

## STATION OPERATING AGREEMENT

**THIS STATION OPERATING AGREEMENT** (this "Agreement"), dated as of June 19, 2014 (the "Effective Date"), is made and entered into by and between The Free Lance-Star Publishing Co. of Fredericksburg, Va., a Virginia corporation and debtor-in-possession (the "Licensee"), and Free Lance-Star Radio, LLC (the "Station Operator").

**WHEREAS**, on January 23, 2014 (the "Petition Date"), the Licensee filed a voluntary petition for relief commencing a case under chapter 11 of the Bankruptcy Code, Docket No. 1, in the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court");

**WHEREAS**, the Licensee holds the licenses (the "FCC Licenses") issued by the Federal Communications Commission (the "FCC") for the operation of the Radio Stations as set forth on Exhibit A annexed to this Agreement (collectively, the "Radio Stations");

**WHEREAS**, DSP Acquisition, LLC ("DSP"), pursuant to a Radio Business Asset Purchase Agreement (the "Purchase Agreement"), dated as of May 21, 2014, by and between the Licensee and DSP (or its affiliates and assignees), agreed to purchase from the Licensee the Radio Assets of the Licensee associated with Licensee's Radio Business including the FCC Licenses and the Radio Stations;

**WHEREAS**, the Bankruptcy Court approved the transactions contemplated by the Purchase Agreement (the "APA Transactions") pursuant to a Sale Order entered by the Bankruptcy Court on May 27, 2014, Docket No. 264;

**WHEREAS**, pursuant to that certain Instrument and Notice of Assignment, dated as of June 19, 2014, DSP assigned its obligations and rights under this Agreement to the Station Operator, but, such assignment does not relieve DSP of any of its obligations with respect to this Agreement;

**WHEREAS**, on the Effective Date, the APA Transactions were consummated and the Radio Assets, including the Radio Stations, but excluding the FCC Licenses, were transferred to the Station Operator;

**WHEREAS**, the Station Operator (or its affiliates and assignees) has filed, or will file within ten (10) business days of the Effective Date, the required applications seeking the FCC's approval of the assignment of the FCC Licenses to the Station Operator in accordance with the terms of the Purchase Agreement and the Sale Order;

**WHEREAS**, pending the FCC's approval or denial of the assignment of the FCC Licenses to the Station Operator (or its affiliates and assignees), while the Licensee is under the authority of the Bankruptcy Court, the Licensee and the Station Operator wish to enter into this Agreement to ensure that the Station Operator operates the Radio Stations in accordance with the Communications Act of 1934, as amended, and the rules and regulations promulgated by the FCC (collectively, the "Communications Laws").

**NOW, THEREFORE**, in consideration of the foregoing premises, the mutual covenants and agreements set forth herein, and such other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties to this Agreement, intending to be legally bound, hereby agree as follows:

Section 1.     Station Operator Duties.

(a)     Subject to Section 2 of this Agreement, the Licensee hereby delegates to the Station Operator, and the Station Operator agrees to undertake, the day-to-day operations of the Radio Stations, including, but not limited to, providing staffing, implementing the Radio Stations' programming schedule, selling advertising time, operating and maintaining the facilities and any other assets and facilities used in the operation of the Radio Stations, and assuring compliance with the Communications Laws.

(b)     The Station Operator will maintain such facilities, equipment, and hire and supervise such employees as are necessary and in compliance with the Communications Laws.

(c)     All advertising and other receipts (including all accounts receivables and other amounts, earned or accrued, prior to the Effective Date) collected in operating the Radio Stations will be retained by the Station Operator.

(d)     Expenses and capital costs reasonably incurred in operating the Radio Stations (the "Regular Expenses"), including attorneys' fees and expenses required to be incurred under the Communications Laws, will be paid by the Station Operator according to the following schedule:

- (i)     During the period beginning with the Effective Date and ending 120 days from the Effective Date, the Station Operator will reimburse Licensee each month for all expenses and capital costs, including attorneys' fees, reasonably incurred in operating the Radio Stations (the "Regular Expenses"); and
- (ii)    During the period beginning 121 days from the Effective Date and ending 240 days from the Effective Date, the Station Operator will reimburse Licensee each month for Regular Expenses, and, in addition, the Station Operator will pay to Licensee each month an amount equal to 10% of the Regular Expenses for that month; and
- (iii)   During the period beginning 241 days from the Effective Date and ending 600 days from the Effective Date, the Station Operator will reimburse Licensee each month for Regular Expenses, and, in addition, the Station Operator

will pay to Licensee each month an amount equal to 20% of the Regular Expenses for that month.

(e) The Station Operator will provide Licensee and its designated employees with offices in, or adjacent to, the Radio Stations' main studio for two individuals ("Licensee Main Studio Personnel"). The Licensee's Main Studio Personnel shall have unfettered access to the Radio Stations' main studio and transmission facilities as may be reasonable or necessary to operate the Radio Stations and facilitate the Licensee's performance of its obligations under this Agreement and under the Communications Laws.

(f) Except as set forth in Section 1(c) of this Agreement, the parties to this Agreement will not be entitled to any compensation for services rendered under this Agreement.

Section 2. Control by the Licensee.

(a) The Licensee will at all times, and subject to the authority of the Bankruptcy Court, exercise ultimate control over the programming, personnel, operations, finances and policies of the Radio Stations, and the Station Operator will operate the Radio Stations in compliance therewith. The Licensee will employ or otherwise retain at least two individuals whose duties include performance of Licensee's obligations under this Agreement and under the Communications Laws.

(b) Employees of the Station Operator will communicate on a regular, periodic basis with the Licensee or Licensee's employees on matters relating to programming and other station operations to facilitate and ensure, inter alia, Station Operator's adherence to all policies established by Licensee relating to the Radio Stations' programming, personnel, and finances.

(c) The Station Operator will provide the Licensee with such books of account, records and reports, including quarterly programming schedules, and reports, as the Licensee may reasonably request from time to time, and will afford the Licensee and its officers and representatives access at all times to all aspects of operation of the Radio Stations.

(d) Without limiting the foregoing reservation of control, the Licensee will have the right throughout the term of this Agreement, subject to the authority of the Bankruptcy Court:

- (i) to require the deletion of any program if the Licensee believes that its transmission would be contrary to the public interest; and
- (ii) to require the transmission of any program if the Licensee believes that its transmission would serve the public interest.

(e) This Section 2 will be construed so as to vest in the Licensee all powers that may be necessary for the discharge of its responsibilities as a licensee under the Communications Laws.

Section 3. Compliance with Law. The Station Operator will at all times operate the Radio Stations in compliance with the Communications Laws and with the laws, rules, regulations, and policies of any other governmental agency with authority over the Radio Stations, as such laws, rules, regulations, and policies are in effect from time to time. All employees of the Station Operator that provide services to the Radio Stations will comply with the Communications Laws and will follow any training procedures or compliance plans to ensure compliance with the Communications Laws.

Section 4. [Intentionally omitted.]

Section 5. FCC Filings.

(a) The parties to this Agreement will cooperate with each other in furnishing any information that may be required to be filed with, or requested by, the FCC in connection with the operation of the Radio Stations, including, but not limited to, routine regulatory filings and any technical and/or engineering information. For clarity, it will be Licensee's ultimate responsibility to make, and remit to the FCC any required payment for, any such filings with the FCC.

(b) The parties to this Agreement will cooperate with each other and take all steps reasonably necessary, desirable, or required, to maintain and keep in effect, the FCC Licenses.

Section 6. Notices. All notices under this Agreement will be given in writing by first class United States mail, postage, prepaid, to such other address as either party may specify from time to time.

Section 7. Term. The term of this Agreement will begin on the Effective Date and will terminate upon the occurrence of any of the following events (unless earlier terminated pursuant to Section 8 of this Agreement):

(a) revocation or expiration without renewal of all of the FCC Licenses held by Licensee to operate the Radio Stations;

(b) the date upon which all of the FCC Licenses are assigned from the Licensee to the Station Operator or its assignees;

(c) the date upon which the FCC denies the assignment of the FCC Licenses to the Station Operator and any appeals or petitions to reconsider such denial are exhausted;

(d) mutual written agreement of the parties to terminate this Agreement.

Notwithstanding the foregoing, and subject to Section 8 below, this Agreement automatically expires 600 days after the Effective Date, unless the parties mutually agree in writing otherwise.

Section 8. Termination. The Licensee will have the right to seek the approval of the Bankruptcy Court to terminate this Agreement by written notice to the Station Operator at any time during the term of this Agreement upon the occurrence of any material failure by the Station Operator to perform any of its material obligations under this Agreement; provided, that the Licensee has provided written notice of such failure to perform its obligations under this Agreement and provided sufficient time for the Station Operator to cure such failures.

Section 9. Governing Law; Venue. This Agreement will be governed by and construed in accordance with the law of the Commonwealth of Virginia. Except with respect to matters under the exclusive jurisdiction of the FCC, the Bankruptcy Court will have jurisdiction over any and all disputes between or among the parties, whether in law or equity, arising out of or relating to this Agreement; provided, however, that if the Bankruptcy Court is unwilling or unable to hear any such dispute, the courts of the Commonwealth of Virginia and the federal courts of the United States of America located in the Eastern District of the Commonwealth of Virginia will have jurisdiction over any and all disputes between or among the parties, whether in law or equity, arising out of or relating to this Agreement.

Section 10. Assignment. The Station Operator will not assign this Agreement or any of Station Operator's rights or obligations under this Agreement or sell or transfer any or all of the Radio Stations without the prior written consent of the Licensee, which will not be unreasonably withheld.

Section 11. Construction. It is the intent of the parties that operation of the Radio Stations under this Agreement comply with the Communications Laws and all provisions of this Agreement will be so construed.

Section 12. Severability. If any provision of this Agreement will be declared void or invalid by and governmental authority with jurisdiction thereof, then the remainder of this Agreement will remain in full force and effect without the offending provision; provided that such remainder substantially reflects the original agreement of the parties.

Section 13. Amendments. This Agreement represents the entire understanding of the parties hereto with respect to the subject matter hereof and may be amended only by a writing signed by both parties.

Section 14. Counterparts; Electronic Execution. This Agreement may be executed (by facsimile or PDF signature) in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts will together constitute the same instrument.

Section 15. Defined Terms. Capitalized terms used in this Agreement but not otherwise defined herein shall have the meanings ascribed in the Purchase Agreement.

*[signature page follows]*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

**THE FREE LANCE-STAR PUBLISHING CO. OF FREDERICKSBURG, VA.,**  
a debtor-in-possession

By: Nicholas J. Cadwallender  
Name: NICHOLAS J. CADWALLENDER  
Title: PRESIDENT

**FREE LANCE-STAR RADIO, LLC**

By: Thomas Wood  
Name: Thomas Wood  
Title: Managing Director

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## **EXHIBIT A**

### **FCC LICENSES AND RADIO STATIONS**

Exhibit A  
Licenses/Stations

License No.	Expiration	Frequency	Primary Station	Location	Facility ID
BL19881227AC	10/1/2019	1350	WNTX AM	Fredericksburg, VA	65640
BLH-880809LD	10/1/2019	93.3	WFLS FM	Fredericksburg, VA (Transmitter)	65641
BLH-891 0061KB	10/1/2019	93.3	WFLS FM	Fredericksburg, VA (Auxiliary Antenna)	65641
BMLH- 20011030AAM	10/1/2019	96.9	WWUZ FM	Bowling Green, VA	55174
BLH- 20090924AAP	10/1/2019	99.3	WVBX FM	Spotsylvania, VA	22484
BLFT- 20110112AAK	10/1/2019	96.5	W243BS	Fredericksburg, VA	142774