
ASSET PURCHASE AGREEMENT

BY AND BETWEEN

**SAGE BROADCASTING CORPORATION,
AS SELLER**

AND

**BAYOU CITY BROADCASTING LLC
AS BUYER**

IN RESPECT OF TELEVISION STATIONS

**KIDY-TV AND KIDY-DT,
KXVA-TV AND KXVA-DT,
KIDZ-LP,
KIDU-LP,
KIDB-CA,
KIDV-LP**

AND

KIDT-LP

SAN ANGELO AND ABILENE/SWEETWATER, TEXAS

AND

CERTAIN RELATED ASSETS

DATED AS OF JANUARY 30, 2008

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “**Agreement**”) is made as of January 30, 2008 (the “**Effective Date**”), by and between Sage Broadcasting Corporation, a Texas corporation (“**Seller**”), and Bayou City Broadcasting LLC, a Texas limited liability company (“**Buyer**”).

RECITALS:

WHEREAS, Seller owns and operates, and is the licensee of, the following television stations in the San Angelo, Texas or Abilene, Texas markets (the “**Stations**”) together certain other assets that relate to the Stations:

KIDY(TV) AND KIDY-DT, SAN ANGELO, TX (FACILITY ID NO. 58560)

KXVA(TV) AND KXVA-DT, ABILENE, TX (FACILITY ID NO. 62293)

KIDZ-LP, ABILENE, TX (FACILITY ID NO. 58561)

KIDU-LP, BROWNWOOD, TX (FACILITY ID NO. 58559)

KIDB-CA, SWEETWATER, TX (FACILITY ID NO. 53545)

KIDV-LP, ALBANY, TX (FACILITY ID NO. 58571)

AND

KIDT-LP; STAMFORD, TX (FACILITY ID NO. 58568);

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, substantially all of Seller’s assets used and useful in connection with the operation of the Stations, in each case, pursuant to the terms and subject to the conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual benefits to be derived from this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I—DEFINITIONS; INTERPRETATION

Section 1.1. Definitions; Interpretation. Capitalized terms used herein have the respective meanings ascribed thereto in Part I of *Exhibit 1.1* and elsewhere in this Agreement. This Agreement shall be interpreted in accordance with the rules of construction set forth in Part II of *Exhibit 1.1*.

ARTICLE II—PURCHASE AND SALE

Section 2.1. Purchase and Sale of Assets; Purchase Price. Pursuant to the terms and subject to the conditions of this Agreement, at the Closing, Seller shall sell, convey, transfer and assign to Buyer, free and clear of all Liens (other than Permitted Liens), and Buyer shall purchase from Seller, the Purchased Assets. In consideration of the sale of the Purchased Assets

and Seller's other covenants and obligations hereunder, at the Closing Buyer agrees, pursuant to the terms and subject to the conditions hereof, to (a) pay Seller an aggregate amount equal to Three Million Thirty Seven Thousand Five Hundred Dollars (\$3,037,500) (the "**Purchase Price**") less the amount of Earnest Money theretofore paid to the Seller and (b) assume the Assumed Liabilities. If the Class A Television Stations renewal applications are granted but without their Class A Status (i.e. the Class A stations are renewed as either low power television stations or television translator stations), the purchase shall be reduced by One Hundred Thousand Dollars (\$100,000); provided, that Buyer upon request by Seller shall (and shall cause its agents to) assist Seller, at Buyer's cost, in efforts to secure renewal of the Class A Television Stations' licenses with Class A Status, including a commitment by Buyer to run the appropriate local programming after the closing of this transaction.

Section 2.2. Purchased Assets; Excluded Assets. (a) The term "**Purchased Assets**" means, except for the Excluded Assets, all of Seller's right, title and interest in and to all of the following properties and assets (tangible or intangible) used or held in connection with the Station Business:

(i) all of the land, buildings, structures, improvements, fixtures and other real property and the easements, rights of way, appurtenances thereon or thereto and other similar rights and interests in real property owned by Seller and used or held for use in connection with the Station Business (collectively, with the property described on *Schedule 2.2(a)(i)(A)*, the "**Owned Real Property**") and Seller's leasehold or license interest in all of the real property leased or licensed by Seller that is occupied, used or held for use in connection with the Station Business and all improvements thereon (collectively, with the property described on *Schedule 2.2(a)(i)(B)*, the "**Leased Real Property**");

(ii) all tangible assets and properties, including machinery and equipment, spare parts and supplies, vehicles, plant, inventory, accessories, tooling, tools, furniture, computers, telecommunications equipment, the Transmission Equipment, Transmission Structures, office equipment and supplies, furnishings and fixtures, physically located on the Real Property or owned, used or held for use in San Angelo, Texas and Abilene, Texas by or on behalf of Seller in connection with the Station Business (collectively, including the personal property described on *Schedule 3.3(a)*, the "**Tangible Personal Property**");

(iii) all program and programming materials and elements of whatever form or nature owned by Seller and used in connection with the Station Business, whether recorded on tape or any other media or intended for live performance, and whether completed or in production, and all related common law and statutory Copyrights owned by or licensed to Seller and used in connection with the Station Business, together with all other Intellectual Property owned, used or held for use by Seller in connection with the Station Business, including the registrations and applications listed on *Schedule 3.9(b)* (collectively, the "**Transferred Intellectual Property**");

(iv) all information and data, FCC logs and other compliance records, inventory records, correspondence, technical information and engineering data, maintenance, operating and production records, lists of advertisers and other advertising materials, marketing and demographic data, local public files, publications, customer lists, cost and pricing

information, blueprints, regulatory files, personnel records, customer credit records and all other books, documents and records used or held for use in connection with the operation of the Purchased Assets in 2007;

(v) subject to Sections 2.3(b)(ix) and 2.5, all rights in and to the Existing Contracts and the Contracts entered into between the Effective Date and the Closing Date in accordance with Section 5.2 and the other terms and conditions of this Agreement (collectively, the “**Assumed Contracts**”), including all rights to receive goods and services purchased pursuant to such Assumed Contracts, and to assert claims and take other actions in respect of breaches or other violations thereof;

(vi) subject to Section 2.5, (A) all Permits, (B) all rights and interests of Seller in the FCC Licenses and (C) all applications for any of the foregoing, together with any renewals, extensions, or modifications thereof and additions thereto;

(vii) all claims, counterclaims, credits, causes of action, choses in action, rights of recovery, and rights of indemnification or setoff (collectively, the “**Claims**”) against third parties (other than against Seller or the employees, representatives agents, directors and officers of Seller) and other claims arising out of or relating to the Purchased Assets or the Assumed Liabilities and all other intangible property rights which relate to the operation of the Stations, the Purchased Assets or the Assumed Liabilities, but only to the extent the Claims relate to periods after the Closing Date;

(viii) all goodwill of or relating to the Stations or the Station Business, as well as the ownership of and right to use each of the call signs of the Stations (collectively and individually, the “**Station Call Signs**”);

(ix) warranties of third parties, if any, covering Tangible Personal Property to the extent transferable by Seller;

(b) Buyer shall not acquire from Seller pursuant to this Agreement any of the Excluded Assets. “**Excluded Assets**” means:

(i) Seller’s corporate charter, minute books, stock records and corporate seal;

(ii) any of the rights of Seller under this Agreement and the other agreements, certificates and documents delivered in connection herewith;

(iii) Tangible Personal Property disposed of or consumed in the ordinary course of Station Business and in accordance with the other terms of this Agreement, between the Effective Date and the Closing Date;

(iv) all claims for refunds of monies paid to any Governmental Authority prior to the Closing Date and all claims for Copyright royalties for broadcasts prior to the Closing Date;

(v) any Contract that is not an Assumed Contract;

(vi) any rights of Seller under any insurance policies owned by Seller to the extent that any such policies cover any Assumed Liability or Purchased Assets; and

(vii) All assets not listed as Purchased Assets, including but not limited to cash and cash equivalents, refunds, deposits, Accounts Receivable and the value of performed work in process performed prior to closing, insurance claims, insurance policies and similar cash or cash equivalent assets.

SUBJECT TO THE REPRESENTATIONS, WARRANTIES AND COVENANTS CONTAINED IN THIS AGREEMENT, BUYER HERBY ACKNOWLEDGES THAT IT HAS INSPECTED THE PURCHASED ASSETS AND IS ACCEPTING THE PURCHASED ASSETS IN THEIR CURRENT “WHERE IS, AS IS” CONDITION. SELLER MAKES NO REPRESENTATIONS OR WARRANTIES OTHER THAN THOSE MADE IN THIS AGREEMENT, AND BUYER RELEASES AND RELIEVES SELLER FROM AND AGAINST ANY AND ALL LIABILITY, DUTY OR OBLIGATION, AS TO THE CONDITION OR SUITABILITY OF THE PURCHASED ASSETS. SELLER AND BUYER EXPRESSLY ACKNOWLEDGE AND AGREE, AS A MATERIAL PART OF THE CONSIDERATION FOR SELLER ENTERING INTO THIS AGREEMENT WITH BUYER, THAT (I) EXCEPT AS CONTAINED IN THIS AGREEMENT, SELLER HAS MADE NO WARRANTIES TO BUYER AS TO THE CONDITION OF THE PURCHASED ASSETS, EITHER EXPRESS OR IMPLIED AND (II) SELLER AND BUYER EXPRESSLY DISCLAIM ANY IMPLIED WARRANTY AS TO THE HABITABILITY, FITNESS OR SUITABILITY OF PURCHASED ASSETS FOR BUYER’S INTENDED USE OR PURPOSE..

Section 2.3. Assumed Liabilities; Buyer Not Successor to Seller; Excluded Liabilities.

(a) Pursuant to the terms and subject to the conditions of this Agreement, at the Closing, Seller shall sell, convey, transfer and assign to Buyer, and Buyer shall assume from Seller, only the Assumed Liabilities. “**Assumed Liabilities**” means the following (and only the following), and only to the extent not excluded pursuant to Section 2.3(b):

(i) trade accounts payable of the Station Business for the purchase of goods and services, and the current accrued liabilities and expenses, in each case only to the extent related to the Station Business and incurred in the ordinary course of business and only so long as the remaining commercial inventory (other than trade-outs and barter obligations) is equivalent or less than the remaining trade benefit to the Station Business(the “**Accounts Payable**”);

(ii) liabilities, obligations and commitments under the Assumed Contracts accruing with respect to the period commencing after the Closing Date (excluding, however, any liability or obligation arising from or relating to the performance or non-performance thereof on or prior to the Closing Date or the Transfer Date (if consent to assignment thereof is required)); and

(iii) all Taxes allocated to Buyer pursuant to the terms and subject to the conditions of Section 5.7.

(iv) liabilities and duties under all advertising agreements including trade-outs and barter transactions, provided however, in no event shall the trade-outs and barter advertising exceed \$5,000 in excess of the trade-out benefits, provided however that the Seller shall not enter into any new trade-out or barter agreement without the consent of the Programmer. (*Schedule 2.3(a)(iv)* contains a list of trade-out and barter agreements for which the Seller is currently liable as of the date specified in such Schedule.)

(v) Notwithstanding anything herein to the contrary, in no event shall Buyer be deemed to have assumed any liability or obligation (including a liability or obligation which, but for this sentence, would be deemed to be an Assumed Liability) where the existence or nature of such liability or obligation constitutes or arises out of a breach or inaccuracy of any representation or warranty or the non-fulfillment or breach of any covenant, agreement or obligation of Seller hereunder.

(b) Buyer shall not be the successor to Seller, and Buyer expressly does not assume and shall not become liable to pay, perform or discharge, any obligation or liability whatsoever of Seller or relating to the Station Business or any of the Purchased Assets other than the Assumed Liabilities. All obligations, liabilities and commitments other than the Assumed Liabilities are referred to herein as the “**Excluded Liabilities**.” Seller shall pay, perform and discharge when due, all of the Excluded Liabilities. Without limitation of the foregoing, the term “**Excluded Liabilities**” includes the following liabilities, whether accrued or fixed, absolute or contingent, known or unknown, determined or determinable, and, unless otherwise expressly provided herein, whenever arising:

(i) all liabilities and obligations relating to or arising out of the Excluded Assets;

(ii) all Taxes allocated to Seller pursuant to the terms and subject to the conditions of Section 5.7;

(iii) any claims, demands, liabilities or obligations of any nature whatsoever (including claims, demands, liabilities or obligations in respect of environmental matters, occupational safety, workers’ or workmen’s compensation, grievance proceedings or actual or threatened litigation, suits, claims, demands or governmental proceedings) which arose or were incurred on or before the Closing Date, or which arise from or are based solely on events occurring or conditions existing on or before the Closing Date;

(iv) any liabilities or obligations with respect to the Employees, including the Accrued Compensation, the COBRA Obligations and any liability or obligation arising under any Plan or other compensation arrangement of Seller; any liability or obligation to present or former shareholders of Seller;

(v) all liabilities and obligations of Seller under this Agreement, the other agreements, certificates and documents delivered in connection herewith or otherwise in connection with the transactions contemplated hereby and thereby;

(vi) any obligations, liabilities or commitments under the Assumed Contracts to the extent such obligations, liabilities and commitments relate to the period prior to

the Closing Date, and all obligations, liabilities and commitments under any Contract not listed on *Schedule 3.10* other than (A) the Ordinary Course Contracts and (B) Contracts entered into by Seller in respect of the Station Business between the Effective Date and the Closing Date in accordance with Section 5.2 and the other terms of this Agreement;

(vii) except as otherwise provided in Section 2.3(a)(i), any liability or obligation to third parties and claims from third parties to the extent based on circumstances existing on or prior to the Closing Date or the conduct of the Station Business to the extent such conduct occurred on or before the Closing Date;

(viii) except as otherwise provided in Section 2.3(a)(i), all other obligations and liabilities arising from the operation of the Station Business or the ownership of the Purchased Assets on or prior to the Closing Date; and

(ix) any liabilities of Seller not related in any manner, directly or indirectly, to the Station Business or the Purchased Assets.

Section 2.4. Closing. Pursuant to the terms and subject to the conditions of this Agreement, the consummation of the transactions contemplated by this Agreement (the “**Closing**”) shall take place at the offices of Thompson & Knight, LLP., 333 Clay Street, Suite 3300, Houston, Texas, 77002, at 10:00 a.m. local time within ten (10) Business Days after the date on which all conditions set forth in Article VI shall have been satisfied or waived, or such other time and place (including by facsimile or electronic exchange) as Buyer and Seller may agree to in writing (such date of the Closing hereinafter referred to as the “**Closing Date**”).

Section 2.5. Procedures for Certain Purchased Assets Not Freely Transferable.

(a) If any property or right (other than the Permits) included in the Purchased Assets is not assignable or transferable to Buyer either by virtue of the provisions thereof or under applicable Law without the consent of one or more third Persons (each, a “**Non-Assignable Right**”), Seller shall use its reasonable best efforts, at Seller’s sole cost and expense, to obtain such consents after the execution of this Agreement until such consent is obtained. If any such consent in respect of a Non-Assignable Right cannot be obtained prior to the Closing Date and the Closing shall occur, (i) this Agreement and the related instruments of transfer shall not constitute an assignment or transfer thereof, but (A) Seller shall use its reasonable best efforts to obtain such consent as soon as possible after the Closing Date and (B) Buyer shall cooperate, to the extent commercially reasonable, with Seller in Seller’s efforts to obtain such consents; and (ii) Seller shall use its reasonable efforts to obtain for Buyer substantially all of the practical benefit and burden of such property or rights, including by entering into appropriate and reasonable alternative arrangements, at the cost and for the account of Buyer, of any and all rights of Seller against the other party thereto arising out of the Non Assignable Right.

(b) If any of the Permits included in the Purchased Assets are not so assignable or transferable without obtaining a replacement license or permit, this Agreement and the related instruments of transfer shall not constitute an assignment or transfer thereof, and Seller shall cooperate with Buyer in its efforts to obtain replacement licenses or permits issued in Buyer’s name. If any replacement license or permit cannot be obtained prior to the Closing Date

and the Closing occurs, Seller agrees to allow Buyer to operate under its Permits, at Buyer's cost and expense, if permitted by applicable Laws or applicable Governmental Authorities for a period of up to ninety (90) days after the Closing (or such longer period as may be reasonably necessary for Buyer, using its commercially reasonable efforts, to obtain the replacement licenses or permits).

Section 2.6. Purchase Price Allocation. (a) The Purchase Price (including the Assumed Liabilities) shall be allocated among the Purchased Assets and such other of Seller's obligations hereunder as may be deemed applicable as set forth on *Schedule 2.6* (the "**Purchase Price Allocation**").

(b) The Purchase Price Allocation shall not be adjusted except to reflect the adjustments, if any, to the Purchase Price. In the event that Buyer and Seller are unable to agree on any such adjustment, Buyer and Seller shall negotiate in good faith to resolve any such dispute(s). If the parties are unable to agree upon an adjustment to the Purchase Price Allocation within thirty (30) days after the commencement of such good faith negotiations (or such longer period as Seller and Buyer shall mutually agree in writing), the disputed portion(s) of such adjustment shall be arbitrated in accordance with the arbitration procedures set forth in Section 9.1 hereof.

(c) Seller and Buyer agree to act in accordance with such allocation in any Tax Return, including any forms or reports required to be filed pursuant to Section 1060 of the Code or any provisions of any comparable Law, unless there has been a final "determination," as defined in Section 1313(a) of the Code, in which the allocation is modified. Buyer and Seller shall cooperate in the preparation of such Tax Returns and file such forms as required by applicable Law. Neither Buyer nor Seller shall take a position inconsistent therewith upon examination of any Tax Return, in any refund claim, or in any litigation or investigation, without the prior written consent of the other party, except as required by applicable Law. In the event that the Purchase Price Allocation is disputed by any Governmental Authority, the party receiving notice of the dispute shall promptly notify the other party hereto in writing of such notice and resolution of the dispute.

Section 2.7. Earnest Money. Contemporaneously with the execution and delivery of this Agreement, Buyer shall pay to Seller the sum of One Hundred Thousand Dollars (\$100,000.00) as non refundable Earnest Money, to be applied to the Purchase Price and as consideration for the LMA. In the event of a termination of this Agreement pursuant to Article IX hereof, the Earnest Money shall be refunded to the Buyer; otherwise, the Earnest Money shall be retained by Seller as liquidated damages and compensation under the LMA.

ARTICLE III—REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer as follows, with each such representation and warranty subject only to such exceptions, if any, as are set forth in the particular disclosure Schedule numbered and captioned to correspond to, and referenced in, such representation or warranty:

Section 3.1. Organization, Standing and Power. Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Texas and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted, except as disclosed hereunder. Seller is duly qualified to do business and is in good standing in each jurisdiction in which such qualification is necessary because of the property owned, leased or operated by it or because of the nature of its business as now being conducted, except where any failure, individually or in the aggregate, to be so qualified or in good standing could not reasonably be expected to have a Material Adverse Effect.

Section 3.2. Authority. The execution and delivery of this Agreement and the other agreements, certificates and documents delivered in connection herewith and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of Seller. Seller has all requisite corporate power and authority to enter into this Agreement and the other agreements, certificates and documents delivered in connection herewith and to consummate the transactions contemplated hereby and thereby, and this Agreement and the other agreements, certificates and documents delivered in connection herewith have been, or upon execution and delivery thereof will be, duly executed and delivered by Seller.

Section 3.3. Tangible Personal Property.

(a) *Schedule 3.3(a)* lists the material items of Tangible Personal Property included in the Purchased Assets.

(b) Except as otherwise set forth in *Schedule 3.3(a)*, Seller owns and has indefeasible title to the Tangible Personal Property listed thereon and none of the Tangible Personal Property included in the Purchased Assets at closing will be subject to any Liens, except for Permitted Liens.

Section 3.4. Conflicts; Consents. The execution and delivery of this Agreement and the other agreements, certificates and documents contemplated hereby, the consummation of the transactions contemplated hereby or thereby and compliance by Seller with any of the provisions hereof or thereof do not and will not:

(a) conflict with or result in a breach of the certificate of incorporation, bylaws or other constitutive or organizational documents of Seller;

(b) subject to receipt of the FCC Consent, violate any Law applicable to Seller, the Stations or any of the Purchased Assets except local requirements, such as certificates of occupancy and other local ordinances;

(c) result in the creation or imposition of any Lien (other than Permitted Liens) upon any of the Purchased Assets; and

Section 3.5. Good Title; Sufficiency of Assets. Except as set forth in *Schedule 3.5*, at the Closing, Buyer will acquire from Seller, good and indefeasible title to, or valid contract rights to, as applicable, all of the Purchased Assets, free and clear of all Liens (other than Permitted

Liens and Liens to be discharged at Closing pursuant to the terms and subject to the conditions set forth in this Agreement). At Closing the liens to Frost Bank and to the shareholders of the Seller, secured by the certain of the Purchased Assets of the Seller shall be released. Other than the liens to Frost Bank and to the shareholders of the Seller, there are no other liens, other than Permitted Liens, burdening the Assets.

Section 3.6. Real Property.

(a) *Schedule 2.2(a)(i)(A)* sets forth a description of all Owned Real Property and *Schedule 2.2(a)(i)(B)* sets forth a description of all Leased Real Property. The Purchased Assets include all real property interests used or held for use in connection with the Station Business.

(b) Seller is the sole owner or holder of and has good and indefeasible fee simple title to, all Owned Real Property and has a good, valid and existing leasehold estate in each Leased Real Property, in each case, insurable at standard rates and free and clear of all Liens affecting title to or the use and occupancy of such Owned Real Property or Leased Real Property, as applicable, except for Permitted Liens, all matters of record, and all zoning and any other applicable regulation or ordinance.

(c) All (x) Towers, buildings (including transmitter buildings) and other structures and improvements used in connection with the operation of the Stations (collectively, “**Transmission Structures**”) (y) Transmission Equipment and (z) other Tangible Personal Property, are included in the Purchased Assets. *Schedules 2.2(a)(i)(A) and Schedule 2.2(a)(i)(B)* identify the specific parcel of Real Property on which (i) the Towers and Transmission Equipment are, located and (ii) the main studios, and any other studios, of the Stations are located and designates which of such studios are the main studios of each Station.

(d) No shareholder of Seller is a “foreign person” as defined in Section 1445 of the Code.

Section 3.7. Contracts.

(a) *Schedule 3.7* sets forth a true and complete list of all Material Contracts related to the Station Business to which Seller is a party or by which it is bound, or to which any of the Purchased Assets are subject, except for (i) orders for the purchase of supplies, and (ii) routine maintenance Contracts, in each case entered into in the ordinary course of business, having an unexpired term of less than three (3) months and involving aggregate remaining payments of less than Ten Thousand Dollars (\$10,000) ((i) and (ii), the “**Ordinary Course Contracts**”). All of the Ordinary Course Contracts, in the aggregate, do not involve annual payments of more than Fifty Thousand Dollars (\$50,000). All Contracts identified or otherwise referenced on *Schedule 3.7* are collectively referred to herein as the “Material Contracts” and the Material Contracts, together with the Ordinary Course Contracts, are collectively referred to herein as the “**Existing Contracts**.”

(b) Seller will make available to Buyer true and complete copies of all written Material Contracts.

Section 3.8. Compliance with Law; Permits. No notice has been received by the CEO of the Seller stating that the business and operations of the Stations are not being conducted in all material respects in compliance with all applicable Laws. *Schedule 3.8* sets forth a true and complete list of all of the Permits, including any registrations of Transmission Structures (true and complete copies of which are attached thereto) which the Seller has in its possession.

Section 3.9. Regulatory Matters.

(a) Seller is legally qualified under the Communications Act to perform its obligations hereunder, to be the licensee of, and to own and operate the Stations. To Seller's Knowledge, except as set forth on *Schedule 3.9(a)*, no fact or circumstance exists relating to the FCC qualifications of Seller that (i) could reasonably be expected to prevent or delay the FCC from granting the Assignment Application or (ii) would otherwise disqualify Seller as the licensee, owner, operator or transferee of the Stations.

(b) *Schedule 3.9(b)* accurately and completely lists all FCC Licenses and all material pending applications filed with the FCC by Seller with respect to the Stations, true and complete copies of which are attached thereto.

(c) There is not now pending and, to Seller's Knowledge, there is not threatened, any action by or before the FCC to revoke, suspend, cancel, rescind or modify any of the FCC Licenses that, if adversely determined, could reasonably be expected to have a Material Adverse Effect (other than proceedings to amend the Communications Act or proceedings of general applicability to the broadcast television industry), except the matters listed on *Schedule 3.9(a)*.

(d) Each of the Stations is owned and operated by Seller in material compliance with (i) the terms of the FCC Licenses and (ii) the Communications Act, including the Main Studio Rules. Except as set forth on *Schedule 3.9(d)* Seller has received no notice that it has not filed or made all applications, reports, and other disclosures required by the FCC to be made in respect of each of the Stations and have or will have timely paid all FCC regulatory fees in respect thereof, except where the failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. To Seller's Knowledge, the FCC Licenses are as of the date hereof in full force and effect and are not subject to any condition except conditions applicable to broadcast television licenses generally, or as otherwise disclosed on the face of the FCC Licenses or as set forth in *Schedule 3.9(a)*. Seller, as it relates to the Class A stations has, during the 90 days preceding the enactment of the Community Broadcaster Protection Act ("CBPA") and continuously therefrom: (i) broadcast an average of at least 3 hours per week of programming produced within the "market area" served by the station which is defined by the FCC as programming produced within the predicted Grade B of the stations; (ii) Seller has maintained a main studio either within the stations' Grade B contour or has maintained a main studio at the site used by the station as of November 29, 1999; (iii) the stations has broadcast a minimum of 18 hours per day; (iv) since December 8, 2000 the stations have broadcast at least 3 hours per week per quarter of Children's programming in compliance with Section 73.671 of the FCC's rules, has complied with the limits on commercialization during children's programming set forth in Section 73.670 of the FCC's rules, has maintained a public inspection file including the requirement to prepare and place in the public inspection file on a

quarterly basis an issues/programs list, and has complied with all of the other FCC rules and regulations applicable to Class A Television Stations, including, but not limited to, those rules identified in Section 73.6026 of the FCC's rules, except where the failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect

(e) *Schedule 3.9(e)* sets forth the applications that remain pending and details thereof for renewal of the Stations' Licenses As of the date of this Agreement, no petition to deny or other objection has been filed against any such applications. Seller will use its best efforts to prosecute such applications. The parties acknowledge that under current FCC policy, the FCC will not permit the assignment of any Station while such Station's FCC License renewal application is pending. In order to facilitate the transaction contemplated by this Agreement, Seller will, promptly after the date hereof, with respect to the indecency complaints pending against the Station, enter into one or more agreements with the FCC to toll the applicable statute of limitation and enter into an escrow or other agreement with the FCC if necessary to receive a grant of the Station's FCC License renewal applications and to receive a grant of the assignment applications. With respect to any non-indecency violations, Licensee shall not be required to enter into any other written agreement or pay any Notice of Apparent Liability for Forfeiture in order to receive a grant of the Stations' FCC License renewal applications and to receive a grant of the assignment applications.

(f) *Schedule 3.9(f)* identifies the Towers on which the main analog antenna of each of the Stations is mounted and the Towers on which Seller has mounted, or intends to mount, as applicable, the main digital antenna of each of the Stations. The Transmission Structures are registered to the extent required by Law and all such Transmission Structures have been constructed, and are operated and maintained, in compliance in all material respects with the FCC Licenses and all applicable Laws, including the Communications Act and those promulgated by the FAA (and including, to the extent applicable, all such Laws concerning the marking, painting, lighting, height and registration of the Transmission Structures).

(g) All material returns, reports and statements that Seller is currently required to file with the FCC or FAA have been filed. Except as set forth on *Schedule 3.9(g)*, the Stations are operating in all material respects in accordance with the specifications of the applicable FCC Licenses, and is in compliance in all material respects with the Communications Act and the rules, regulations and published policies of the FCC.

(h) Seller has elected must-carry or retransmission consent for carriage of the analog signal of the Stations on all MVPDs and has either entered into retransmission consent agreements or the status of any related negotiations is described on *Schedule 3.9(h)* as of the date hereof. *Schedule 3.9(h)* lists any retransmission consent agreements entered into by Seller for cable system carriage of the digital signal of the Stations. Except as set forth on *Schedule 3.9(h)*, no MVPD has (i) advised Seller of any signal quality or copyright indemnity or other obstacle to carriage of the analog signal of the Station, (ii) declined such carriage or sought any form of relief from carriage from the FCC, or (iii) obtained or, to Seller's knowledge, sought a modification to the geographic area in which the Stations is eligible for must-carry or retransmission consent rights under FCC Requirements.

(i) The Stations have been assigned the channels listed on *Schedule 3.9(i)* (the “Digital Channels”) by the FCC for the provision of digital television (“DTV”) service and has elected the channels listed on *Schedule 3.9(i)* as their post-digital transition channels. The FCC Licenses listed in *Schedule 3.9(b)* include construction permits and modifications thereto and license to cover applications (the “DTV CPs”) and all other authorizations necessary to operate the DTV facilities listed therein (the “DTV Facilities”). Except as expressly set for in this Section 3.9(i) and *Schedule 3.9(b)*, the DTV CPs are in full force and effect and the FCC has not taken any adverse action with respect thereto and the FCC has granted all necessary extensions and waivers. A waiver of the “use it or lose it” interference protection deadline for DTV buildout for KIDY-DT has been granted until August 18, 2008. At Closing, no further technical action, modification, or extension will be required for the buildout of the DTV Facilities at the full parameters authorized by the DTV CPs and in Appendix B of the DTV Table of Allotments.

Section 3.10. Litigation. Except as set forth in *Schedule 3.10*, there are no claims, actions, suits, proceedings or investigations pending or, to Seller’s Knowledge, threatened before any court, arbitrator or Governmental Authority which affect Seller, the Station Business or the Purchased Assets or which could reasonably be expected to restrain, enjoin or otherwise prevent the consummation of the transactions contemplated by this Agreement or the other agreements, certificates and documents delivered in connection herewith, nor, to Seller’s Knowledge, is there any reasonable basis on which any claim, action, suit, proceeding or investigation may be brought in the future.

Section 3.11. Labor Matters Employees and Employee Benefits

(a) *Schedule 3.11(a)* contains a true and complete list of (i) each Employee, including details of title, date of hire, salary or wage rate and date of birth and commissions for past fiscal year, accrued sick leave and vacation obligation and (ii) all written and oral Contracts (including employment and consulting agreements) between Seller on one hand, and any Employee or consultant of Seller with respect to the Station Business on the other. Except as set forth on *Schedule 3.11(a)*, there are no collective bargaining agreements, employment agreements between Seller and their employees or professional service contracts not terminable at will relating to the Station Business.

(b) Seller has or will make available to Buyer for inspection all personnel policies, rules or procedures (whether written or oral) applicable to Employees.

(c) *Schedule 3.11(c)* contains a true and complete list of each Plan. Seller has made or will make available for inspection (i) each Plan for which a Plan document exists, (ii) the summary plan description for each Plan and (iii) the latest annual report, if any, which has been filed with the IRS for each Plan.

(d) There are no actions, claims, lawsuits or arbitrations pending, or, to Seller’s Knowledge, threatened, with respect to any Plan, and, to Seller’s Knowledge, no facts exist which could reasonably be expected to give rise to any such actions, claims, lawsuits or arbitrations (other than routine claims for benefits). Seller has satisfied all funding, compliance and reporting requirements for all Plans.

(e) No Plan provides or is required to provide, now or in the future, health, medical, dental, accident, disability, death or survivor benefits to or in respect of any Person.

Section 3.12. Environmental Matters. Except as disclosed in *Schedule 3.12*, to (a) the operation of the Station Business and the use of the Purchased Assets as heretofore operated and used are not in violation of any applicable Environmental Law; (b) no inspection or investigation by any Governmental Authority at or about the Real Property or, with respect to the Station Business, any other facility or property currently or previously owned or operated by Seller or any third party has resulted in a citation, complaint, notice of violation, or letter demanding cleanup of any Hazardous Substances pursuant to any Environmental Law that in any case Seller or such third party has failed to remedy, nor is any such citation, complaint, notice of violation, or letter threatened, nor, does any condition or state of affairs exist with respect to any such Real Property or any other properties or facilities which could reasonably be expected to result in any such citation, complaint, notice of violation or letter; (c) Seller has (i) not disposed of, or stored, any Hazardous Substances on the Real Property, nor has there been any release, spill or leak of any Hazardous Substances at such sites reportable under any Environmental Law, and (ii) fully complied with all Environmental Laws relating to the generation, storage, treatment, recycling, removal, cleanup, transport or disposal of all Hazardous Substances at such sites and otherwise with respect to the Station Business; (d) there are no Hazardous Substances present at the surface or subsurface levels of the Real Property or present in the air above or the air and water immediately surrounding, such property which is in excess of any concentration levels or standards prescribed or permitted by any applicable Environmental Law, nor does any condition or state of affairs exist on or about such property that would now or in the future require remedial investigation, corrective action or closure under the provisions of any Environmental Law or that could reasonably be expected to constitute a nuisance or other violation of any Environmental Law; and (e) the operation of the Stations do not exceed the permissible levels of exposure to RF radiation specified in the FCC's rules, regulations and policies, concerning RF radiation.

Section 3.13. Insurance. *Schedule 3.13* contains a true and complete list of all policies of insurance related to the Station Business held by Seller.

Section 3.14. Brokers. Except for the fees payable to Kalil & Co, which fees shall be paid by Seller, Seller does not have any obligation or liability to pay any finders' or brokers' fees or commissions with respect to the transactions contemplated by this Agreement.

Section 3.15. Taxes. Except as set forth on *Schedule 3.15*:

(a) All federal, state and local tax returns required to be filed by or on behalf of Sellers have been timely filed (subject to any permitted filing date extensions) with the appropriate Governmental Authorities in all jurisdictions in which such returns and reports are required to be filed on or prior to the date hereof, and all Taxes shown as due on such Tax returns have been paid;

(b) To the Knowledge of Seller, no claim has ever been made by any taxing authority in a jurisdiction where a Seller does not file Tax returns that a Seller is or may be subject to taxation by such jurisdiction;

(c) Seller has not requested, and is not a current beneficiary of, any extension of time within which to file any tax returns;

(d) Seller has withheld and paid all taxes required to have been withheld and paid in connection with amounts paid to any employee, independent contractor, creditor, owner or other third Person; and

(e) There are no liens for unpaid taxes (other than for current taxes either not yet due and payable or being contested in good faith) upon the Purchased Assets.

ARTICLE IV— REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as follows, with each such representation and warranty subject only to such exceptions, if any, as are set forth in the particular disclosure Schedule numbered and captioned to correspond to, and referenced in, such representation or warranty:

Section 4.1. Organization, Standing and Power. Buyer is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Texas and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

Section 4.2. Authority; Binding Agreements. The execution and delivery of this Agreement and the other agreements, certificates and documents delivered in connection herewith and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by all necessary corporate action on the part of Buyer. Buyer has all requisite corporate power and authority to enter into this Agreement and the other agreements, certificates and documents delivered in connection herewith and to consummate the transactions contemplated hereby and thereby, and this Agreement and the other agreements, certificates and documents delivered in connection herewith have been, or upon execution and delivery thereof will be, duly executed and delivered by Buyer. This Agreement and the other agreements, certificates and documents delivered in connection herewith are, or upon execution and delivery thereof will be, the valid and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms, except as enforceability may be limited by any applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting the enforcement of creditor's rights generally and the application of general principles of equity (regardless of whether that enforceability is considered in a proceeding at law or in equity).

Section 4.3. Conflicts; Consents. The execution and delivery of this Agreement and the other agreements and documents to which Buyer is a party as contemplated by this Agreement, the consummation of the transactions contemplated hereby and thereby and compliance by Buyer with the provisions hereof and thereof do not and will not (a) conflict with or result in a breach of the certificate of incorporation, bylaws, or other constitutive or organizational documents of Buyer, (b) subject to receipt of the FCC Consent, violate any Law applicable to Buyer or Buyer's

properties or assets, or (c) other than FCC Consent and the filings associated therewith, require the consent or approval by, or any notification of or filing with, any Governmental Authority.

Section 4.4. FCC Qualifications. Subject to obtaining the FCC Consent, Buyer is, and as of the Closing will be, legally, financially and otherwise qualified under the Communications Act to perform its obligations hereunder and to be the licensee of, and own and operate, the Stations. Except as set forth in *Schedule 4.4*, to Buyer's Knowledge, no fact or circumstance exists relating to the FCC qualifications of Buyer that (a) could reasonably be expected to prevent the FCC from granting the Assignment Application or (b) would otherwise disqualify Buyer as the licensee, owner or operator of the Stations. To Buyer's Knowledge, other than as otherwise provided on *Schedule 4.4*, no waiver of any FCC rule or policy attributable to Buyer is required for the grant of the FCC Consent.

Section 4.5. Brokers. Except for the fees payable to MMTC, which fees shall be paid by Buyer, Buyer does not have any obligation or liability to pay any finders' or brokers' fees or commissions with respect to the transactions contemplated by this Agreement .

ARTICLE V—ADDITIONAL AGREEMENTS

Section 5.1. FCC Matters.

(a) **FCC Consent.** The consummation of the transactions contemplated hereby is subject to the prior consent and approval of the FCC. Within five (5) Business Days after the Effective Date, Seller and Buyer shall prepare and thereafter shall promptly file with the FCC the Assignment Application. In addition, each party hereto covenants and agrees to (i) file any amendment or modification to the FCC Applications; (ii) otherwise take any other action with respect to the FCC as may be reasonably necessary in connection with the transactions contemplated hereby; and (iii) cooperate in good faith with the other party hereto with respect to the foregoing, all as may be determined by Buyer to be necessary, appropriate or advisable in order to consummate the transactions contemplated by this Agreement.

(b) **Prosecution of FCC Applications.** Upon filing, the parties shall prosecute the FCC Applications with commercially reasonable diligence and otherwise use commercially reasonable efforts to obtain the grant of the FCC Applications as expeditiously as practicable. Each party shall promptly provide to the other party a copy of any pleading, order or other document served on them relating to any such FCC Application.

(c) **Certain Actions and Omissions.** Seller shall not take any action, or omit to take any action, or enter into any Contract which would, or could reasonably be expected to, prevent or interfere with the successful prosecution of any FCC Application or the consummation of the transactions contemplated by this Agreement, or which is or would be inconsistent with any FCC Application or the consummation of the transactions contemplated by this Agreement. Seller shall enter into an escrow agreement or other similar arrangement as required by the FCC to receive a grant of the Assignment Application.

(d) **Certain FCC Conditions.** Each party agrees to comply with any condition imposed on it by any FCC Consent, except that no party shall be required to comply with a

condition if (i) the condition was imposed on it as the result of a circumstance the existence of which does not constitute a breach by that party of any of its representations, warranties, covenants, obligations or agreements hereunder; (ii) compliance with the condition could reasonably be expected to have, in the case of Seller, a Material Adverse Effect, or in the case of Buyer, a material adverse effect upon Buyer or its Affiliates; (iii) with respect to Buyer, require the divestiture by Buyer of any material assets of Buyer, including any broadcast station or licensed facility, or the termination or material modification of any currently existing local marketing agreement or other similar Contract with respect to the provision of programming or other services to a television station; or (iv) required the Seller to undertake any action that is not required elsewhere in this Agreement. Buyer and Seller shall oppose any petitions to deny or other objections filed with respect to any FCC Application and any requests for reconsideration or review of any FCC Consent.

(e) ***Certain Extensions.*** If the Closing shall not have occurred for any reason within the original effective period of any FCC Consent, and neither party shall have terminated this Agreement pursuant to its right under Section 7.1, the parties shall jointly request an extension of the effective period of such FCC Consent. No extension of the effective period of any FCC Consent shall limit the exercise by either party of its right to terminate the Agreement under Section 7.1.

Section 5.2. Conduct of Station Business. Seller and Buyer shall enter into the Local Programming and Management Agreement (“LMA”) to be effective on the Effective Date and shall terminate on the termination of this Agreement or upon the Closing of this Agreement.

Section 5.3. Negative Covenants.

(a) ***Certain Negative Covenants.*** Seller shall not , except as otherwise consented to by Buyer in writing or as in the ordinary course of the Seller’s business:

(i) assign, sell, lease (as lessor), transfer or dispose of, or agree to assign, sell, lease (as lessor), transfer or dispose of, any material Purchased Assets without replacement thereof with functionally equivalent or superior assets;

(ii) apply to the FCC for any FCC license, construction permit, authorization or any modification thereto that would materially restrict the Stations’ present operations or make any material adverse change in the buildings, leasehold improvements or fixtures owned by Seller, including any Transmission Structure;

(iii) enter into any arrangement or Contract with any Affiliate or shareholder of Seller, or any of any such shareholders’ parents, spouse, descendants (whether natural, step or adopted) or other family member in respect of the Station Business or the Purchased Assets that does not terminate on or prior to the Closing Date;

(iv) enter into any material amendment or modification to, or grant any material waiver under, any lease, sublease, license, or other Contract with respect to the Real Property.

(v) incur, or suffer or permit to exist, any Lien (other than a Permitted Lien) on any Purchased Asset(s);

(vi) enter into, renew, amend or modify any Contract relating in any way to the Stations or the Station Business except to the extent that such Contract is (A) entered into in the ordinary course of business and (B) does not involve liabilities or obligations in excess of Ten Thousand Dollars (\$10,000) individually or Fifty Thousand Dollars (\$50,000) in the aggregate;

(vii) other than the LMA, enter into any local marketing agreement, joint sales agreement, shared services agreement or other similar Contract in respect of the programming or operations of the Stations;

(viii) except as required by applicable Laws or Existing Contract, (A) hire any employee except in the ordinary course of Station Business and consistent with past practices of Seller, or (B) enter into, renew, amend or modify any collective bargaining agreement, in each case in respect of the Station Business or the Purchased Assets.

(ix) enter into any new Plan or amend any existing Plan or grant any increases in employee compensation except for increases in compensation in the ordinary course of business and consistent with past practice;

(x) take, or fail to take, any other action which could reasonably be expected to result in a breach or inaccuracy in any of the representations or warranties of Seller contained in this Agreement;

(xi) agree or commit, whether in writing or otherwise, to take any of the actions specified in the foregoing clauses; or

(xii) commit or suffer any of the acts described in clauses (a) through (t) of Section 3.6.

(b) ***FCC Licenses; Permits.*** During the period commencing on the Effective Date and ending on the earlier of the Closing Date or the termination of this Agreement, Seller shall, (i) maintain in effect the FCC Licenses and all Permits that are required to carry on the Station Business, (ii) promptly execute and prosecute any necessary applications for renewal of FCC Licenses necessary for the operation of the Stations as presently conducted and will enter into the agreements as required in Section 3.9 and will use reasonable efforts to cooperate with Buyer in any other respect as Buyer may reasonably request in order to enhance, protect, preserve or maintain the Purchased Assets or the Station Business; (iii) timely file with the FCC all required reports and pay any required annual regulatory fees for the operation of the Stations; and (iv) deliver to Buyer, within ten (10) Business Days after filing, copies of any reports, applications or responses to the FCC related to the Stations which are filed during such period. Upon request of Buyer, Seller shall consent, pursuant to 47 C.F.R. Section 73.3517, to the filing by, and in the name of Buyer (or any permitted assignee of Buyer) of an application requesting the authorization of the FCC to modify any FCC License or authorization of or relating to either of the Stations, *provided that* such authorization be contingent upon Closing. All filing costs related to such filings shall be borne by Buyer.

Section 5.4. Obligation to Consummate Transaction. Each of the parties hereto agrees to use all reasonable efforts (without any obligation of the Seller to spend money) to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable to the extent permissible under applicable Laws, to consummate and make effective the transactions contemplated by this Agreement as expeditiously as practicable and to ensure that the conditions set forth in Article VI are satisfied, insofar as such matters are within the control of either of them. Without limitation to the foregoing or to Section 2.5, Seller shall use its reasonable best efforts to obtain all Material Consents.

Section 5.5. Access and Information; Additional Disclosure.

(a) **Access and Information.** From the Effective Date until the earlier of the Closing Date and the termination of this Agreement, Seller shall permit Buyer and its representatives to make such investigation of the Purchased Assets as Buyer deems necessary or desirable in connection with the transactions contemplated hereby.

(b) **Additional Disclosure.** From the Effective Date until the earlier of the Closing Date and the termination of this Agreement, Seller shall give prompt written notice to Buyer of (i) the occurrence, or failure to occur, of any event which could reasonably be expected to cause any representation or warranty made by it in this Agreement or any Exhibit or Schedule hereto to be untrue or inaccurate as of the Effective Date or as of the Closing Date, and (ii) any failure to comply with or satisfy any covenant, condition or agreement required to be complied with or satisfied by it under this Agreement or any Exhibit or Schedule hereto; *provided, however*, that such disclosure shall not be deemed to cure any breach of representation, warranty, covenant or agreement or to satisfy any condition for purposes of determining whether the conditions set forth in Article VI have been satisfied.

Section 5.6. Confidentiality; Non-Competition; Non-Solicitation

(a) **Seller Confidentiality Agreement.** Seller shall and shall cause its Affiliates and its and their respective counsel, accountants, financial advisors, lenders and other agents and representatives to: (i) protect the Buyer Confidential Information with at least the same degree of care, but no less than reasonable care, with which it protects its own most sensitive confidential information and not to disclose or reveal any Buyer Confidential Information to any Person other than to its or its Affiliates' respective officers, directors, employees, attorneys, accountants, other agents and representatives, including engineers, financial advisors, current and prospective lenders who need to know the Buyer Confidential Information in connection with any investigation of Seller or the negotiation, preparation or performance of this Agreement or any document to be delivered hereunder or for the purpose of evaluating Seller or the transactions contemplated hereby, except to the extent that disclosure of Buyer Confidential Information has been consented to in writing by Buyer; and (ii) not use the Buyer Confidential Information for any purpose other than (A) in connection with the evaluation or consummation of the transactions contemplated by this Agreement; (B) to the extent necessary in connection with any filing requirements under the laws of the United States or to obtain any Consents; or (C) to enforce Seller's rights and remedies under this Agreement. The obligations of Seller under this Section 5.6(a) shall survive the Closing or the termination of the Agreement for a period of three (3) years after such Closing or termination, as applicable.

(b) ***Buyer Confidentiality Agreement.*** Buyer shall and shall cause its Affiliates and permitted assigns, and its and their respective counsel, accountants, financial advisors, lenders and other agents and representatives to: (i) protect the Seller Confidential Information with at least the same degree of care, but no less than reasonable care, with which it protects its own most sensitive confidential information and not to disclose or reveal any Seller Confidential Information to any Person other than to its or its Affiliates' or permitted assigns' respective officers, directors, employees, attorneys, accountants, other agents and representatives, including engineers, financial advisors, current and prospective lenders who need to know the Seller Confidential Information in connection with the performance of this Agreement or any document to be delivered hereunder or for the purpose of evaluating the transactions contemplated hereby, except to the extent that disclosure of such Seller Confidential Information has been consented to in writing by Seller; and (ii) not use the Seller Confidential Information for any purpose other than (A) in connection with the evaluation or consummation of the transactions contemplated by this Agreement; (B) to the extent necessary in connection with any filing requirements under the laws of the United States or to obtain any Consents; or (C) to enforce Buyer's rights and remedies under this Agreement. The obligations of Buyer under this Section 5.6(b) shall survive the Closing or the termination of the Agreement for a period of three (3) years after such Closing or termination, as applicable.

Section 5.7. Certain Tax Matters.

(a) ***Cooperation and Exchange of Information.*** Each of Seller and Buyer shall (i) provide the other with such assistance as may reasonably be requested by the other party in connection with the preparation of any Tax Return, audit or other examination by any taxing authority or judicial or administrative proceeding relating to liability for Taxes in connection with the Station Business or the Purchased Assets, (ii) retain and provide the other with any records or other information that may be relevant to such Tax Return, audit or examination, proceeding or determination, and (iii) provide the other with any final determination of any such audit or examination, proceeding or determination that affects any amount required to be shown on any Tax Return of the other for any period.

(b) ***Survival of Covenants.*** The covenants contained in this Section 5.7 shall survive until thirty (30) days after the expiration of the applicable statute of limitations (including extensions thereof).

Section 5.8. Public Announcements. Prior to the Closing, neither Buyer nor Seller shall issue any press release or otherwise make any public statement with respect to the transactions contemplated hereby without the prior written consent of the other party hereto; provided, however, Seller shall be permitted to publish and broadcast public notices concerning the filing of the Assignment Applications in accordance with the requirements of the FCC. At and after the Closing, (a) Buyer shall have the right to issue any press release or otherwise make any public statement with respect to the transactions contemplated hereby with the consent of Seller, but in no event with the disclosure of the purchase price and (b) Seller shall have the right to issue a press release or otherwise make a public statement with respect to the transactions contemplated hereby only upon the prior written consent of Buyer. Notwithstanding anything to the contrary herein, any party may issue any press release or make any public statement with respect to the transactions contemplated hereby without the approval of the other party as may be required by

applicable Law or court process, *provided that* notice is promptly delivered to the other party in order to provide an opportunity to seek a protective order or other similar order with respect to such information and the issuing party thereafter discloses only the minimum information required to be disclosed in order to comply with the request, whether or not a protective order or other similar order is obtained by the other party.

Section 5.9. Checks; Remittances and Refunds. After the Closing, if Seller or its Affiliates receive any payment, refund or other amount which is attributable to, results from or is related to a Purchased Asset or is otherwise properly due and owing to Buyer in accordance with the terms of this Agreement, Seller shall promptly remit, or cause to be remitted, such amount to Buyer. After the Closing, if Buyer or its Affiliates receive any refund or other amount which is properly due and owing to Seller in accordance with the terms of this Agreement, Buyer shall promptly remit, or cause to be remitted, such amount to Seller.

Section 5.10. Cooperation in Litigation. From and after the Closing Date, Buyer and Seller shall fully cooperate with each other in the defense or prosecution of any litigation or examination, audit, or other proceeding instituted prior to the Closing or which may be instituted hereafter against or by such parties relating to or arising out of the conduct of the Station Business prior to or after the Closing (other than litigation between Buyer and Seller or their respective Affiliates arising out of the transactions contemplated hereby or by the other agreements, certificates and documents delivered in connection herewith). The party requesting such cooperation shall pay the reasonable out-of-pocket costs and expenses incurred in providing such cooperation (including legal fees and disbursements) as well as any applicable Taxes in connection therewith by the party providing such cooperation and by its officers, directors, employees and agents, but shall not be responsible for reimbursing such party or its officers, directors and employees for their time spent in such cooperation, *provided that* the amount of such time is reasonable and consistent with such person's other obligations.

Section 5.11. Employment of Certain Employees of Station Business. Between the period commencing on the Effective Date and concluding on the Closing Date, Seller shall, promptly upon Buyer's request, afford Buyer the opportunity to consult with Seller and any and all Employees of the Station Business regarding the potential retention of certain Employees by Buyer upon the Closing. Buyer shall have the right, but not the obligation, in its sole and absolute discretion, to offer employment commencing on or after the Closing Date to any or all of such Employees, in each case on such terms as the Buyer shall determine in its sole and absolute discretion. Any Station Employee who thereby becomes employed by Buyer shall constitute a Transferred Employee. Except as herein provided with regard to the Assumed Liabilities, Buyer shall have no obligation to create, maintain, or contribute to any Plan in respect of any such Employee who is offered a position pursuant to this Section 5.11 and accepts such position. To the extent that Buyer does not, in its sole and absolute discretion, offer employment to one or more of such Employees, as between Buyer and Seller, Seller shall be solely responsible for any and all benefits, if any, to which such Employees are entitled as a result of such non-employment. Seller shall, prior to the Closing, but not earlier than the day prior to the Closing Date, terminate all employees identified by Buyer as Transferred Employees.

Section 5.12. Real Property Inspection.

(a) During the sixty (60) day period following the Effective Date, upon reasonable notice to Seller, Buyer and its employees, agents, and contractors (including any surveyors or environmental consultants) at Buyer's sole risk, cost and expense, and only so long as the Buyer has liability insurance in the amount acceptable to the Seller, naming Seller as a loss payee or additional insured, shall have the right to enter on the Real Property from time to time during normal business hours for the purposes of making, at Buyer's expense, engineering, architectural, environmental, title, zoning, survey, and any other studies that Buyer reasonably deems necessary or desirable in connection with the transaction contemplated hereby (the "**Real Property Inspection**").

(b) If, as a result of the Real Property Inspection, Buyer reasonably determines that any matter or matters affecting or relating to the title or condition of the Real Property could reasonably be expected to have a Material Adverse Effect or a material adverse effect on the use and enjoyment of the affected real property as currently used by Seller (a "**Real Property Objection**"), Buyer shall, no later than the date sixty (60) days after the Effective Date, deliver written notice to Seller setting forth in reasonable detail the basis for and any evidence of the Real Property Objection.

(c) If Buyer delivers to Seller timely notice of a Real Property Objection, and Seller does not notify Buyer on or before the date that is five (5) Business Days after Buyer's delivery of notice of a Real Property Objection (the "**Cure Notice Deadline**"), of Seller's intention to cure or correct the Real Property Objection (Seller having no obligation to cure any Real Property Objection), Buyer shall have the right, as its sole recourse, to terminate this Agreement by delivering to Seller a Notice of Termination no later than five (5) Business Days following the Cure Notice Deadline. If Buyer delivers to Seller a timely notice of a Real Property Objection, Seller notifies Buyer of Seller's intention to cure or correct the Real Property Objection, and Seller does not cure or correct the Real Property Objection within thirty (30) days after Buyer's delivery of a notice of a Real Property Objection, Buyer shall have the right to terminate this Agreement by delivering to Seller a Notice of Termination no later than five (5) Business Days following the end of such thirty (30) -day period.

Section 5.13. No Premature Assumption of Control. Nothing contained in this Agreement shall give Buyer any right to, directly or indirectly, control, supervise or direct, or attempt to control, supervise or direct, the programming, operations, or any other matter relating to the Station prior to the Closing Date, and Seller shall have complete control and supervision of the programming, operations, policies and all other matters relating to the Station up to the time of the Closing; *provided, however*, that Buyer and Seller acknowledge that Buyer will be performing certain duties and obligations with respect to the Stations pursuant to the terms of the LMA.

Section 5.14. WARN Act. Buyer and Seller agree to cooperate in good faith to determine whether any notification may be required under the WARN Act, as a result of the transactions contemplated under the Agreement and, if such notices are required, to provide such notice in a manner that is reasonably satisfactory to each of the parties hereto.

Section 5.15. Expenses.

(a) All filing fees and other charges levied by any Governmental Authority in connection with the transactions contemplated by this Agreement, including those fees relating to the FCC Applications, shall be paid one half by Buyer and one half by Seller.

(b) Except as expressly set forth herein, each party hereto shall bear its own costs and expenses incurred in connection with the transactions contemplated hereby.

Section 5.16. Risk of Loss.

(a) The risk of loss to any of the Purchased Assets on or prior to the Closing Date shall be upon Seller. Seller shall use all commercially reasonable efforts to repair or replace any Purchased Assets that are lost or damaged prior to Closing; *provided, however*, that in the event that Purchased Assets with a book value of greater than \$50,000 are damaged or lost as of the date otherwise scheduled for Closing, Buyer may, at its sole election, either (i) postpone Closing for a period of up to 60 days while Seller repairs or replaces such Purchased Assets; or (ii) elect to close with the Purchased Assets in their then-current condition, in which case Seller shall assign all proceeds from insurance on such lost or damaged Purchased Assets to Buyer and pay to Buyer (or, to the extent not known as of the Closing, indemnify Buyer for [without regard to the basket or cap limitations in Section 8.6]) the cost of repair and replacement of such damaged or lost Purchased Assets to the extent not covered by insurance, *provided further* that Seller shall have no obligation to repair or replace lost or damaged Purchased Assets, or make a payment to, or indemnify Buyer therefor to the extent the amount not covered by insurance exceeds \$50,000. If Seller does not repair or replace lost or damaged Purchased Assets pursuant to Section 5.16(a)(ii) Buyer shall have the right in its sole discretion to terminate this Agreement.

(b) In no event shall this Section 5.16 be deemed or otherwise construed to limit Sections 6.1 or 7.1 hereof.

Section 5.17. Title Insurance; Surveys.

(a) With respect to the Real Property, the Sellers shall cooperate with Buyer to enable Buyer to obtain at its own expense and acting with diligence and commercially reasonable efforts within sixty (60) days of the date of this Agreement: (i) preliminary reports on title covering a date subsequent to the date hereof, issued by the Title Company, which preliminary reports shall contain a commitment (the “**Title Commitment**”) of the Title Company to issue one or more (as appropriate) owner’s or lessee’s title insurance policies on the Texas standard form title policy (and corresponding mortgagee’s) (each, a “**Title Policy**”) insuring the fee simple or leasehold interest of Buyer in such parcels of Real Property; and (ii) copies of all documents, filings and information disclosed in the Title Commitment. The Title Commitment shall not be subject to any Liens other than Permitted Liens. All standard exceptions which can be deleted by the use of owner’s or seller’s affidavits are to be deleted from the Title Commitment and Title Policies, and the Sellers shall cooperate with Buyer in executing and delivering such instruments to the Title Company. To the extent that the title insurance companies selected by Buyer require delivery of certain title clearance documents, including consents, approvals, estoppels and/or memorandums of leases in order to insure

Buyer's leasehold interest with respect to the Leased Real Property, Sellers shall use reasonable efforts to obtain such items; however, Seller shall not be obligated to make any payments, incur any fees or costs (other than its own attorneys' fees) or satisfy any pre-condition to obtain such items.

(b) Buyer may, at its own expense, within sixty (60) days of the date of this Agreement obtain an as-built survey of the Real Property (the "**Survey**") which shall: (i) be prepared by a registered land surveyor; (ii) be certified to Sellers, Title Company and Buyer; and (iii) show with respect to such Real Property: (A) the legal description of such parcel of Real Property (which shall be the same as the Title Policy pertaining thereto); (B) all buildings, structures and improvements thereon and all plottable easements, or rights of way; (C) no material encroachments upon such parcel or adjoining parcels by buildings, structures or improvements (unless valid easements or leases have been obtained with respect thereto); and (D) access to such parcel from a public street or valid easements or rights of way.

Section 5.18. Due Diligence. Seller, at its sole cost, shall conduct a Phase I Environmental Survey ("Phase I Survey") on the Owned Real Property. Seller shall promptly (but, in any event, within three (3) Business Days after receipt by Seller) deliver to Buyer and its counsel complete and accurate copies of the Phase I Survey. Seller shall be solely responsible for fixing any issues identified by the Phase I Survey. In the event Seller does not fix any issues identified by the Phase I Survey, Buyer may terminate this Agreement. If Buyer elects to so terminate this Agreement, then the parties shall have no liability or further obligation to the other under this Agreement (other than Section 7.1) and except for any other breach or default under this Agreement. Buyer shall be responsible for conducting, at its sole expense, a structural analysis of both the KIDY and KXVA Towers. Buyer shall promptly (but, in any event, within three (3) Business Days after receipt by Buyer) deliver to Seller and its counsel complete and accurate copies of the structural analyses. Buyer and Seller further agree that Seller shall be responsible for the first Fifty Thousand Dollars of the costs of any Tower repair or maintenance for the KIDY Tower identified in the structural analysis (the Seller's share to be deducted from the Purchase Price).

Section 5.19. Further Assurances. Seller shall, at any time and from time to time after the Closing Date, upon the request of Buyer, do, execute, acknowledge, deliver and file, or cause to be done, executed, acknowledged, delivered or filed, all such further acts, deeds, transfers, conveyances, assignments or assurances as may be reasonably required for the better transferring, conveying, assigning and assuring to Buyer, or for the aiding and assisting in the reducing to possession by Buyer of, any of the Purchased Assets, or for otherwise carrying out the purposes of this Agreement and the other agreements, certificates and documents delivered in connection herewith and the consummation of the transactions contemplated hereby and thereby.

ARTICLE VI—CONDITIONS PRECEDENT

Section 6.1. Conditions to Obligations of Buyer. The obligations of Buyer to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver by Buyer of the following conditions:

(a) **Representations and Warranties.** The representations and warranties of Seller contained herein shall be true and correct in all material respects as of the Effective Date and as of the Closing Date as if made on and as of the Closing Date.

(b) **Covenants; Material Adverse Effect.** Seller shall have performed and complied in all material respects with this Agreement.

(c) **Officer's Certificate.** Buyer shall have received a certificate, dated as of the Closing Date, duly executed by an authorized officer of Seller certifying that:

(i) all documents to be executed by Seller and delivered at the Closing have been executed by a duly authorized officer of Seller; and

(ii) (A) Seller's certificate of incorporation and bylaws, attached to the certificate, is true and complete, (B) such organizational documents have been in full force and effect in the form attached since the date of the adoption of the resolutions referred to in clause (C) below and no amendment to such organizational documents has occurred since the date of the last amendment annexed thereto, if any, and (C) the resolutions adopted by the directors of Seller (or a committee thereof duly authorized) authorizing the execution, delivery and performance of this Agreement, attached to the certificate, were duly adopted at a duly convened meeting thereof, at which a quorum was present and acting throughout or by unanimous written consent, remain in full force and effect, and have not been amended, rescinded or modified, except to the extent attached thereto.

(d) **No Injunction.** No Law shall have been enacted, entered, promulgated or enforced by any Governmental Authority that prohibits the consummation of all or any part of the transactions contemplated by this Agreement and the other agreements, certificates and documents delivered in connection herewith, and no action or proceeding shall be pending or threatened by any Governmental Authority or other Person seeking any such order or decree or seeking to recover any damages or obtain other relief as a result of the consummation of such transactions.

(e) **Material Consents; Network Affiliation Agreement.**

(i) Buyer shall have received duly executed and delivered copies of all Material Consents, including with respect to the assignment to the Buyer of the network affiliation agreements of the Stations (the "**Affiliation Agreements**") or Buyer entering into a new station affiliation agreement with Fox Broadcasting Company, on terms no less materially favorable to Buyer, in the aggregate than the Fox Broadcasting Company Affiliation Agreements that are currently being offered by Fox to station owners; and Buyer shall have received evidence that all payments required by Seller under the Affiliation Agreements or any other Assumed Contract has been made.

(ii) As to the Affiliation Agreements, Seller shall not have received any (A) notice of termination or of an intent to terminate (except in connection with the transfer to, or issuance of, a new Affiliation Agreement with the Buyer) or (B) notice (including constructive notice by public announcement) that the network or other party to such Affiliation

Agreements intends to cease or suspend the network operations contemplated by such Affiliation Agreements.

(f) **Certain Closing Documents.** Seller shall have delivered or caused to be delivered to Buyer:

(i) a duly executed Bill of Sale, substantially in the form of *Exhibit 6.1(f)(i)*;

(ii) a duly executed Assignment and Assumption Agreement, substantially in the form of *Exhibit 6.1(f)(ii)*;

(iii) a duly executed Assignment and Acceptance Agreement in respect of the FCC Licenses, substantially in the form of *Exhibit 6.1(f)(iii)*;

(iv) Special warranty deeds of conveyance in recordable form for each of the parcels of Owned Real Property, conveying the Owned Real Property to Buyer substantially in the form of *Exhibit 6.1(f)(v)*;

(v) an Assignment and Assumption Agreement for each of the Seller's interest in the leases, subleases, licenses or other Contracts in respect of the Leased Real Property substantially in the form of *Exhibit 6.1(f)(vi)*;

(vi) a receipt, in a form satisfactory to Buyer, acknowledging receipt of the Purchase Price in satisfaction in full of Buyer's obligations pursuant to Sections 2.1;

(vii) a certificate of Seller, in compliance with Section 1.1445-2(b)(2) of the regulations under the Code, listing Seller's name, address and U.S. employer identification number and stating that Seller is not a foreign person;

(viii) all such other deeds, endorsements or other instruments as shall be requested by Buyer to vest in Buyer or a permitted assignee of Buyer, good and marketable title to all of the Purchased Assets, free and clear of all Liens (other than Permitted Liens).

(g) **Release of Liens.** Buyer shall have received, evidence, acceptable to Buyer in its sole discretion, that all Liens affecting the Purchased Assets will have been properly terminated or released on or before the Closing, including either (i) a completed UCC-3 Termination Statement, in a proper form for filing, in respect of each such Lien or (ii) a payoff letter from the secured party thereunder, in form and substance acceptable to Buyer, certifying that upon receipt by or on behalf of Seller of the amount specified in such payoff letter, such Lien shall be released with no further action and that such secured party will, promptly upon receipt of the specified amount, deliver to Buyer a duly executed UCC-3 Termination Statement, in a proper form for filing, in respect of such Lien.

(h) **Certificate of Good Standing.** Buyer shall have received a certificate of good standing in respect of Seller certified by the Secretary of State or other appropriate official of the State of Texas, dated as of a date not more than ten (10) days prior to the Closing Date.

(i) ***Owned Real Property.*** Buyer shall have received (i) commitments of a title insurance company, satisfactory to Buyer, to issue a fee owner's title insurance policy on current State of Texas forms for each of the parcels of Owned Real Property, satisfactory in form and substance to Buyer, insuring Buyer's good and marketable title in fee simple to each such parcel of Owned Real Property, subject only to Permitted Liens; and (ii) matters that would be reflected on accurate surveys for each of the parcels of Owned Real Property.

(j) ***FCC Consent.*** The FCC Consent shall have been granted and become a Final Order and shall be effective.

(k) ***Shareholder Approval.*** This Agreement and the transactions contemplated hereby shall have been duly approved and adopted by the Seller's shareholders.

(l) ***Other Documents.*** Buyer shall have received such other documents, certificates or instruments as it may reasonably request, and all actions and proceedings hereunder and all documents and other papers required to be delivered by Seller hereunder or in connection with the consummation of the transactions contemplated hereby, and all other related matters, shall be reasonably acceptable to Buyer as to their form and substance.

Section 6.2. Conditions to Obligations of Seller. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions, unless waived by Seller:

(a) ***Representations and Warranties.*** The representations and warranties of Buyer contained herein shall be true and correct in all material respects as of the Effective Date and as of the Closing Date as if made on and as of the Closing Date.

(b) ***Covenants.*** Buyer shall have performed and complied in all material respects with this Agreement.

(c) ***Officer's Certificate.*** Seller shall have received a certificate, dated as of the Closing Date, duly executed by an authorized officer of Buyer, certifying that:

(i) the conditions set forth in Sections 6.2(a) and (b) have been fulfilled;

(ii) all documents to be executed by Buyer and delivered at the Closing have been executed by a duly authorized officer of Buyer; and

(iii) (A) Buyer's certificate of incorporation and bylaws, attached to the certificate, are true and complete, (B) such organizational documents have been in full force and effect in the form attached since the date of the adoption of the resolutions referred to in clause (C) below and no amendment to such organizational documents has occurred since the date of the last amendment annexed thereto, if any, and (C) the resolutions adopted by the managing member of Buyer (or a committee thereof duly authorized) authorizing the execution, delivery and performance of this Agreement, attached to the certificate, were duly adopted at a duly convened meeting thereof, at which a quorum was present and acting throughout or by

unanimous written consent, remain in full force and effect, and have not been amended, rescinded or modified, except to the extent attached thereto.

(d) ***Certain Closing Deliveries.*** Buyer shall have delivered or caused to be delivered to Seller:

(i) payment of the Purchase Price by wire transfer of immediately available funds directly to the account set forth on *Schedule 6.2(d)(i)* (or such other method of funds transfer as may be agreed upon in writing by Buyer and Seller);

(ii) a duly executed Bill of Sale, substantially in the form of *Exhibit 6.1(f)(i)*;

(iii) a duly executed Assignment and Assumption Agreement, substantially in the form of *Exhibit 6.1(f)(ii)*; and

(iv) a duly executed Assignment and Acceptance Agreement in respect of the FCC Licenses, substantially in the form of *Exhibit 6.1(f)(iii)*.

(v) an Assignment and Assumption Agreement for each of the Seller's interest in the leases, subleases, licenses or other Contracts in respect of the Leased Real Property substantially in the form of *Exhibit 6.1(f)(vi)*;

(e) ***FCC Consent.*** The FCC Consent shall have been granted and shall be effective.

(f) ***Certificate of Good Standing.*** Seller shall have received a certificate of good standing in respect of Buyer certified by the Secretary of State of the State of Texas, dated as of a date not more than ten (10) days prior to the Closing Date.

(g) ***Other Documents.*** Seller shall have received such other documents, certificates or instruments as it may reasonably request, and all actions and proceedings hereunder and all documents and other papers required to be delivered by Buyer hereunder or in connection with the consummation of the transactions contemplated hereby, and all other related matters, shall be reasonably acceptable to Seller as to their form and substance.

Section 6.3. Frustration of Closing Conditions. With respect to the conditions to its obligations to consummate the transactions contemplated by this Agreement as provided hereunder and its rights to terminate this Agreement as provided in Section 7.1, neither party may rely on the failure of any condition set forth in this Article VI to be satisfied if such failure was caused by such party's failure to comply with any term or provision of this Agreement.

ARTICLE VII—TERMINATION

Section 7.1. Termination. This Agreement shall terminate on the earlier to occur of any of the following events:

- (a) the mutual written agreement of Buyer and Seller;
- (b) by Notice of Termination of Buyer or Seller, if the Closing shall not have occurred prior to the close of business on January 31, 2009;
- (c) by Notice of Termination of Buyer to Seller, if Seller shall have materially breached any of its representations, warranties, covenants, agreements or obligations hereunder; *provided, however*, that Buyer's right under this Section 7.1(c) may not be exercised after the Closing;
- (d) by Notice of Termination of Seller to Buyer, if Buyer shall have materially breached any of its representations, warranties, covenants, agreements or obligations hereunder; *provided, however*, that Seller's right under this Section 7.1(d) may not be exercised after the Closing; or
- (e) by Buyer pursuant to Section 5.16 or 5.18.
- (f) by Notice of Termination by Seller if the Buyer is in default of the LMA and Seller is not in default thereof; and provided that Seller has notified Buyer that (i) Buyer is in default of the reimbursement obligations in Attachment 1 to the LMA or in the payment of any sum due under the LMA and (ii) the Buyer has not cured the default under the LMA within ten (10) days of receiving the Notice of Termination as required by this section 7.1(f). Notwithstanding the foregoing sentence, in no event shall the Seller be required to give any notice of the default in the payment of any sum due under the LMA if Buyer has theretofore defaulted in the payments due under the LMA and Seller has given Buyer notice of such default on two prior occasions, including the notice required under this section 7.1(f).

Section 7.2. Procedure and Effect of Termination.

(a) ***Notice of Termination.*** Any termination by either party shall be communicated by a written notice to the other party (the "**Notice of Termination**"). The Notice of Termination shall indicate the termination provision in this Agreement claimed to provide a basis for termination of this Agreement. Termination of this Agreement pursuant to the terms and subject to the conditions of Section 7.1 shall be effective upon and as of the date of delivery of a Notice of Termination.

(b) *Certain Effects of Termination.*

(i) If this Agreement is terminated pursuant to Section 7.1(d), Seller shall retain the Earnest Money as liquidated damages for and as the exclusive remedy of Seller as a consequence of Buyer's default.

(ii) If this Agreement is terminated pursuant to Sections 7.1(b), 7.1(c) or 7.1(e), Buyer shall be entitled to obtain a refund of the Earnest Money as the exclusive remedy of Buyer as a consequence of Seller's default; or Buyer may waive the defaults of Seller referenced in 7.1(c), release Seller from any liability as a result of such defaults, and close the transaction covered by this Agreement

(iii) If this Agreement is terminated other than pursuant to Section 7.1(d) or 7.1(f) the Earnest Money shall be returned to the Buyer.

(iv) Upon the termination of this Agreement, all rights and obligations of the parties under this Agreement shall terminate, except their respective obligations under Sections 5.6(a), 5.6(b), 5.7 and 5.19, Article VIII and this Section 7.2(b), which shall survive the termination of this Agreement except as specifically provided in such sections and (B) neither of the parties hereto nor any of their respective partners, directors, officers, shareholders, employers, agents, permitted assigns or Affiliates (each, a “**Related Party**”) shall have any liability or further obligation to the other party or any of their respective Related Parties pursuant to this Agreement with respect to which termination has occurred, except in respect of the rights and obligations identified in clause (A) above, which shall survive as provided in this Section 7.2(b).

(v) Upon the termination of this Agreement, the LMA shall also terminate and the allocations and prorations therein set forth shall be made.

(c) ***Withdrawal of Certain Filings.*** All filings, applications and other submissions relating to the transactions contemplated by this Agreement as to which termination has occurred shall, to the extent practicable, be withdrawn from the agency or other Person to which made.

Section 7.3. Limitation on Damages. The parties hereto agree that, if this Agreement is terminated pursuant to Section 7.1(d) or 7.1(c), Seller’s and Buyer’s sole and exclusive remedy shall be the right to receive the Earnest Money as full and complete liquidated damages, as provided in Section 7.2(b)(i) and 7.2(b)(ii). The parties hereto acknowledge and agree that such liquidated damages are intended to limit the claims that Seller may have against Buyer in the circumstances described in Sections 7.1(d) and 7.1(c). The parties hereto further acknowledge and agree that (a) the liquidated damages provided in Section 7.2(b)(i) and 7.2(b)(ii) bear a reasonable relationship to the anticipated harm which would be caused by the Buyer’s or the Seller’s breach or nonfulfillment of the terms hereof and does not constitute a penalty and (b) the amount of actual loss caused by Buyer’s or Seller’s breach or nonfulfillment of the terms hereof is incapable and difficult of precise estimation and that neither Seller nor Buyer would have a convenient and adequate alternative to liquidated damages hereunder

Section 7.4. Specific Performance. The parties recognize and agree that Buyer has relied on this Agreement and expended considerable effort and resources related to the transactions contemplated hereunder, that the right and benefits conferred upon Buyer herein are unique, and that damages may not be adequate to compensate Buyer in the event Sellers improperly refuse to consummate the transactions contemplated hereunder. The parties therefore agree that Buyer shall be entitled, at its option and in lieu of terminating this Agreement pursuant to Section 7.1, to have this Agreement specifically enforced by a court of competent jurisdiction; provided, however, that Buyer may not specifically enforce this Agreement if it has previously terminated this Agreement

ARTICLE VIII—INDEMNIFICATION

Section 8.1. Indemnification by Seller. Except as provided in this Agreement, Seller shall indemnify and hold harmless Buyer and its Affiliates, and the directors, officers, employees and other agents and representatives of Buyer and its Affiliates from and against any and all liabilities, judgments, claims, settlements, losses, damages, fees, Liens, Taxes, penalties, obligations and expenses (including reasonable attorney's fees and expenses and costs and expenses of investigation) (collectively, "**Losses**") incurred or suffered, directly or indirectly, by any such Person arising from, by reason of or in connection with:

(a) any breach or inaccuracy of any representation or warranty of Seller contained in this Agreement or any certificate, instrument or other document delivered by Seller hereunder or in connection with the consummation of the transactions contemplated hereby or thereby;

(b) the non-fulfillment or breach of any covenant, obligation or agreement made by Seller in this Agreement;

(c) any Excluded Liability;

(d) any and all acts or omissions of Seller in connection with the operation of the Stations and the conduct of the Station Business prior to the Closing Date; and

Section 8.2. Indemnification by Buyer. Buyer shall indemnify and hold harmless Seller and its Affiliates, and the directors, officers, employees and other agents and representatives of Seller and its Affiliates from and against any and all Losses incurred or suffered, directly or indirectly, by any such Person arising from, by reason of or in connection with:

(a) any breach or inaccuracy of any representation or warranty of Buyer contained in this Agreement or any certificate, instrument or other document delivered by Buyer hereunder or in connection with the consummation of the transactions contemplated hereby or thereby;

(b) the non-fulfillment or breach by Buyer of any covenant, obligation or agreement made by it in this Agreement;

(c) any of the Assumed Liabilities; and

(d) any and all acts or omissions of Buyer in connection with the operation of the Stations and the conduct of the Station Business from and after the Closing Date.

Section 8.3. Calculation of Losses. Any indemnity payment hereunder shall be treated as an adjustment to the Purchase Price to the extent permitted by applicable Law.

Section 8.4. Certain Procedures for Indemnification. (a) In the event that any Person entitled to indemnification under this Agreement (an "**Indemnified Party**") asserts a claim for indemnification, or receives notice of the assertion of any claim or of the commencement of any action or proceeding by any Person not a party to this Agreement against such Indemnified Party, for which a party to this Agreement is required to provide indemnification under this Article VIII (an "**Indemnifying Party**"), the Indemnified Party shall promptly notify the Indemnifying Party

in writing of the claim or the commencement of that action; *provided, however*, that the failure to so notify the Indemnifying Party shall not relieve it from any liability which it may have to the Indemnified Party, except to the extent that the Indemnifying Party is materially prejudiced in its ability to defend such action.

(b) With respect to third party claims for which indemnification is claimed hereunder, (i) the Indemnifying Party shall be entitled to participate in the defense of any such claim, and (ii) if, in the judgment of the Indemnified Party, such claim can properly be resolved by money damages alone and the Indemnifying Party has the financial resources to pay such damages, and the Indemnifying Party admits that this indemnity fully covers the claim or litigation, then the Indemnifying Party shall be entitled (y) to direct the defense of any claim at its sole cost and expense, but such defense shall be conducted by legal counsel reasonably satisfactory to the Indemnified Party, and (z) to settle and compromise any such claim or action for money damages alone; *provided, however*, that if the Indemnified Party has elected to be represented by separate counsel pursuant to the proviso below, or if such settlement or compromise does not include an unconditional release of the Indemnified Party for any liability arising out of such claim or action, such settlement or compromise shall be effected only with the written consent of the Indemnified Party. After notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense of such claim or action, the Indemnifying Party shall not be liable to the Indemnified Party under this Section 8.4 for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof other than reasonable costs of investigation or of assistance as contemplated by this Section 8.4; *provided, however*, that the Indemnified Party shall have the right to employ counsel to represent it, at its sole cost and expense, *provided further*, that if, in the opinion of the Indemnified Party, it is advisable for the Indemnified Party to be represented by separate counsel due to actual or potential conflicts of interest, then in such event, the fees and expenses of such separate counsel shall be paid by the Indemnifying Party; *provided further*, that in no event shall the Indemnifying Party be responsible for the fees of more than one counsel to the Indemnified Party. The Indemnified Party and the Indemnifying Party shall each render to each other such assistance as may reasonably be requested in order to ensure the proper and adequate defense of any such claim or proceeding.

Section 8.5. Survival; Expiration.

(a) If Buyer discovers prior to Closing, (i) any inaccuracy of any representation or warranty of Seller or (ii) any breach of this Agreement by Seller, the Buyer as its sole recourse shall either terminate this Agreement and release the Seller from any liability or waive the warranty or representation or the breach and Close this transaction. Otherwise, the warranties and representations shall survive the consummation of the transactions contemplated hereby and shall terminate on the first annual anniversary of the Closing Date, except that the representations and warranties set forth in (i) Section 3.12 (Environmental Matters) shall survive the Closing Date for three (3) years and (ii) in Section 3.15 (Taxes).

(b) Any right of indemnification or reimbursement pursuant to this Article VIII with respect to a claimed breach, inaccuracy or non-fulfillment of any representation, warranty, covenant, agreement or obligation shall expire on the applicable date of termination of the representation, warranty, covenant, agreement or obligation claimed to be breached as set

forth in this Section 8.5(a) (the “**Expiration Date**”), unless on or prior to the applicable Expiration Date, the Indemnifying Party has received written notice from the Indemnified Party of such breach, inaccuracy or non-fulfillment from the Indemnified Party, in which case the Indemnified Party may continue to pursue its right of indemnification or reimbursement hereunder beyond the Expiration Date of the applicable representation, warranty, covenant, agreement or obligation.

Section 8.6. Limitations on Indemnification Obligations.

(a) No indemnification shall be payable by an Indemnifying Party with respect to any indemnifiable Losses incurred by an Indemnified Party unless and only to the extent the cumulative amount of all such Losses exceeds Twenty Five Thousand Dollars (~~\$100~~25,000) (the “**Indemnity Deductible**”) in the aggregate.

(b) An Indemnifying Party shall not be obligated to indemnify any Indemnified Party for any amount of indemnifiable Losses under Section 8.1(a) or Section 8.2(a), as applicable, which in the aggregate are less than the Indemnity Deductible nor any indemnifiable Losses in excess of \$300,000.00.

(c) No indemnification shall be payable by an Indemnifying Party with respect to any claim asserted by an Indemnified Party after the applicable Expiration Date.

(d) Any liability for indemnification under this Section 8.6 shall be determined without duplication of recovery by reason of the state of facts giving rise to such liability constituting a breach of more than one representation, warranty, covenant or agreement.

(e) Each Indemnified Party shall take all commercially reasonable steps to mitigate Losses for which indemnification may be claimed by them pursuant to this Agreement upon and after becoming aware of any event that could reasonably be expected to give rise to any such Losses.

(f) From and after the Closing, the rights of the parties to indemnification relating to this Agreement and the transactions contemplated hereby shall be strictly limited to those contained in this Article 8, and such indemnification rights shall be the exclusive remedies of the parties subsequent to the Closing Date with respect to any matter in any way relating to this Agreement or arising in connection herewith; provided, that nothing contained in this Agreement shall (i) relieve or limit the liability of any party hereto with respect to any liability arising out of, or resulting from, the fraud of such party in connection with the transactions contemplated hereby or (ii) limit the availability of specific performance, subject to applicable Law.

Section 8.7. IN NO EVENT SHALL INDEMNIFYING PARTY BE LIABLE TO INDEMNIFIED PARTIES FOR, AND THE INDEMNIFIED PARTIES RELEASE AND RELIEVE THE INDEMNIFYING PARTIES FROM AND AGAINST, PUNITIVE, SPECIAL, EXEMPLARY AND CONSEQUENTIAL DAMAGES AND DAMAGES FOR LOSS OF PROFITS, LOSS OF REVENUES, LOSS OF ANTICIPATED BENEFIT OF THE BARGAIN OR ANY SIMILAR OR RELATED DAMAGES; PROVIDED, THAT THESE LIMITATIONS AND RELEASES SHALL NOT APPLY TO PUNITIVE, SPECIAL, EXEMPLARY AND

CONSEQUENTIAL DAMAGES PAYABLE TO A THIRD PARTY PURSUANT TO A THIRD PARTY CLAIM.

ARTICLE IX—MISCELLANEOUS

Section 9.1. Governing Law; Dispute Resolution.

(a) **Governing Law.** Construction and interpretation of this Agreement shall be governed by the Laws of the State of Texas, excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive Law of another jurisdiction.

(b) **Dispute Resolution.** Any dispute, controversy or claim arising out of or in connection with this Agreement or the other agreements, certificates and documents delivered in connection herewith or otherwise in connection with the transactions contemplated hereby and thereby, and the rights and obligations of the parties hereunder and thereunder, including any question regarding their existence, validity or termination, shall be referred to and finally resolved by arbitration in accordance with the Commercial Arbitration Rules (the “**Arbitration Rules**”) of the American Arbitration Association as then in force (“**AAA**”), which Arbitration Rules are deemed to be incorporated by reference into this clause (a “**Dispute**”). The parties shall appoint one arbitrator by mutual agreement. If the parties cannot agree on the appointment of an arbitrator within ten (10) days after a party’s receipt of a demand for arbitration, the arbitrator shall be appointed by the AAA in accordance with the Arbitration Rules, in which case the potential arbitrators identified on the list provided by the AAA to the parties in accordance with such Arbitration Rules shall be, to the extent available, attorneys experienced with commercial transactions in the broadcast television industry. The arbitrator shall have the exclusive right to determine the arbitrability of any disputes, controversies or claims. In the event of any conflict between the Arbitration Rules and any provisions of this Agreement, this Agreement shall govern. The place of arbitration shall be Houston, Texas. The arbitration shall be conducted in the English language. Judgment on the award entered in any arbitration shall be final and may be entered in any court having jurisdiction thereof. The prevailing party in the arbitration shall be entitled to recover its reasonable attorneys’ fees and costs, in addition to any other relief it may be awarded, and the arbitrator may (but shall not be required to) direct the parties to deposit funds against the payment of such costs. The parties agree that notifications of any proceedings, reports, communications, or any other document shall be sent as set forth in Section 9.2. Notwithstanding any provision of this Section 9.1(b) to the contrary, either party may, without waiving any remedy under this Agreement, seek from any court having jurisdiction any interim or provisional relief, including equitable relief, that is necessary to protect the rights or property of such party or preserve the subject matter of the Dispute, pending its final resolution and (as applicable) enforcement, pursuant to the terms and subject to the conditions of this Section 9.1(b).

Section 9.2. Notices. All notices, requests, demands and other communications which are required or may be given pursuant to the terms of this Agreement (including Notices of Termination) shall be in the English language and in written or electronic form, and shall be deemed delivered (a) on the date of delivery when (i) delivered by hand or (ii) sent by reputable

overnight courier maintaining records of receipt and (b) on the date of transmission when sent by facsimile or other electronic transmission during normal business hours with confirmation of transmission by the transmitting equipment; *provided, however*, that any such communication delivered by facsimile or other electronic transmission shall only be effective if such communication is also delivered by hand or deposited with a reputable overnight courier maintaining records of receipt within two (2) Business Days after its delivery by facsimile or other electronic transmission. All such communications shall be addressed to the parties at the address set forth in *Exhibit 9.2*, or at such other address as a party may designate upon ten (10) days' prior written notice to the other party.

Section 9.3. Benefits of Agreement. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement is for the sole benefit of the parties hereto and not for the benefit of any third party, including, for the avoidance of doubt, any Employee.

Section 9.4. Amendments and Waivers. No modification, amendment or waiver of any provision of, or consent or approval required by, this Agreement, nor any consent to or approval of any departure herefrom, shall be effective unless it is in writing and signed by the party against whom enforcement of any such modification, amendment, waiver, consent or approval is sought. Such modification, amendment, waiver, consent or approval shall be effective only in the specific instance and for the purpose for which given. Neither the failure of either party to enforce, nor the delay of either party in enforcing, any condition or part of this Agreement at any time shall be construed as a waiver of that condition or part or forfeit any rights to future enforcement thereof.

Section 9.5. Assignment. This Agreement and the rights and obligations hereunder shall not be assignable or transferable by either party hereto (including in connection with a merger, consolidation, sale of substantially all of the assets of such party or otherwise by operation of law) without the prior written consent of the other party hereto; *provided, however*, that Buyer may assign all of its rights and obligations under this Agreement to any of its Affiliates without the consent of Seller. Any attempted assignment in violation of this Section 9.5 shall be null and void.

Section 9.6. Enforceability; Severability. Without limitation to Section 5.6(e): (a) if any covenant or provision hereof is determined to be void or unenforceable in whole or in part, it shall not be deemed to affect or impair the validity of any other covenant or provision, each of which is hereby declared to be separate and distinct, (b) if any provision of this Agreement is so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable, and (c) if any provision of this Agreement is declared invalid or unenforceable for any reason other than overbreadth, the offending provision will be modified so as to maintain the essential benefits of the bargain among the parties hereto to the maximum extent possible, consistent with Law and public policy.

Section 9.7. Entire Agreement. This Agreement, together with the Schedules and Exhibits expressly contemplated hereby and attached hereto and the other agreements, certificates and documents delivered in connection herewith or otherwise in connection with the transactions contemplated hereby and thereby, contains the entire agreement among the parties

with respect to the transactions contemplated by this Agreement and supersede all prior agreements or understandings among the parties with respect to the subject matter hereof, including the LOI and other previous letter of intent between the parties hereto.

Section 9.8. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed original counterpart of this Agreement.

[Remainder of page intentionally left blank]

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

BAYOU CITY BROADCASTING LLC

SAGE BROADCASTING CORPORATION

By: [Signature]
Name: DuJuan McLean
Title: PRESIDENT/CEO

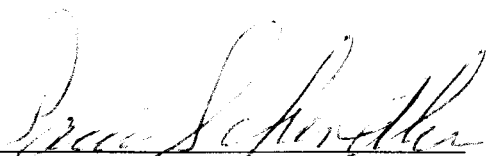
By: _____
Name: _____
Title: _____

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

BAYOU CITY BROADCASTING LLC

SAGE BROADCASTING CORPORATION

By: _____
Name: _____
Title: _____

By:  _____
Name: Paris Schindler
Title: CEO

Schedules to Asset Purchase Agreement

Schedule 2.2(a)(i)(A)	Owned Real Property
Schedule 2.2(a)(i)(B)	Leased Real Property
Schedule 2.3(a)(iv)	Trade Outs
Schedule 2.6	Purchase Price Allocation
Schedule 3.3(a)	Tangible Personal Property
Schedule 3.4(b)(i)	Third-Party Consents (Cash Contracts)
Schedule 3.4(b)(ii)	Third-Party Consents (Permits)
Schedule 3.5	Exceptions to Title
Schedule 3.7	Material Contracts
Schedule 3.8	List of Permits
Schedule 3.9(a)	Exceptions to FCC Qualifications
Schedule 3.9(b)	FCC License and Applications
Schedule 3.9(d)	Exceptions to FCC Filing Requirement
Schedule 3.9(e)	Pending Applications
Schedule 3.9(f)	Towers
Schedule 3.9(g)	Public Files of the Stations reflect challenge to Operations of Station
Schedule 3.9(h)	Re-Transmission Consent Agreements
Schedule 3.9(i)	List of DTV Channels
Schedule 3.10	Litigation
Schedule 3.11(a)	Employees
Schedule 3.11(c)	Employee Benefit Plans
Schedule 3.12	Environmental Matters
Schedule 3.13	Insurance
Schedule 3.15	Taxes
Schedule 4.4	Certain Matters relating to Buyer's FCC Qualifications
Schedule 6.2(d)(i)	Seller's Wire Transfer Instructions

Exhibits to Asset Purchase Agreement

Exhibit 1.1	Certain Defined Terms; Certain Interpretations
Exhibit 2.6(c)	Procedures Relating to Purchase Price Allocation Disputes
Exhibit 6.1(f)(i)	Form of Bill of Sale
Exhibit 6.1(f)(ii)	Form of Assignment and Assumption Agreement for FCC
Exhibit 6.1(f)(iii)	Form of Assignment and Acceptance Agreement
Exhibit 6.1(f)(v)	Form of Special Warranty Deed
Exhibit 6.1(f)(vi)	Form of Assignment and Assumption Agreement for Leases, Subleases
Exhibit 9.2	Notices

EXHIBIT 1.1

CERTAIN DEFINED TERMS; CERTAIN INTERPRETATIONS

I. Certain Defined Terms. The capitalized terms contained and used in this Agreement which are defined below shall have the respective meanings ascribed to them as follows:

“**AAA**” has the meaning set forth in Section 9.1(b).

“**Accounts Payable**” has the meaning set forth in Section 2.3(a)(i).

“**Accounts Receivable**” means all of Seller’s accounts and notes receivable, deferred charges, chattel paper and other rights to receive payments, in each case, arising from the operation of the Station Business, including the rights of Seller as of the Closing Date to payment for the sale of advertising time and other goods and services by the Stations prior to the Closing Date and all other current assets of Seller that are goods or services receivable under any Assumed Contract pursuant to which Seller has sold or traded commercial air time of the Station in consideration for any property or services in lieu of or in addition to cash.

“**Accrued Compensation**” means any and all salary, accrued vacation and sick leave, and any employee benefit plans and commissions and reimbursements for expenses due and owing to each Employee.

“**Additional Applications**” has the meaning set forth in Section 5.1(a).

“**Affiliate**” means, with respect to any Person, any other Person which, directly or indirectly, Controls, is Controlled by, or is under common Control with, the specified Person.

“**Affiliation Agreement**” shall have the meaning set forth in Section 6.1(e).

“**Agreement**” has the meaning set forth in the preamble hereof.

“**Arbitration Rules**” has the meaning set forth in Section 9.1(b).

“**Assignment Application**” means the application to be filed with the FCC in order to obtain the consent of the FCC to an assignment to Buyer or, as may be designated by Buyer, any Affiliate or permitted assign of Buyer, of the FCC Licenses.

“**Assumed Contracts**” has the meaning set forth in Section 2.2(a)(v).

“**Assumed Liabilities**” has the meaning set forth in Section 2.3(a).

“**Business Day**” means any day excluding Saturdays, Sundays and any day that is a legal holiday under the laws of the United States or that is a day on which the Escrow Agent or banking institutions located in New York, New York or Dallas, Texas are authorized or required by law or action of a Governmental Authority to close.

“**Buyer**” has the meaning set forth in the preamble hereof.

“**Buyer Confidential Information**” means (i) all financial, technical, commercial, proprietary or other information disclosed by Buyer or an Affiliate of Buyer to Seller, its Affiliates or any of their officers, directors, employees, representatives or agents (each, a “**Seller Recipient**”) in connection with the transactions contemplated by this Agreement, (ii) each of the terms, conditions and other provisions contained in this Agreement and the agreements or documents to be delivered pursuant to this Agreement, (iii) all financial, technical, commercial, proprietary or other information of Buyer or its Affiliates disclosed by Buyer to any Governmental Authority in connection with any filings or review in connection with the transactions contemplated hereunder, and (iv) from and after the Closing, all financial, technical, commercial, proprietary or other information of Seller or its Affiliates relating to the Stations, the Station Business or the Purchased Assets, including all Intellectual Property of Seller or its Affiliates relating thereto. Notwithstanding the preceding sentence, the definition of Buyer Confidential Information does not include any information that (A) is in the public domain at the time of disclosure to a Seller Recipient or becomes part of the public domain after such disclosure through no fault of a Seller Recipient, (B) except with respect to information set forth in subclause (iv) above, which, upon the Closing shall constitute Buyer Confidential Information, is already in the possession of a Seller Recipient at the time of disclosure to such Seller Recipient that has not been provided by Buyer or its Affiliates, (C) is disclosed to a party by any Person other than a party to this Agreement; *provided, that* the party to whom such disclosure has been made does not have actual knowledge that such Person is prohibited from disclosing such information (either by reason of Contract or legal or fiduciary obligation), (D) is developed independently by any party without the use of any Buyer Confidential Information, or (E) is required to be disclosed under Law or court order (*provided that* prompt notice of such disclosure will be given as far in advance as possible to Buyer and Buyer shall be given reasonable opportunity to determine whether disclosure is required and to assess the extent of Buyer Confidential Information required to be disclosed).

“**Buyer’s Knowledge**” (and similar phrases) means the actual knowledge of any officer or director of Buyer, and the knowledge any such Person would have had if he had performed his services and duties in the ordinary course of business on behalf of Buyer in a reasonably diligent manner.

“**Claims**” has the meaning set forth in Section 2.2(a)(vii).

“**Class A Status**” shall mean the status given Class A television stations in Sections 73.6000-73.6027 of the FCC’s Rules.

“**Class A Television Stations**” shall mean Stations KIDZ-LP, KIDU-LP, KIDB-CA, KIDV-LP, and KIDT-LP.

“**Closing**” has the meaning set forth in Section 2.4.

“**Closing Date**” has the meaning set forth in Section 2.4.

“**COBRA Obligations**” means all obligations of Seller under Section 601 *et seq.* of ERISA.

“Code” means the Internal Revenue Code of 1986, as amended.

“Communications Act” means collectively, the Communications Act of 1934, as amended, and the rules, regulations and policies of the FCC promulgated thereunder.

“Consent” means, with respect to a Contract or a Permit, any consent or approval of any Person other than any party to this Agreement which, in accordance with the terms of such Contract or Permit, is required to be obtained for the assignment thereof to Buyer or its permitted assigns.

“Contracts” means contracts, commitments, arrangements, agreements, leases, licenses, purchase orders for the sale or purchase of goods or services and any other understandings.

“Control” including its various tenses and derivatives (such as **“Controlled”** and **“Controlling”**) means (i) when used 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 entity, whether through the ownership of voting securities, by Contract or otherwise and (ii) when used with respect to any security, the possession, directly or indirectly, of the power to vote, or to direct the voting of, such security or the power to dispose of, or to direct the disposition of, such security.

“Copyrights” means all copyrights, copyright applications and copyright registrations and foreign counterparts thereof, including all rights to computer software programs (including object and source code, program documentation, disks, tapes, manuals, guides and other materials with respect thereto), works of authorship and rights to databases of any kind under the Laws of any jurisdiction and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of those which subsist in the world.

“Cure Notice Deadline” has the meaning set forth in Section 5.12(c).

“Disputed Items” has the meaning set forth in Section 2.6(c).

“Dollars” or **“\$”** means United States dollars.

“Earnest Money” means \$100,000.00

“Effective Date” has the meaning set forth in the preamble hereof.

“Employee” means an individual employed by Seller in respect of the Station Business as of the Effective Date and identified as such on *Schedule 3.11(a)* and any individual(s) hired by Seller in respect of the Station Business between the Effective Date and the Closing Date in accordance with Section 5.2 and the other terms of this Agreement.

“Environmental Law” means any Law relating to (i) pollution or protection of the environment, including natural resources, disposal of pollutants, toxic, hazardous, or other waste, and discharge and treatment of stormwater or sanitary and industrial wastewater; (ii) health and safety, including exposure of employees or other persons, to toxic or hazardous substances; (iii)

protection of the public health or welfare from the effects of by-products, wastes, emissions, discharges or releases of any chemical or other substances from industrial or commercial activities; or (iv) regulation of the manufacture, use or introduction into commerce of chemical or other substances, including their manufacture, importation, exportation, formulation, labeling, distribution, transportation, handling, storage, treatment, recycling, removal and disposal, specifically including petroleum and petroleum derived products.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Excluded Assets” has the meaning set forth in Section 2.2(b).

“Excluded Liabilities” has the meaning set forth in Section 2.3(b).

“Existing Contracts” has the meaning set forth in Section 3.7(a).

“Expiration Date” has the meaning set forth in Section 8.5(b).

“FAA” means the United States Federal Aviation Administration.

“FCC” means the United States Federal Communications Commission.

“FCC Applications” means the Assignment Application, together with any Additional Applications, including an application for a Special Temporary Authority as referenced in and an application for a Tolling Agreement as referenced in Section 3.9(e).

“FCC Consent” means action by the FCC granting its consent to the FCC Applications and the consummation of the transactions contemplated hereby.

“FCC Licenses” means all the FCC licenses for each of the Stations and any other licenses, permits or other authorizations issued by or pending before the FCC to Seller in connection with the Stations or the Station Business.

“Final Order” means an action by the FCC or other Governmental Authority having jurisdiction (a) with respect to which action no timely request for stay, motion or petition for reconsideration or rehearing, application or request for review or notice of appeal or other judicial petition for review is pending and (b) as to which the time for filing any such request, motion, petition, application, appeal or notice and for the entry of orders staying, reconsidering or reviewing on the FCC’s or such other Governmental Authority’s own motion has expired.

“Governmental Authority” means any federal, state, local or foreign government, legislature, governmental or administrative agency or commission, any self-regulatory association or authority, any court or other tribunal of competent jurisdiction, or any other governmental authority or instrumentality anywhere in the world.

“Hazardous Substances” means any and all pollutants, contaminants, hazardous substances, hazardous wastes, toxic pollutants, toxic substances, caustics, radioactive substances or materials, hazardous materials, chemicals, industrial wastes, and any and all other sources of pollution or contamination, or terms of similar import that are identified, listed, regulated under any Environmental Law and including under any Federal Law, including those with respect to

crude oil, petroleum and its derivatives, products and by-products, natural or synthetic gas, any other hydrocarbons, heavy metals, asbestos, asbestos-containing materials, lead, lead-based paint, urea formaldehyde, pesticides, nuclear fuel and polychlorinated biphenyls.

“Indemnified Party” has the meaning set forth in Section 8.4(a).

“Indemnifying Party” has the meaning set forth in Section 8.4(a).

“Intellectual Property” means Patents, Trademarks, Copyrights, Internet addresses, web site addresses, station domain names and Know-How, and all copies and tangible embodiments thereof (in whatever form or media).

“Know-How” means all inventions (whether patentable or unpatentable and whether or not reduced to practice), compositions, manufacturing and production techniques, technical data, designs, drawings, specifications, molds, dies, casts, product configurations, discoveries, trade secrets, improvements, formulae, practices, processes, methods, technology, know-how, and confidential or proprietary information, whether or not patentable, including any of the foregoing in the process of development and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of those which subsist in the world.

“Law” means any federal, state, local or foreign constitution, treaty, law, statute, ordinance, rule, regulation, interpretation, directive, policy, order, writ, decree, injunction, judgment, stay or restraining order, provisions and conditions of permits, licenses, registrations and other operating authorizations, any ruling or decision of, agreement with or by, or any other requirement of, any Governmental Authority.

“Leased Real Property” has the meaning set forth in Section 2.2(a)(i).

“Lien” means any lien (statutory or otherwise), claim, charge, option, security interest, pledge, mortgage, restriction, financing statement or similar encumbrance of any kind or nature whatsoever (including any conditional sale or other title retention agreement and any lease having substantially the same effect as any of the foregoing and any assignment or deposit arrangement in the nature of a security device).

“LMA” shall have the meaning set forth in Section 5.2 hereof.

“Losses” has the meaning set forth in Section 8.1.

“Main Studio Rules” means the provisions of 47 C.F.R. § 73.114, together with any other provisions or rules of, or promulgated under, the Communications Act with respect to the establishment, location, materials to be maintained at, or otherwise relating to the main studio of a broadcast television station.

“Market” means, collectively, and individually, the Nielsen Designated Market Areas for (i) Abilene/Sweetwater, Texas, and (ii) San Angelo, Texas, as applicable.

“Material Adverse Effect” means (i) any effect that is materially adverse to the business, assets, operations, condition (financial or otherwise), or results of operations of the

Station Business, including the Stations and the Purchased Assets, taken as a whole, but excluding any such effect resulting from or arising in connection with (A) changes or conditions generally affecting the broadcast television industry (except in the case of this clause (A) if the impact on the Station Business is materially disproportionate to the impact on broadcast television) or (B) changes in United States general economic, regulatory or political conditions, (ii) any effect with respect to the Station Business, including the Stations and the Purchased Assets, that has a material impact on, or materially delays or prevents the consummation of, the transactions contemplated hereby, including the grant of the FCC Consent, (iii) an effect that creates a material limitation on the ability of the Buyer to conduct the business of the Station as conducted immediately prior to the Closing or (iv) an effect that creates a limitation in the ability of Buyer to acquire valid and marketable title to the Purchased Assets free and clear of all Liens (other than Permitted Liens).

“Material Consent” means any Consent under (i) any Materials Contract designated on *Schedule 3.4(b)(i)*; (ii) any Assumed Contract entered into between the Effective Date and the Closing; or (iii) any Permit designated on *Schedule 3.1(b)(ii)* or (iv) [*subject to due diligence*].

“Material Contracts” has the meaning set forth in Section 3.7.

“MVPDs” means multichannel video programming distributors, including cable systems, satellite master antenna television, open video systems, multipoint distribution service, multichannel multipoint distribution service and DBS systems.

“Non-Assignable Right” has the meaning set forth in Section 2.5(a).

“Ordinary Course Contracts” has the meaning set forth in Section 3.7(a).

“Owned Real Property” has the meaning set forth in Section 2.2(a)(i).

“Patents” means patents, patent disclosures, design patents, design rights and registered designs, utility models and similar related rights under the Laws of any jurisdiction and all registrations, applications and foreign counterparts thereof, and any foreign equivalents, additions, divisions, continuations, continuations in-part, substitutions, reissues, extensions and renewals of any of the foregoing and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of those which subsist in the world.

“Permits” means all licenses, permits, construction permits, approvals, concessions, franchises, certificates, consents, qualifications, registrations, privileges and other authorizations and other rights, other than the FCC Licenses, from any Governmental Authority to Seller currently in effect and used in connection with the Station Business, including in connection with the use of any Real Property or Tangible Personal Property, together with any additions thereto between the Effective Date and the Closing Date.

“Permitted Liens” means (a) Liens for Taxes or assessments which are not yet due or which are being contested in good faith by appropriate proceedings, and (b) statutory mechanics’, materialmen’s, contractors’, warehousemen’s, repairmen’s and other similar statutory Liens arising in the ordinary course of business and which are not delinquent (c) any easement, right of way, non monetary encumbrance, reservation, restriction or other matter of

record in the real property records and any governmental rule, zoning, ordinance or other matter that affects title.

“Person” means a human being, labor organization, partnership, firm, enterprise, association, joint venture, corporation, limited liability company, cooperative, legal representative, foundation, society, political party, estate, trust, trustee, trustee in bankruptcy, receiver or any other organization or entity whatsoever, including any Governmental Authority.

“Plan” means any pension, retirement, savings, deferred compensation, and profit-sharing plan and each stock option, stock appreciation, stock purchase, performance share, bonus or other incentive plan, severance plan, health, group insurance or other welfare plan, or other plan, agreement or policy applicable to Seller’s Employees and any “employee benefit plan” within the meaning of Section 3(3) of ERISA related to the Station Business, under which Seller has any current or future obligation or liability or under which any Employee or former employee (or any dependent, beneficiary or alternate payee of any Employee or former employee) of Seller in respect of the Station Business has or may have any current or future right to benefits on account of employment with Seller.

“Purchased Assets” has the meaning set forth in Section 2.2(a).

“Purchase Price” has the meaning set forth in Section 2.1.

“Purchase Price Allocation” has the meaning set forth in Section 2.7(a).

“Real Property” means, collectively, the Owned Real Property and the Leased Real Property.

“Real Property Inspection” has the meaning set forth in Section 5.12(a).

“Real Property Inspection Costs” has the meaning set forth in Section 5.12.

“Real Property Objection” has the meaning set forth in Section 5.12(b).

“Referee” has the meaning set forth in Section 2.6(c).

“Related Party” has the meaning set forth in Section 7.2(b).

“Seller” has the meaning set forth in the preamble hereof.

“Seller Confidential Information” means (i) all financial, technical, commercial, proprietary or other information of Seller or an Affiliate of Seller disclosed by Seller or an Affiliate of Seller to Buyer, its Affiliates, permitted assigns or any of their officers, directors, employees, representatives or agents (each, a **“Buyer Recipient”**) in connection with the transactions contemplated by this Agreement that does not relate in any manner to the Stations, the Purchased Assets or the Station Business, (ii) each of the terms, conditions and other provisions contained in this Agreement and the agreements or documents to be delivered pursuant to this Agreement, (iii) all financial, technical, commercial, proprietary or other information of Seller or an Affiliate of Seller disclosed by Seller or an Affiliate of Seller to any

Governmental Authority in connection with any filings or review in connection with the transactions contemplated hereunder not relating in any manner to the Stations, the Purchased Assets or the Station Business, (iv) until such time as the Closing occurs, all financial, technical, commercial, proprietary or other information of Seller or its Affiliates relating to the Stations, the Station Business or the Purchased Assets, including all Intellectual Property of Seller or its Affiliates relating thereto. Notwithstanding the preceding sentence, the definition of Seller Confidential Information does not include any information that (A) is in the public domain at the time of disclosure to a Buyer Recipient or becomes part of the public domain after such disclosure through no fault of such Buyer Recipient, (B) is already in the possession of a Buyer Recipient at the time of disclosure to such Buyer Recipient that has not been provided by Seller or its Affiliates, (C) is disclosed to a party by any Person other than a party to this Agreement; *provided that* the party to whom such disclosure has been made does not have actual knowledge that such Person is prohibited from disclosing such information (either by reason of Contract or legal or fiduciary obligation), (D) is developed independently by any party without the use of any Seller Confidential Information or (E) is required to be disclosed under Law or court order (*provided that* prompt notice of such disclosure will be given as far in advance as possible to Seller and Seller shall be given reasonable opportunity to determine whether disclosure is required and to assess the extent of Seller Confidential Information required to be disclosed).

“Seller’s Knowledge” (and similar phrases) means the (i) actual knowledge of any officer or director of Seller or the Stations’ General Manager, William Carter; the Stations’ General Sales Manager, Teddy Read; and the Stations’ Chief Engineer, Charles Sherrill and (ii) the knowledge any such Person would have had if he had performed his services and duties in the ordinary course of business on behalf of Seller in a reasonably diligent manner.

“Settlement Date” has the meaning set forth in Section 2.6(e).

“Stations” has the meaning set forth in the recitals hereof.

“Station Business” means the business of the Stations, taken as a whole, including the Purchased Assets and the operations thereof, and the Assumed Liabilities to be sold or assumed pursuant to this Agreement at the Closing pursuant to the terms and subject to the conditions hereof.

“Station Call Signs” has the meaning set forth in Section 2.2(a)(iii).

“Tangible Personal Property” has the meaning set forth in Section 2.2(a)(ii).

“Tax” means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Section 59A of the Code), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

“Tax Return” means any return, declaration, report, claim for refund, information return or statement relating to Taxes, including any schedule or attachment thereto, filed or maintained,

or required to be filed or maintained, in connection with the calculation, determination, assessment or collection of any Tax and shall include any amended returns required as a result of examination adjustments made by the Internal Revenue Service or other Tax authority.

“Towers” means all antenna support structures, including any guy anchors and guy wires, used or useful in connection with the operation of the Stations.

“Trademarks” means trademarks, trade names, trade dress, service marks and service names, logos, slogans, brand names and domain names (including the Station Domain Names and the Station Call Signs) and all registrations, applications for registration, renewals and foreign counterparts thereof, together with the goodwill of the business associated therewith and symbolized thereby, and all rights or forms of protection of a similar nature or having equivalent or similar effect to any of those which subsist in the world.

“Transfer Date” means with respect to an Assumed Contract requiring the consent of any Person for assignment thereof to Buyer, the date such consent is obtained and such Assumed Contract is duly assigned to Buyer.

“Transferred Employee” shall mean a Station Employee who becomes an employee of Buyer as contemplated by Section 5.11.

“Transferred Intellectual Property” has the meaning set forth in Section 2.2(a)(iii).

“Transfer Taxes” has the meaning set forth in Section 5.7(a).

“Transmission Equipment” means all digital, analog or other equipment used in connection with the Stations, including the antennae, transmitters and all associated transmission equipment, lines and facilities.

“Transmission Structures” has the meaning set forth in Section 3.8(f).

“WARN Act” means the Worker Adjustment and Retraining Notification Act.

II. Descriptive Headings; Certain Interpretations.

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

(b) Except as otherwise expressly provided in this Agreement or as the context otherwise requires, the following rules of interpretation apply to this Agreement: (i) the singular includes the plural and the plural includes the singular; (ii) “or” and “any” are not exclusive and the words “include” and “including,” and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words “without limitation”; (iii) a reference to any Contract includes permitted supplements and amendments; (iv) a reference to a Law includes any amendment or modification to such Law; (v) a reference to a Person includes its successors, heirs and permitted assigns; (vi) a reference to one gender shall include any other gender; and (vii) a reference in this Agreement to an Article, Section, Exhibit or Schedule is to the referenced Article, Section, Exhibit or Schedule of this Agreement.

(c) The parties hereto agree that they have been represented by counsel during the negotiation, drafting, preparation and execution of this Agreement and, therefore, waive the application of any Law or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

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