

## STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT ("**Agreement**") is made and entered into this 1st day of November, 2010, by and among WTVG ASSOCIATES, a Delaware general partnership (the "**Partnership**") and CC/ABC Acquisition IV Corp., a Delaware corporation ("**Acquisition IV**") (Partnership and Acquisition IV are collectively referred to as "**Sellers**"), and WTVG Acquisition, Inc. a Delaware corporation ("**Buyer**").

### RECITALS

WHEREAS, Sellers are the record and beneficial owners of all of the issued and outstanding shares of the capital stock of WTVG, Inc., a Delaware corporation (the "**Company**"); and

WHEREAS, the Company owns and operates Television Station WTVG-TV, in Toledo, Ohio (the "**Station**") and holds all of the FCC Licenses (as defined below) in connection with the operation of the Station; and

WHEREAS, Acquisition IV, CC/ABC Acquisition V Corp. ("**Acquisition V**") and CC/ABC Acquisition VI Corp. ("**Acquisition VI**") are all Delaware corporations and all are wholly owned subsidiaries of The Walt Disney Company ("**TWDC**") and

WHEREAS, Acquisition V and Acquisition VI (collectively referred to as the "**General Partners**") each owns a 50% general partnership interest in the Partnership; and

WHEREAS, Acquisition IV owns of record and beneficially 8 shares of the Common Stock of the Company constituting 80% of the issued and outstanding shares of the Common Stock of the Company; and

WHEREAS, the Partnership owns of record and beneficially 2 shares of the Common Stock of the Company constituting 20% of the issued and outstanding shares of the Common Stock of the Company and 28,000 shares of the Series A Preferred Stock of the Company constituting 100% of the issued and outstanding shares of Series A Preferred Stock of the Company; and

WHEREAS, the Boards of Directors of Buyer, Acquisition IV and the General Partners, have approved, and deem it advisable and in the best interests of their respective stock holders that Buyer acquire, and Sellers divest themselves of the Company, pursuant to the terms and conditions set forth in this Agreement; and

WHEREAS, Buyer's Affiliate, WJRT Acquisition, Inc. ("WJRT Acquisition"), WJRT Associates and CC/ABC Acquisition I Corp. ("Acquisition I") have entered into a Stock

Purchase Agreement dated the date hereof (the “**WJRT Stock Purchase Agreement**”), pursuant to which WJRT Acquisition has agreed to acquire the stock of WJRT, Inc.

NOW, THEREFORE, in consideration of the foregoing, and of the representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.1 Defined Terms. When used in this Agreement, the following terms shall have the meanings set forth in this Article I. All article and section numbers used in this Agreement refer to articles and sections of this Agreement unless otherwise specifically described. The term:

“**Acquisition IV By-Laws**” means the by-laws of Acquisition IV, as amended.

“**Acquisition IV Charter**” means the Certificate of Incorporation of Acquisition IV, as amended.

“**Affiliate**” means, with respect to any specified Person, a person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, such specified Person, where the term “control” (including the terms “controlling,” “controlled by” and “under common control with”) means possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

“**Balance Sheets**” means the unaudited statements of assets and liabilities as of October 3, 2009 and July 3, 2010 of the Company.

“**Benefit Plans**” means each “employee benefit plan” as defined in Section 3(3) of ERISA (whether or not subject to ERISA) and all other material employee benefit and compensation agreements, plans and arrangements covering current or former employees of the Company and under which the Company have any liability or obligation (whether actual or contingent), other than multiemployer plans (as defined in Section 3.37 of ERISA) and any obligations or liabilities arising under a Labor Agreement.

“**Buyer By-Laws**” means the by-laws of Buyer, as amended.

“**Buyer Charter**” means the Certificate of Incorporation of Buyer, as amended.

“**Closing Net Working Capital**” means the Company’s current assets less its current liabilities as of the close of business on the last business day prior to the Closing Date as

determined in accordance with Exhibit A and using the same methodology used in preparing the Financial Statements.

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

**“Communications Act”** means the Communications Act of 1934, as amended, and the rules, regulations and policies of the Federal Communications Commission promulgated thereunder.

**“Company By-Laws”** means the by-laws of the Company as amended.

**“Company Charter”** means the Certificate of Incorporation of the Company as amended.

**“Company Capital Stock”** means the shares of Company Common Stock and shares of Company Preferred Stock.

**“Company Common Stock”** means the shares of the Common Stock of the Company.

**“Company Preferred Stock”** means shares of the Series A Preferred Stock of the Company.

**“Contract”** means any written note, bond, mortgage, indenture, lease, contract, agreement, obligation or commitment.

**“Environmental Laws”** means any applicable federal, state, local or foreign law, treaty, judicial decision, regulation, rule, judgment, order, decree, injunction, permit or governmental restriction, each as in effect on or prior to the Closing Date, relating to the environment, safety or health or to any Hazardous Substance.

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

**“ERISA Affiliate”** means any entity which, together with Sellers or Buyer, as the case may be, would be treated, at the relevant time, as a single employer under Section 414(b) or (c) of the Code.

**“Exchange Act”** means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

**“FCC”** means the Federal Communications Commission.

**“FCC Licenses”** means the licenses, authorizations, permits and orders issued by the FCC for operation of the Station, its associated auxiliary broadcast and non-broadcast

stations and any other auxiliary or supportive transmitting and/or receiving facilities associated with the Station as set forth in Schedule 3.12.

**“FCC Transfer Consent”** means the written authorization by the FCC to the transfer of control of all material FCC Licenses designated as such on Schedule 3.12 to Buyer, or its permitted assignees or designees, which authorization shall have become effective.

**“Final Determination”** means the final resolution of liability for any Tax for a Taxable Period, including any related interest or penalties, (i) by Internal Revenue Service Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the IRS, or by a comparable form under the laws of other jurisdictions; except that a Form 870 or 870-AD or comparable form that reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for refund or the right of the Taxing Authority to assert a further deficiency shall not constitute a Final Determination; (ii) by a decision, judgment, decree or other order by a court of competent jurisdiction, which has become final and unappealable; (iii) by a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, or comparable agreements under the laws of other jurisdictions; (iv) by any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund may be recovered (including by way of offset) by the Tax imposing jurisdiction; or (v) by any other final disposition, including by reason of the expiration of the applicable statute of limitations.

**“Final Order”** means an order or action of the FCC that, by reason of expiration of time or exhaustion of remedies, is no longer subject to administrative or judicial appeal, reconsideration or review.

**“Financial Statements”** means the Balance Sheets and the unaudited statements of income for the fiscal year ended October 3, 2009 and the three fiscal quarters ended July 3, 2010 for the Company.

**“Governmental Entity”** means any government or any court, arbitral tribunal administrative agency, bureau or commission or other governmental or other regulatory authority or agency, federal, state, local or foreign.

**“Hazardous Substance”** means any substance, waste or material (including petroleum, its derivatives, by-products and other hydrocarbons) that is listed or defined as toxic, radioactive or hazardous by, and is regulated under, any Environmental Law.

**“Independent Accounting Firm”** means an internationally recognized accounting firm mutually agreed upon by Sellers and Buyer.

**“Intellectual Property”** means domestic and foreign patents, patent applications, inventions, invention disclosures, trademark and service mark applications, registered trademarks, registered service marks, copyrights, trademarks, service marks, trade names, material trade secrets, know-how, formulae and processes and all other similar items of intellectual property.

**“IRS”** means the Internal Revenue Service.

**“Knowledge of Sellers”** means the actual knowledge after due inquiry of any of the executive officers of Acquisition IV, the General Partners, the general manager of the Station or the chief engineer for the ABC Owned Television Station Group.

**“Lien”** means any adverse claim, restriction on voting or transfer or pledge, lien, charge, encumbrance or security interest of any kind.

**“Material Adverse Effect”** with respect to Sellers or the Company means a material adverse effect on the assets, properties, business, results of operations or financial condition of such Person and such Person's subsidiaries, if any, taken as a whole; provided, however, that events, changes or developments relating to the economy in general, or overall declines in the television broadcast business or overall economic declines in the Toledo, Ohio market shall not be deemed a Material Adverse Effect.

**“Other Filings”** means any filings (other than under the HSR Act) required to be filed by Sellers or Buyer with any Governmental Entity under the Securities Act, the Exchange Act, any stock exchange rule or any other federal, state, local or foreign laws in connection with the transactions contemplated hereby.

**“Permit”** means any license, franchise, permit, consent, concession, order, approval, authorization or registration from, of or with a Governmental Entity, excluding FCC Licenses.

**“Permitted Liens”** means any Liens (i) reflected or referred to in the Balance Sheets or the notes thereto, (ii) referred to in the Sellers Disclosure Schedule, (iii) for Taxes that are (a) not yet due or payable or delinquent or (b) being contested in good faith, (iv) that constitute mechanics’, carriers’, workers’ or like liens, or (v) easements, rights-of-way, and similar rights with respect to Real Property Interests that do not materially and adversely impact the use of such Real Property Interests in the operation of Company’s business.

**“Person”** means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a Governmental Entity.

**“Post-Closing Period”** means any Taxable Period or portion thereof that ends after the Closing Date, including any Post-Closing Straddle Period (other than the Pre-Closing Period).

**“Post-Closing Straddle Period”** means the portion of any Straddle Period that begins on the day after the Closing Date.

**“Pre-Closing Period”** means any Taxable Period, or portion thereof, that ends on or before the Closing Date, including any Pre-Closing Straddle Period.

**“Pre-Closing Straddle Period”** means the portion of any Straddle Period that ends on the Closing Date.

**“Real Property Interests”** means all interests in all real property and all buildings and other improvements thereon owned or leased by the Company.

**“SEC”** means the Securities and Exchange Commission.

**“Securities Act”** means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

**“Sellers Disclosure Schedule”** means the Disclosure Schedule delivered by Sellers to Buyer simultaneously with the execution and delivery of this Agreement.

**“Straddle Period”** means any Taxable Period that begins before the Closing Date and ends after the Closing Date.

**“Subsidiary”** means, with respect to any Person, any Affiliate that it controls, directly or indirectly, through the ownership of more than 50% of (i) the total combined voting power of all classes of voting securities of such corporation or (ii) in the case of a partnership or limited liability company, the capital or profit interests therein.

**“Target Net Working Capital”** is \$1,635,000.

**“Tax”** (including with correlative meaning, the terms **“Taxes”** and **“Taxable”**) means all forms of taxation, whenever created or imposed, whether imposed by a local, municipal, state, foreign, federal or other governmental body or authority, and, without limiting the generality of the foregoing, shall include income, gross receipts, ad valorem, excise, value-added, sales, use, transfer, franchise, license, stamp, occupation, withholding, employment, payroll, property or environmental tax or premium, together with any interest, penalty, addition to tax or additional amount, whether imposed directly or as a result of being a member of a combined, consolidated or unitary group, as a transferee, successor, by contract, or otherwise, imposed by any Taxing Authority.

**“Tax Benefit”** means the amount of the reduction in an indemnified party’s liability for Taxes recognized in the form of a reduction in cash Taxes payable as a result of any Loss (including as a result of the carryback of net operating losses to prior tax years).

**“Tax Cost”** means the amount of the increase in an indemnified party’s liability for Taxes (including decreases in Tax refunds and credits) as a result of the receipt of indemnification payments hereunder.

**“Tax Return”** means any return, report, statement, information statement and the like required to be filed with any Taxing Authority.

“**Taxable Period**” means any taxable year or any other period that is treated as a taxable year with respect to which any Tax may be imposed under any applicable statute, rule or regulation.

“**Taxing Authority**” means any governmental body or authority responsible for the imposition of Taxes.

“**Termination Date**” means the date one year after the date of this Agreement.

Section 1.2 Terms Defined Elsewhere in the Agreement. Other terms are defined elsewhere in this Agreement, and for the purposes of this Agreement, those other terms shall have the meanings set forth in the sections listed below:

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## ARTICLE II

### THE STOCK PURCHASE

Section 2.1 The Stock Purchase. Subject to the terms and conditions set forth herein, at the Closing (as defined in Section 2.3(a)), Sellers shall transfer, assign and deliver to Buyer, and Buyer shall purchase from Sellers 10 shares of the Company Common Stock and 28,000 shares of the Company Preferred Stock, representing all of the issued and outstanding shares of Company Capital Stock, solely in exchange for the Purchase Price (as defined below).

Section 2.2 The Purchase Price. The total purchase price for all of the issued and outstanding shares of the Company Capital Stock shall be Sixteen Million Eight Hundred Thousand Dollars (\$16,800,000) (the “**Purchase Price**”), as adjusted pursuant to Section 2.4. The Purchase Price shall be payable as follows: (i) within three (3) business days of Buyer’s representatives completing a visit to the Station’s main facilities during business hours and in no event later than fifteen (15) business days after the date hereof, Buyer shall deposit Eight Hundred Forty Thousand Dollars (\$840,000) (the “**Escrow Deposit**”) pursuant to an escrow agreement to be entered into among Acquisition I (on behalf of both Sellers), WJRT Acquisition on behalf of Buyer, and First Republic Bank (the “**Escrow Agent**”) in substantially the form attached hereto as Exhibit B (the “**Escrow Agreement**”) and under which Buyer and Sellers shall jointly instruct the Escrow Agent to wire transfer the Escrow Deposit, plus accrued interest, to Sellers at the Closing and the Escrow Deposit shall be credited to the Purchase Price (unless the Escrow Deposit is otherwise released pursuant to Section 9.2); and (ii) the balance of the Purchase Price shall be paid by Buyer at the Closing by a wire transfer of funds to a bank account designated by Sellers. The fee of the Escrow Agent shall be paid equally by Acquisition I and Buyer. The Purchase Price shall be adjusted by the amount of the adjustment provided in Section 2.4.

#### Section 2.3 The Closing.

(a) The closing of the transactions contemplated hereby (the “**Closing**”) shall take place at 10:00 a.m. Pacific Time at the offices of Sellers, or such other place as Sellers and Buyer may mutually agree, on or before the fifth business day after



satisfaction or, to the extent permitted hereunder, waiver of all the conditions specified in Article VIII, or such other date as Sellers and Buyer may mutually agree in writing (the “**Closing Date**”). The Closing shall become effective at 12:01 a.m. local time on the Closing Date (the “**Effective Time**”)

(b) At the Closing, (i) Sellers shall deliver stock certificates representing all of the outstanding shares of the Company Capital Stock, duly endorsed or accompanied by duly executed stock powers in blank having all necessary transfer stamps attached thereto against payment of the Purchase Price by Buyer, (ii) Buyer shall deliver to Sellers the Purchase Price payable by wire transfer of immediately available funds to such accounts Sellers shall designate, (iii) Sellers, the Company and Buyer shall execute, deliver and acknowledge, or cause to be executed, delivered and acknowledged, such certificates and other documents related to the consummation of the transactions contemplated hereby as may be reasonably requested by the parties hereto, and (iv) each Seller shall deliver to Buyer a non-foreign affidavit dated as of the Closing Date, sworn under penalty of perjury and in form and substance required under Treasury Regulations issued pursuant to Section 1445 of the Code stating that such Seller is not a “Foreign Person” as defined in Section 1445 of the Code.

#### Section 2.4 Post-Closing Net Working Capital.

(a) Within sixty (60) days after the Closing Date, Sellers shall cause to be prepared and delivered to Buyer a statement setting forth the calculation of the Closing Net Working Capital (“**Statement of Closing Date Net Working Capital**”) including reasonable detail regarding the calculation thereof. The Statement of Closing Date Net Working Capital shall be prepared in a manner consistent with the Target Net Working Capital, a form of which is shown on Exhibit A.

(b) Following the Closing Date, Sellers and Buyer shall provide the other parties and their representatives’ access at all reasonable times to the properties, books, records, working papers and personnel of the Station to the extent required to prepare and review the Statement of Closing Date Net Working Capital. Buyer shall have thirty (30) days following delivery of the Statement of Closing Date Net Working Capital during which to notify Sellers of any dispute of any item contained in the Statement of Closing Date Net Working Capital, which notice shall set forth in reasonable detail the nature and amount of any such dispute. If Buyer does not notify Sellers of any such dispute prior to the expiration of such 30-day period, the Statement of Closing Date Net Working Capital delivered to Buyer shall be final, conclusive and binding on the parties (the “**Final Statement of Closing Date Net Working Capital**”). In the event that Buyer does so notify Sellers of a dispute, Sellers and Buyer shall cooperate in good faith to resolve such dispute as promptly as possible.

(c) If Sellers and Buyer do not resolve any such disputed item within thirty (30) days of the delivery of such notice, such disputed item shall be resolved by the Independent Accounting Firm. In connection therewith, the Independent Accounting Firm shall address only items disputed by the parties and may not assign an amount to any disputed item greater than the greatest amount for such item that is claimed by a party or less than the smallest amount for such item that is claimed by a party. The Independent Accounting Firm shall make

its determination with respect to any such disputed item as promptly as practicable and such determination shall be final, conclusive and binding on the parties and shall be enforceable in any court of competent jurisdiction and may be entered as a judgment in any such court. Any expenses relating to the engagement of the Independent Accounting Firm shall be shared equally between Sellers and Buyer. The Statement of Closing Date Net Working Capital, as modified by resolution of any disputed items between Sellers and Buyer or by the Independent Accounting Firm, shall be deemed the Final Statement of Closing Date Net Working Capital.

(d) If the amount of the Closing Net Working Capital as set forth in the Final Statement of Closing Date Net Working Capital (i) exceeds the Target Net Working Capital, Buyer shall pay to Sellers an amount equal to such excess, or (ii) is less than the Target Net Working Capital, Sellers shall pay to Buyer an amount equal to such deficit; provided that in the event that any such excess or deficit is less than \$50,000, the parties agree to waive such payment.

(e) Any payment to be made by Sellers or Buyer pursuant to Section 2.4(d) hereof shall be made by wire transfer of immediately available funds within five (5) business days after the date upon which the Statement of Closing Date Net Working Capital becomes the Final Statement of Closing Date Net Working Capital.

### **ARTICLE III**

#### **REPRESENTATIONS AND WARRANTIES OF SELLERS**

Except as set forth in the Sellers Disclosure Schedule, Sellers hereby represent and warrant to Buyer that the statements contained in this Article III are true and correct as of the date of the Agreement and will be true and correct as of the Closing Date.

##### **Section 3.1 Organization and Qualification.**

(a) Acquisition IV is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. The Partnership is a duly organized and validly existing partnership under the laws of the State of Delaware. Acquisition V and Acquisition VI are the sole partners of the Partnership. The Company is duly incorporated, validly existing and in good standing under the laws of its incorporation, has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted and is in good standing and duly qualified to do business in each jurisdiction in which the transaction of its business makes such qualification necessary, except where the failure to be so organized, existing, qualified and in good standing or to have such power or authority would not have a Material Adverse Effect. True and complete copies of the Company Charter and Company By-Laws, each as amended to date and currently in full force and effect, have been made available to Buyer.

### Section 3.2 Capitalization.

(a) As of the Effective Time, (i) the authorized capital stock of the Company will consist of 10 shares of the Company Common Stock and 28,000 shares of the Company Preferred Stock. As of the date of this Agreement, (i) 10 shares of the Company Common Stock and 28,000 shares of the Company Preferred Stock are issued and outstanding and no shares of the Company Capital Stock are held in treasury and (ii) no shares of the Company Capital Stock are reserved for issuance pursuant to outstanding stock options and no shares of the Company Capital Stock are reserved for issuance in respect of future grants of stock options. All outstanding shares of the Company Capital Stock are validly issued, fully paid and nonassessable and are not subject to preemptive rights. There are no outstanding subscriptions, options, warrants, calls, rights, commitments or any other agreements to which Sellers or the Company is a party or by which Sellers or the Company is bound which obligate Sellers or the Company to (i) issue, deliver or sell or cause to be issued, delivered or sold any additional shares of Company Capital Stock or any other capital stock of the Company or any other securities convertible into, or exercisable or exchangeable for, or evidencing the right to subscribe for, any such shares of the Company Capital Stock or any other capital stock of the Company or (ii) purchase, redeem or otherwise acquire any shares of the Company Capital Stock or any other capital stock of the Company.

(b) Sellers own all of the outstanding shares of the Company Capital Stock, free and clear of all Liens other than Permitted Liens.

Section 3.3 Authority and Validity of Agreement. Sellers have the requisite corporate or partnership power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby in accordance with the terms hereof. The Board of Directors of each of Acquisition IV and the General Partners has duly authorized the execution, delivery and performance of this Agreement by Sellers, and no other corporate or partnership proceedings on the part of Sellers are necessary to authorize this Agreement or the transactions contemplated hereby. This Agreement has been duly executed and delivered by Sellers and, assuming this Agreement constitutes the legal, valid and binding obligation of Buyer, this Agreement constitutes the legal, valid and binding obligations of Sellers, enforceable against Sellers in accordance with its terms, except as may be limited by any bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally or by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 3.4 Consents and Approvals. Neither the execution and delivery of this Agreement by Sellers nor the consummation by Sellers of the transactions contemplated hereby will require on the part of Sellers any consent, approval, authorization or permit of, or filing with, or notification to, any Governmental Entity, except (i) for the FCC Transfer Consent (ii) where the failure to obtain such consent, approval, authorization or permit, or to make such filing or notification would not materially and adversely impact the ability of Sellers to consummate the transactions contemplated hereby.

Section 3.5 No Violation. Except for the consents of third parties to Contracts and other instruments required in connection with the consummation of the transactions contemplated hereby and listed on Schedule 3.5 (the “**Third Party Consents**”), neither the execution and delivery of this Agreement by Sellers nor the consummation by Sellers of the transactions contemplated hereby will (i) conflict with or violate the Acquisition IV Charter or Acquisition IV By-Laws, the Company Charter or Company By-Laws or any agreement between the General Partners with respect to the Partnership, (ii) result in a violation or breach of, constitute a default (with or without notice or lapse of time, or both) under, give rise to any right of termination, cancellation or acceleration or result in the imposition of any Lien on any assets or property of the Company pursuant to any Contract or other obligation to which the Company is a party or by which the Company or any of their respective assets or properties are bound.

Section 3.6 Financial Statements. The Financial Statements are contained in Schedule 3.6. The Financial Statements fairly present in all material respects the consolidated financial condition and operating results of the Company as of the dates and during the periods indicated therein. The Financial Statements have been prepared in accordance with U.S. generally accepted accounting principles consistently applied (“GAAP”), except that they (i) may not contain notes required by GAAP, (ii) may not include all normal year-end audit adjustments, (iii) may not include a provision of some or all income taxes (iv) reflect the cancellation or contribution to shareholder's equity of intercompany indebtedness (other than ordinary course trade payables) owed by the Company to Sellers or their Affiliates (other than the Company), (v) reflect the cancellation of receivables owed to the Company by Sellers or their Affiliates (other than the Company) and (vi) do not include all adjustments to reflect certain costs incurred that would have been included in intercompany payables had the Business been operating on a stand-alone basis. For purposes of clarification, any indebtedness (other than ordinary course trade payables) owed by the Company to an Affiliate of a type that has been, in accordance with past business practice, categorized as an "intercompany payable" or an "intercompany receivable" on the Balance Sheets would not be reflected on the Balance Sheets as an "intercompany payable" or an "intercompany receivable." Instead, the net of such amounts is reflected on the Balance Sheets as a credit (or, as applicable, a debit) to stockholder's equity as a result of the cancellation of any such "intercompany payables" and "intercompany receivables" in accordance with this Agreement. Since July 3, 2010, there has been no event or circumstance which would, or would reasonably be expected to, have a Material Adverse Effect.

Section 3.7 Assets. Schedule 3.7 lists all of the tangible assets that are material to the operation of the Station as currently conducted. The Company hold good and valid title, free and clear of any Liens other than Permitted Liens, in all tangible assets that are material to the operation of the Station as currently conducted, or hold a valid license or lease for its use.

Section 3.8 Real Property. Schedule 3.8 contains a complete description of all Real Property Interests, which comprise all interests in real property necessary to conduct the business of the Station as now conducted. The Company have good fee simple title to all fee estates included in the Real Property Interests and a valid and subsisting leasehold estate in all other Real Property Interests, in each case free and clear of any Liens other than Permitted Liens. As of the date hereof, neither the Company nor, to the Knowledge of Sellers, any other party thereto is in breach or default under any lease or sublease, and no event has occurred and is

continuing that constitutes (with notice or passage of time or both) a breach or default by the Company thereunder. The Company has not received any notice of a default, offset, or counterclaim under any lease or sublease with respect to any of the Real Property Interests. The Company enjoys peaceful and undisturbed possession of the leased Real Property Interests.

Section 3.9 Compliance with Law; Environmental Matters. The Company is not in violation of any applicable statute, rule, regulation, decree or order of any Governmental Entity applicable to the Company, except for violations which would not have a Material Adverse Effect. Without limiting the foregoing, except for matters which would not have a Material Adverse Effect, (i) the business of the Company is being conducted in compliance with applicable Environmental Laws and (ii) to the Knowledge of Sellers, there has been no material release at any location of any Hazardous Substance generated by either of the Company. Except as contemplated or permitted by this Agreement, each of the Company holds all Permits necessary for the conduct of its business as now being conducted, except where the failure to hold such Permits would not have a Material Adverse Effect.

Section 3.10 Litigation. There are no claims, actions, proceedings or governmental investigations pending or, to the Knowledge of Sellers and the Company, threatened against Company which, if adversely determined, would have a Material Adverse Effect. The Company is not subject to any outstanding and unsatisfied order, writ, judgment, injunction or decree or settlement or consent agreement by or with a Governmental Entity which would have a Material Adverse Effect.

Section 3.11 Employee Benefit Matters.

(a) All Benefit Plans are listed in Schedule 3.11 except those Benefit Plans that are not material, and true and complete copies of such Benefit Plans listed thereon have been made available to Buyer. The Benefit Plans comply in all material respects with the requirements of ERISA and the Code, and each Benefit Plan has been maintained and administered in all material respects in compliance with its terms. The Company has no liability under Title IV of ERISA whether contingent or otherwise. Neither Sellers nor any of their ERISA Affiliates incurred or expects to incur liability in connection with an “accumulated funding deficiency” within the meaning of Section 412 of the Code, whether or not waived. The execution of, and performance of the transactions contemplated in, this Agreement will not (either alone or upon the occurrence of any additional or subsequent events) constitute an event under any plan, policy, arrangement or agreement or any trust or loan that will or may result in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits with respect to any current or former employees of the Company. The Company has not incurred any liability or penalty under Section 4975 of the Code or Section 502 (i) of ERISA with respect to any Benefit Plan. To the Knowledge of Sellers, there are no pending claims, nor has the Company received notice of any threatened claims, against or otherwise involving any of the Benefit Plans. All material contributions required to be made by the Company as of the date of this Agreement to the Benefit Plans have been made or provided for.

(b) Except for (i) the Benefit Plans identified on Schedule 3.11 as “**Company Benefit Plans**” and (ii) pursuant to any Contract (an “**Employee Contract**”) with any employee of the Company (each an “**Employee**”), no Employee will be entitled to any material payments or benefits under any Benefit Plans for which the Company will have any liability (actual or contingent) at or following the Closing. The Company liabilities for the Company Benefit Plans as of the Closing will be included in the Closing Net Working Capital. Except for the Company Benefit Plans, Employee Contracts and as required under any Labor Agreement, (i) the Company is not party to, or bound by, any “employee benefit plan” as defined in Section 3(3) of ERISA (whether or not subject to ERISA) or any other employee benefit plan or other benefit or employment agreements and plans covering current or former service providers of the Company or under which the Company has any liability or obligation (whether actual or contingent), including without limitation any multiemployer plans (as defined in Section 3.37 of ERISA), and (ii) all Benefit Plans (including all liabilities and obligations associated with any such plan) shall remain with the Sellers and/or their Affiliates, and no Benefit Plans or multiemployer plans (within the meaning of Section 3.37 of ERISA) (including all liabilities and obligations associated with any such plan) shall be assumed by, or transferred to, Buyer, the Company and any of their Affiliates.

(c) The Company has not incurred, nor will it incur as a result of the sale, any withdrawal liability with respect to a multiemployer plan (as defined in Section 3.37 of ERISA). Notwithstanding anything herein to the contrary, the Company do not contribute to and shall not assume any obligations with respect to any multiemployer plan (as defined in Section 3.37 of ERISA)(including all liabilities and obligations associated with any such plan).

#### Section 3.12 FCC Licenses; Other Authorizations.

(a) The Company is the holder of all rights in and to the FCC Licenses and other permits, licenses and authorizations of Governmental Entities listed in Schedule 3.12 (the “**Governmental Authorizations**”). Schedule 3.12 sets forth a true and complete list of any and all pending applications filed with the FCC by the Company relating to the Station. The Governmental Authorizations constitute all of the permits, licenses and authorizations of Governmental Entities required under the Communications Act or the current rules, regulations and policies of the FCC and all the Permits used in the business and operations of the Station as currently operated, except where the failure to obtain such Permit would not materially impact the Station’s operations. The FCC Licenses and such other Permits are in full force and effect and are unimpaired by any act or omission of the Company or any of their officers, directors, employees or agents. There is not pending or, to the Knowledge of Sellers and the Company, threatened, any action by or before the FCC to revoke, cancel, rescind, modify, or refuse to renew in the ordinary course any of the FCC Licenses. There is not now pending any investigation, by or before the FCC, or any order to show cause, notice of violation, notice of apparent liability, or notice of forfeiture or complaint by, before or with the FCC against the Company or any of its officers, directors, stockholders or Affiliates with respect to the Station nor, to the Knowledge of Sellers and the Company, are any of the foregoing threatened. The Station is operating in compliance in all material respects with the FCC Licenses, the Communications Act, and the current rules and regulations of the FCC. The Company has not received any written notice with respect to the Station’s FCC Licenses or the Station’s

compliance with the Communications Act that might cause the FCC not to consent to the transfer by the Company of the Station's FCC Licenses as contemplated by this Agreement. All ownership reports, renewal applications, financial reports and other reports and documents required to be filed by the Company with the FCC have been properly and timely filed except for those failures to file which do not either individually or in the aggregate materially adversely affect the FCC Licenses or their continuing validity and enforceability.

(b) The Station is carried on cable and DBS systems pursuant to the retransmission consent agreements set forth on Schedule 3.15 and each retransmission consent agreement is in effect and is binding upon the Company and, to the Knowledge of Sellers, the other parties thereto (subject to bankruptcy, insolvency, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally).

### Section 3.13 Taxes.

(a) (i) all Tax Returns required to be filed prior to or by the Closing Date with respect to the Company and with respect to the Company's income, assets and operations have been timely filed, and all such Tax Returns are complete and accurate in all material respects, (ii) all Taxes due and payable by or with respect to the Tax Returns referenced in (i) above have been timely paid, and (iii) with respect to any period for which Taxes of the Company are not yet due or owing, adequate accruals for such Taxes have been or will be made on the closing balance sheet of the Company and included in the calculation of Closing Net Working Capital in accordance with Exhibit A.

(b) The Company has not incurred any liability for Taxes subsequent to the date of the Financial Statements for the Company other than in the ordinary course of business of the Company or in connection with the transactions contemplated by this Agreement.

(c) The Company has withheld and have paid (or will pay when due) all material Taxes required to be withheld in connection with any amounts paid or owing to any employee, creditor, independent contractor or third party.

(d) There are no Liens for Taxes on the stock or assets of the Company except for Permitted Liens.

(e) Except for the assessment or collection of Taxes related to the filing of a combined or unitary state or local return or the filing of a consolidated return as a member of any affiliated group of corporations within the meaning of Section 1504 of the Code, there are no pending or, to the Knowledge of Sellers, threatened audits, examinations or claims for the assessment or collection of Taxes with respect to the Company or its income, assets or operations, nor has the Company executed or filed with any Taxing Authority any agreement extending the period for assessment or collection of any Taxes.

(f) No written claim has been received from a Taxing Authority in a jurisdiction where the Company do not file Tax Returns asserting that the Company is or may be subject to taxation in any such jurisdiction.

(g) The Company has not been a party to a transaction intended to qualify under Section 355 of the Code or under so much of Section 356 of the Code as relates to Section 355 of the Code.

(h) The Company is not a party to or bound by any Tax sharing, Tax allocation, Tax indemnification or similar agreement for which the Company will have any liability after the Closing Date.

(i) The Company has not been a member of any affiliated group of corporations within the meaning of Section 1504 of the Code or of any group that has filed a combined, consolidated or unitary state or local return (other than a member of an affiliated group of which the common parent is TWDC or an Affiliate of TWDC (such affiliated group, the “Group”)).

(j) The Company has no liability for the Taxes of any other person under Treasury Regulation Sections 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract or otherwise (other than for Taxes of other members of the Group).

(k) The Company has not agreed, and is not required, to make any adjustment under Section 481(a) of the Code by reason of a change in accounting method or otherwise.

(l) The Company will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any “closing agreement” as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign law) executed on or prior to the Closing Date.

Section 3.14 Intellectual Property. As of the Effective Time, the Company will own or have a license to use rights to all Intellectual Property exclusively used by the Company in the conduct of its business as now operated, except where the failure to own or possess any such Intellectual Property would not have a Material Adverse Effect. Neither Sellers nor the Company have received any notice that the operations of the Company or the use of such Intellectual Property violate, infringe or otherwise conflict with the Intellectual Property of third parties, except for such violations, infringements or conflicts that would not have a Material Adverse Effect.

Section 3.15 Contracts. Schedule 3.15 lists each Contract to which the Company is a party and which (a) provides for aggregate payments (to or by the Company) in excess of \$50,000 in any given calendar year over the term of such Contract, (b) is an Employee Contract or (c) is otherwise material to the operation of the Station, and such Contracts constitute all of the Contracts that are material to the operation of the Station as currently conducted. As of the date hereof (i) the Company is not (with or without the lapse of time or the giving of notice, or both) in breach or default under any Contract with respect to which it is a party and (ii) to the



Knowledge of Sellers, none of the other parties to any such Contract is (with or without the lapse of time or giving of notice, or both) in breach or default thereunder, in each case, except for any such breach or default that would not, individually or in the aggregate, have a Material Adverse Effect.

Section 3.16 Labor Matters. Except for the agreements described on Schedule 3.16 (the “**Labor Agreements**”), the Company is not a party to, or bound by, any collective bargaining agreement, contract or other agreement or understanding with a labor union, labor union organization or other worker representation body. Sellers have delivered or made available to Buyer true, correct and complete copies of each such contract or amendment, as amended to date. There is no unfair labor practice or material labor arbitration proceeding pending or, to the Knowledge of Sellers, threatened against the Company. There are no representation questions, arbitration proceedings, labor strikes, slowdowns or stoppages, material grievances or other labor disputes pending or, to the Knowledge of Sellers, threatened with respect to the employees of the Company.

Section 3.17 Brokers and Finders. In connection with the transactions contemplated hereby, no broker, finder or investment bank has acted directly or indirectly for Sellers or the Company, and neither Sellers nor the Company have incurred any obligation to pay any brokerage, finder’s or other fee or commission to any person.

Section 3.18 Sufficiency of Assets. The rights, assets and properties owned or held by the Company include all material rights, assets and properties that are used in or held for use in the operations of the Station as currently operated.

Section 3.19 Related Party Transactions. With respect to any Contract between the Company on the one hand, and any Affiliate of the Company or any officer, director or employee of the Company on the other hand, such Contract is on commercially reasonable terms.

Section 3.20 No Undisclosed Liabilities. To the Knowledge of Sellers, there are no material liabilities or obligations of the Company that will be binding on the Company or on Buyer after the Effective Time, except as disclosed in the Financial Statements, or as incurred in the ordinary course after July 3, 2010.

Section 3.21 Powers of Attorney. There are no persons or other entities holding a power of attorney on behalf of the Company.

Section 3.22 Insurance. The business and activities of the Company are covered by insurance held by Affiliates of Sellers of types, and providing for coverage, at least reasonably comparable to that maintained by television broadcasters in the United States generally. No such coverage will survive the Closing.

## ARTICLE IV

### **REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer hereby represents and warrants to Sellers that the statements contained in this Article IV are true and correct as of the date of the Agreement and will be true and correct as of the Closing Date.

Section 4.1 Organization and Qualification. Buyer is duly formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation, has the requisite power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted and is in good standing and duly qualified to do business in each jurisdiction in which the transaction of its business makes such qualification necessary, except where the failure to be so organized, existing, qualified and in good standing or to have such power or authority would not have a material adverse effect on Buyer's ability to consummate the transactions contemplated hereby. True and complete copies of (a) the Buyer Charter and the Buyer By-Laws, as amended to date, (b) the Certificate of Incorporation and By-Laws of each of its Subsidiaries, as amended to date and currently in full force and effect, and (c) schedule listing the names and percentage ownership of all beneficial owners of the capital stock of the Buyer (or its ultimate parent company, as appropriate) have been made available to Sellers.

Section 4.2 Authorization and Validity of Agreement. Buyer has the requisite corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby in accordance with the terms hereof. The Board of Directors of Buyer has duly authorized the execution, delivery and performance of this Agreement by Buyer and no other corporate proceedings on the part of Buyer are necessary to authorize this Agreement or the transactions contemplated hereby. This Agreement has been duly executed and delivered by Buyer and, assuming this Agreement constitutes the legal, valid and binding obligation of Sellers, this Agreement constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as may be limited by any bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights generally or by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Section 4.3 Consents and Approvals. Neither the execution and delivery of this Agreement by Buyer nor the consummation by Buyer of the transactions contemplated hereby will require on the part of Buyer or any of its Subsidiaries any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity, except (i) for the FCC Transfer Consent or (ii) where the failure to obtain such consent, approval, authorization or permit, or to make such filing or notification, would not have a material adverse effect on Buyer's ability to consummate the transactions contemplated hereby.

Section 4.4 No Violation. Neither the execution and delivery of this Agreement by Buyer nor the consummation by Buyer of the transactions contemplated hereby will (i) conflict with or violate the Buyer Charter or the Buyer By-Laws or the charter or by-laws of any Subsidiary of Buyer, (ii) result in a violation or breach of, constitute a default (with or

without notice or lapse of time, or both) under, give rise to any right of termination, cancellation or acceleration of, or result in the imposition of any Lien on any assets or property of Buyer or any of its Subsidiaries pursuant to any Contract or other instrument or obligation to which Buyer or any of its Subsidiaries is a party or by which Buyer or any of its Subsidiaries or any of their respective assets or properties are bound, except for such violations, breaches and defaults (or rights of termination, cancellation or acceleration or Lien) as to which requisite waivers or consents have been obtained or which would not have a material adverse effect on Buyer's ability to consummate the transactions contemplated hereby or (iii) assuming the consents, approvals, authorizations or permits and filings or notifications referred to in Section 4.3 and this Section 4.4 are duly and timely obtained or made, violate any order, writ, injunction, decree, statute, rule or regulation applicable to Buyer or any of its Subsidiaries or their respective assets or properties, except for such conflicts, violations, breaches or defaults which would not in the aggregate have a material adverse effect on Buyer's ability to consummate the transactions contemplated hereby.

Section 4.5 Financing. Buyer has legally binding commitments for financing which, together with its available cash, will provide sufficient funds to enable it to consummate the transactions contemplated by this Agreement and pay all related fees and expenses for which Buyer will be responsible and will, from time to time, provide assurances and information to Seller as shall reasonably be requested by Sellers that it will have such financial capability on the Closing Date.

Section 4.6 Investment Representation; Business Investigation. Buyer is acquiring the shares of Company Capital Stock for its own account for investment purposes only and not with a view to the distribution or resale of the shares of Company Capital Stock. Buyer acknowledges that the Company Capital Stock has not been registered under the Securities Act or any state securities law in reliance upon an exemption therefrom for non-public offerings, that the Company Capital Stock must be held indefinitely unless the sale thereof is registered under the Securities Act or such state securities laws, or an exemption from such registration is available under Rule 144 or otherwise. Buyer (a) has such knowledge, sophistication and experience in business and financial matters that it is capable of valuing an investment in the shares of Company Capital Stock, (b) has conducted a full and complete business and financial investigation of the Company and has had access to and has examined to its satisfaction the Company's properties and other assets, books, records, filings with governmental agencies and reports and other materials relating to the Company, (c) fully understands the nature, scope and duration of the limitations on transfer applicable to the shares of Company Capital Stock and (d) can bear the economic risk of an investment in the shares of Company Capital Stock and can afford a complete loss of such investment. Buyer is not relying on, and agrees that no representations or warranties have been made with respect to, any statements, estimates or projections provided by the Sellers with respect to the anticipated future performance of the Company.

Section 4.7 Brokers and Finders. In connection with the transactions contemplated hereby, no broker, finder or investment bank has acted directly or indirectly for Buyer, and Buyer has not incurred any obligation to pay any brokerage, finders or other fee or commission to any person.

Section 4.8 Knowledge of Buyer. Neither Buyer nor George D. Lilly has knowledge of any facts or circumstances in existence prior to August 29, 1995, which would result in a material breach of any of the Representations and Warranties of Sellers in this Agreement.

## ARTICLE V

### COVENANTS OF SELLERS

Section 5.1 Access to Information. From the date hereof until the Closing Date, Sellers will give Buyer, its counsel, financial advisors, auditors and other authorized representatives reasonable access during normal business hours and on reasonable notice to the officers, properties, books and records of and relating to the Company, will furnish to Buyer, its counsel, financial advisors, auditors and other authorized representatives such financial and operating data and other information with respect to the Company, as such Persons may reasonably request. Any information provided, or caused to be provided, by Sellers pursuant to this Section 5.1 shall be subject to the terms of the Confidentiality Agreement dated as of May 20, 2008 between TWDC and Buyer.

Section 5.2 Conduct of Sellers. From the date of this Agreement until the Closing Date, Sellers agree that, except as otherwise contemplated by this Agreement or the Sellers Disclosure Schedule, or as Buyer shall otherwise consent in writing, Sellers shall take all action necessary to require the following covenants to be complied with:

(a) Ordinary Course. The business of the Company shall be conducted in the ordinary course consistent with past practices, and the Company will use commercially reasonable efforts (other than the expenditure of funds) to keep available the services of key employees engaged exclusively in the business of the Company and to preserve the relationships with key customers and suppliers and others having significant business dealings with the business of the Company. Notwithstanding, the foregoing, nothing shall prohibit the Company from declaring, issuing, making, or paying any dividend or other distribution to its stock holders prior to the Closing.

(b) Governing Documents. The Company will not amend in any material respect its respective Company Charter or Company By-Laws.

(c) Issuance of Securities. The Company will not issue, transfer, sell or dispose of, nor authorize or agree to the issuance, transfer, sale or disposition of (whether through the issuance or granting of options, rights, warrants, or otherwise), any shares of the Company Capital Stock or any other capital stock or securities of the Company or any options, rights, warrants or other securities convertible into or exchangeable or exercisable for any such shares of capital stock or securities of either Company or amend any of the terms of any securities or agreements relating to such capital stock or securities outstanding on the date hereof.

(d) No Acquisitions. The Company will not acquire or agree to acquire, by merging or consolidating with, or by purchasing a substantial equity interest in, or substantial portion of the assets of, any business or any corporation, partnership, association or other business organization or division thereof or otherwise acquire or agree to acquire any material assets, in any such case, except in the ordinary course of business.

(e) No Dispositions. The Company will not sell, lease, license, encumber or otherwise dispose of or agree to sell, license, encumber or otherwise dispose of, any of its material assets or properties, other than in the ordinary course of business consistent with past practice or pursuant to existing contractual obligations, and where such assets or properties will be replaced with assets of at least comparable utility and value.

(f) Maintenance of Properties. The Company will continue to maintain and repair all property material to the operation of its business in a manner consistent in all material respects with past practice.

(g) Maintenance of FCC Licenses. The Company will continue to maintain the FCC Licenses in full force and effect, and not materially adversely modify any of the FCC Licenses.

(h) Contracts. The Company shall not enter into any new Contract (including Employee Contracts), nor amend or modify any existing Contract, nor permit to expire or to be terminated any Contract other than in the ordinary course and in accordance with its terms, where (a) such action is not in the ordinary course of business consistent with past practice, or (b) such Contract provides for aggregate payments (to or by the Company) in excess of \$25,000 in any given year over the term of such Contract or contains any material restriction on the Company's business or the use of its properties. Any request for Buyer's consent under this Section 5.2(h) shall be deemed granted unless rejected within five business days from the Company's submission of the request to Buyer.

(i) Retransmission Consents. The Company shall (a) use reasonable efforts to maintain the Station's existing carriage on cable and DBS systems, and (b) not enter into any new retransmission consent agreements except those that are terminable by the Company within 60 days of the Closing.

(j) Employee Matters. Except to the extent required by applicable law, a Labor Agreement or the terms of any Benefit Plan, the Company will not (i) increase the compensation or benefits payable or to become payable to any current or former employee of the Company, other than in the ordinary course of business consistent with past practice and excluding fiscal year-end discretionary bonuses in amounts generally consistent with prior years, (ii) grant any rights to severance or termination pay to any Employee, (iii) establish, adopt, enter into, amend or terminate any collective bargaining agreement or employee benefit plan, practice, policy or agreement (other than any multiemployer plan within the meaning of Section 3.37 of ERISA) sponsored by the Company or (iv) make any material change in the key management structure of the Company, except to replace key managers who voluntarily terminate their

employment with the Company, but only after prior consultation with Buyer, and subject to any approval required pursuant to Section 5.2(h).

Section 5.3 Intercompany Accounts. Prior to the Closing, Sellers shall cause all intercompany indebtedness, receivables and other intercompany accounts between Seller or any of its Affiliates (other than the Company), on the one hand, and the Company, on the other hand, to be fully discharged or terminated, except for such obligations, if any, arising from a Contract pursuant to which the Company licenses programming from an Affiliate of Seller.

Section 5.4 Employee Liabilities. Prior to the date hereof, Sellers have delivered to Buyer a list (the “**Employee List**”) setting forth for each Employee as of the date set forth thereon, their name, title or job position, date of hire, leave status (if applicable), union status and total annualized salary or base wages. On or prior to the Closing Date, Sellers shall provide to Buyer a revised Employee List. Upon and following the Closing, neither Buyer nor any of its Affiliates (including the Company) shall retain or assume any liability related to the Benefit Plans other than the Company Benefit Plans and Employee Contracts.

Section 5.5 Estoppel Certificates. Sellers shall take commercially reasonable efforts to deliver to Buyer estoppel certificates from the lessors of the leased Real Property Interests, which estoppel certificates shall be in form and substance reasonably satisfactory to Buyer.

Section 5.6 Assignment of Affiliate Contracts. All Contracts listed on Schedule 3.15 to which an Affiliate of the Company is a party shall have been assigned to the Company with respect to the rights and obligations relating to the Station’s operations.

## ARTICLE VI

### COVENANTS OF BUYER

#### Section 6.1 Employee Matters.

(a) Buyer acknowledges that the Company shall remain a party to the Labor Agreements after the Closing subject to the terms of such Labor Agreements, and Buyer shall, or cause the Company or one of Buyer’s other Affiliates to, assume the obligation to make contributions to those multiemployer plans (within the meaning of Section 3.37 of ERISA) as required under such collective bargaining agreements; provided, however, that nothing in this Agreement shall restrict or limit in any way Buyer’s (or any of its Affiliates’) right to take any action after the Closing as permitted under, and in accordance with the terms of, any Labor Agreement.

(b) Except as required pursuant to any collective bargaining agreement, Buyer shall provide, or cause its Affiliates to provide, to each Employee (i) for at least one year following the Closing Date, the same base wages and salaries as was provided by Sellers to such Employee immediately prior to the Closing Date, and (ii) for at least two years following the Closing Date, employee benefits and fringe benefits under plans, programs and arrangements (other than equity-based plans and defined benefit pension plans) which are at least

as favorable, taken as a whole, as the employee benefits and fringe benefits provided by Buyer (or its Affiliates) to similarly situated employees thereof; provided however, that Buyer shall have complied with the foregoing with respect to providing health benefit plans so long as it uses commercially reasonable efforts to do so.

(c) Notwithstanding anything in Section 6.1(d) to the contrary and except as provided under any Labor Agreement, at and for a period of at least one year following the Closing Date, Buyer shall cause the Employees to be eligible for coverage under a severance or separation pay benefits plan containing terms substantially the same as those contained in the Sellers' ABC, Inc. Severance Pay Plan (including the first and second amendments thereto) dated October 2002, a copy of which has been made available by Sellers to Buyer.

(d) To the extent that service is relevant for purposes of eligibility or vesting (other than benefit accrual under a defined benefit plan) under any employee benefit or fringe benefit plan, program or arrangement established or maintained by Buyer or its ERISA Affiliates after the Closing Date for the benefit of the Employees, such plan, program or arrangement shall credit such Employees for service on or prior to the Closing Date with Sellers or their ERISA Affiliates, as the case may be, to the same extent credited for such purposes under the comparable plan, program or arrangement of Sellers in effect immediately prior to the Closing Date. Following the Closing Date, Buyer shall use commercially reasonable efforts to cause each "employee welfare plan" (as defined in Section 3(l) of ERISA) covering the Employees (i) to reduce each such eligible employee's (and his or her eligible dependents) annual deductible limits and co-payment limits under such plans for the plan year in which the Closing occurs to the extent deductible and co-payment expenses were incurred and recognized for comparable purposes under the comparable Benefit Plan immediately prior to the Closing Date, in each case as demonstrated by the employee's most recent explanation of benefits as provided by the employee, (ii) to the extent waived under the comparable Benefit Plans, to waive any pre-existing condition limitations or exclusions that do not apply to such employees immediately prior to the Closing Date, and (iii) permit each Employee who participates in a Benefit Plan of Buyer that provides health care benefits (whether or not through insurance) to participate therein without regard to any waiting period or any condition or exclusion based on pre-existing conditions; provided, however, that Buyer shall have complied with clause (iii) so long as it uses commercially reasonable efforts to provide a Benefit Plan that permits such participation.

(e) In the event that any Employee receives an "Eligible Rollover Distribution" (within the meaning of Section 402(c)(4) of the Internal Revenue Code) from any Benefit Plan of Seller, Buyer shall cause a Benefit Plan maintained by Buyer in which such Employee participates that is intended to constitute a qualified plan under Section 401 of the Internal Revenue Code to accept a direct rollover of such eligible rollover distribution.

(f) Notwithstanding anything in this Agreement to the contrary, any Employee who is on a long-term disability leave immediately prior to the Closing Date shall be employed by Sellers (or their Affiliates) as of the Closing Date, and Sellers shall take all necessary action to cause any such employee to be employed by Sellers (or their Affiliates) as of the Closing Date. Following the Closing Date, such employee shall become an employee of the

Company when he or she returns to active employment, provided that he or she returns to active employment within six (6) months following the Closing Date. Upon and following the Closing Date, Sellers or one of their Affiliates shall retain, and neither Buyer nor any of its Affiliates shall assume, any liabilities related to any such employee's termination by, or termination of employment from, Sellers or such Affiliates.

(g) Buyer shall notify Sellers when those Employees identified on the Employee List as "termination notification required" terminate their employment with the Company, within ten (10) days of such termination, in order to permit Sellers and their Affiliates to properly administer such Employees post-closing benefits under the Benefit Plans retained by them.

(h) No provision of this Agreement (including this Section 6.1) shall be construed as limiting the ability of Buyer or its Affiliates (including the Company and any of their subsidiaries), as applicable, to terminate the employment of any Employee at any time following the Closing Date for any reason. The provisions of this Section 6.1 are solely intended for the benefit of the parties to this Agreement, and no employee or former employee or any other individual associated therewith or any employee benefit plan or trustee thereof shall be regarded for any purpose as a third party beneficiary of this Agreement, and nothing herein shall be construed as an amendment to any employee benefit plan for any purpose. In addition, nothing in this Agreement shall be construed to limit the right of Buyer or any of its Affiliates to amend or terminate any employee benefit plan so long as Buyer complies with its obligations under this Section 6.1.

Section 6.2 Permits. Without limitation of Sellers' representations and warranties in Section 3.12 hereof, Buyer shall be responsible, at its own expense, for all Permits, licenses and other approvals required for the Company to conduct the business subsequent to the Closing.

Section 6.3 Marks. Rights to the "ABC" mark (or any derivative thereof) shall not be retained by the Company or otherwise transfer to Buyer or its Affiliates pursuant to the transactions contemplated by this Agreement. Buyer agrees that within 30 days after Closing, Buyer and its Affiliates will discontinue use of any such marks in the operation of the Station's business, except as such marks are permitted to be used pursuant to the Affiliation Agreement.



## ARTICLE VII

### COVENANTS OF BUYER AND SELLERS

The parties hereto agree that:

#### Section 7.1 Efforts.

(a) Subject to the terms and conditions of this Agreement and applicable law, each of the parties hereto shall act in good faith and use commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated hereby as soon as reasonably practicable, including such actions or things as the other party may reasonably request in order to cause any of the conditions to such other party's obligation to consummate the transactions contemplated by this Agreement to be fully satisfied. Without limiting the foregoing, the parties shall consult and fully cooperate with and provide assistance to each other in obtaining all necessary consents, approvals, waivers, licenses, permits, authorizations, registrations, qualifications or other permissions or actions by, and giving all necessary notices to and making all necessary filings with and applications and submissions to, or filing with any Governmental Entity as soon as reasonably practicable after filing. Prior to making any application or filing with any Governmental Entity or other person or entity in connection with this Agreement, each party shall provide the other party with drafts thereof and afford the other party a reasonable opportunity to comment on such drafts.

(b) As soon as reasonably practicable, and in any event no later than ten (10) business days after the date hereof, Sellers and Buyer agree to prepare and file the instruments required to obtain the FCC Transfer Consent, and, thereafter, to cooperate with each other and use reasonable, diligent and good faith efforts to obtain FCC Transfer Consent. Each party will keep the other informed of any material communication (including any meeting, conference or telephonic call) and will provide the other copies of all correspondence between it (or its advisors) and the FCC, and each party will permit the other parties to review any material communication with the FCC relating to the FCC Transfer Consent. Each party shall notify the other parties hereto in the event it becomes aware of any other facts, actions, communications, or occurrences that might directly or indirectly affect the parties' intent or ability to effect prompt FCC grant of the FCC Transfer Consent. The parties shall make good faith efforts to answer FCC inquiries and third-party objections, if any, with respect to the application for the FCC Transfer Consent, and to avoid designation for hearing. Each of the Sellers and Buyer shall bear its own legal and other fees and expenses involved in the preparation and prosecution of the FCC applications for FCC Transfer Consent; provided, however, that all FCC filing fees shall be borne equally by Sellers on the one hand and Buyer on the other.

(c) Buyer acknowledges that, as of the date of this Agreement, license renewal applications are pending before the FCC with respect to the Station. To the extent reasonably necessary to expedite grant of such renewal application, and thereby facilitate grant of the FCC Transfer Consent, Sellers shall enter into tolling agreements with the FCC with respect to the Station's renewal application, to extend after the date of renewal, the statute of

limitations for the FCC to determine or impose a forfeiture penalty against the Station in connection with any pending complaints that the Station aired programming that contained obscene, indecent, or profane material. The parties shall consult in good faith with each other prior to entering any such tolling agreement.

Section 7.2 Certain Filings. The parties shall prepare and file any Other Filings required to be filed by them. The parties shall cooperate with each other and provide to each other all information necessary in order to prepare the Other Filings. The information provided by Sellers and Buyer for use in the Other Filings shall at all times prior to the Closing Date be true and correct in all material respects and shall not omit to state any material fact required to be stated therein or necessary in order to make such information not false or misleading. Each such filing shall, when filed, comply in all material respects with applicable law.

Section 7.3 Public Announcements. The parties will consult with each other before issuing any press release or making any public statement with respect to the transactions contemplated hereby and, except as may be required by applicable law or any listing agreement with any securities exchange, will not issue any such press release or make any such public statement unless the text of such statement shall first have been agreed upon by the parties.

#### Section 7.4 Tax Matters

(a) Buyer recognizes that the Company will join with Sellers and TWDC, in filing unitary, consolidated or combined Tax Returns as members of a unitary, consolidated or combined group, as applicable (the “**Disney Consolidated Group**”). After the Closing Date, Sellers shall include or cause to be included to the extent required by law, the Taxable income or loss, and all other items of the Company for periods ending before or on the Closing Date, in the relevant unitary, consolidated or combined Tax Returns of the Disney Consolidated Group; provided, however, that Buyer and Sellers agree that any transaction, action or inaction that occurs (or in the case of inaction, fails to occur) on the Closing Date and after the Effective Time and is out of the ordinary course of business shall be reported and taken into account for all Tax purposes in accordance with the “next day rule” of Treasury Regulation Section 1.1502-76 and its principles. No ratable allocation election under Treasury Regulation Section 1.1502-76(b)(2) or any similar provision of state or local law shall be made with regard to the transactions contemplated by this Agreement.

(b) Sellers shall be responsible for, and shall have ultimate discretion with respect to, (i) all Tax Returns (and payment of any Tax with respect thereto) required or permitted by applicable law to be filed by the Company (or by Sellers or an Affiliate thereof on its behalf) with respect to periods that end on or before the Closing Date, (ii) any elections related to such Tax Returns and (iii) any Audit (as defined below) (including the execution of any waiver of limitation with respect to an Audit) relating to any such Tax Returns and any Taxes that relate to any Pre-Closing Period (it being understood that Sellers shall have no payment or indemnification obligation with respect to any Tax that relates to a Post Closing Period, except for indemnification obligations arising, directly or indirectly, out of any misrepresentation or breach of warranty contained in Section 3.13)); provided, however, if any

Audit for which Sellers are responsible pursuant to this Section 7.4(b) could reasonably be expected to result in a material increase in Tax liability for which Buyer or the Company could be responsible, Sellers shall consult in good faith with Buyer in respect of the specific issues that could give rise to such increased Tax liability; and provided, however, that all Tax Returns that are the Sellers' responsibility pursuant to this paragraph shall be prepared in a manner consistent in all material respects with the Tax Returns Sellers filed for the Company for Tax periods ended on or before December 31, 2009, except as required by law. Notwithstanding any other provision of this Agreement, Buyer grants to Sellers and their duly appointed representatives the sole right to negotiate, resolve, settle or contest any claim for Tax with respect to any Tax Returns for Tax Periods that end on or before the Closing Date. If Sellers do not assume the defense of any claim for Tax, Buyer may defend the same at its cost in such manner as it may deem appropriate, but not settle or otherwise compromise any such Audit or proceeding at the expense of Sellers without first obtaining the written consent of Sellers. The term "**Audit**" shall mean any audit, assessment of Taxes, other examination by any Taxing Authority, contest, court or other proceeding (including, without limitation, any appeals conference) or appeal of such proceeding relating to Taxes.

(c) Unless requested by Sellers (in which event Buyer agrees to comply, and cause its Affiliates to comply with such requests) or except as otherwise required by applicable law, neither Buyer nor the Company shall file (or permit to be filed) any amended Tax Return with respect to the Company for any Tax Period ending on or before the Closing Date without obtaining the prior written consent of Sellers. Neither Buyer nor any Affiliate thereof shall, with respect to Taxes, take or advocate (or permit to be taken or advocated) any position, initiate (or permit to be initiated) any claim or otherwise take (or fail to take) any action that could adversely affect Sellers or any of its Affiliates. Buyer shall not carry back any loss of the Company to a period that began on or before the Closing Date without the prior written consent of Sellers (which consent may be withheld in the sole and absolute discretion of Sellers).

(d) Buyer, the Company and Sellers agree to report any item attributable to a transaction, action or inaction that occurs (or in the case of an inaction, fails to occur) on the Closing Date but after the Effective Time and is out of the ordinary course of business on Tax Returns relating to Post-Closing Periods in accordance with the "next day rule" contained in Treasury Regulation Section 1.1502-76 and its principles.

(e) Buyer and the Company shall be responsible for (i) all Tax Returns required to be filed by the Company with respect to periods that begin after the Closing Date, (ii) the Straddle Tax Returns (as defined below) and the payment of any Tax apportioned to the Post-Closing Period under this subsection (e), which Buyer shall timely file and pay and (iii) any Audit (including the execution of any waiver of limitation with respect to any Audit) relating to any such Tax Returns or any Taxes that relate to a Post-Closing Period and shall have ultimate discretion with respect thereto; provided, however, that (x) in the case of any Straddle Tax Return, the preparation and filing of such Tax Return shall be subject to review and written approval of Sellers, which approval shall not be unreasonably withheld; provided, however, that Buyer shall provide Sellers with copies of any such Straddle Tax Return (including, without limitation, any workpapers or other supporting documentation with respect thereto) at least fifteen (15) business days prior to the due date of such Tax Return and (y) in the event that any

Audit for which Buyer is responsible pursuant to this Section 7.4(e) could reasonably be expected to result in a material increase in Tax liability for which Sellers could be responsible, Buyer shall consult in good faith with Sellers in respect of the specific issues that could give rise to such increased Tax liability for which Sellers could be responsible. A **“Straddle Tax Return”** is a Tax Return of the Company for any Straddle Period. For purposes of apportioning a Tax relating to the Straddle Period between the Pre-Closing Straddle Period and the Post-Closing Straddle Period, the parties hereto shall treat the Closing Date as the last day of the Pre-Closing Straddle Period (i.e., the parties shall “close the books” on such date) and shall elect to do so if permitted by applicable law; provided, however, that any item attributable to any transaction, action or inaction that occurs (or in the case of inaction, fails to occur) on the Closing Date and after the Effective Time and is out of the ordinary course of business shall be reported and taken into account for all Tax purposes in accordance with the “next day rule” of Treasury Regulation 1.1502-76 and its principles. Notwithstanding the foregoing, in the case of property Taxes, ad valorem Taxes or other Taxes based on the value of property, Tax shall be apportioned to the Pre-Closing Straddle Period based on amount of such Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days in the period ending on the Closing Date and the denominator of which is the number of days in the entire period, and the remaining amount of such Straddle Period Taxes shall be apportioned to the Post-Closing Straddle Period. Sellers shall pay over to Buyer two (2) business days prior to the due date for the filing of any Straddle Tax Returns the amount of Tax apportioned to the Pre-Closing Straddle Period except to the extent of any Tax reserve with respect to such period contained in the Closing Net Working Capital. Buyer and the Company shall have the ultimate discretion with respect to any Audit of the Company that relates solely to a Post-Closing Period and Sellers and Buyer shall have joint discretion with respect to any Audit that relates to a Straddle Period.

(f) After the Closing Date, each of the Buyer and the Company, on the one hand, and Sellers, on the other, shall (i) provide, or cause to be provided, to each other’s respective officers, employees, representatives and Affiliates, such assistance as may reasonably be requested, including making available employees and the books and records of the Company, by any of them in connection with the preparation of any Tax Return or any Audit of the Company in respect of which Buyer, the Company or Sellers, as the case may be, is responsible pursuant to Sections 7.4(b) or (e) of this Agreement, (ii) retain, or cause to be retained for so long as any such Taxable years or Audit shall remain open for adjustments, any record or information which may be relevant to any such Tax Returns or Audits, and (iii) cooperate with respect to all matters relating to Taxes (including, without limitation, the preparation of Tax compliance packages, the filing of Tax Returns, the filing of an amended Tax Return if requested by Sellers, Audits and proceedings).

(g) Each of Buyer and the Company, on the one hand, and Sellers, on the other, shall promptly inform, keep regularly apprised of the progress with respect to, and notify the other party in writing not later than (i) ten (10) business days after the receipt of any notice of any Audit relating to the Company and again (ii) fifteen (15) business days prior to the settlement or Final Determination of any Audit of the Company for which it was responsible pursuant to Sections 7.4(b) or (e) of this Agreement which could reasonably be expected to affect the Tax liability of such other party for any Taxable year; provided, however, that this

requirement shall not require Sellers to inform, apprise or notify Buyer, the Company or any other party with respect to any Audit, settlement or Final Determination relating to Taxes related to any Pre-Closing Period or for which the Company is or may be liable solely by reason of its having been a member of a consolidated, combined or unitary group.

(h) For Tax purposes, the parties agree to treat all payments made pursuant to any indemnification obligation under this Agreement (including, without limitation, pursuant to Sections 7.5 and 7.6 hereof) as adjustments to the Purchase Price unless otherwise required by Law.

(i) Any Tax sharing agreement or arrangement between any of Sellers and their Affiliates (other than the Company), or any third party, on the one hand, and the Company, on the other hand, shall have been terminated, and all payments thereunder settled, immediately prior to the Closing with no payments permitted to be made thereunder on and after the Closing Date.

Section 7.5. Nature and Survival of Representations and Warranties; Indemnifications, Etc.

(a) Survival of Representations, Warranties and Covenants. All covenants and agreements of the parties made in this Agreement or provided herein shall survive the Closing Date until performed unless otherwise expressly provided herein, and all representations and warranties of the parties made in this Agreement (other than in Section 3.13) or as provided herein shall be made as of the date hereof and shall survive until the first anniversary of the Closing Date, (the “**Survival Period**”). The Covenants contained in Section 7.4 and the representations and warranties in Section 3.13 (relating to Taxes) shall survive until ninety (90) days after the applicable statute of limitations.

(b) Indemnification by Sellers.

(i) Sellers shall indemnify, defend and hold harmless Buyer and each of its Affiliates (each, a “**Buyer Indemnitee**”) from and against, and shall reimburse each Buyer Indemnitee for, all demands, claims, actions or causes of action, assessments, losses, damages, liabilities, costs and expenses, including, without limitation, interest, penalties, court costs and reasonable attorneys’ fees and expenses (including, without limitation, reasonable expenses of investigation and reasonable attorneys’ and accountants’ fees) imposed upon or incurred by such Buyer Indemnitee, directly or indirectly (a “**Loss**” or “**Losses**”) to the extent arising, directly or indirectly, out of (A) any misrepresentation or breach of warranty contained in Article III hereof, (B) any breach by Sellers in any material respect of any covenant or agreement of Sellers contained in or arising out of this Agreement, unless deemed to be waived by Buyer or otherwise resulting from a breach of Section 4.8 by Buyer, or (C) Taxes indemnified for under Section 7.6 (it being understood that Taxes are indemnified for under Section 7.6 and Losses (other than Taxes) arising, directly or indirectly, out of such Taxes shall be indemnified for under this Section 7.5).

(ii) Notwithstanding Section 7.5(b)(i), Sellers shall not have any liability under Section 7.5(b)(i) in respect of (A) any claim for indemnification in the amount of less than \$10,000 or (B) until the aggregate amount of all Losses (including only those in an amount of \$10,000 or greater) otherwise subject to indemnification equals or exceeds 0.75% of the Purchase Price (\$126,000), at which time only those Losses in excess of 0.75% of the Purchase Price (\$126,000) shall be recoverable; provided, however, that in no event shall Sellers' aggregate liability exceed 20% of Purchase Price (\$3,360,000). Sellers' obligation to indemnify the Buyer Indemnitees shall terminate on the first anniversary of the Closing Date except that any claim for indemnification in respect of which notice is given in accordance with the provisions of Section 7.5 hereof prior to the first anniversary of the Closing Date shall survive with respect to such claim until final resolution thereof. For the avoidance of doubt, Taxes are indemnified for under Section 7.6 and Losses (other than Taxes) arising, directly or indirectly, out of such Taxes shall be indemnified for under this Section 7.5, and such Losses (other than Taxes) shall be subject to this Section 7.5(b) (ii).

(iii) Notwithstanding Section 7.5(b)(ii), Sellers shall indemnify, defend and hold harmless each Buyer Indemnitee from and against, and shall reimburse each Buyer Indemnitee for, all Losses arising, directly or indirectly, out of complaints filed with the FCC regarding programming carried on the Station prior to the Closing Date to the same extent that Buyer would be indemnified for such Losses under the Affiliation Agreement had such complaints arisen on or after the Closing Date.

(c) Indemnification by Buyer. Buyer shall indemnify, defend and hold harmless Sellers and each of its Affiliates (each, a "**Seller Indemnitee**") from and against, and shall reimburse each Seller Indemnitee for, all Losses to the extent arising, directly or indirectly, out of (A) any misrepresentation or breach of warranty contained in Article IV hereof, (B) any breach by Buyer of any covenant or agreement of Buyer contained in or arising out of this Agreement, unless deemed to be waived by Sellers pursuant to paragraph (a) of this Section 7.5 hereof, or (C) any unpaid Taxes of the Company for any Taxable Period (or portion thereof) other than a Pre-Closing Period.

(d) Third Party Claims. Promptly after the receipt by any Buyer Indemnitee or Seller Indemnitee of a notice of any claim, action, suit or proceeding of any third party which is subject to indemnification hereunder, such party (the "**Indemnified Party**") shall give written notice of such claim to the party obligated to provide indemnification hereunder (the "**Indemnifying Party**"), stating the nature and basis of such claim and the amount thereof, to the extent then known. Failure of the Indemnified Party to give such notice shall not relieve the Indemnifying Party from any liability which it may have on account of this indemnification or otherwise, except to the extent that the Indemnifying Party is prejudiced thereby (except that the Indemnifying Party shall not be liable for any expenses incurred during the period in which the Indemnified Party failed to give such notice). The Indemnifying Party shall be entitled to participate in the defense of and, if it so chooses, to assume the defense of, or otherwise contest, such claim, action, suit or proceeding with counsel selected by the Indemnifying Party. Upon the election by the Indemnifying Party to assume the defense of, or otherwise contest, such claim, action, suit or proceeding, the Indemnifying Party shall not be liable for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof,

although the Indemnified Party shall have the right to participate in the defense thereof and to employ counsel, at its own expense. Notwithstanding the foregoing, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel employed by the Indemnified Party, if and only to the extent that (i) the Indemnifying Party has not employed counsel reasonably acceptable to the Indemnified Party to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action or (ii) the employment of counsel and the amount reimbursable therefor by the Indemnified Party has been authorized in writing by the Indemnifying Party. The parties shall use commercially reasonable efforts to minimize Losses from claims by third parties and shall act in good faith in responding to, defending against, settling or otherwise dealing with such claims, notwithstanding any dispute as to liability as between the parties under this Section 7.5. The parties shall also cooperate in any such defense, give each other reasonable access to all information relevant thereto and use commercially reasonable efforts to make employees and other representatives available on a mutually convenient basis to provide additional information and explanation of any material provided in connection therewith. In addition, in the case of claims relating to environmental matters, the Indemnifying Party shall be given reasonable access to the relevant sites and shall have the right to attend all material meetings with Governmental Agencies or other third parties responsible for the claim or any related remedial action. Whether or not the Indemnifying Party shall have assumed the defense, the Indemnifying Party shall not be obligated to indemnify the Indemnified Party hereunder for any settlement entered into without the Indemnifying Party's prior written consent, which consent shall not be unreasonably withheld or delayed. In the case of claims relating to Taxes, the provisions of Section 7.4 shall control.

(e) Indemnification Amounts. Any Tax or other Loss for which indemnification is provided under this Agreement shall be reduced to take account of any net Tax Benefit realized by the Indemnified Party arising from the incurrence or payment of any such Tax or other Loss in the year of the Loss and the subsequent two years. In addition, any indemnification payments shall be made no later than fifteen (15) business days after written notice of a Final Determination with respect to any Tax for which indemnification is provided by the Indemnifying Party.

Section 7.6 Tax Indemnification. The parties agree that:

(a) Sellers shall be jointly and severally liable for, shall pay to Buyer or the appropriate Tax Authorities, as appropriate, and shall hold Buyer and the Company harmless against all Taxes (but only to the extent such Taxes exceed the Tax reserve, if any, included in the calculation of Closing Net Working Capital, as appropriate) (x) of the Company for any Pre-Closing Period other than Taxes that are Buyer's responsibility pursuant to Section 7.6(d) or (y) of any member of the Disney Consolidated Group other than the Company arising under Treasury Regulation Section 1.1502-6 (or similar provision of state, local or foreign law) with respect to the Disney Consolidated Group for any taxable year of the group during which the Company is a member of such group and that begins prior to the Closing Date; provided, however, that Sellers shall have no liability for any Taxes relating or attributable to any transaction, action or inaction—that occurs (or in the case of inaction, fails to occur) on the Closing Date and after the Closing and is out of the ordinary course of business. Sellers shall be entitled to all Tax refunds (including interest) attributable to any Pre-Closing Period except to the

extent such Tax refunds were included in the calculation of Closing Net Working Capital or arising as a result of a carryback of any loss or credit of either of the Company arising in a Post-Closing Period to a Pre-Closing Period.

(b) Buyer and the Company shall be jointly and severally liable for, shall pay the appropriate Tax Authorities, and shall hold Sellers harmless against (x) all liabilities for Taxes of the Company that relate to any Post-Closing Period, (y) all liabilities for Taxes relating or attributable to any transaction or action that occurs at the direction of Buyer on the Closing Date and after the Closing and is out of the ordinary course of business, and (z) all liabilities for Taxes relating to a Pre-Closing Period, but only to the extent such Taxes are set forth as a Tax liability or reserve (without regard to deferred Tax assets and liabilities) accrued, if any, in the calculation of Closing Net Working Capital as appropriate. Buyer and the Company shall be entitled to any Tax refund (including interest) attributable to any Post-Closing Period.

(c) The obligations of the parties to indemnify each other pursuant to this Section 7.6 shall continue until ninety (90) days after day after the relevant statutory period of limitations (taking into account any extensions or waivers thereof) for the assessment of Taxes, covered by this Section 7.6 has expired.

(d) The parties hereto agree that all state and local transfer and sales Taxes applicable to the purchase of the Company Capital Stock contemplated herein shall be borne one-half by Buyer and one-half by Sellers.

Section 7.7 Exclusive Remedies. The sole and exclusive remedy of a party to this Agreement for any claim arising after the Closing Date under this Agreement against another party hereto shall be the indemnification provided in this Section 7.5 and 7.6, and each party agrees that it will not pursue any other remedy, except that any such party may seek specific performance or injunctive relief.

Section 7.8 Notices of Certain Events. Each party shall promptly notify the other party following the receipt of any notice or other communication from any Governmental Entity in connection with the transactions contemplated hereby or of any action, suit, claim or proceeding commenced or, to its knowledge threatened, against it which relates to or seeks to prohibit the consummation of the transactions contemplated hereby.

Section 7.9 No Implied Warranties. Except as expressly provided in this Agreement, Sellers have not made and are not making any representation or warranty whatsoever to Buyer as to the Company or their respective businesses and shall not be liable in respect of the accuracy or completeness of any information provided to Buyer in connection with this Agreement. Without limiting the foregoing, Buyer acknowledges that Buyer, together with its advisors, has made its own investigation of the Company and their respective businesses and is not relying on any implied warranties (whether of merchantability or fitness for a particular purpose or otherwise), or upon any representation or warranty whatsoever as to the prospects (financial or otherwise), or the viability or likelihood of success, of the businesses of the Company as conducted after the Closing Date.



Section 7.10 Environmental. Within 60 days after the date hereof, Buyer may, at Buyer's sole cost and expense, engage a reputable and qualified consultant (subject to Seller's approval, which shall not be unreasonably withheld) to perform Phase I environmental assessments of the Real Property Interests, and deliver the written reports on such assessments to Seller promptly after receipt thereof. Seller shall permit the consultant with access to the Real Property Interests during ordinary business hours and with 72 hours prior notice to Seller. To the extent the consultant performing such assessment advises that a Phase II assessment should be conducted with respect to any real estate parcel, Buyer shall conduct such Phase II assessment at Buyer's sole cost and expense and deliver the written reports on such assessments to Seller promptly after receipt thereof. Buyer shall make such consultant reasonably available to Seller to discuss the results of the Phase I and, if performed, Phase II assessments.

Section 7.11 Title Insurance; Survey. In the event that Buyer elects to procure title insurance policies and/or surveys for the Real Property Interests, Seller shall use commercially reasonable efforts to cooperate with Buyer to obtain: (A) a preliminary title report which contains a commitment (the "**Title Commitment**") of the title company to issue one or more (as appropriate) owner's and/or lessee's title insurance policy on ALTA Owner's and/or Lessees Policy (and corresponding mortgagee's policies) (each, a "**Title Policy**") insuring the fee simple or leasehold interest of Buyer in such Real Property Interests, (B) legible copies of all documents, filings and information disclosed or reference in the Title Commitment, and (C) an as-built survey ("**Survey**") prepared by a registered land surveyor of the Real Property Interests. The costs and expenses of the Title Commitments, Title Policies and Surveys shall be borne by Buyer.

Section 7.12 Risk of Loss. The parties agree that Sellers shall bear the risk of any loss or damage to any of the Company's assets or properties at all times until the Closing, and Buyer shall bear such risk thereafter.

Section 7.13 Transition of Financial Systems. Buyer and Sellers shall reasonably cooperate to facilitate the transition at the Closing of the Station's accounting, payroll, accounts payable and other financial data specific to the Station from Sellers' to Buyer's systems. Prior to the Closing, the parties shall take commercially reasonable efforts to enter into an agreement for Sellers' Affiliate ABC, Inc. to provide certain digital media services on the terms provided on Schedule 7.13. Schedule 7.13 identifies certain third party suppliers from which the Company receives services as part of the ABC Owned Television Stations Group under an agreement with ABC, Inc. and for which the Sellers, upon Buyer's request, will take commercially reasonable efforts to obtain such suppliers' agreement to extend comparable terms to the Company after the Closing.

## ARTICLE VIII

### CONDITIONS TO THE STOCK PURCHASE

Section 8.1 Conditions to Obligations of Each Party. The respective obligations of each party hereto to consummate the transactions contemplated hereby shall be subject to the satisfaction at or prior to the Closing Date of the following conditions, any and/or all of which may be waived in writing by Sellers or Buyer in whole or in part to the extent permitted by applicable law.

(a) No Injunction. No federal or state governmental or regulatory body or court of competent jurisdiction shall have enacted, issued, promulgated or enforced any statute, rule, regulation, executive order, decree, judgment, preliminary or permanent injunction or other order which is in effect and which prohibits or enjoins the consummation of the transactions contemplated hereby; provided, that the parties shall use commercially reasonable efforts to cause any such decree, judgment, injunction or order to be vacated or lifted.

Section 8.2 Conditions Precedent to the Obligations of Sellers. The obligation of Sellers to effect the transactions contemplated hereby is also subject to the satisfaction at or prior to the Closing Date of each of the following additional conditions, unless waived by Sellers.

(a) Accuracy of Representations and Warranties. All representations and warranties made by Buyer herein shall be true and correct in all material respects with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except for changes permitted or contemplated by this Agreement and except for representations and warranties that are made as of a specific date or time, which shall be true and correct in all material respects only as of such specific date or time;

(b) Compliance with Covenants. Buyer shall have performed in all material respects all obligations and agreements, and complied in all material respects with all covenants contained in this Agreement to be performed or complied with by it prior to or at the Closing Date;

(c) Officer's Certificates. Seller shall have received such certificates of Buyer, dated the Closing Date and signed by an executive officer of Buyer, to evidence satisfaction of the conditions set forth in this Article VIII (insofar as each relates to Buyer) as may be reasonably requested by Sellers;

(d) FCC Transfer Consents. FCC Transfer Consents shall have been obtained and become effective, and shall have become a Final Order, and shall contain no condition materially adverse to Sellers or the Company;

(e) Affiliation Agreement. The Company and American Broadcasting Companies Inc. shall have entered into that Affiliation Agreement in the form set forth in Exhibit C;

(f) WJRT, Inc. Closing. The closing of Buyer's acquisition of WJRT, Inc. pursuant to the WJRT Stock Purchase Agreement shall have occurred prior to or simultaneously with the Closing; and

(g) Payment of Purchase Price. Buyer shall have paid the Purchase Price pursuant to Article II hereof.

Section 8.3 Conditions Precedent to the Obligations of Buyer. The obligation of Buyer to effect the transactions contemplated hereby is also subject to the satisfaction at or prior to the Closing Date of each of the following additional conditions, unless waived by Buyer:

(a) Accuracy of Representations and Warranties. All representations and warranties made by Sellers herein shall be true and correct in all material respects on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except for changes permitted or contemplated by this Agreement and except for representations and warranties that are made as of a specific date or time, which shall be true and correct in all material respects only as of such specific date or time;

(b) Compliance with Covenants. Sellers shall have performed in all material respects all obligations and agreements, and complied in all material respects with all covenants, contained in this Agreement to be performed or complied with by it prior to or on the Closing Date;

(c) Officer's Certificates. Buyer shall have received such certificates of Sellers dated the Closing Date signed by an executive officer of Sellers to evidence satisfaction of the conditions set forth in this Article VIII (insofar as each relates to Sellers) as may be reasonably requested by Buyer;

(d) FCC Transfer Consents. FCC Transfer Consents shall have been obtained and become effective, and shall have become a Final Order, and shall contain no condition materially adverse to Buyer or its Affiliates;

(e) Affiliation Agreement. The Company and American Broadcasting Companies Inc. shall have entered into that Affiliation Agreement in the form set forth in Exhibit C;

(f) WJRT, Inc. Closing. The closing of Buyer's acquisition of WJRT, Inc. pursuant to the WJRT Stock Purchase Agreement shall have occurred prior to or simultaneously with the Closing;

(g) Stock Certificates. Sellers shall have delivered to Buyer stock certificates, duly endorsed or accompanied by duly executed stock powers in blank and having all necessary transfer stamps attached thereto, representing all of the outstanding shares of the Company Capital Stock pursuant to Article II hereof;

(h) Corporate Matters. Sellers shall have delivered to Buyer true and correct copies of the Company's charters and by-laws, certified as such by an officer of the Company, and of the minute books and other corporate records and seals of the Company, and resignations from all officers and directors of the Company effective as of the Closing Date;

(i) Third Party Consents. Sellers shall have delivered to Buyer the Third Party Consents except for those consents which are expressly identified as immaterial consents on Schedule 3.5, and (ii) estoppel certificates from lessors of the leased Real Property Interests except for those estoppel certificates which are expressly identified as immaterial consents on Schedule 3.8, which consents and estoppel certificates shall be in form and substance reasonably satisfactory to Buyer; and

(j) Lien Releases. Evidence of the release of any Liens other than Permitted Liens on the assets and properties of the Company.

## ARTICLE IX

### TERMINATION AND REMEDIES

Section 9.1 Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing Date:

(a) by mutual written consent of Sellers and Buyer;

(b) by either Sellers or Buyer, if (i) any federal or state court of competent jurisdiction or other federal or state governmental or regulatory body shall have issued any judgment, injunction, order or decree prohibiting, enjoining or otherwise restraining the transactions contemplated by this Agreement and such judgment, injunction, order or decree shall have become final and nonappealable (provided, that the party seeking to terminate this Agreement pursuant to this paragraph (b) shall have used commercially reasonable efforts to remove such judgment, injunction, order or decree) or (ii) any statute, rule, regulation or executive order promulgated or enacted by any federal or state governmental authority after the date of this Agreement which prohibits the consummation of the transactions contemplated hereby shall be in effect;

(c) by either Sellers or Buyer if the Closing shall not have occurred on or before the Termination Date; provided, however, that the right to terminate this Agreement under this Section 9.1(c) shall be suspended as to any party whose failure to fulfill any material obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur prior to such date, until the 10th day after such failure has been cured;

(d) By Sellers, upon notice to Buyer and distribution of the Escrow Deposit, upon a material breach of any representation, warranty or covenant of Buyer contained in this Agreement so long as (i) Sellers are not then in default of any of its obligations under this

Agreement, and (ii) that such breach is not cured within thirty (30) days after the giving of written notice thereof by Sellers to Buyer; provided however, that if such breach cannot be reasonably cured within such thirty (30) days and Buyer promptly commences diligent efforts to cure, then the 30-day cure period shall be extended so long as Buyer continues such diligent efforts, but not beyond the latest date that the Closing Date could occur under Section 2.3 if such breach never occurred; and

(e) By Buyer, upon notice to Sellers and distribution of the Escrow Deposit, upon a material breach of any representation, warranty or covenant of Sellers contained in this Agreement so long as (i) Buyer is not then in default of any of its obligations under this Agreement, and (ii) that such breach is not cured within thirty (30) days after the giving of written notice thereof by Buyer to Sellers; provided however, that if such breach cannot be reasonably cured within such thirty (30) days and Sellers promptly commence diligent efforts to cure, then the 30-day cure period shall be extended so long as Sellers continue such diligent efforts, but not beyond the latest date that the Closing Date could occur under Section 2.3 if such breach never occurred.

(f) By Buyer or Sellers in the event of a termination of the WJRT Stock Purchase Agreement.

## Section 9.2 Effect of Termination.

(a) In the event of any termination of this Agreement pursuant to Sections 9.1(a), (b) or (c) hereof, this Agreement forthwith shall become void and of no further force or effect, and no party hereto (or any of its Affiliates, directors, officers, agents or representatives) shall have any liability or obligation hereunder, except that termination shall not affect (i) the obligations of the parties or the representations and warranties of the parties contained in Sections 3.17, 4.7, 7.3 and 10.4 and the confidentiality provision of Section 5.1, which shall survive any such termination, (ii) the rights and remedies available as a result of any breach of any representations, warranties or covenants hereunder, and (iii) Sellers and Buyer shall jointly instruct the Escrow Agent to return the Escrow Deposit plus accrued interest to Buyer.

(b) If Sellers elect to terminate this Agreement pursuant to Sections 9.1(d), Buyer shall pay to Seller as liquidated damages the amount of the Escrow Deposit plus such accrued interest from the date of the breach, and Sellers and Buyer shall jointly instruct the Escrow Agent to release the Escrow Deposit plus such accrued interest to Sellers. Sellers and Buyer agree that actual damages would be difficult to ascertain, and the amount of the payment to be made pursuant to this Section 9.2(b) is a fair and equitable amount to reimburse Sellers, as Sellers' sole remedy, for damages sustained due to Buyer's breach of this Agreement.

(c) If Buyer elects to terminate this Agreement pursuant to Section 9.1(e), in addition to other remedies to which Buyer may be entitled at law or in equity, Buyer shall be entitled to a return of the Escrow Deposit, plus accrued interest. Sellers and Buyer shall jointly instruct the Escrow Agent to return the Escrow Deposit, plus accrued interest to Buyer.

(d) In the event of any termination of this Agreement pursuant to Section 9.1(f) hereof, the clause under Section 9.2 of the WJRT Stock Purchase Agreement that dictates the parties rights and obligations thereunder shall be the same clause that dictates the parties' rights and obligations under Section 9.2 of this Agreement. (As an illustration, if the WJRT Stock Purchase Agreement is terminated under Section 9.1(a) and therefore the parties remedies are as set forth in Section 9.2(a) of the WJRT Stock Purchase Agreement, then if either party terminates this Agreement under Section 9.1(f) hereof, the parties rights and obligations under this Agreement shall be as set forth in Section 9.2(a) hereof.)

Section 9.3 Specific Performance. In the event of failure by Sellers to comply with Sellers' obligation to close, Buyer shall be entitled to an injunction restraining such failure and, subject to obtaining any necessary FCC consent, to enforcement of this Agreement by a decree of specific performance requiring compliance with this Agreement and Sellers hereby waive any defense they may have that Buyer has an adequate remedy at law with respect to such non-compliance.

## ARTICLE X

### MISCELLANEOUS

Section 10.1 Notices. All notices, demands, requests, or other communications which may be or are required to be given or made by any party to any other party pursuant to this Agreement shall be in writing and shall be (i) delivered via an overnight courier of national reputation (e.g., FedEx, Airborne, DHL or UPS) or U.S. Mail express mail service, (ii) hand-delivered or (iii) transmitted by facsimile transmission (and concurrently by email), in any case, addressed as follows:

(a) if to Buyer, to:

SJL Broadcast Management Corp.  
1482 East Valley Rd., Ste 712  
Montecito, CA 93108  
Attn: George D. Lilly  
Facsimile: 805-969-2399  
Email: sjlgeorge@cox.net

and

SJL Holdings, LLC  
111 Huntington Ave, 33<sup>rd</sup> Floor  
Boston, MA 02199  
Attn: James Athanasoulas  
Facsimile: 617-516-2710

with a copy to:

SJL Broadcast Management Corp.  
999 Monterey St., #350  
San Luis Obispo, CA 93401  
Attn: Wade O'Hagan  
Facsimile: 805-781-6797  
Email: [wade@sjlbroadcast.com](mailto:wade@sjlbroadcast.com)

Latham & Watkins LLP  
555 11<sup>th</sup> St. NW  
Washington, DC 20004  
Attn: Eric L. Bernthal, Esq.  
Facsimile: 202-637-2201  
Email: [eric.bernthal@lw.com](mailto:eric.bernthal@lw.com)

Proskauer Rose LLP  
One International Place  
Boston, MA 02110  
Attn: Gary J. Creem, Esq.  
Facsimile: 617-526-9899  
Email: [gcreem@proskauer.com](mailto:gcreem@proskauer.com)

(b) if to Sellers, to:

The Walt Disney Company  
500 South Buena Vista Street  
Burbank, CA 91521  
Attention: Andrew Hopkins  
Fax: (818) 842-9536  
Email: [andrew.hopkins@disney.com](mailto:andrew.hopkins@disney.com)

with a copy to:

The Walt Disney Company  
500 South Buena Vista Street  
Burbank, CA 91521-0194  
Attn: Legal Dept.  
Facsimile: (818) 843-1640  
Email: [matthew.mcginis@abc.com](mailto:matthew.mcginis@abc.com)

or such other address or facsimile number as the respective addressee may indicate by written notice. Each notice, demand, request or communication which shall be given or made in the manner described above shall be deemed sufficiently given or made for all purposes at such time as it is delivered to the addressee (with the delivery receipt, the affidavit of messenger or the

facsimile machine generated transmission report being deemed conclusive but not exclusive evidence of such delivery) or at such time as delivery is intentionally refused by the named addressee upon presentation.

Section 10.2 Entire Agreement. This Agreement (including the schedules, exhibits and other documents referred to herein), together with the Confidentiality Agreement referred to in Section 5.1, constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior written or oral and all contemporaneous oral agreements and understandings between any of the parties hereto with respect to the subject matter hereof.

Section 10.3 Assignment; Binding Effect. Neither this Agreement nor any of the rights, benefits or obligations hereunder may be assigned, in whole or in part; by either party (whether by operation of law or otherwise) without the prior written consent of the other party hereto; provided that with prior written notice to Sellers, Buyer may assign this Agreement and its rights and obligations hereunder without consent to (a) an Affiliate of Buyer or entity controlled by Buyer's equity financing source, and/or (b) a lender or lenders providing financing to Buyer in connection with a collateral assignment to secure such borrowing, so long as in any such case, Buyer remains liable for the performance of its obligations hereunder. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any person, other than the parties or their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Section 10.4 Fees and Expenses. All costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby (including, without limitation, fees and disbursements of counsel, financial advisors and accountants) shall be borne by the party which incurs such cost or expense.

Section 10.5 Amendments. This Agreement may be amended by the parties at any time prior to the Closing Date; provided, that this Agreement may not be amended or modified except by an instrument in writing signed by each of the parties hereto.

Section 10.6 Waivers. At any time prior to the Closing Date, Sellers, on the one hand, or Buyer, on the other hand, may, to the extent legally allowed, (a) extend the time specified herein for the performance of any of the obligations or other acts of the other, (b) waive any inaccuracies in the representations and warranties of the other contained herein or in any document delivered pursuant hereto or (c) waive compliance by the other with any of the agreements or covenants of such other party or parties (as the case may be) contained herein. Any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of the party or parties to be bound thereby. No such extension or waiver shall constitute a waiver of, or estoppel with respect to, any subsequent or other breach of or other failure to strictly comply with the provisions of this Agreement. The failure of any party to insist on strict compliance with this Agreement or to assert any of its rights or remedies hereunder or with respect hereto shall not constitute a waiver of such rights or remedies.



Section 10.7 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated thereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

Section 10.8 Captions. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 10.9 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all of which together shall be deemed to be on and the same instrument.

Section 10.10 Governin g Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to any applicable principles of conflicts of law. Any legal proceeding arising in connection herewith shall be submitted for trial exclusively before the United States District Court for the Central District of California, or if and only if the United States District Court does not have jurisdiction, then before the Superior Court in and for the County of Los Angeles, State of California, or if and only if neither such court shall have jurisdiction, then before any other court sitting in Los Angeles County, California, having subject matter jurisdiction, and the parties hereby submit to the exclusive jurisdiction of such courts and consent to service of process outside of the State of California pursuant to the requirement of such court in any matter subject to it.

Section 10.11 No Third Party Beneficiaries. Nothing contained in this Agreement shall be construed to confer upon or give to any Person other than the parties hereto and their successors and permitted assigns any rights or remedies under or by reason of this Agreement.

Section 10.12 L imitations of Remedies. Neither party hereto shall be liable to the other for indirect, special, incidental, consequential or punitive damages claimed by such other party resulting from such first party's breach of its obligations, agreements, representations or warranties hereunder, provided that noting hereunder shall preclude any recovery by an indemnified party against an indemnifying party for third party claims.

Section 10.13 Representation By Counsel; Interpretation. Buyer and Sellers each acknowledge that it has been represented by counsel in connection with this agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law, or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against

the party that drafted it, has no application and is expressly waived. The provisions of this Agreement shall be interpreted in a reasonable manner to affect the intent of Buyer and Sellers.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have executed this Stock Purchase Agreement as of the date first above written.

CC/ABC ACQUISITION IV CORP. (Seller)

By: Rebecca Campbell  
Name: Rebecca Campbell  
Title: President

WTVG ASSOCIATES (Seller)

By: CC/ABC ACQUISITION V CORP. (General Partner)

By: Rebecca Campbell  
Name: Rebecca Campbell  
Title: President

And

By: CC/ACQUISITION VI CORP. (General Partner)

By: Rebecca Campbell  
Name: Rebecca Campbell  
Title: President

**WTVG ACQUISITION, INC.**

By:



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Name: George D. Lilly

Title: President