any exhibit hereto shall be in form and substance satisfactory to Lamco.

ARTICLE IX
INDEMNIFICATION

Section 9.1. Indemnification of Buyer.

(a) Lamco agrees that the Buyer and the Surviving Corporation and their respective officers, directors, agents and representatives, and each controlling shareholder of the Buyer or the Surviving Corporation within the meaning of the Securities Act of 1933, as amended (each hereinafter referred to individually as an “**Buyer Indemnified Person**” and collectively as “**Buyer Indemnified Persons**”), shall be indemnified, and held harmless from and against, and shall be paid Damages on account of (but only to the extent of funds on deposit in the Indemnification Escrow Account), any and all claims, demands, suits, actions, causes of actions, losses, costs, damages, liabilities and expenses, including attorneys’ fees, costs of investigation or settlement, other professionals’ and experts’ fees, and court or arbitration costs but specifically excluding consequential damages, lost profits, indirect damages, punitive damages and exemplary damages except to the extent included and awarded against a Buyer Indemnified Person in a Third Party Claim (hereinafter collectively referred to as “**Damages**”), directly or indirectly incurred or paid, to the extent such Damages are determined by a final order of a court of competent jurisdiction or agreement of Buyer and the Shareholders’ Representatives to have arisen out of or to have resulted from: (i) any inaccuracy, misrepresentation, breach of, default in, or failure to perform, any of the representations, warranties or covenants given or made by Lamco in this Merger Agreement, as qualified by the Schedules hereto; or (ii) any Lamco Ownership Loss (to the extent provided in Section 9.1(e)); or (iii) any Subsidiary Ownership Loss (collectively, “**Lamco Breaches**”).

(b) Any claim for indemnification made by a Buyer Indemnified Person under this Section 9.1 must be raised in a writing delivered to a Shareholders’ Representative by no later than the Release Date and, if raised by such date, such claim shall survive the Release Date until final resolution thereof.

(c) The aggregate liability for Lamco Breaches pursuant to Section 9.1 or otherwise shall be limited to the Indemnification Escrow Account, and claims for Damages, whether under this Article IX or otherwise, shall be satisfied solely from and to the extent of funds on deposit in the Indemnification Escrow Account. The limitations set forth in this Section 9.1(c) shall not apply in the event of willful actual fraud by Lamco. Notwithstanding the foregoing, the indemnification provided for in this Section 9.1 shall not apply unless and until the aggregate Damages so determined to be due for which one or more Buyer Indemnified Persons seeks or has sought indemnification hereunder exceeds a cumulative aggregate of the amount set forth on Schedule 9.1(c) (the “**Basket**”), in which event the Buyer Indemnified Persons shall, subject to the other limitations herein, be indemnified for all Damages in excess of the Basket; provided, however, that the Basket shall not apply to any indemnification claim for willful actual fraud on the part of Lamco, or any Lamco Ownership Loss, Subsidiary Ownership Loss, a breach of Lamco's representations in Section 3.13(f) or any claim for Taxes. For purposes of determining whether a Lamco Breach occurred and calculating Damages under this Article IX, all representations, warranties, covenants and agreements given or made by Lamco in this Merger Agreement shall be read and construed without the “materiality” qualifiers included herein.

(d) The amount to which a Buyer Indemnified Person may become entitled under this Article IX shall be net of any actual recovery (whether by way of payment, discount, credit, offset, counterclaim or otherwise) received from a third party (including any insurer) less any cost associated with receiving such recovery in respect of a claim. To the extent that insurance, “pass-through” warranty coverage from a manufacturer or other form of recovery or reimbursement from a third party is available to the Buyer, to a Buyer Indemnified Person or to the Surviving Corporation to cover any item for which indemnification may be sought hereunder, the Buyer or the Buyer Indemnified Person will, or the Buyer will cause Surviving Corporation to, on a timely and expeditious basis, use commercially reasonable efforts to effect recovery under applicable insurance policies and warranties and otherwise pursue to conclusion available remedies or causes of action to recover the amount of its claim as may be available from such other party; provided the availability of a potential recovery against such a third party shall not affect Buyer’s right to make a claim against the Indemnification Escrow Account pursuant to this Section 9.1. To the extent the Buyer is indemnified and paid out of the Indemnification Escrow Account on any claim referred to in the previous sentence, the Buyer will assign to the Shareholders’ Representatives, to the fullest extent allowable, its claim against such insurance, warranty coverage or third-party claim, or in the event assignment is not permissible, the Surviving Corporation shall pursue such claim in the name of the Buyer or the Surviving Corporation, as appropriate, at the Shareholders’ Representatives’ direction and expense and without additional out-of-pocket expense to the Buyer, with any recovery thereon to be transmitted promptly to the Indemnification Escrow Account (or if after the Release Date, to the Shareholders’ Representatives for distribution to the Shareholders) upon receipt by the Surviving Corporation. To the extent that the Buyer has not been indemnified out of the Indemnification Escrow Account on account of any such claim, Surviving Corporation may pursue recovery against such insurance and will be entitled to retain all recoveries made as a result of any such action. The Shareholders’ Representatives shall have the right, at mutually agreeable times during normal business hours, after reasonable notice (which may be oral) to Buyer and Surviving Corporation, and their officers, directors and employees and without undue disruption to their normal business activities, to inspect the assets and properties of Buyer and Surviving Corporation (other than information which is subject to a legal privilege) and to inspect and make abstracts and reproductions of all books and records of Buyer and Surviving Corporation relating to any such claims. Buyer and Surviving Corporation shall furnish the Shareholders’ Representatives with such information respecting the assets, business and financial records of Buyer and Surviving Corporation as the Shareholders’ Representatives may, from time to time, reasonably request. The Surviving Corporation shall maintain in effect, for eighteen months following the Closing Date, or such longer time as there remains a Contested Claim, insurance coverages in amounts not less than and covering such risks as maintained by Lamco as of the date of the Original Agreement.

(e) Notwithstanding Section 9.1(a), no Shareholder’s interest in the Indemnity Escrow Account shall be applied to cover the Lamco Ownership Loss of another Shareholder, but each Shareholder whose Shares gave rise to a Lamco Ownership Loss shall be responsible for all Damages on account thereof, but only to the full extent of such Shareholder’s interest in the Indemnification Escrow Account.

Section 9.2. Satisfaction of Indemnification Obligations. Each of the Shareholders receiving consideration in the Merger pursuant to Article II will be deemed to have received and deposited with the Agent as a potential purchase price adjustment its portion of the Escrow Indemnification Amount so deposited in accordance with Section 2.2(c). Payment of any Damages from the Indemnification Escrow Account shall be taken ratably from the Indemnification Escrow Account as set forth in the Agency Agreement except for any Damages with respect to a Lamco Ownership Loss on account of particular Shareholder's Shares, in which case such Shareholder's entire interest in the Indemnification Escrow Account shall be available for payment with respect to such Damages.

Section 9.3. Appointment of Shareholders' Representatives.

(a) Lamco hereby appoints and designates the Shareholders' Representatives as, and by voting in favor of the Merger and by virtue of the approval of the Merger by the Shareholders, each Shareholder shall be deemed to have approved the designation of the Shareholders' Representatives as, the attorney-in-fact and agent for and on behalf of Lamco and each Shareholder and their successors with respect to claims for indemnification under this Article IX and the taking by the Shareholders' Representatives of any and all actions and the making of any decisions required or permitted to be taken by the Shareholders' Representatives under this Merger Agreement and the Agency Agreement, including the exercise of the power to: (a) authorize the release or delivery to Buyer of all or any portion of the Indemnification Escrow Account in satisfaction of indemnification claims by Buyer or any other Buyer Indemnified Person pursuant to this Article IX; (b) agree to, negotiate, enter into settlements and compromises of, and comply with orders of courts with respect to, such indemnification claims; (c) litigate, resolve, settle or compromise any claim for indemnification made pursuant to this Article IX; and (d) take all actions necessary in the judgment of the Shareholders' Representatives for the accomplishment of the foregoing. The Shareholders' Representatives shall have authority and power to act on behalf of the Shareholders with respect to the disposition, settlement or other handling of all claims under this Article IX and all rights or obligations arising under this Article IX. The Shareholders shall be bound by all actions taken and documents executed by the Shareholders' Representatives in connection with this Article IX, and Buyer shall be entitled to rely on any action or decision of the Shareholders' Representatives. In performing the functions specified in this Merger Agreement, the Shareholders' Representatives may act upon any instrument or other writing believed by the Shareholders' Representatives in good faith to be genuine and to be signed or presented by the proper person and shall not be liable in connection with the performance by them of their duties pursuant to the provisions of the Agency Agreement in the absence of gross negligence or willful misconduct on the part of the Shareholders' Representatives. Lamco, Buyer, the Surviving Corporation and, by approval of the Merger, the Shareholders, hereby agree that the Shareholders' Representatives shall be indemnified and held harmless out of funds on deposit in the Indemnification Escrow Account, from and against any loss, liability or expense incurred without gross negligence or willful misconduct on the part of the Shareholders' Representatives and arising out of or in connection with the acceptance or administration of their duties hereunder. Any out-of-pocket costs and expenses incurred by the Shareholders' Representatives in connection with actions taken by the Shareholders' Representatives pursuant to the terms of this Article IX (including the hiring of legal counsel and the incurring of legal fees and costs)

shall be paid by the Agent to the Shareholders' Representatives out of the Indemnification Escrow Account. Without limiting the generality of the foregoing, the Shareholders' Representatives shall have full power and authority to interpret all the terms and provisions of this Merger Agreement and the Agency Agreement and to consent to any amendment hereof or thereof on behalf of all the Shareholders and their successors. Notwithstanding the foregoing, no Shareholders' Representative shall be authorized to take any actions under or pursuant to this Merger Agreement without the prior consent of a majority of the Shareholders' Representatives.

(b) Lamco and, by approval of the Merger, the Shareholders, hereby appoint and constitute the Shareholders' Representatives the true and lawful attorney-in-fact of Lamco and the Shareholders, with full power in their name and on their behalf to act according to the terms of this Merger Agreement and the Agency Agreement in the absolute discretion of the Shareholders' Representatives; and in general to do all things and to perform all acts including, without limitation, executing and delivering the Agency Agreement and any other agreements, certificates, receipts, instructions, notices or instruments contemplated by or deemed advisable in connection with the Agency Agreement. This power of attorney and all authority hereby conferred is granted and shall be irrevocable and shall not be terminated by any act of any Shareholder, by operation of law, whether by such Shareholder's death, disability, protective supervision or any other event. Without limitation to the foregoing, this power of attorney is to ensure the performance of a special obligation and, accordingly, by approval of the Merger, each Shareholder shall be deemed to have waived and renounced its, his or her right to renounce this power of attorney unilaterally any time before the end of the Escrow Termination Date. By approval of the Merger, each Shareholder shall be deemed to have waived any and all defenses that may be available to contest, negate or disaffirm the action of the Shareholders' Representatives taken in good faith under the Agency Agreement. Notwithstanding the power of attorney granted in this Section 9.3, no agreement, instrument, acknowledgement or other act or document shall be ineffective solely by reason of the Shareholders (instead of the Shareholders' Representatives) having signed or given the same directly.

(c) Shareholders who in the aggregate hold at least a majority of the Shareholders' interest in the Indemnification Escrow Account shall have the right at any time prior to the Escrow Termination Date to remove any or all of the then-acting Shareholders' Representatives and to appoint successor Shareholders' Representatives; provided, however, that neither such removal of a then acting Shareholders' Representative nor such appointment of a successor Shareholders' Representative shall be effective until the delivery to the Agent of executed counterparts of a writing signed by each such Shareholder with respect to such removal and appointment, together with an acknowledgment signed by the successor Shareholders' Representative appointed in such writing that he or she accepts the responsibility of successor Shareholders' Representative and agrees to perform and be bound by all of the provisions of this Merger Agreement applicable to the Shareholders' Representatives. Each successor Shareholders' Representative shall have all of the power, authority, rights and privileges conferred by this Merger Agreement upon the original Shareholders' Representatives, and the term "Shareholders' Representatives" as used herein and in the Agency Agreement shall be deemed to include any interim or successor Shareholders' Representatives.

(d) All decisions to be made and all actions to be taken (or not taken) shall be determined by a majority of the Shareholders' Representatives, and as and when so determined shall be binding on all of the Shareholders' Representatives.

Section 9.4. Notice of Claim. As used herein, the term "**Claim**" means a claim for indemnification of Buyer or any other Buyer Indemnified Person for Damages under this Article IX. Buyer may give notice of a Claim under this Merger Agreement, whether for its own Damages or for Damages incurred by any other Buyer Indemnified Person, pursuant to written notice of such Claim executed by an officer of Buyer (a "**Notice of Claim**") and delivered to the Shareholders' Representatives promptly after Buyer or Buyer Indemnified Person becomes aware of the existence of any potential claim by Buyer or Buyer Indemnified Person for indemnification under this Article IX, but in any event before the Release Date, arising out of or resulting from:

- (a) any item indemnified pursuant to the terms of Section 9.1; or
- (b) the assertion, whether orally or in writing, against Buyer or any other Buyer Indemnified Person of a claim, demand, suit, action, arbitration, investigation, inquiry or proceeding brought by a third party against Buyer or such other Buyer Indemnified Person (in each such case, a "**Third-Party Claim**") that arises out of or results from any item indemnified pursuant to the terms of Section 9.1.

Until the Release Date, no delay on the part of Buyer in giving the Shareholders' Representatives a Notice of Claim shall limit or reduce the Buyer's right to indemnity hereunder, nor relieve the Shareholders' Representatives from any of their obligations under this Article IX, unless (and then only to the extent that) the Shareholders' Representatives or the Shareholders are prejudiced thereby.

Section 9.5. Defense of Third-Party Claims.

(a) Subject to the provisions hereof, Buyer shall defend any Third-Party Claim, and the costs and expenses incurred by Buyer in connection with such defense (including attorneys' fees, other professionals' and experts' fees and court or arbitration costs) shall be included in the Damages for which Buyer may seek indemnification pursuant to a Claim made by any Buyer Indemnified Person hereunder. The Shareholders' Representatives may participate, through counsel of their own choice and in the defense of any Third-Party Claim.

(b) Buyer shall give prompt written notice of any Third-Party Claim to the Shareholders' Representatives; provided, however, that until the Release Date the failure timely to give such notice shall not limit or reduce the Buyer's right to indemnity hereunder unless (and then only to the extent that) the Shareholders' Representatives or Shareholders are prejudiced thereby.

(c) Buyer shall: (i) conduct the defense of any Third-Party Claim actively and diligently and keep the Shareholders' Representatives fully informed of material developments in the Third-Party Claim at all stages thereof; (ii) promptly submit to the Shareholders'

Representatives copies of all pleadings, responsive pleadings, motions and other similar legal documents and papers received or filed in connection therewith; (iii) permit the Shareholders' Representatives and their counsel to confer on the conduct of the defense thereof; and (iv) permit the Shareholders' Representatives and their counsel an opportunity to review all legal papers to be submitted prior to their submission. In the event the Shareholders' Representatives do not timely respond to any request of Buyer to confer on any matter or review legal papers, and in Buyer's good faith judgment, the defense of such Third-Party Claim could be prejudiced by the inability of Buyer to act or to submit papers in respect of which such conference or review was requested, Buyer may proceed in such manner as Buyer reasonably and in good faith determines to be appropriate to the defense of such Third-Party Claim. Buyer and the Shareholders' Representatives will make available to each other and each other's counsel and accountants, without charge, all of its or their books and records relating to the Third-Party Claim, and each party will render to the other party such assistance as may be reasonably required in order to insure the proper and adequate defense thereof and shall furnish such records, information and testimony and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the other party in connection therewith.

(d) No Buyer Indemnified Person shall enter into any settlement of a Third-Party Claim without the prior written consent of the Shareholders' Representatives (which consent shall not be unreasonably withheld); provided, however, that no settlement by a Buyer Indemnified Person of a Third-Party Claim shall limit or reduce the right of the Buyer Indemnified Persons to indemnity hereunder for all Damages they may incur arising out of or resulting from the Third-Party Claim to the extent indemnified in this Article IX.

Section 9.6. Contents of Notice of Claim. Each Notice of Claim by Buyer given pursuant to Section 9.5 shall contain the following information:

(a) that Buyer or another Buyer Indemnified Person has incurred or paid or, in good faith, believes it shall have to incur or pay, Damages in an aggregate stated amount (where practicable) arising from such Claim (which amount may be the amount of damages claimed by a third party in an action brought against any Buyer Indemnified Person based on alleged facts, which if true, would give rise to liability for Damages to such Buyer Indemnified Person under this Article IX); and

(b) a brief description, in reasonable detail (to the extent reasonably available to Buyer), of the facts, circumstances or events giving rise to the alleged Damages based on Buyer's good faith belief thereof, including the identity and address of any third-party claimant (to the extent reasonably available to Buyer) and copies of any demand or complaint, the amount of Damages, the date each such item was incurred or paid, or the basis for such anticipated liability, and the specific nature of the breach to which such item is related.

Section 9.7. Resolution of Notice of Claim. Each Notice of Claim given by Buyer shall be resolved as follows:

(a) Admitted Claims. If, within 20 Business Days after a Notice of Claim is delivered to the Shareholders' Representatives, the Shareholders' Representatives agree in writing with Buyer that liability for such Claim is indemnified under Section 9.1 and that such

Notice of Claim is timely, the Shareholders' Representatives (on behalf of the Shareholders) shall be conclusively deemed to have consented to the recovery by the Buyer Indemnified Person of the full amount of Damages specified in the Notice of Claim in accordance with this Article IX, including the forfeiture of a portion of the Indemnification Escrow Account equal to such Damages and Buyer shall be authorized to deliver such agreement to the Escrow Agent.

(b) Contested Claims. If the Shareholders' Representatives do not agree in writing to such Notice of Claim or give the Buyer written notice contesting all or any portion of a Notice of Claim (a "Contested Claim") within the 20 Business Day period specified in Section 9.7(a), then such Contested Claim shall be resolved by either (i) a written settlement agreement executed by Buyer and the Shareholders' Representatives or (ii) in the absence of such a written settlement agreement within 30 Business Days of such notice or such longer period as is mutually agreed upon by the parties, by a final judgment of a court of competent jurisdiction.

(c) Payment to Buyer. If Buyer is entitled to the recovery of Damages pursuant to any Claim that is agreed to pursuant to Section 9.7(a), or a Contested Claim that is resolved pursuant to Section 9.7(b), the Escrow Agent shall disburse to the Buyer from the Indemnification Escrow Account in accordance with the Agency Agreement, promptly following such agreement or resolution, the amount of Damages arising out of or resulting from such Claim as so determined.

(d) Prevailing Party. In the event a Contested Claim is resolved by a final judgment of a court of competent jurisdiction, the prevailing party shall be entitled to reimbursement of reasonably attorneys' fees and court costs involved in connection with such action.

Section 9.8. Distribution of Aggregate Indemnification Release Amount. Within five (5) Business Days after the Interim Release Date, the Agent shall deliver to the Shareholders out of funds on deposit in the Indemnification Escrow Account, an amount equal to the difference between (i) the amount set forth on Schedule 9.8 and (ii) the sum of (x) the aggregate amount paid to Buyer Indemnified Persons from the Indemnification Escrow Account pursuant to this Article IX prior to the Interim Release Date and (y) the amount of any unsatisfied or disputed claims for Damages as specified in any Notice of Claim delivered to the Shareholders' Representatives before the Interim Release Date. Within five (5) Business Days after the Release Date, the Agent shall deliver to the Shareholders the portion of Aggregate Indemnification Release Amount in excess of the amount remaining in the Indemnification Escrow Account reasonably necessary to satisfy any unsatisfied or disputed claims for Damages specified in any Notice of Claim delivered to the Shareholders' Representatives before the Release Date. As soon as all such claims have been resolved, the Agent shall deliver to the Shareholders all remaining portions of the Aggregate Indemnification Release Amount not required to satisfy such claims to the extent such claims are indemnified under Section 9.1.

Section 9.9. Indemnification of Shareholders and Lamco. The Buyer agrees that the Buyer and the Surviving Corporation shall indemnify, defend and hold harmless the Shareholders, Lamco, and their successors and assigns, from and against any and all Damages arising out of or resulting from any breach of any representation, warranty, covenant or obligation made by Buyer in this Merger Agreement or in connection with any of the

transactions contemplated hereby; provided, however, that in no case shall the aggregate liability of the Buyer exceed the amount set forth on Schedule 9.9.

Section 9.10. Survival of Covenants, Representations and Warranties. All representations and warranties of Lamco contained in this Merger Agreement, as qualified by the Schedules hereto, shall remain operative and in full force and effect, regardless of any investigation or disclosure made by or on behalf of any of the parties to this Merger Agreement, until that date which is the earlier of (a) the termination of this Merger Agreement in accordance with Article X and (b) the eighteen month anniversary of the Effective Time (the “**Release Date**”). All representations and warranties of Buyer contained in this Merger Agreement and the other agreements, certificates and documents contemplated hereby shall remain operative and in full force and effect, regardless of any investigation or disclosure made by or on behalf of any of the parties to this Merger Agreement, until that date which is the earlier of (a) the termination of this Merger Agreement in accordance with Article X and (b) the eighteen month anniversary of the Closing Date. All covenants of the parties shall survive according to their respective terms.

Section 9.11. Directors’ and Officers’ Indemnification and Insurance.

(a) The articles of incorporation and Bylaws of Lamco contain provisions with respect to indemnification satisfactory to Lamco, which provisions shall not be amended, repealed or otherwise modified for a period of six years after the Effective Time in any manner that would adversely affect the rights thereunder of individuals who at any time prior to the Effective Time were directors or officers of Lamco or any Subsidiary in respect of actions, omissions or events occurring at or prior to the Effective Time (including the actions contemplated by this Merger Agreement), unless such modification is required by law. No such modification whether required by law or otherwise shall eliminate or reduce the effect of such indemnification provisions in respect of any matter occurring, or any course of action, suit or claim arising or incurred prior to such modification.

(b) For a period of three years after the Effective Time, the Surviving Corporation shall cause to be maintained in effect policies of directors’ and officers’ liability insurance no less favorable than those currently maintained by Lamco (provided that, subject to approval of Shareholders’ Representatives (such consent not to be unreasonably withheld), the Surviving Corporation may substitute therefor policies of at least the same coverage and amounts containing terms and conditions which are no less advantageous to former officers and directors of Lamco) with respect to claims arising from acts, omissions or events which occurred before the Effective Time. In addition, the Surviving Corporation will offer to the former officers and directors of Lamco and its Subsidiaries, upon request of the Shareholders Representatives made at any time within six months prior to the third anniversary of the Effective Time, an opportunity to purchase extended tail coverage from such insurers at the expense of such officers and directors.

(c) This Section 9.11 is intended to be for the benefit of, and shall be enforceable by, the individuals who at any time prior to the Effective Time were directors or officers of Lamco and their heirs and personal representatives and shall be binding on the Buyer and Surviving Corporation and their successors and assigns.

Section 9.12 Exclusive Remedy; Non-Recourse.

(a) Except with respect to any Adjustments required to be made pursuant to Section 2.3, and except as may be required to enforce post-closing covenants hereunder and except in the event of willful actual fraud by Lamco, after the Effective Time the indemnification rights in this Article IX are and shall be the sole and exclusive remedies of the Buyer, the Buyer Indemnified Persons, the Shareholders' Representatives, the Surviving Corporation and the Shareholders with respect to this Merger Agreement and the Merger contemplated hereby.

(b) The Buyer, for itself, its successors and assigns including the Surviving Corporation and Buyer Indemnified Persons, acknowledge and agree that this Merger Agreement and the transactions contemplated hereby are non-recourse as to the Shareholders and that they shall have no recourse against the Shareholders for or on account of any matter, cause, claim or thing of or relating to this Merger Agreement or the Merger or other transactions contemplated hereby, excepting only against and to the extent of the Escrowed Indemnification Amount.

(c) In furtherance of the foregoing, the Buyer for itself, its successors and assigns (including the Surviving Corporation), and Buyer Indemnified Persons, covenant and agree that neither the Buyer, the Surviving Corporation nor the Buyer Indemnified Persons (or any of them) shall sue or initiate or maintain any action, suit or cause of action against the Shareholders (in their capacity as such) or any of them.

(d) The provisions of Article IX were specifically bargained for and reflected in the amount of the Merger Consideration.

Section 9.13. Exclusion of Damages. Each of the parties, the Surviving Corporation and the Buyer Indemnified Persons hereby expressly waive, and covenant to forego, any and all consequential, indirect, lost profits, punitive and exemplary damages and all claims therefor however arising or asserted, other than to the extent consequential, indirect, punitive or exemplary damages or lost profits are asserted and recovered in a Third-Party Claim.

ARTICLE X

TERMINATION

Section 10.1. Termination. This Merger Agreement and the transactions contemplated hereby may be terminated and abandoned:

(a) at any time prior to the Closing by mutual written consent of Lamco and the Buyer;

(b) unless the Closing has not occurred as a result of a breach of this Merger Agreement by the party seeking such termination, by either Lamco or the Buyer if the Closing has not occurred on or prior to 5:00 p.m., Philadelphia time, on the nine-month anniversary of the date of the Original Agreement;

(c) by either Lamco or the Buyer if any Governmental Authority with jurisdiction over such matters shall have issued a final and nonappealable governmental order permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Merger Agreement; provided, however, that neither Lamco nor the Buyer may terminate this Merger Agreement pursuant to this Section 10.1(c) unless the party seeking so to terminate this Merger Agreement has used commercially reasonable efforts to oppose any such governmental order or to have such governmental order vacated or made inapplicable to the transactions contemplated by this Merger Agreement;

(d) by Lamco, if (i) the Buyer shall have breached, in any material respect, any representation, warranty or any covenant or other agreement to be performed by it contained herein, and such breach is (x) incapable of being cured or is not cured or waived within twenty days of receipt of written notice thereof from Lamco and (y) such breach is not primarily caused by a breach of any representation, warranty or covenant of the Lamco and (ii) Section 10.1(c) is not applicable;

(e) by the Buyer, if (i) Lamco shall have breached, in any material respect, any representation or warranty or any covenant or other agreement to be performed by it contained herein, and such breach is (x) incapable of being cured or is not cured or waived within twenty days of receipt of written notice thereof from the Buyer and (y) such breach is not primarily caused by a breach of any representation, warranty or covenant of the Buyer and (ii) Section 10.1(c) is not applicable.

(f) by the Buyer or Lamco, if the FCC for any reason designates for hearing the Transfer Application;

(g) by the Buyer if the Dissenting Shares represent greater than 5% of the outstanding shares of Lamco;

(h) by Lamco if (i) the Buyer shall not have been willing to consummate the transaction contemplated by this Merger Agreement on the fifth Business Day following the date on which all conditions to the obligations of the Buyer to close have been satisfied or are capable of being fulfilled, (ii) Lamco shall have performed and complied in all material respects with all covenants and agreements required to be performed or complied with by them under this Merger Agreement and (iii) Sections 10.1(b), (c), (e), (f), (g), (j), (k) and (l) are not applicable;

(i) by either Buyer or Lamco, if the shareholders of Lamco fail to approve and adopt this Agreement, the Merger and other transactions contemplated hereby, as applicable, at the Shareholder Meeting duly convened and held therefor or at any adjournment or postponement thereof;

(j) by Buyer, if (w) Lamco or its Board of Directors breaches in any material respect any provision of Section 4.3 or 4.9, (x) if Lamco shall have received any proposal or offer relating to a Potential Transaction as to which the Board of Directors of Lamco has taken a position communicated to its shareholders (other than members of the Board) prior to the

Shareholders Meeting other than to reject the same or (y) Lamco or its shareholders have agreed to or consummated any Competing Acquisition Agreement;

(k) by Lamco in accordance with Section 4.3(b), provided that it has complied with all of the provisions thereof, including the notice provisions therein, and that it complies with the requirements of Section 10.4 below; or

(l) notwithstanding anything contained in this Merger Agreement to the contrary, if any event occurs which prevents transmission by any Station of its normal and usual signal for a period in excess of seventy-two (72) consecutive hours or an aggregate of five (5) days (whether or not consecutive) after the date of the Original Agreement, Buyer may terminate this Merger Agreement without any further obligation hereunder by written notice to Lamco. Lamco shall provide Buyer with prompt written notice of any event which prevents transmission by any Station of its normal and usual signal for a period of twenty-four (24) continuous hours or more.

Notwithstanding the provisions of Sections 10.1(c), (d), (e), (f), (g), (h), (i), (j) and (k) above, no party may terminate this Merger Agreement if such party is in default in any material respect hereunder, or if a delay in any decision or determination by the FCC respecting the Transfer Application has been caused (i) by any failure of such party to furnish, file or make available to the FCC information within its control; (ii) by the willful furnishing by such party of incorrect, inaccurate or incomplete information to the FCC; and (iii) by any other action taken by such party for the purpose of delaying the FCC's decision or determination respecting the Transfer Application.

Section 10.2. Procedure and Effect of Termination.

(a) If this Merger Agreement is terminated (i) under Section 10.1(a) or (ii) under Sections 10.1(b), (c), (f), (g) or (i) at a time when no party is in material breach of a representation or warranty or in material violation of a covenant or agreement contained herein which has not been cured, all further obligations of Lamco to the Buyer and the Buyer to Lamco will terminate without further liability of any party hereto.

(b) Subject to Sections 10.3, 10.4 and 10.5, as applicable, if this Merger Agreement is terminated under Section 10.1 (other than Section 10.1(a)) at a time when one or more parties is in material breach of a representation or warranty or in material violation of a covenant or agreement contained in this Merger Agreement and such failure remains uncured at the expiration of any applicable cure period, the liabilities and obligations of the party or parties not in breach or violation of this Merger Agreement shall terminate, and the party or parties which are in breach or violation of this Merger Agreement shall remain liable for such breaches and violations, and nothing shall be deemed to restrict the remedies available against such party or parties other than as set forth in Section 10.3, 10.4 and 10.5 below.

(c) In the event of termination of this Merger Agreement by either or both of the parties pursuant to Section 10.1, written notice thereof shall forthwith be given by the terminating party to the other party.

(d) If this Merger Agreement is terminated as provided herein, all filings, applications and other submissions made pursuant to this Agreement, to the extent practicable, shall be withdrawn from the agency or other Person to which they were made.

Section 10.3. Damages for Buyer's Breach. In the event of a termination of this Merger Agreement pursuant to Section 10.1(d) or 10.1(h), the Deposit and all earnings thereon shall serve as liquidated damages and shall be the sole and exclusive remedy of Lamco for the Buyer's failure to consummate the Closing (such liquidated damages have been computed and estimated as a reasonable forecast of probable actual loss to the terminating party because of the difficulty of estimating with exactness the damages which would actually result and not as a penalty). It is the parties' express intent that upon any termination of this Merger Agreement, the Deposit and all earnings thereon will be returned to the Buyer in all circumstances other than the termination of this Merger Agreement by Lamco pursuant to Section 10.1(d) or 10.1(h) hereof, in which case such Deposit and all earnings thereon shall be delivered to Lamco pursuant to the terms of the Deposit Escrow Agreement.

Section 10.4. Termination Fee Upon Lamco's Breach or Superior Proposal.

(a) In the event that this Agreement is terminated by Buyer pursuant to Section 10.1(j), or by Lamco pursuant to Section 10.1(k), Lamco shall promptly pay to Buyer a termination fee in an amount equal to the amount set forth on Schedule 10.4 by wire transfer of immediately available funds. Buyer and Lamco agree that it would be difficult to measure Buyer's damages in the event this Merger Agreement is terminated pursuant to any of the aforesaid Sections, and agree that such termination fee shall be liquidated damages in such circumstances and that the amount thereof is fair and reasonable to Buyer and Lamco. In the event Buyer has the right to terminate this Agreement pursuant to Section 10.1(j) and one or more other Sections of this Agreement, and Buyer elects to terminate this Agreement, such termination will be deemed made pursuant to Section 10.1(j).

Section 10.5. Maximum Damages. In the event Buyer terminates this Agreement pursuant to Section 10.1 on account of Lamco's breach of this Agreement (other than pursuant to Section 10.1(j)), Lamco's total maximum liability to Buyer for Lamco's breach of its obligations hereunder shall be limited to the amount set forth on Schedule 10.5.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Notices. All notices, demands and requests required or permitted to be given under the provisions of this Merger Agreement shall be deemed duly given if sent by registered or certified mail, postage prepaid, or reputable overnight courier addressed as follows:

| | | |
|-----|--------------|---|
| (a) | If to Lamco: | Lamco Communications, Inc. Attn: Chairman of the Board 460 Market Street, Suite 150 Williamsport, PA 17701 |
|-----|--------------|---|

(b) with a copy to: Montgomery, McCracken, Walker &
Rhoads, LLP
123 South Broad Street
Philadelphia, PA 19109
Attention: Baldo M. Carnecchia, Jr., Esq.

and

Fred A. Holland, Esq.
Murphy, Butterfield & Holland, P.C.
442 William Street
Williamsport, PA 17701

(c) If to Buyer: Providence Equity Partners Inc.
50 Kennedy Plaza
18th Floor
Providence, RI 02903
Attention: Albert J. Dobron

and to

Sandy DiPasquale
President/CEO
BlueStone Television LLC
8802 Shannon Way
Wichita, KS 67206

with a copy to: Edwards & Angell, LLP
2800 Financial Plaza
Providence, RI 02903
Attention: David K. Duffell, Esq.

or any such other addresses as the parties may from time to time designate in writing.

Section 11.2. Benefit and Assignment. This Merger Agreement shall be binding upon, and inure to the benefit of the parties hereto, and their respective successors and assigns. Neither this Merger Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either party hereto (by merger or other operation of law or otherwise) without the prior written consent of the other party, which consent will not be unreasonably withheld, except that Buyer shall have the right to assign to New Bern License Co. its rights hereunder as related to Station WCTI and to grant a security interest (effective from and after the Effective Time) to the extent of Buyer's interest, if any, in the proceeds of the Indemnification Escrow Account, to any institutional lender without consent of Lamco.

Section 11.3. Governing Law. This Merger Agreement shall be governed, construed and enforced in accordance with the laws of the Commonwealth of Pennsylvania (without application of principles of conflicts of law).

Section 11.4. Counterparts and Execution. This Merger Agreement may be signed in any number of counterparts with the same effect as if the signature on each such counterpart were upon the same instrument. Signatures by facsimile are the equivalent of signature by hand.

Section 11.5. Headings. The headings of the paragraphs of this Merger Agreement are inserted as a matter of convenience and for reference purposes only and in no respect define, limit or describe the scope of this Merger Agreement or the intent of any paragraph hereof.

Section 11.6. Entire Agreement. This Merger Agreement, all appendices, Schedules and exhibits hereto and all agreements to be delivered by the parties pursuant hereto, represent the entire understanding and agreement between the parties hereto with respect to the subject matter hereof, supersede all prior negotiations between such parties. This Merger Agreement shall not supersede the Confidentiality Agreement which the Buyer hereby ratifies and confirms.

Section 11.7. Specific Performance. The parties recognize and acknowledge that in the event Lamco shall fail to perform its obligations under the terms of this Merger Agreement, money damages alone will not be adequate to compensate Buyer. The parties, therefore, agree and acknowledge that in the event Lamco fails to perform its obligations under this Merger Agreement prior to the Effective Time, Buyer shall be entitled, in addition to any action for monetary damages, to specific performance of the terms of this Merger Agreement and of the covenants and obligations hereunder.

Section 11.8. Amendments and Waivers. No alteration, modification or change of this Merger Agreement shall be valid except by an agreement in writing executed by the parties hereto. No failure or delay by any party hereto in exercising any right, power or privilege hereunder (and no course of dealing between or among any of the parties) shall operate as a waiver of any such right, power or privilege. No waiver of any default on any one occasion shall constitute a waiver of any subsequent or other default. No single or partial exercise of any such right, power or privilege shall preclude the further or full exercise thereof.

Section 11.9. Severability. If any provision of this Merger Agreement or the application thereof to any Person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Merger 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, but only as long as the continued validity, legality and enforceability of such provision or application does not materially (a) alter the terms of this Merger Agreement or (b) diminish the benefits or burdens of this Merger Agreement.

Section 11.10. Interpretation. As all parties have participated in the drafting of this Merger Agreement, any ambiguity shall not be construed against any party as the drafter.

Section 11.11. Third Parties. Nothing herein, expressed or implied, is intended to or shall confer on any Person other than the parties hereto any rights, remedies, obligations or liabilities under or by reason of this Merger Agreement, except to the extent of rights provided to

officers and directors of Lamco and its Subsidiaries under Section 9.11, and to the obligees of the Deferred Compensation Obligations under Section 6.6.

Section 11.12. Waiver of Jury Trial. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS MERGER AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS MERGER AGREEMENT AND ANY OF THE AGREEMENTS DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY HERETO CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE SUCH WAIVER, (B) IT UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF SUCH WAIVER, (C) IT MAKES SUCH WAIVER VOLUNTARILY, AND (D) IT HAS BEEN INDUCED TO ENTER INTO THIS MERGER AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 11.12.

Section 11.13. CONSENT TO JURISDICTION.

(a) EACH OF THE PARTIES HERETO HEREBY CONSENTS TO THE EXCLUSIVE JURISDICTION OF THE COMMERCE PROGRAM OF THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY, PENNSYLVANIA, AS WELL AS TO THE JURISDICTION OF ALL COURTS TO WHICH AN APPEAL MAY BE TAKEN FROM SUCH COURT, FOR THE PURPOSE OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF, OR IN CONNECTION WITH, THIS MERGER AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY, EXCEPT AS SET FORTH IN SECTION 2.3 WITH RESPECT TO THE MATTERS CONTAINED THEREIN. IF THE COMMERCE PROGRAM OF THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY, PENNSYLVANIA, DOES NOT HAVE, OR EXERCISE, JURISDICTION, THE PARTIES HERETO HEREBY CONSENT TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA FOR THE PURPOSE OF ANY SUCH SUIT, ACTION OR OTHER PROCEEDING. EACH PARTY HEREBY EXPRESSLY WAIVES ANY ALL RIGHTS TO BRING ANY SUIT, ACTION OR OTHER PROCEEDING IN OR BEFORE ANY COURT OR TRIBUNAL OTHER THAN THE COURTS DESCRIBED ABOVE AND COVENANTS THAT IS SHALL NOT SEEK IN ANY MANNER TO RESOLVE ANY DISPUTE OTHER THAN AS SET FORTH IN THIS SECTION 11.13 OR TO CHALLENGE OR SET ASIDE ANY DECISION, AWARD OR JUDGMENT OBTAINED IN ACCORDANCE WITH THE PROVISIONS HEREOF EXCEPT AS SET FORTH IN SECTION 2.3 WITH RESPECT TO THE MATTERS CONTAINED THEREIN.

(b) EACH OF THE PARTIES HERETO HEREBY EXPRESSLY WAIVES ANY AND ALL OBJECTIONS IT MAY HAVE TO VENUE, INCLUDING, WITHOUT LIMITATION, THE INCONVENIENCE OF SUCH FORUM, IN ANY OF SUCH COURTS.

IN ADDITION, EACH OF THE PARTIES CONSENTS TO THE SERVICE OF PROCESS BY PERSONAL SERVICE OR ANY MANNER IN WHICH NOTICES MAY BE DELIVERED HEREUNDER IN ACCORDANCE WITH SECTION 11.1 OF THIS MERGER AGREEMENT.


Section 11.14. Risk of Loss. The risk of loss or damage to any of the assets of the Stations from fire or other casualty or cause shall be upon Lamco at all times up to the Effective Time, and so long as any such uninsured loss does not exceed together with all other losses in the aggregate \$5,000,000, it shall be the responsibility of Lamco to repair or cause to be repaired and to restore the assets to their condition prior to any such loss or damage. In the event any such uninsured loss exceeds \$5,000,000, Lamco may terminate this Agreement and declare it of no further force and effect, except that Lamco shall reimburse Buyer up to \$1,500,000 on account of all of Buyer's transaction costs and expense reasonably incurred to the date of such termination. In the event of any other loss or damage, Lamco shall notify Buyer of same in writing immediately, specifying with particularity the loss or damage incurred, the cause thereof, if known or reasonably ascertainable and the insurance coverage. The proceeds of any claim for any loss payable under any insurance policy with respect thereto shall be used to repair, replace or restore any such property to its former condition subject to the conditions stated below. If the property is not completely repaired, replaced or restored on or before the Closing Date, the Buyer may: (a) postpone the Closing until such time as the property has been completely repaired, replaced or restored, and, if necessary, the parties shall join in an application or applications requesting the FCC to extend the effective period of its consent granted under the Transfer Application; (b) consummate the Closing and accept the property in its then condition, in which event all proceeds of insurance covering the property involved shall be paid to Lamco or the Subsidiaries, as specified by the applicable insurance policy; or (c) terminate this Merger Agreement and declare it of no further force and effect, if such repairs, replacements or restorations are not completed within sixty (60) days after the original Closing Date specified in Section 2.1 above.

Section 11.15. Date of Agreement. For purposes of clarity, and notwithstanding the date of this Amended and Restated Agreement and Plan of Merger or any other provision hereof, all representations and warranties given or made by either party shall be deemed to have been given and made only as of the date of the Original Agreement (and not as of the date of this Amended and Restated Agreement and Plan of Merger) except to the extent that any representation or warranty is expressly given or made as of a specified date.

[NEXT PAGE IS THE SIGNATURE PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Merger Agreement to be executed by their duly authorized officers on the day and year first above written.

LAMCO COMMUNICATIONS, INC.

By: 
Name: Andrew W. Stabler, Jr.
Title: President

BLUESTONE MERGER CO.

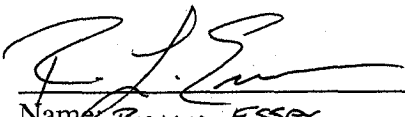
By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Merger Agreement to be executed by their duly authorized officers on the day and year first above written.

LAMCO COMMUNICATIONS, INC.

By: _____
Name:
Title:

BLUESTONE MERGER CO.

By:  _____
Name: RICHARD ESSEX
Title: VP & SECRETARY