

AMERICAN ARBITRATION ASSOCIATION

In the Matter of the Arbitration between

Re: Gary M. Cocola

And KT Broadcasting, Inc.
Provo Broadcasting, LLC
Ronald L. Ulloa
Channel Thirty-Two Television Company
Kaleidoscope Partners
KM Communications
Kimberly Kralowec
Richard S. Losee
Caroline Powley
Turner Enterprises
Venture Technologies Group, LLC
Equity Broadcasting Corp. ex rel/Winstar Broadcasting Corp.

STIPULATION AND SETTLEMENT AGREEMENT

ADMINISTRATOR: Jill A. Siegrist

Case No. 77 168 160 02 JISI

This Stipulation and Settlement Agreement (this “Stipulation”) is made and entered into among certain members of Provo Broadcasting, LLC, as evidenced by the signatures set forth below.

Recitals

A. The parties to this arbitration were originally competing applicants for a Federal Communications Commission (“FCC”) permit to construct and operate a new commercial television broadcasting station on Channel 32 in Provo, Utah (the “Permit”).

B. In 1999, the parties, as competing applicants, joined together to apply for the Permit by forming Provo Broadcasting, LLC (“Provo Broadcasting”). Provo Broadcasting is a Utah limited liability company. Each member of Provo Broadcasting holds an equal membership share. In connection with the formation of Provo Broadcasting, on August 5, 1999, the parties entered into a Settlement and Merger Agreement, which was subsequently amended on August 15, 1999, and on December 23, 1999 (the “Agreement”). Provo Broadcasting does not have an operating agreement. The Agreement is the operative document controlling the relationship among the parties.

C. As a result of the inability of the members of Provo Broadcasting to take certain actions, KT Broadcasting, Inc., a member of Provo Broadcasting filed a Complaint against Provo

Broadcasting in the Fourth Judicial District Court of Utah County, State of Utah, Civil Case No. 010404516 (the “Civil Action”). No member of Provo Broadcasting was named as a defendant in the Civil Action. Ronald L. Ulloa, a member of Provo Broadcasting, intervened in the Civil Action and named the remaining members of Provo Broadcasting as third party defendants.

D. The Judge in the Civil Action referred all matters in the Civil Action to binding arbitration pursuant to the rules and procedures of the American Arbitration Association (“AAA”). The above-captioned arbitration (this “Arbitration”) resulted from such referral.

F. Section 21 of the Agreement contains provisions which are designed to resolve an impasse among the members in the event of certain conflicts. Essentially, the impasse provisions provide for the selection of an escrow agent to conduct an auction among the members with the result that the highest bidder purchases all membership interests of the other members.

G. Issues have arisen regarding the purported transfer by Winstar Broadcasting Corp. of its membership interest in Provo Broadcasting to Equity Broadcasting Corp., which may have a negative effect on an auction of the parties’ respective membership interests in Provo Broadcasting pursuant to Section 21 of the Agreement.

H. The practical way to avoid the issues surrounding the Winstar Broadcasting Corp./Equity Broadcasting Corp. membership interest is to cause Provo Broadcasting to sell the Permit at an auction under the Agreement with the arbitrator serving as the escrow agent.

I. Under Section 2(a) of the Agreement, the Permit may be sold and assigned upon the approval of an 80% vote of the members of Provo Broadcasting because it is the only asset of Provo Broadcasting.

J. The parties agreed upon an auction process for the sale of membership interests in Section 21 of the Agreement, and that process should be used for the sale and assignment of the Permit. It is expressly understood that the parties are not by this Stipulation modifying the Agreement. Rather, the parties are simply agreeing to use the provisions of Section 21 to sell and assign the Permit.

K. The Permit is the only substantial asset of Provo Broadcasting. After the sale and assignment of the Permit, Provo Broadcasting should be dissolved and wound up pursuant to Section 2(h) of the Agreement.

L. The purpose of this Stipulation is to set forth the parties’ agreement concerning the sale and assignment of the Permit by Provo Broadcasting, the dissolution and winding up of Provo Broadcasting, the dismissal and mutual releases of claims by the members, and other matters, all as more particularly set forth below.

Agreement

NOW, THEREFORE, the undersigned agree as follows:

1. The AAA has appointed one arbitrator (the "Arbitrator") to conduct this Arbitration pursuant to Rule R-17 of the Commercial Dispute Resolution Procedures and unanimous agreement of the parties. The AAA shall conduct this Arbitration in an expedited manner as provided by Rule E-1 of the Commercial Dispute Resolution Procedures.

2. Pursuant to Section 2(a) of the Agreement, the undersigned members of Provo Broadcasting, and parties to this Arbitration, approve the sale and assignment of the Provo Broadcasting Permit pursuant to the terms and provisions of this Stipulation. The Arbitrator shall sell and assign the Permit under the Dispute Resolution Procedure of Section 21 of the Agreement. This shall not be a sale of membership interests under Section 21 of the Agreement. An impasse exists and has existed for more than 30 days, and, pursuant to Section 21. b) of the Agreement, demand has been made for the initiation of the Dispute Resolution Procedure. The Arbitrator is hereby appointed as the Escrow Agent under Section 21. b) i. of the Agreement. The minimum opening offer shall be Twenty Five Thousand and no/100 Dollars (\$25,000.00), which was the amount of KT Broadcasting Inc.'s prior Initial Buyout Offer. Any dispute arising out of or in connection with the sale or assignment of the Permit, including any dispute arising under the Dispute Resolution Procedure, shall be resolved by the Arbitrator in this Arbitration, and the Arbitrator shall have the power and authority to resolve any such dispute. Notwithstanding Section 21. b) x. of the Agreement, the Arbitrator shall pay the proceeds from the sale and assignment of the Permit in equal shares to the members of Provo Broadcasting after determination and payment of all claims and obligations of Provo Broadcasting in the course of dissolution and winding up the affairs of Provo Broadcasting.

3. As set forth in Section 21. b) ix. of the Agreement, the attorney for the Successful Offeror will prepare any necessary applications for assignment or sale of the Permit, which shall be filed with the FCC within ten (10) business days of being declared the Successful Offeror. Notwithstanding the foregoing, the Arbitrator shall employ counsel to prepare and file any application, or a portion thereof, relating to Provo Broadcasting. Such counsel shall be paid from the sale proceeds of the Permit. All members shall fully and timely cooperate with such counsel. Prior to the auction of the Permit, each member shall provide such counsel with a statement of all media interests held or owned by the member. The Successful Offeror shall prosecute such applications with all reasonable diligence and otherwise use its best efforts to obtain a grant of the applications as expeditiously as practicable. Neither any of the undersigned nor Provo Broadcasting shall take or omit to take any action that would be inconsistent with such applications or the consummation of the assignment of the Permit. Because the assignment of the Permit is subject to the prior consent and approval of the FCC, in the event the FCC does not approve such applications within nine (9) months after the filing of the same, the Escrow Agent shall within five (5) business days after the expiration of such nine (9) month period return to the Successful Offeror all monies, together with any interest thereon, that the Successful Offeror deposited with the Escrow Agent, and the subject sale/assignment transaction shall then be null and void. In that event, the Arbitrator shall conduct another sale and assignment of the Permit

under the Dispute Resolution Procedure of Section 21 of the Agreement within fifteen (15) days thereafter, pursuant to the terms and provisions of this Stipulation.

4. Simultaneously with the distribution to the members of Provo Broadcasting of the proceeds from the sale and assignment of the Permit, the members shall: (i) execute, file in the Civil Action and deliver to each other member a document paper in the form of Exhibit "A" attached hereto to dismiss with prejudice its claims in the Civil Action against the other members, (ii) execute, file in this Arbitration and deliver to each other party to this Arbitration a document in the form of Exhibit "B" attached hereto to dismiss with prejudice its claims in this Arbitration against the members, and (iii) execute and deliver to each other member a writing under which it waives, releases and discharges all other members from all claims in the form of Exhibit "C" attached hereto.

5. As of the date that all matters relating to the sale and assignment of the Permit are completed, as provided for and contemplated in this Stipulation, Provo Broadcasting shall be a "dissolved" company without any further agreement or action. If there is any disagreement as to that date, the Arbitrator shall in his absolute and sole discretion determine the date of dissolution. Pursuant to §48-2c-1303(1)(b) Utah Code Ann. the Arbitrator is designated as the agent to wind up and liquidate the business and affairs of Provo Broadcasting. The Arbitrator is authorized, directed and empowered to perform all acts to properly dissolve and wind up the affairs of Provo Broadcasting pursuant to the Agreement and the laws of the State of Utah, including, the Utah Revised Limited Company Act. The members of Provo Broadcasting shall fully cooperate with, and not in any way hinder, the Arbitrator in dissolving and winding up the affairs of Provo Broadcasting.

6. The Arbitrator is hereby given full authority to execute and deliver all documents of any kind or nature whatsoever reasonably necessary to (i) consummate the sale and assignment of the Permit under this Stipulation, and to complete any matter relating thereto, (including, by way of example only, execution and delivery of an Assignment of FCC Permit and FCC Form 314, copies of which are attached hereto as Exhibits "D" and "E," respectively), and (ii) dissolve and wind up the affairs of Provo Broadcasting. The authority granted under this paragraph shall not be revoked without a 80% vote of the members of Provo Broadcasting.

7. This Stipulation may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single agreement. Delivery by facsimile of a signed counterpart of this Stipulation shall be the same as delivery of the original; however, the original shall be delivered promptly thereafter.

8. In the event that any one or more of the provisions contained in this Stipulation shall be declared invalid, void or unenforceable, the remainder of the provisions of this Stipulation shall remain in full force and effect, and such invalid, void or unenforceable provision shall be interpreted as closely as possible to the manner in which it was written.

9. This Stipulation constitutes the entire understanding between the undersigned with respect to the subject matter hereof and supersedes all negotiations, representations, prior discussions, and preliminary agreements relating to the subject matter hereof.

10. This Stipulation may not be modified, waived, amended, or changed unless the same is in writing and signed by all of the undersigned.

IN WITNESS WHEREOF, the undersigned have executed this Stipulation as of the dates set forth by their respective signatures.

Gary M. Cocola
Date _____

KT Broadcasting, Inc.
Date _____

Provo Broadcasting, LLC
Date _____

Ronald L. Ulloa
Date _____

Channel Thirty-Two Television Company
Date _____

Kaleidoscope Partners
Date _____

KM Communications
Date _____

Kimberly Kralowec
Date _____

Richard S. Losee
Date _____

Caroline Powley
Date _____

Turner Enterprises
Date _____

Venture Technologies Group, LLC
Date _____

Winstar Broadcasting Corp.
Date _____