

# ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this “**Agreement**”) is dated as of the 27th day of February, 2003, by and among PAXSON COMMUNICATIONS OF ALBUQUERQUE-14, INC., a Florida corporation (“**Paxson-14**”), PAXSON ALBUQUERQUE LICENSE, INC., a Florida corporation (“**Albuquerque License**” and Paxson-14 shall each be referred to herein individually as a “**Seller**” and collectively as the “**Sellers**”), and TELEFUTURA TELEVISION GROUP, INC., a Delaware corporation (“**Buyer**”).

## RECITALS

A. Paxson-14 and Albuquerque License own and operate Television Station KAPX(TV), Albuquerque, New Mexico (the “**Station**”), pursuant to authorizations issued by the FCC (as defined below).

B. Sellers desire to sell, and Buyer desires to buy, substantially all of the assets that are used or useful in the business or operations of the Station for the price and on the terms and conditions set forth in this Agreement.

C. If so elected by Sellers or Buyer, subject to the terms and conditions of this Agreement, the electing parties may enter into an exchange agreement with an Intermediary (as defined below) providing that the sale and purchase of some or all of the assets described herein be effected in a transaction that will qualify, to the extent permissible, as a “like-kind exchange” under Section 1031 of the Code (as defined below).

## AGREEMENTS

In consideration of the above recitals and of the mutual agreements and covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Sellers, intending to be bound legally, agree as follows:

### Section 1. Definitions

1.1 [Defined Terms](#). The following terms, as used in this Agreement, shall have the meanings set forth in this Section:

“**Accounts Receivable**” means all rights of Sellers to payment arising from or relating to the business or operations of the Station prior to the Closing Date, including all amounts payable for production services and the sale of advertising or programming time on the Station prior to the Closing Date.

“**Affiliate**” means, with respect to Buyer or either Seller, any Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with Buyer or such Seller, as the case may be.

“**Assets**” means the assets to be sold, transferred, or otherwise conveyed to Buyer under this Agreement, as specified in *Section 2.1*.

“**Assumed Contracts**” means (i) all Contracts listed in Schedule 3.7, including the Real Property Leases and the Station Agreement, (ii) all Contracts for the sale of advertising or program time on the Station for cash at prevailing rates that can be cancelled by Buyer on or after the Closing Date without permission or penalty on no more than sixty (60) days’ notice, (iii) all Contracts entered into by either Seller between the date of this Agreement and the Closing Date that Buyer agrees in writing to assume, and (iv) except for programming agreements, local marketing agreements, or joint sales agreements, any Contracts entered into by either Seller in the ordinary course of business during the period from the date hereof until the day prior to the Closing Date that do not involve liabilities or obligations in excess of \$5,000 individually or \$50,000 in the aggregate.

“**Closing**” means the consummation of the purchase and sale of the Assets pursuant to this Agreement in accordance with the provisions of *Section 8*.

“**Closing Date**” means the date on which the Closing occurs, as determined pursuant to *Section 8*.

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

“**Communications Law**” means the Communications Act of 1934, as amended, and all rules, regulations and policies promulgated by the FCC thereunder.

“**Consents**” means the consents, permits, or approvals of governmental authorities and other third parties necessary to transfer the Assets to Buyer or otherwise to consummate the transactions contemplated by this Agreement.

“**Contracts**” means the agreements (including any amendments and other modifications thereto) to which either Seller is a party and which relate to or affect the business or operations of the Station, and (i) which are in effect on the date of this Agreement or (ii) which are entered into by either Seller between the date of this Agreement and the Closing Date, but excluding any of the foregoing that are included in the Excluded Assets.

“**Escrow Agent**” means Wachovia Bank, National Association.

“**Escrow Agreement**” means the Escrow Agreement entered into as of the date hereof among Buyer, Sellers and the Escrow Agent.

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

“**FCC Consent**” means one or more actions of the FCC granting its consent to the assignment of the FCC Licenses to Buyer as contemplated by this Agreement.

“**FCC Licenses**” means all Licenses issued by the FCC to Albuquerque License in connection with the construction or operation of the Station together with any additions thereto between the date of this Agreement and the Closing Date.

**“Final Order”** means an action by the FCC that has not been reversed, stayed, enjoined, set aside, annulled, or suspended, and with respect to which no requests are pending for administrative or judicial review, reconsideration, appeal, or stay, and the time for filing any such requests and the time for the FCC to set aside the action on its own motion have expired.

**“GAAP”** means generally accepted accounting principles, as in effect from time to time in the United States of America, applied on a consistent basis.

**“Hubbard JSA”** means the Joint Sales Agreement dated as of March 15, 2001, between Paxson Communications of Albuquerque-14, Inc. and KOB-TV, L.L.C.

**“HSR Act”** means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

**“Intangibles”** means all copyrights, trademarks, trade names, service marks, service names, licenses, patents, permits, jingles, proprietary information, technical information and data, machinery and equipment warranties, and other similar intangible property rights and interests (and any goodwill associated with any of the foregoing) applied for, issued to, or owned by either Seller or under which either Seller is licensed or franchised, if and to the extent transferable to Buyer, and which are used or useful in the business or operations of the Station, together with any additions thereto between the date of this Agreement and the Closing Date, but excluding any of the foregoing that are included in the Excluded Assets.

**“Intermediary”** means a “qualified intermediary” within the meaning of Treasury Regulations promulgated under Section 1031 of the Code.

**“Licenses”** means all licenses, permits, and other authorizations issued to either Seller by the FCC, the Federal Aviation Administration, or any other federal, state, or local governmental authorities in connection with the conduct of the business or operations of the Station, together with any additions thereto between the date of this Agreement and the Closing Date.

**“Material Adverse Effect”** means a material adverse effect on the Assets taken as a whole or the business of the Station taken as a whole, on the ability of PCC to perform its obligations under *Section 6.12*, on the ability of either Seller to perform its material obligations under this Agreement, or on the validity or enforceability of this Agreement, *provided* that the foregoing shall not include any material adverse effect arising out of (i) factors materially adversely affecting the television broadcasting industry generally, (ii) general national, regional or local economic conditions, (iii) changes in governmental or legislative laws, rules or regulations, (iv) the failure of the Station to be added to one or more cable television systems that do not carry the Station as of the date hereof, or (v) actions taken by Buyer or its Affiliates (unless such actions are expressly required or permitted by this Agreement).

**“PCC”** means Paxson Communications Corporation.

**“Permitted Liens”** means liens for taxes and governmental assessments not yet due and payable, mechanics’ and other statutory liens created in the ordinary course of business that secure obligations not delinquent, governmental regulatory restrictions of general applicability

and liens, restrictions, easements and other encumbrances on the Real Property which are referenced in Schedule 3.5 or do not materially affect the use or value of the Real Property.

“**Person**” means an individual, corporation, association, partnership, joint venture, limited liability company or other entity or organization.

“**Purchase Price**” means the amount specified in *Section 2.3*.

“**Real Property**” means all real property and interests in real property, including fee estates, leaseholds and subleaseholds, and all buildings and other improvements thereon, owned or held by either Seller which are used in the business or operations of the Station, together with any additions thereto between the date of this Agreement and the Closing Date.

“**Station Agreement**” means the Station Agreement for Overnight Programming, Use of Digital Capacity and Public Interest Programming dated as of September 10, 1999, between The Christian Network, Inc. and Roberts Broadcasting Company of Albuquerque, the interest of which in such agreement has been assigned to Albuquerque License.

“**Studio Lease**” means the Studio Lease listed on Schedule 3.5.

“**Tangible Personal Property**” means the equipment, tools, vehicles, furniture, leasehold improvements, office equipment, inventory, spare parts, and other tangible personal property owned by either Seller which are used in the business or operations of the Station, together with any additions thereto between the date of this Agreement and the Closing Date.

1.2 Rules of Construction. As used in this Agreement, the terms “including” and “includes,” and other like terms are not limiting, and the word “or” is both conjunctive and disjunctive. Except as specifically otherwise provided in this Agreement in a particular instance, a reference to a section or schedule is a reference to a section of this Agreement or a schedule hereto, and the terms “hereof” and “herein,” and other like terms refer to this Agreement as a whole, including the Schedules to this Agreement, and not solely to any particular part of this Agreement. The descriptive headings in this Agreement are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

1.3 Terms Defined Elsewhere in this Agreement. In addition to (i) the defined terms in the preamble, recitals and *Section 1.1*, or (ii) certain defined terms used solely within a single section hereof, the following is a list of terms used in this Agreement and a reference to the section hereof in which such term is defined:

TERM	SECTION
Claimant	Section 10.5(a)
Excluded Assets	Section 2.2
Indemnifying Party	Section 10.5(a)
Material Appeal	Section 7.1(d)

TERM	SECTION
Material Consents	Section 7.1(c)
PCC Guaranty	Section 6.12
Real Property Leases	Section 3.5

## **Section 2. [Purchase and Sale of Assets](#)**

2.1 [Agreement to Sell and Buy](#). Subject to the terms and conditions set forth in this Agreement, Sellers hereby agree to sell, transfer and deliver to Buyer on the Closing Date, and Buyer agrees to purchase on the Closing Date, all of each Seller's right, title and interest in and to the following tangible and intangible assets used or useful in connection with the conduct of the business or operations of the Station, but excluding the assets described in **Section 2.2**, free and clear of any claims, liabilities, security interests, mortgages, liens, pledges, conditions, charges, or encumbrances of any nature whatsoever (except for Permitted Liens), including the following:

- (a) The Tangible Personal Property;
- (b) The Real Property;
- (c) The Licenses;
- (d) The Assumed Contracts;
- (e) The Intangibles and the goodwill of the Station, if any;
- (f) All of each Seller's proprietary information, technical information and data, machinery and equipment warranties, maps, computer discs and tapes, plans, diagrams, blueprints, and schematics, relating to the business and operation of the Station; and
- (g) All of each Seller's books and records relating to the business or operations of the Station, other than those described in **Section 2.2(b)**, including all records required by the FCC to be kept by the Station.

2.2 [Excluded Assets](#). The Assets shall exclude the following assets (the "**Excluded Assets**"):

- (a) Each Seller's cash on hand as of the Closing and all other cash in any of each Seller's bank or savings accounts; any insurance policies, letters of credit, or other similar items and cash surrender value in regard thereto; any stocks, bonds, certificates of deposit and similar investments; and any cash equivalents;
- (b) All books and records that each Seller is required by law to retain, or that pertain to either Seller's organization or other internal matters and all tax records;

- (c) Any pension, profit-sharing, or employee benefit plans (including all assets of such plans), and any collective bargaining agreements;
- (d) The Accounts Receivable;
- (e) Any claim of either Seller with respect to matters occurring prior to the Closing Date;
- (f) Rights to the call letters “KAPX”, the names “Paxson” and “PAX TV” or any logo, variation or derivation thereof;
- (g) Prepaid expenses for which either Seller does not receive a credit under **Section 2.3(b)** hereof and deposits to the extent not reflected in the adjustments made pursuant to **Section 2.3(b)** hereof;
- (h) All Tangible Personal Property disposed of or consumed (including as a result of ordinary wear and tear) in the ordinary course of business and in accordance with the terms hereof between the date hereof and the Closing Date;
- (i) All Contracts that expire in accordance with their terms prior to the Closing Date or are terminated with the prior approval of Buyer; and
- (j) All other property listed on Schedule 2.2 hereto.

### 2.3 Purchase Price.

- (a) Purchase Price. The Purchase Price for the Assets shall be Twenty Million Dollars (\$20,000,000), adjusted as provided below:
- (b) Prorations Adjustment. The Purchase Price shall be increased or decreased as required to effectuate the proration of the revenues and expenses of the Station. All revenues and all expenses arising from the operation of the Station, including business and license fees, utility charges, real and personal property taxes and assessments levied against the Assets, property and equipment rentals, applicable copyright or other fees, sales and service charges, taxes (except for taxes arising from the transfer of the Assets under this Agreement), programming fees and expenses, employee compensation, including wages, commissions, accrued vacation, and sick leave for all employees of Sellers who become employees of Buyer, annual regulatory fees imposed by the FCC, and similar prepaid and deferred items, shall be prorated between Buyer and Sellers in accordance with GAAP and the principle that Sellers shall be entitled to all such revenues and shall be responsible for all such expenses, costs, and liabilities allocable to the period prior to the Closing and Buyer shall be entitled to all such revenues and shall be responsible for all such expenses, costs, and obligations allocable to the period after the Closing. Notwithstanding the immediately preceding sentence, there shall be no adjustment for, and Sellers shall remain solely liable with respect to, any Contracts not included in the Assumed Contracts and any other obligation or liability not being assumed by Buyer in accordance with **Section 2.5**.

(c) Manner of Determining Prorations Adjustment.

(i) Any adjustments pursuant to **Section 2.3(b)** will, insofar as feasible, be determined and paid on the Closing Date, with final settlement and payment by the appropriate party occurring as set forth below. Sellers shall prepare and deliver to Buyer not later than three (3) business days before the Closing Date a preliminary settlement statement which shall set forth Sellers' good faith estimate of the prorations under **Section 2.3(b)**. The preliminary settlement statement shall contain all information reasonably necessary to determine the prorations to the Purchase Price under **Section 2.3(b)**, including appropriate supporting documentation and such other information as may be reasonably requested by Buyer, to the extent such prorations can be determined or estimated as of the date of the preliminary settlement statement and shall be certified by an officer (but without personal liability of such officer) on behalf of Sellers to be true and complete in all material respects to Sellers' knowledge.

(ii) Not later than ninety days after the Closing Date, Buyer shall deliver to Sellers a statement setting forth Buyer's determination of any changes to the prorations made at the Closing. Buyer's statement shall contain all information reasonably necessary to determine the prorations to the Purchase Price under **Section 2.3(b)**, including appropriate supporting documentation and such other information as may be reasonably requested by Sellers, and shall be certified by an officer (but without personal liability to such officer) on behalf of Buyer to be true and complete to Buyer's knowledge. Sellers (and their authorized representatives) shall have the right to visit the Station during normal business hours to verify and review such documentation upon providing reasonable notice to Buyer (such access not to unreasonably interfere with the business or operations of the Station). If Sellers dispute the prorations determined by Buyer, Sellers shall deliver to Buyer within fifteen (15) days after its receipt of Buyer's statement a statement setting forth Sellers' determination of such prorations. If Sellers notify Buyer of its acceptance of Buyer's statement, or if Sellers fail to deliver such Sellers' statement within the fifteen-day period specified in the immediately preceding sentence, Buyer's determination of such adjustments and prorations shall be conclusive and binding on the parties as of the last day of such fifteen-day period.

(iii) Buyer and Sellers shall use good faith efforts to resolve any dispute involving the determination of the prorations required by this **Section 2.3**. If the parties are unable to resolve any dispute within fifteen (15) days following the delivery to Buyer of the statement described in the penultimate sentence of **Section 2.3(c)(ii)**, Buyer and Sellers shall jointly designate an independent certified public accountant, who shall not have performed services for Buyer or Sellers within the prior two (2) year period and who shall be knowledgeable and experienced in the operation of television broadcasting stations, to resolve such dispute. If the parties are unable to agree on the designation of an independent certified public accountant, Buyer and Sellers shall each designate such an independent certified public accountant, and those two accountants jointly shall select a third such accountant to resolve such dispute. The accountant's resolution of the dispute in accordance with the foregoing procedures shall be final and binding on the parties, and a judgment may be entered thereon in any court of competent jurisdiction. Any fees of a jointly selected accountant, and, if necessary, for a third accountant, shall be paid one-half by Sellers and one-half by Buyer. Any fees of accountants selected by either party in the event of the parties' inability to agree on the designation of an accountant, shall be paid by the party that selected such accountant.

2.4 [Payment of Purchase Price.](#) On the Closing Date, Buyer shall pay to Sellers the Purchase Price, as adjusted pursuant to **Sections 2.3(b) and (c)** hereof, by federal wire transfer of same-day funds, pursuant to wire instructions delivered by Sellers to Buyer at least two (2) business days prior to the Closing Date.

2.5 [Assumption of Liabilities and Obligations.](#) As of the Closing Date, Buyer shall assume and undertake to pay, discharge, and perform all obligations and liabilities (a) under the Licenses and the Assumed Contracts insofar as they relate to the period after the Closing, (b) to any former employee of Sellers who is hired by Buyer insofar as such obligations and liabilities relate to the period after the Closing, and (c) arising out of the business or operations of the Station after the Closing. Buyer shall not assume any other obligations or liabilities of Sellers, including (i) any obligations or liabilities under any Contract not included in the Assumed Contracts, (ii) any obligations or liabilities under the Licenses or Assumed Contracts relating to the period prior to the Closing, (iii) any claims or litigation or proceedings relating to the operation of the Station prior to the Closing, (iv) any obligations or liabilities arising under capitalized leases or other financing agreements not assumed by Buyer, and (v) any obligations or liabilities of Sellers under any employee pension, retirement, or other benefit plans or collective bargaining agreements, and all such obligations and liabilities shall remain and be the obligations and liabilities solely of Sellers.

2.6 [Conveyance of Assets.](#) Notwithstanding the requirements of **Section 2.1** or any other provision of this Agreement to the contrary, at the Closing, (i) Paxson-14 shall convey to Buyer all of the Assets of the Station, other than the FCC Licenses for the Station, and (ii) Albuquerque License shall convey to Buyer all of the FCC Licenses for the Station, in each case in accordance with the requirements of **Section 2.1**.

### **Section 3. [Representations and Warranties of Sellers](#)**

Sellers represent and warrant to Buyer as follows:

3.1 [Organization, Standing, and Authority.](#) Each Seller is a corporation duly organized, validly existing, and in good standing under the laws of the State of Florida. Paxson-14 is duly qualified as a foreign corporation and in good standing in the State of New Mexico. The laws of the State of New Mexico do not require that Albuquerque License be qualified as a foreign corporation in that jurisdiction. Sellers have all requisite corporate power and authority (i) to own, lease, and use those Assets that are owned, leased and used by them, as now owned, leased, and used, (ii) to conduct the business and operations of the Station as now conducted, and (iii) to execute and deliver this Agreement, the Escrow Agreement and the documents contemplated hereby and thereby, and to perform and comply with all of the terms, covenants, and conditions to be performed and complied with by Sellers hereunder and thereunder.

3.2 [Authorization and Binding Obligation.](#) The execution, delivery, and performance by Sellers of this Agreement, the Escrow Agreement and the documents contemplated hereby and thereby have been duly authorized by all necessary corporate actions on the part of Sellers. This Agreement and the Escrow Agreement have been duly executed and delivered by Sellers and constitute the legal, valid, and binding obligations of Sellers, enforceable against Sellers in accordance with their terms, except as the enforceability of this Agreement and the Escrow



Agreement may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally, and by judicial discretion in the enforcement of equitable remedies.

3.3 [Absence of Conflicting Agreements.](#) Subject to making any filing required under the HSR Act and obtaining the FCC Consent and the Consents listed on [Schedule 3.3](#) or [Schedule 4.3](#), the execution, delivery, and performance by Sellers of this Agreement, the Escrow Agreement and the documents contemplated hereby and thereby (with or without the giving of notice, the lapse of time, or both): (i) do not require the consent of any third party, except for such consents the failure of which to obtain could not reasonably be expected to have a Material Adverse Effect; (ii) will not conflict with any provision of the organizational documents of Sellers; (iii) will not conflict with, result in a breach of, or constitute a default under, any law, judgment, order, ordinance, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality that is applicable to Sellers or Sellers' performance of their obligations hereunder; and (iv) will not conflict with, constitute grounds for termination of, result in a breach of, or constitute a default under, any material agreement, instrument, license, or permit to which Sellers are a party or by which Sellers may be bound.

3.4 [Governmental Licenses.](#) [Schedule 3.4](#) includes a list of all FCC Licenses and all other Licenses that are material to the business or operations of the Station as conducted on the date hereof. The information on such list is accurate in all material respects. Sellers have delivered to Buyer true and complete copies of the Licenses listed on [Schedule 3.4](#) (including any amendments and other modifications thereto). All FCC Licenses have been validly issued, and Albuquerque License is, and as of the Closing Date will be, the authorized legal holder thereof. The Licenses listed on [Schedule 3.4](#) comprise all of the licenses, permits, and other authorizations required from any governmental or regulatory authority for the lawful conduct of the business and operations of the Station in the manner and to the extent they are conducted on the date hereof, except for such licenses, permits or other authorizations the failure of which to obtain could not reasonably be expected to have a Material Adverse Effect. The FCC Licenses are in full force and effect, and the conduct of the business and operations of the Station are in compliance therewith except as disclosed on [Schedule 3.4](#) and for such noncompliance that could not reasonably be expected to have a Material Adverse Effect.

3.5 [Title to and Condition of Real Property.](#) [Schedule 3.5](#) contains an accurate description in all material respects of the Real Property. Sellers have delivered to Buyer true and complete copies of all leases pertaining to the Real Property (the "**Real Property Leases**"). Except as set forth in [Schedule 3.5](#), each Real Property Lease is in full force and effect and is valid, binding and enforceable in accordance with its terms, except as such enforceability may be affected by bankruptcy, insolvency or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies. There is not under any Real Property Lease any material default thereunder by either Seller that is a party to a Real Property Lease or, to Sellers' knowledge, by any other party thereto. Except as set forth in [Schedule 3.5](#), no notice from any governmental body or any other person has been served upon or received by Sellers claiming that any right of access or other right enjoyed by either Seller as a result of its interests in the Real Property is being modified or terminated in any material respect. To Sellers' knowledge, there is no pending or threatened condemnation or similar proceeding affecting any of the Real Property. Except as disclosed on [Schedule 3.5](#), all Real Property (including the improvements thereon) (i) is in good condition and repair in all material respects consistent with

its present use (wear and tear excepted), (ii) is available for immediate use in the conduct of the business and operations of the Station as conducted on the date hereof, and (iii) complies with all applicable building or zoning codes and the regulations of any governmental authority having jurisdiction, except for any noncompliance that could not reasonably be expected to have a Material Adverse Effect. Neither Seller holds any fee estate in real property.

3.6 [Title to and Condition of Tangible Personal Property.](#) [Schedule 3.6](#) contains a list of all material items of Tangible Personal Property as of the date hereof. The information on such list is accurate in all material respects. Except as described in [Schedule 3.6](#), each Seller owns and has good title to each item of Tangible Personal Property owned by it, as the case may be, and none of the Tangible Personal Property owned by either Seller is subject to any security interest, mortgage, pledge, conditional sales agreement, or other lien or encumbrance, except for Permitted Liens and liens set forth on [Schedule 3.6](#) hereto. Each item of Tangible Personal Property is available for immediate use in the business and operations of the Station as conducted on the date hereof. All items of equipment used or useful in connection with the broadcast of the Station's signal and included in the Tangible Personal Property (i) have been maintained in all material respects in a manner consistent with generally accepted standards of good engineering practice, and (ii) will permit the Station, and any auxiliary broadcast station used in the operation of the Station, to operate in compliance with the terms of the FCC Licenses, the rules and regulations of the FCC, and with all other applicable federal, state, and local statutes, ordinances, rules, and regulations except for such noncompliance that could not reasonably be expected to have a Material Adverse Effect.

3.7 [Assumed Contracts.](#) Sellers have delivered to Buyer true and complete copies of all Assumed Contracts listed on [Schedule 3.7](#). All of the Assumed Contracts are in full force and effect and valid, binding and enforceable in accordance with their terms, except as such enforceability may be affected by bankruptcy, insolvency or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies. There is not under any Assumed Contract any material default thereunder by either Seller or, to Sellers' knowledge, by any other party thereto or, to Sellers' knowledge, any event that, after notice or lapse of time or both, would reasonably be expected to constitute a material default thereunder. Except for the need to obtain the Consents listed in [Schedule 3.3](#), each Seller has full legal power and authority to assign its rights under the Assumed Contracts to which it is a party to Buyer in accordance with this Agreement. Each of the Assumed Contracts has been or will be entered into in the ordinary course of business of Sellers. As of the date of this Agreement, no action has been taken to renew the Studio Lease for any term ending after September 30, 2003, and Sellers have taken no action to surrender any right to renew the Studio Lease for any such term.

3.8 [Consents.](#) Subject to making any filing required under the HSR Act and except for the FCC Consent and the other Consents described in [Schedule 3.3](#), no consent, approval, permit, or authorization of, or declaration to or filing with, any governmental or regulatory authority, or any other third party is required (i) to consummate the transactions contemplated by this Agreement and (ii) to permit Sellers to assign or transfer the Assets owned or held by them to Buyer.

3.9 [Intangibles.](#) [Schedule 3.9](#) is a true and complete list of all material Intangibles (exclusive of those included in the Excluded Assets or listed in [Schedule 3.4](#)), all of which are

valid and in full force and effect. Sellers have delivered to Buyer copies of all documents establishing or evidencing all material Intangibles. To Sellers' knowledge, Sellers are not infringing upon or otherwise acting adversely to any trademarks, trade names, service marks, service names, copyrights, patents, patent applications, know-how, methods, or processes owned by any other Person or Persons.

3.10 Insurance. Schedule 3.10 sets forth all policies of insurance covering the Assets and such policies are in full force and effect.

3.11 Reports. All material returns, reports, and statements required to be filed by Sellers with respect to the Station with the FCC or with any other governmental agency have been filed, and all reporting requirements of the FCC and other governmental authorities having jurisdiction over each Seller have been complied with by such Seller in all material respects. All of such returns, reports, and statements are substantially complete and correct as filed. Albuquerque License has paid to the FCC all annual regulatory fees required to be paid by it with respect to the FCC Licenses for the Station. All files and records relating to the Station that are required by applicable laws or governmental regulations to be kept by Sellers have been kept in proper order and are complete in all material respects.

3.12 Personnel.

(a) Employees and Compensation. Schedule 3.12 contains a true and complete list in all material respects of all employees of each Seller who are employed at the Station, and their job titles, dates of hire and current salaries and other compensation, if any. Schedule 3.12 also contains a summary as of the date of this Agreement of all employee benefit plans or arrangements applicable to such employees. All employee benefits and welfare plans or arrangements listed in Schedule 3.12 were established and have been executed, managed and administered in all material respects in accordance with the Internal Revenue Code of 1986, as amended, and the Employee Retirement Income Security Act of 1974, as amended. Sellers are not aware of the existence of any governmental audit or examination of any of such plans or arrangements.

(b) Labor Relations. Neither Seller is a party to or subject to any collective bargaining agreements with respect to the Station. Neither Seller has any written contract of employment with any employee listed on Schedule 3.12. Each Seller has complied with all laws, rules, and regulations relating to the employment of labor, including those related to wages, hours, collective bargaining, occupational safety, discrimination, and the payment of social security and other payroll related taxes, except for such noncompliance that could not reasonably be expected to have a Material Adverse Effect. No labor union or other collective bargaining unit represents or, to Sellers' knowledge, claims to represent any employees of either Seller. To Sellers' knowledge, there is no union campaign being conducted to solicit cards from employees to authorize a union to request a National Labor Relations Board certification election with respect to employees of either Seller.

3.13 Taxes. There are no proceedings pending or, to Sellers' knowledge, threatened pursuant to which either Seller is or could be made liable for any taxes, penalties, interest, or other charges, the liability for which could extend to Buyer as transferee of the Assets, and, to

Sellers' knowledge, no event has occurred that could impose on Buyer any transferee liability for any taxes, penalties, or interest due or to become due from either Seller.

3.14 [Claims and Legal Actions](#). Except for any FCC rulemaking proceedings generally affecting the broadcasting industry or as listed on [Schedule 3.14](#), there is no claim, legal action, counterclaim, suit, arbitration, governmental investigation or other legal, administrative, or tax proceeding, nor any order, decree or judgment pending or, to Sellers' knowledge, threatened against either Seller or otherwise relating to the Assets which could reasonably be expected to have a Material Adverse Effect.

3.15 [Environmental Matters](#).

(a) Each Seller is in compliance with all laws, rules, and regulations of all federal, state, and local governments (and all agencies thereof) concerning the environment, except for any noncompliance which could not reasonably be expected to have a Material Adverse Effect, and neither Seller has received any written or, to Sellers' knowledge, verbal notice of a charge, complaint, action, suit, proceeding, hearing, investigation, claim, demand, or notice having been filed or commenced against either Seller in connection with such Seller's operation of the Station alleging any failure to comply with any such law, rule, or regulation.

(b) Neither Seller has any liability relating to its operation of the Station that could reasonably be expected to have a Material Adverse Effect under any law, rule, or regulation of any federal, state, or local government (or agency thereof) concerning the release or threatened release of hazardous substances, pollution or protection of the environment.

(c) In connection with each Seller's operation of the Station, such Seller holds and is in compliance with all of the terms and conditions of all permits, licenses, and other authorizations which are required under, and is in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules, and timetables which are contained in, all federal, state, and local laws, rules, and regulations relating to pollution or protection of the environment, including laws relating to emissions, discharges, releases, or threatened releases of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes into ambient air, surface water, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, or chemical, industrial, hazardous, or toxic materials or wastes, except in each case for any noncompliance which could not reasonably be expected to have a Material Adverse Effect.

3.16 [Compliance with Laws](#). Each Seller is in compliance with the Licenses held by it and all applicable federal, state, and local laws, rules, regulations, and ordinances, except for those matters described on [Schedule 3.16](#) or such non-compliance which could not be reasonably expected to have a Material Adverse Effect. Neither the ownership or operation of the Assets by either Seller conflicts in any material respect with the rights of any other person or entity.

3.17 Conduct of Business in Ordinary Course. Except as disclosed on Schedule 3.17, since August 31, 2002, each Seller has conducted the business and operations of the Station in the ordinary course of business consistent with past practices in all material respects and has not:

(a) Made any sale, assignment, lease, or other transfer of any of the Station's properties, other than (i) assets no longer necessary or required for the operation of the Station or (ii) assets sold or disposed of in the normal and usual course of business with replacements of equal or greater value and usefulness being obtained therefor;

(b) Canceled any debts owed to or claims held by such Seller with respect to the Station, except in the normal and usual course of business;

(c) Suffered any material write-down of the value of any Assets or any material write-off as uncollectible of any accounts receivable of the Station, except in the normal and usual course of business; or

(d) As of the date of this Agreement, suffered any event that has had or could reasonably be expected to have a Material Adverse Effect.

3.18 Broker. Neither Sellers nor any Person acting on Sellers' behalf has incurred any liability for any finders' or brokers' fees or commissions in connection with the transactions contemplated by this Agreement, except for a transaction advisory fee payable by Sellers without any recourse to Buyer to Paxson Communications Management Company, Inc. in the amount of Two Million Dollars (\$2,000,000).

3.19 Disclaimer. Except for the representations and warranties specifically set forth in this Agreement, and the representations and warranties, if any, in any instruments to be delivered by Sellers pursuant to this Agreement, the Assets are being transferred by Sellers to Buyer without any representation or warranty, all other representations and warranties of any kind, either express or implied, including warranties of fitness, being hereby expressly disclaimed.

3.20 Assets. Sellers have and on the Closing Date will have good and marketable title to all of the Assets, other than the FCC Licenses, free and clear of all mortgages, liens, encumbrances, and claims, except Permitted Liens. Albuquerque License has all ownership rights and interests in the FCC Licenses as are permitted under the Communications Law. The Assets include all assets and authorizations necessary to conduct the business and operations of the Station as conducted on the date of this Agreement, except for any such assets included in the Excluded Assets.

3.21 Disclosures. The statements, representations and warranties made by Sellers in this Agreement, the Schedules hereto, and the instruments to be delivered at the Closing, taken as a whole, do not and will not contain any untrue statement of a material fact or omit or fail to state and will not omit or fail to state any material fact necessary to make such statements, representations and warranties, taken as a whole, not misleading in light of the circumstances in which such statements, representations and warranties are made, including the fact that such statements, representations and warranties were duly negotiated by sophisticated parties having experience in the television broadcast industry and transactions of the type contemplated by this Agreement.

## **Section 4. Representations and Warranties of Buyer**

Buyer represents and warrants to Sellers as follows:

4.1 Organization, Standing, and Authority. Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware. Buyer has all requisite corporate power and authority to execute and deliver this Agreement, the Escrow Agreement and the documents contemplated hereby and thereby, and to perform and comply with all of the terms, covenants, and conditions to be performed and complied with by Buyer hereunder and thereunder.

4.2 Authorization and Binding Obligation. The execution, delivery, and performance by Buyer of this Agreement, the Escrow Agreement and the documents contemplated hereby and thereby have been duly authorized by all necessary corporate actions on the part of Buyer. This Agreement and the Escrow Agreement have been duly executed and delivered by Buyer and constitute the legal, valid, and binding obligations of Buyer, enforceable against Buyer in accordance with their terms, except as the enforceability of this Agreement and the Escrow Agreement may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies.

4.3 Absence of Conflicting Agreements. Subject to making any filing required under the HSR Act and obtaining the FCC Consent and the Consents listed on Schedule 3.3 or Schedule 4.3, the execution, delivery, and performance by Buyer of this Agreement, the Escrow Agreement and the documents contemplated hereby and thereby (with or without the giving of notice, the lapse of time, or both): (i) do not require the consent of any third party except for such consents the failure of which to obtain could not reasonably be expected to have a material adverse effect on the performance by Buyer of its obligations hereunder; (ii) will not conflict with any provision of the organizational documents of Buyer; (iii) will not conflict with, result in a breach of, or constitute a default under, any law, judgment, order, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality that is applicable to Buyer or Buyer's performance of its obligations hereunder; or (iv) will not conflict with, constitute grounds for termination of, result in a breach of, or constitute a default under, any material agreement, instrument, license, or permit to which Buyer is a party or by which Buyer may be bound, such that Buyer could not acquire or operate the Assets.

4.4 Broker. Neither Buyer nor any Person acting on Buyer's behalf has incurred any liability for any finders' or brokers' fees or commissions in connection with the transactions contemplated by this Agreement.

4.5 Buyer Qualifications. Buyer is, and at all times from and after the date of this Agreement to and including the Closing Date will be, legally, financially and otherwise qualified under the Communications Law as in effect on the date of this Agreement to perform its obligations hereunder, to be the licensee of and to acquire, own and operate the Station. Buyer knows of no fact that would disqualify Buyer under the Communications Law as in effect on the date of this Agreement as an assignee of the FCC Licenses or as the owner and operator of the Station. To Buyer's knowledge, no waiver of any FCC rule or policy as in effect on the date of this Agreement is required for the grant of the FCC Consent.



4.6 Financing. Buyer has available sufficient funds to enable it to consummate the transactions contemplated hereby.

4.7 Disclosures. The statements, representations and warranties made by Buyer in this Agreement, the Schedules hereto, and the instruments to be delivered at the Closing, taken as a whole, do not and will not contain any untrue statement of a material fact or omit or fail to state and will not omit or fail to state any material fact necessary to make such statements, representations and warranties, taken as a whole, not misleading in light of the circumstances in which such statements, representations and warranties are made, including the fact that such statements, representations and warranties were duly negotiated by sophisticated parties having experience in the television broadcast industry and transactions of the type contemplated by this Agreement.

## **Section 5. Operations of the Station Prior to Closing**

5.1 Generally. Each Seller agrees that, between the date of this Agreement and the Closing Date, such Seller shall operate the Station in all material respects in the ordinary course of business in accordance with its past practices (except where such conduct would conflict with the following covenants or with such Seller's other rights or obligations under this Agreement) and in accordance with the other covenants in this *Section 5*.

5.2 Compensation. Sellers shall not increase in any material respect the compensation, bonuses, or other benefits payable or to be payable to any person employed by Sellers in connection with the conduct of the business or operations of the Station, except in accordance with past practices.

5.3 Contracts. Except with the prior written approval of Buyer, which approval shall not be unreasonably withheld or delayed, Sellers will not amend or terminate any Assumed Contract, *provided* that Sellers may amend or terminate any Assumed Contract that meets the requirements of clause (ii) or (iv) (but not any Assumed Contract that meets the requirements of clause (i) or (iii)) of the definition of Assumed Contracts so long as, in the case of an amendment, such Assumed Contract, as so amended, will continue to fall within the definition of such clause (ii) or (iv) (but not clause (i) or (iii)). Except for the Assumed Contracts, Sellers will not enter into any contract or commitment that will be binding on Buyer after Closing. Sellers shall notify Buyer in writing of any approval requested by Sellers pursuant to this *Section 5.3*. Not later than three (3) business days prior to the Closing Date, Sellers shall deliver to Buyer a list of all Assumed Contracts entered into between the date of this Agreement and the Closing Date, together with true and complete copies of such Assumed Contracts. Notwithstanding the foregoing or any other provision in this Agreement to the contrary, (x) the expiration by their terms of Contracts prior to Closing shall not be deemed a violation of this Agreement, and (y) Sellers, without the prior written approval of Buyer, shall not amend the Station Agreement. Throughout the period beginning on the date of this Agreement and ending on June 15, 2003, Sellers shall take no action to renew, and shall take no action to surrender any right to renew, the Studio Lease, it being understood, however, that, in the event the Closing has not occurred on or prior to June 15, 2003, Buyer shall notify Sellers in writing on or prior to June 15, 2003, as to whether or not the Studio Lease is to be renewed through September 30, 2008, and Sellers shall, in a timely manner, take all necessary actions to effectuate such renewal or non-renewal as

instructed in such notice. If Buyer fails to provide such notice on or prior to June 15, 2003, and the Closing has not occurred on or prior to such date, Sellers shall be permitted to renew or not renew the Studio Lease as Sellers may determine in their sole discretion, and Buyer's obligations hereunder shall not be affected by Sellers' decision.

5.4 [Disposition of Assets](#). Sellers shall not sell, assign, lease, or otherwise transfer or dispose of any of the Tangible Personal Property, except where such property is (i) no longer necessary or required for the business or operations of the Station or (ii) replaced by property of equivalent kind and value.

5.5 [Encumbrances](#). Sellers shall not create or assume any claim, liability, mortgage, lien, pledge, condition, charge, or encumbrance of any nature whatsoever upon the Assets, except for (i) liens disclosed on [Schedule 3.6](#), which liens shall be removed on or prior to the Closing Date and (ii) Permitted Liens.

5.6 [Licenses](#). Sellers shall not cause, by any act or failure to act, any of the material Licenses to expire or to be revoked, suspended, or modified in any materially adverse respect, or take any action that could reasonably be expected to cause the FCC or any other governmental authority to institute proceedings for the suspension, revocation, or materially adverse modification of any of the material Licenses.

5.7 [Access to Information](#). Sellers shall give Buyer and its authorized representatives access during normal business hours and with reasonable prior notice to the Station's facilities, the Assets and to all other books, records, Contracts, and documents relating to the Station for the purpose of audit and inspection (including any Phase I environmental audit or other audit), so long as such audit and inspection do not unreasonably interfere with the business and operations of the Station. If the owner of the Real Property attempts to prevent Buyer or its authorized representatives from obtaining such access, Sellers shall use their commercially reasonable efforts to enforce such rights under the Real Property Leases as Sellers may have to require the owner of the Real Property to provide such access to Buyer and its authorized representatives. Sellers shall advise Buyer in writing promptly, and in no event more than ten (10) days after either Seller has actual knowledge, of any change in circumstances that would cause any of Sellers' representations or warranties hereunder to be inaccurate in any material respect.

5.8 [Maintenance of Property](#). Each Seller shall use commercially reasonable efforts to maintain the Tangible Personal Property owned or held by it in good condition (ordinary wear and tear excepted). Sellers shall maintain inventories of spare parts and expendable supplies at levels consistent with past practices. If any loss, damage, impairment, confiscation, or condemnation of or to the Tangible Personal Property occurs, Sellers shall repair, replace, or restore the Tangible Personal Property to its prior condition as represented in this Agreement as soon thereafter as possible, and Sellers shall use the proceeds of any claim under any insurance policy solely to repair, replace, or restore any of the Tangible Personal Property that is lost, damaged, impaired, or destroyed.

5.9 [Insurance](#). Sellers shall maintain the existing insurance policies on the Station and the Assets through the Closing Date.



5.10 [Consents](#). Sellers shall use commercially reasonable efforts to obtain the Consents; *provided, however*, that Sellers' failure to obtain any Consent shall not constitute a breach of this Agreement so long as Sellers shall have used commercially reasonable efforts to obtain such Consent. Sellers shall promptly advise Buyer of any difficulties experienced in obtaining any of the Consents and of any conditions proposed, considered, or requested for any of the Consents. Buyer shall use commercially reasonable efforts to assist Sellers in obtaining the Consents, including executing such assumption instruments and other documents as may be reasonably required in connection with obtaining the Consents.

5.11 [Estoppel Certificates](#). Sellers shall use commercially reasonable efforts to obtain an estoppel certificate in the form attached hereto as [Schedule 5.11](#) from each of the landlords listed on such Schedule; *provided, however*, that Sellers' failure to obtain any such estoppel certificate shall not constitute a breach of this Agreement so long as Sellers shall have used commercially reasonable efforts to obtain such estoppel certificate. Buyer shall use commercially reasonable efforts to assist Sellers in obtaining the estoppel certificates, including executing such assumption instruments and other documents as may be reasonably requested by the landlords executing the estoppel certificates in connection with obtaining the estoppel certificates, it being understood that if, with respect to any estoppel certificate, Buyer notifies Sellers that Buyer does not wish to obtain such certificate, then upon such notice, this **Section 5.11** shall cease to impose any obligation on Buyer or Sellers with respect to such certificate.

5.12 [Books and Records](#). Each Seller shall maintain its books and records relating to the Station in all material respects in accordance with past practices.

5.13 [Compliance with Laws](#). Each Seller shall comply in all material respects with all laws, rules, and regulations applicable to such Seller or relating to the ownership or operation by such Seller of the Station.

5.14 [Cure](#). For all purposes under this Agreement, except in connection with any failure by Buyer to make the escrow deposit required by **Section 9.4** or pay the Purchase Price, the existence or occurrence of any event or circumstance that constitutes or causes a breach of a representation or warranty of Sellers or Buyer under this Agreement (including under the information disclosed in the Schedules hereto) on the date such representation or warranty is made shall be deemed not to constitute a breach of such representation or warranty if such event or circumstance is cured in all material respects on or before fifteen (15) days after the receipt by such party of written notice thereof from the other party.

5.15 [Taxes](#). Sellers shall not settle any dispute or claim relating to taxes or make any tax election that could reasonably be expected to have a materially adverse effect on Buyer.

5.16 [Cable Carriage](#). Sellers shall not relinquish or surrender any rights that Sellers have on the date hereof, by contract or by law, to mandatory carriage or channel position of the Station on the cable television systems and other multichannel video programming systems that carry the Station as of the date hereof.

## Section 6. Special Covenants and Agreements

### 6.1 FCC Consent.

(a) The assignment of the FCC Licenses in connection with the purchase and sale of the Assets pursuant to this Agreement shall be subject to the prior consent and approval of the FCC.

(b) Sellers and Buyer shall promptly prepare an appropriate application for the FCC Consent and shall file the application within ten (10) business days of the date of this Agreement. The parties shall prosecute the application with all reasonable diligence and otherwise use their commercially reasonable efforts to obtain a grant of the application as expeditiously as practicable. Each party agrees to comply with any condition imposed on it by the FCC Consent, except that no party shall be required to comply with any such condition if (1) the condition was imposed on it as the result of a circumstance the existence of which does not constitute a breach by the party of any of such party's representations, warranties, or covenants under this Agreement, and (2) compliance with the condition would have a material adverse effect upon such party. Buyer and Sellers shall oppose any requests for reconsideration or judicial review of the FCC Consent. If the Closing shall not have occurred for any reason within the original effective period of the FCC Consent, and neither party shall have terminated this Agreement under **Section 9**, the parties shall jointly request an extension of the effective period of the FCC Consent. No extension of the FCC Consent shall limit the exercise by any party of its rights under **Section 9**.

6.2 Control of the Station. Prior to Closing, Buyer shall not, directly or indirectly, control, supervise, direct, or attempt to control, supervise, or direct, the operations of the Station; such operations, including complete control and supervision of all of the programs, employees, and policies of the Station, shall be the sole responsibility of the Sellers until the Closing.

6.3 Risk of Loss. The risk of any loss, damage, impairment, confiscation, or condemnation of any of the Assets from any cause whatsoever shall be borne by Sellers at all times prior to the Closing.

6.4 Confidentiality. Except as necessary for the consummation of the transaction contemplated by this Agreement, and except as and to the extent required by law or any securities exchange, each party will keep confidential any information obtained from the other party in connection with the transactions contemplated by this Agreement. If this Agreement is terminated, each party will return to the other party all information obtained by such party (which information is then still in such party's possession or under its control) from the other party in connection with the transactions contemplated by this Agreement. Upon Closing, this **Section 6.4** shall have no force or effect.

6.5 Cooperation. Buyer and Sellers shall cooperate fully with each other and their respective counsel and accountants in connection with any actions required to be taken as part of their respective obligations under this Agreement, and Buyer and Sellers shall execute such other reasonable documents as may be necessary and desirable to the implementation and consummation of this Agreement, and otherwise use their commercially reasonable efforts to

consummate the transaction contemplated hereby and to fulfill the conditions of this Agreement and their obligations under this Agreement. Notwithstanding the foregoing, Buyer shall have no obligation to agree to any material adverse change in any License or Assumed Contract to obtain a Consent required with respect thereto.

6.6 [Access to Books and Records](#). Sellers shall provide Buyer reasonable access and the right to copy for a period of three years from the Closing Date any books and records held by Sellers relating to the Assets that are not included in the Assets. Buyer shall provide Sellers reasonable access and the right to copy for a period of three years from the Closing Date any books and records held by Buyer relating to the Assets.

6.7 [Appraisal](#). Buyer and Sellers agree to allocate the Purchase Price for tax purposes in accordance with an appraisal reasonably acceptable to Sellers and Buyer to be completed as soon as practicable but in no event later than ninety (90) days following Closing. The appraisal shall be conducted by an appraisal firm with experience in the valuation of television station assets selected by Sellers but reasonably acceptable to Buyer. Buyer and Sellers shall each pay one-half of the cost of such appraisal.

6.8 [Buyer Conduct; Notification](#). Up to and including the Closing Date, Buyer shall take no action that would disqualify Buyer from being the licensee of the Station under the Communications Law. Buyer shall advise Sellers in writing promptly, and in no event more than ten (10) days after Buyer has actual knowledge, of any change in circumstances that would cause any of Buyer's representations or warranties hereunder to be inaccurate in any material respect.

6.9 [Employment Matters](#). Buyer shall not be obligated to employ any employee of either Seller, and any such employment by Buyer shall be at its sole discretion and on terms, conditions and policies of employment established by Buyer.

6.10 [Call Sign Change](#). Not later than fifteen (15) business days prior to the Closing Date, Buyer and Albuquerque License shall apply to the FCC for authority to change the call letters of the Station to such call letters that Buyer shall reasonably designate (subject to the consent of the FCC) and shall request that such change shall be effective as of the Closing Date. Albuquerque License shall be permitted to simultaneously request the reassignment of the Station's call sign to such other station (subject to the consent of the FCC) as Albuquerque License may designate.

6.11 [Delivery of Studio Equipment](#). Notwithstanding any provision in this Agreement to the contrary, Buyer acknowledges that a portion of the Tangible Personal Property is located at the studio facility used by Sellers pursuant to the Hubbard JSA (the **'Studio Equipment'**). On the Closing Date, Sellers shall, at Sellers' expense, deliver the Studio Equipment to Buyer at such address in Albuquerque, New Mexico, as may be designated by Buyer.

6.12 [PCC Guaranty](#).

(a) PCC irrevocably guarantees (the **'PCC Guaranty'**), as principal and not as surety, to Buyer, the full and prompt payment and performance by Sellers of all of their obligations under this Agreement. The PCC Guaranty shall apply and survive until all obligations of Sellers under this Agreement are performed and indefeasibly satisfied in

accordance with the terms hereof. This PCC Guaranty is an absolute, unconditional, present, and continuing guarantee of payment and not of collection, and, in the event that either Seller shall fail or be unable punctually to make any payment or perform any obligation required to be made or performed by such Seller under this Agreement, PCC shall make such payment to the order of Buyer or perform such obligation immediately without demand, presentment, protest, or notice of any kind, all of which are unconditionally waived by PCC. In the event of a lawsuit or other proceeding relating to the enforcement of this PCC Guaranty, the prevailing party shall be entitled to reimbursement from the other party of its reasonable legal fees and expenses. PCC's obligations hereunder shall not be assigned to any other Person without Buyer's prior written consent, and each attempted assignment of such obligations without such consent shall be null and void. This PCC Guaranty shall be binding upon PCC and its successors and assigns.

(b) Except as a result of a breach by Buyer of its obligations hereunder, this PCC Guaranty shall not be subject to any counterclaim, setoff, reduction or defense based upon any claim which PCC or Sellers may have against Buyer, or any other Person, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected or impaired by any thing, event, happening, matter, circumstance or condition whatsoever (whether or not PCC shall have any knowledge or notice thereof or shall consent thereto).

(c) PCC expressly waives any right it may have to require any Person seeking enforcement of this PCC Guaranty to (a) proceed against Sellers or any other Person, (b) proceed against or exhaust any security or (c) pursue any other remedy in the power of the Person seeking such enforcement. PCC waives any defense arising out of the absence, impairment or loss of any right of reimbursement, contribution or subrogation or any other right or remedy of PCC against Sellers, whether resulting from election by Buyer or otherwise, and, except as a result of a breach by Buyer of its obligations hereunder, PCC further waives any other defense it may now or hereafter have in any way relating to or arising out of any other circumstance that might otherwise constitute a defense available to Sellers, PCC or any other Person.

(d) PCC agrees that its obligations hereunder shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Sellers is avoided, recovered, rescinded or must be otherwise restored by Buyer, whether as a result of any proceedings in bankruptcy, or reorganization or otherwise.

(e) PCC hereby represents and warrants to Buyer as follows: (i) PCC is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the requisite corporate power and authority to execute, deliver and perform this PCC Guaranty according to its terms; (ii) the execution, delivery and performance of this PCC Guaranty and the consummation of the transactions contemplated hereby by PCC have been duly authorized by all necessary corporate action on the part of PCC; (iii) this PCC Guaranty has been duly executed and delivered by PCC and constitutes the legal, valid and binding obligation of PCC enforceable against PCC in accordance with its terms, except as the enforceability of this PCC Guaranty may be affected by bankruptcy, insolvency or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies; and (iv) the execution, delivery and performance of this PCC Guaranty: (1) do not require the consent of any third party, (2) do not conflict with the Certificate of Incorporation or

bylaws of PCC, and (3) do not conflict in any material respect with, result in a material breach of, or constitute a material default under any law, judgment, order, ordinance, injunction, decree, rule, regulation or ruling of any court or governmental authority applicable to PCC or any material contract or agreement to which PCC is a party or by which PCC may be bound.

6.13 HSR Act Filing. Sellers and Buyer agree to (a) file, or cause to be filed, with the U.S. Department of Justice (“**DOJ**”) and Federal Trade Commission (“**FTC**”) all filings, if any, that are required in connection with the transactions contemplated hereby under the HSR Act within ten (10) business days of the date of this Agreement; (b) submit to the other party, prior to filing, their respective HSR Act filings to be made hereunder, and to discuss with the other any comments the reviewing party may have; (c) cooperate with each other in connection with such HSR Act filings, which cooperation shall include furnishing the other with any information or documents in such party’s possession that may be reasonably required in connection with such filings; (d) promptly file, after any request by the FTC or DOJ, any information or documents in their respective possession requested by the FTC or DOJ; and (e) furnish each other with any correspondence from or to, and notify each other of any other communications with, the FTC or DOJ which relates to the transactions contemplated hereunder, and to the extent practicable, to permit each other to participate in any conferences with the FTC or DOJ.

6.14 Environmental Inspection.

(a) Right to Conduct Environmental Inspection. For a period of thirty (30) days beginning on the date of this Agreement, upon reasonable notice to Sellers and subject to the approval of the landlords under the Real Property Leases, Buyer, its employees and environmental consultants shall have the right to enter on the Real Property during normal business hours for the purposes of conducting, at Buyer’s expense, a Phase I environmental survey (such survey described in this sentence shall be referred to herein as the “**Environmental Inspection**”). The Environmental Inspection may include an inspection of any Asset, whether or not located on the Real Property. Sellers shall use best efforts (which shall not require any payments to be made to any landlords under the Real Property Leases) to assist Buyer and its employees and consultants in obtaining access to the Real Property for the purpose of conducting the Environmental Inspection. Notwithstanding any provision in this Agreement to the contrary, so long as Sellers shall have used such best efforts and subject to **Section 6.14(d)**, neither Seller shall have any liability or obligation to Buyer as a result of any landlord under a Real Property Lease prohibiting, limiting or otherwise impeding Buyer’s or its employees’ or consultants’ access to the Real Property. Buyer shall indemnify, defend, and hold harmless Sellers from and against any and all claims asserted against or incurred by Sellers arising out of any act or omission of Buyer or its employees or consultants in connection with the inspection of the Real Property pursuant to this **Section 6.14(a)**, it being understood that Buyer is not indemnifying Sellers for any claim arising from any environmental condition or defect discovered by such inspection.

(b) Environmental Objection. If the Environmental Inspection reasonably demonstrates the existence of an environmental condition or defect that reasonably could be expected to have a Material Adverse Effect (an “**Environmental Objection**”), Buyer shall, no later than forty-five (45) days following the date of this Agreement, deliver written notice to

Sellers setting forth in reasonable detail the basis for and any evidence of the Environmental Objection.

(c) Cure Notice. If Buyer fails to deliver timely notice of an Environmental Objection, Buyer shall be deemed to have accepted all Environmental Objections discovered in Environmental Inspections, and neither Seller shall have any obligation or liability to Buyer as a result thereof. If Buyer delivers to Sellers timely notice of an Environmental Objection, and Sellers do not notify Buyer, on or before the date that is five (5) business days from the date of Sellers' receipt of Buyer's notice of an Environmental Objection (the "**Cure Notice Deadline**"), of Sellers' intention to cure or correct the Environmental Objection, Buyer shall have the right to terminate this Agreement by delivering to Sellers written notice of termination no later than ten (10) business days following the Cure Notice Deadline. If Buyer delivers to Sellers a timely notice of an Environmental Objection, Sellers notify Buyer of Sellers' intention to cure or correct the Environmental Objection, and Sellers, within thirty (30) days from receipt of Buyer's notice, do not (i) cure or correct in all material respects the Environmental Objection and (ii) provide evidence to Buyer that is reasonably satisfactory to Buyer of such cure or correction, Buyer shall have the right to terminate this Agreement by delivering to Sellers written notice of termination no later than ten (10) business days following the end of such thirty-day period. If Buyer does not terminate this Agreement pursuant to the preceding sentence, Buyer shall be deemed to have accepted all Environmental Objections discovered in Environmental Inspections, and neither Seller shall have any obligation or liability to Buyer as a result thereof, it being understood, however, that in the event Sellers elect to cure or correct an Environmental Objection, Sellers shall be obligated to complete the cure or correction of the Environmental Objection discovered in the Environmental Inspection.

(d) No Obligation to Cure. Notwithstanding anything in this Agreement to the contrary, and except with respect to any environmental defects or conditions that Sellers elect to cure or correct pursuant to this **Section 6.14**, Sellers shall not be obligated, under any circumstance, to cure any environmental defects or conditions affecting the Real Property or to expend any sums to cure any such defects or conditions, it being understood, however, that this **Section 6.14(d)** shall not operate to limit Buyer's right to indemnification under **Section 10.2** with respect to environmental defects or conditions that both (i) constitute a breach of **Section 3.15** and (ii) were not identified as a result of any Environmental Inspection.

6.15 Securities Filings. At Buyer's reasonable written request, Sellers shall within a reasonable time of such request, throughout the period prior to the Closing, provide such information and documents to Buyer regarding the Station as may be reasonably necessary or appropriate for inclusion in any filing, notification, or report required to be made by Buyer or any Affiliate of Buyer under the Securities Act of 1933, as amended (the "**Securities Act**"), or the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and shall cooperate with Buyer, its Affiliates, and their investment bankers, counsel, and independent accountants in the preparation of such filings, notifications, and reports. Buyer shall reimburse Sellers for all reasonable out-of-pocket expenses incurred by Sellers in performing their obligations under the immediately preceding sentence after presentation to Buyer by Sellers of evidence reasonably satisfactory to Buyer of such expenses. Sellers represent, warrant, and covenant to Buyer that all information or documents provided by Sellers for inclusion in any filing, notification, or report made by Buyer or any Affiliate thereof under the Securities Act or the Exchange Act shall be



true and correct in all material respects, and that any documents provided by Sellers for any such purpose shall be true, complete and correct in all material respects.

6.16 Bulk Transfer Laws. Notwithstanding any other provision of this Agreement, Buyer hereby waives compliance by Sellers with the provisions of any bulk sales or bulk transfer laws of any jurisdiction in connection with the transactions contemplated hereby. Sellers shall indemnify and hold harmless Buyer against any and all liabilities which may be asserted by third parties against Buyer as a result of noncompliance with any such bulk sales or bulk transfer laws.

6.17 Joint and Several Liability. The liability of Paxson-14 and Albuquerque License under this Agreement shall be joint and several.

6.18 DTV Facilities. Buyer acknowledges that the Station does not have and will not receive a separate DTV channel and that, in order to commence DTV operations, the Station will have to “flash-cut” from analog operations on Channel 14 to DTV operations on Channel 14.

## **Section 7. Conditions to Obligations of Buyer and Sellers at Closing**

7.1 Conditions to Obligations of Buyer. All obligations of Buyer at the Closing are subject at Buyer’s option to the fulfillment prior to or at the Closing Date of each of the following conditions:

(a) Representations and Warranties. All representations and warranties of Sellers contained in this Agreement shall be true and correct in all material respects at and as of the Closing Date as though made at and as of that time except to the extent that (i) any such representation or warranty is expressly stated only as of a specified earlier date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier date, and (ii) any changes are contemplated by this Agreement.

(b) Covenants and Conditions. Sellers shall have performed and complied with in all material respects all covenants, agreements, and conditions required by this Agreement to be performed or complied with by them prior to or on the Closing Date.

(c) Consents. All Consents set forth on Schedule 3.3 (the “**Material Consents**”) shall have been obtained and delivered to Buyer.

(d) FCC Consent. The FCC Consent shall be in full force and effect and shall have been granted without the imposition on Buyer of any material adverse conditions that need not be complied with by Buyer under **Section 6.1** hereof, and Sellers shall have complied with any conditions imposed on them by the FCC Consent that are required to be complied with at or before Closing, and no petition, objection or action shall be pending before the FCC or a court of competent jurisdiction seeking reconsideration, review or modification of the FCC Consent that, in Buyer’s reasonable judgment, could result in a reversal of the FCC Consent or the imposition on Buyer of any material adverse condition that need not be complied with by Buyer under **Section 6.1** (a “**Material Appeal**”).

(e) Deliveries. Sellers shall have made or stand willing to make all the deliveries to Buyer set forth in **Section 8.2**.

(f) Material Adverse Change. Between the date of this Agreement and the Closing Date, there shall not have been any material adverse change in the Licenses, the Tangible Personal Property or the Assumed Contracts, in each case taken as a whole, that has not been remedied as of the Closing Date.

(g) Cable Homes. As of the Closing Date, the Station's programming shall be provided to no fewer than 90% of the cable television system or other multi-channel video programming service provider customers (collectively, "**Cable Homes**") that received such programming as of the date of this Agreement. For the purpose of this provision, Cable Homes shall be determined using information supplied by Nielsen Media Research or its affiliate.

(h) Legal Proceedings. No injunction, restraining order or decree of any court or governmental authority of competent jurisdiction shall be in effect which restrains or prohibits the consummation of the transactions at the Closing.

(i) HSR Act. The waiting period under the HSR Act shall have expired without unresolved action by the DOJ or the FTC to prevent the Closing.

(j) Hubbard JSA. As of the Closing Date, the Hubbard JSA shall have terminated.

7.2 Conditions to Obligations of Sellers. All obligations of Sellers at the Closing are subject at Sellers' option to the fulfillment prior to or at the Closing Date of each of the following conditions:

(a) Representations and Warranties. All representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects at and as of the Closing Date as though made at and as of that time, except to the extent that (i) any such representation or warranty is expressly stated only as of a specified earlier date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier date, and (ii) any changes are contemplated by this Agreement.

(b) Covenants and Conditions. Buyer shall have performed and complied with in all material respects all covenants, agreements, and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

(c) Deliveries. Buyer shall have made or stand willing to make all the deliveries to Sellers set forth in **Section 8.3**.

(d) FCC Consent. The FCC Consent shall be in full force and effect and shall have been granted without the imposition on either Seller of any material adverse conditions that need not be complied with by such Seller under **Section 6.1** hereof, and Buyer shall have complied with any conditions imposed on it by the FCC Consent that are required to be complied with at or before Closing.



(e) Legal Proceedings. No injunction, restraining order or decree of any court or governmental authority of competent jurisdiction shall be in effect which restrains or prohibits the consummation of the transactions at the Closing.

(f) HSR Act. The waiting period under the HSR Act shall have expired without unresolved action by the DOJ or the FTC to prevent the Closing.

## **Section 8. Closing and Closing Deliveries**

### **8.1 Closing.**

(a) Closing Date. Subject to the satisfaction or, to the extent permissible by law, waiver (by the party for whose benefit the Closing condition is imposed) on the date scheduled for Closing of the conditions precedent set forth in **Sections 7.1 and 7.2**, the Closing shall take place at 10:00 a.m. on a date, to be set by Buyer on at least five business days' written notice to Sellers, that is (1) not earlier than the first business day after the grant of the FCC Consent, and (2) not later than thirty days following the date the FCC Consent shall have been granted. If Buyer fails to give notice of the Closing Date by the date which is five business days prior to the date set forth in clause (2) in the preceding sentence, the Closing shall take place on the thirtieth day following the date the FCC Consent shall have been granted, or if such thirtieth day is not a business day, then on the first business day following such thirtieth day. Notwithstanding the foregoing, (x) if the waiting period under the HSR Act shall not have expired and/or (y) the condition in **Section 7.1(d)** shall not have been satisfied due to the filing or pendency of a Material Appeal, in either case on or before the date that is the thirtieth day after the date on which the FCC Consent is granted, the Closing shall take place at 10:00 a.m. on a date to be set by Buyer, on at least five business days' written notice to Sellers, that is not earlier than the first business day and not later than the tenth business day after the later of the date such waiting period shall have expired and the date the FCC Consent shall have become a Final Order.

(b) Closing Place. The Closing shall be held at the offices of Dow, Lohnes & Albertson, PLLC, 1200 New Hampshire Avenue, N.W., Suite 800, Washington, D.C. 20036, or any other place that is agreed upon by Buyer and Sellers.

8.2 Deliveries by Sellers. Prior to or on the Closing Date, Sellers shall deliver to Buyer the following, in form and substance reasonably satisfactory to Buyer and its counsel:

(a) Transfer Documents. Duly executed bills of sale, motor vehicle titles, assignments, and other transfer documents which shall be sufficient to vest good and marketable title to the Assets in the name of Buyer, free and clear of all mortgages, liens, restrictions, encumbrances, claims, and obligations, except for Permitted Liens;

(b) Consents. An executed copy of any instrument evidencing receipt of any Material Consents and, to the extent obtained, any other Consents;

(c) Officer's Certificate. A certificate, dated as of the Closing Date, executed by Sellers, certifying that the conditions set forth in **Sections 7.1(a) and (b)** have been fulfilled;

(d) Access Materials. All keys, passcards, and other similar items, as well as a list of all passcodes, combinations, account numbers, and other similar information, necessary to access or operate any of the Assets, access any property leased to either Seller under leases included in the Assumed Contracts, or access any FCC database to which either Seller has access relating to the Station;

(e) Estoppel Certificates. An executed copy of any estoppel certificates obtained by Sellers in connection with the transactions contemplated hereby; and

(f) Opinion. An opinion of Sellers' counsel in substantially the form attached hereto as Exhibit A, dated the Closing Date, executed by Dow, Lohnes & Albertson, PLLC.

8.3 Deliveries by Buyer. Prior to or on the Closing Date, Buyer shall deliver to Sellers the following, in form and substance reasonably satisfactory to Sellers and its counsel:

(a) Purchase Price. The Purchase Price, as adjusted pursuant to *Sections 2.3(b) and (c)* hereof;

(b) Assumption Agreements. Appropriate assumption agreements pursuant to which Buyer shall assume and undertake to perform Sellers' obligations under the Licenses and Assumed Contracts as provided in *Section 2.5*; and

(c) Officer's Certificate. A certificate, dated as of the Closing Date, executed by Buyer, certifying that the conditions set forth in *Sections 7.2(a) and (b)* have been fulfilled.

## **Section 9. Termination**

9.1 Termination by Sellers. This Agreement may be terminated prior to the Closing by Sellers, if Sellers are not then in material default hereunder, upon written notice to Buyer, upon the occurrence of any of the following:

(a) Hearing Designation. If the application for the FCC Consent is designated for hearing by the FCC.

(b) Upset Date. If the Closing shall not have occurred by February 27, 2004.

(c) Breach. Without limiting Sellers' rights under other provisions of this Agreement, if Buyer has failed to cure any material breach of any of its representations, warranties or covenants under this Agreement within fifteen (15) days after Buyer received written notice of such breach from Sellers; *provided, however*, that such cure right shall not apply to any breach by Buyer of its obligations to make the escrow deposit required by *Section 9.4* or pay the Purchase Price.

(d) NBC. If National Broadcasting Company, Inc. (“NBC”) exercises its right of first refusal as it applies to the Station; *provided, however*, that (i) Sellers shall provide notice of any termination pursuant to this **Section 9.1(d)** within three (3) business days of Sellers’ receipt of notice of NBC’s exercise of such right and (ii) this Section 9.1(d) shall not be exercisable by Sellers after the sixtieth (60th) day following the date of this Agreement.

9.2 Termination by Buyer. This Agreement may be terminated prior to the Closing by Buyer, if Buyer is not then in material default hereunder, upon written notice to Sellers, upon the occurrence of any of the following:

(a) Hearing Designation. If the application for the FCC Consent is designated for hearing by the FCC.

(b) Upset Date. If the Closing shall not have occurred by February 27, 2004.

(c) Breach. Without limiting Buyer’s rights under other provisions of this Agreement, if Sellers have failed to cure any material breach of any of their representations, warranties or covenants under this Agreement within fifteen (15) days after Sellers received written notice of such breach from Buyer.

9.3 Rights on Termination. Except as otherwise expressly provided under **Section 9.1** or **9.2**, this Agreement shall not be terminated. If this Agreement is terminated pursuant to **Section 9.1** or **Section 9.2** and neither party is in material breach of this Agreement, the parties hereto shall not have any further obligation or liability to each other with respect to the purchase and sale of the Assets. If this Agreement is terminated by Sellers due to Buyer’s material breach of this Agreement, then the payment to Sellers of Two Million Dollars (\$2,000,000) pursuant to **Section 9.4** below shall be liquidated damages and shall constitute full payment and the exclusive remedy for any damages suffered by Sellers by reason of Buyer’s material breach of this Agreement. Sellers and Buyer agree in advance that actual damages would be difficult to ascertain and that, in the event of such termination, the amount of Two Million Dollars (\$2,000,000) is a fair and equitable amount to reimburse Sellers for damages sustained due to Buyer’s material breach of this Agreement. If this Agreement is terminated by Buyer due to Sellers’ material breach of this Agreement, Sellers shall not be released from any liability for such breach and Buyer shall have all rights and remedies available at law or equity.

9.4 Escrow Deposit. By the end of the third business day following the date of this Agreement, Buyer shall deposit with the Escrow Agent the sum of Two Million Dollars (\$2,000,000) in accordance with the Escrow Agreement. The parties shall give timely written instructions to the Escrow Agent as necessary to effectuate the terms of this Agreement. All such funds deposited with the Escrow Agent shall be held and disbursed in accordance with the terms of the Escrow Agreement and the following provisions:

(a) At the Closing, all amounts held by the Escrow Agent pursuant to the Escrow Agreement, including any interest or other proceeds from the investment of funds held by the Escrow Agent, shall be disbursed to or at the direction of Buyer.

(b) If this Agreement is terminated in accordance with the terms hereof other than pursuant to **Section 9.1(c)**, all amounts held by the Escrow Agent pursuant to the Escrow Agreement, including any interest or other proceeds from the investment of funds held by the Escrow Agent, shall be disbursed to or at the direction of Buyer.

(c) If this Agreement is terminated by Sellers due to Buyer's material breach of this Agreement, then Two Million Dollars (\$2,000,000) of the amount held by the Escrow Agent pursuant to the Escrow Agreement shall be disbursed to or at the direction of Sellers as liquidated damages under **Section 9.3** above and any interest or other proceeds from the investment of funds held by the Escrow Agent shall be disbursed by the Escrow Agent to or at the direction of Buyer.

## **Section 10. Survival of Representations and Warranties; Indemnification; Certain Remedies**

10.1 Representations, Warranties and Covenants. All representations and warranties contained in this Agreement shall be deemed continuing representations and warranties and shall survive the Closing for a period of twelve (12) months and any claim for a breach of a representation or warranty must be brought prior to the expiration of such twelve (12) month period; *provided, however*, that the representations and warranties contained in this Agreement that relate to (i) the authorization of this Agreement by Sellers or Buyer, as applicable, (ii) title to the Assets, or (iii) taxes, shall survive the Closing for a period of the longer of (1) the applicable statute of limitations period plus sixty days or (2) twelve (12) months. Notwithstanding the previous sentence or the following sentences in this **Section 10.1**, those specific matters as to which claims for indemnification have been duly made under this Agreement before the expiration of the applicable periods mentioned in the previous sentence or the following sentences in this **Section 10.1** shall survive with respect to such claims until the final resolution thereof. Any claim for indemnification in respect of a covenant or agreement of Buyer or Sellers hereunder to be performed entirely before the Closing shall be made prior to the date which is twelve (12) months from the Closing Date; *provided, however*, that any such claim that relates to (i) the authorization of this Agreement by Sellers or Buyer, as applicable, (ii) title to the Assets, or (iii) taxes, shall survive the Closing for a period of the longer of (1) the applicable statute of limitations period plus sixty days or (2) twelve (12) months. The covenants and agreements in this Agreement to be performed after the Closing shall survive the Closing until fully performed.

10.2 Indemnification by Sellers. Subject to **Sections 10.1 and 10.4**, from and after the Closing Date, Sellers hereby agree to indemnify and hold Buyer harmless against and with respect to, and shall reimburse Buyer for:

(a) Any and all losses, liabilities, or damages resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant or obligation by Sellers contained in this Agreement or in any certificate, document, or instrument delivered to Buyer under this Agreement.

(b) Any and all obligations of Sellers not assumed by Buyer pursuant to this Agreement, including any liabilities arising at any time under any Contract not included in the Assumed Contracts.

(c) Any and all losses, liabilities, or damages resulting from the operation or ownership of the Station prior to the Closing, including any liabilities arising under the Licenses or the Assumed Contracts which relate to events occurring prior to the Closing.

(d) Any transferee liability for any taxes, penalties, or interest due or to become due from either Seller.

(e) Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs, and expenses, including reasonable legal fees and expenses, incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

10.3 Indemnification by Buyer. Subject to *Sections 10.1 and 10.4*, from and after the Closing Date, Buyer hereby agrees to indemnify and hold Sellers harmless against and with respect to, and shall reimburse Sellers for:

(a) Any and all losses, liabilities, or damages resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant or obligation by Buyer contained in this Agreement or in any certificate, document, or instrument delivered to Sellers under this Agreement.

(b) Any and all obligations of Sellers assumed by Buyer pursuant to this Agreement.

(c) Any and all losses, liabilities or damages resulting from the operation or ownership of the Station on and after the Closing.

(d) Any and all actions, suits, proceedings, claims, demands, assessments, judgments, costs and expenses, including reasonable legal fees and expenses, incident to any of the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof, or in enforcing this indemnity.

10.4 Limitations.

(a) No indemnification shall be required to be made by either party hereto until the aggregate amount of all indemnification claims against such indemnifying party under this Agreement exceeds \$100,000 and, once such claims exceed \$100,000, such indemnifying party shall only be required to indemnify the other party with respect to the portion of all claims under this Agreement which exceeds \$100,000 in the aggregate. The previous limitation shall not apply to the adjustments to the Purchase Price under *Section 2.3*. Notwithstanding anything to the contrary contained herein, (i) in no event shall Sellers' obligations for indemnification under this Agreement exceed in the aggregate Two Million Three Hundred Thousand Dollars (\$2,300,000) and Buyer hereby waives and releases any recourse against Sellers for indemnification hereunder above Two Million Three Hundred Thousand Dollars (\$2,300,000)

(except with respect to any claims for indemnification that relate to **Section 3.15**, with respect to which Sellers' obligations for indemnification, together with Sellers' obligations for claims for indemnification that do not relate to such Section, shall not exceed in the aggregate Ten Million Dollars (\$10,000,000) and Buyer hereby waives and releases any recourse against Sellers for indemnification hereunder above such amount), and (ii) in no event shall Buyer's obligations for indemnification under this Agreement exceed in the aggregate Two Million Three Hundred Thousand Dollars (\$2,300,000) and Sellers hereby waive and release any recourse against Buyer for indemnification hereunder above Two Million Three Hundred Thousand Dollars (\$2,300,000).

(b) For purposes of determining the amount of damages incurred by a Claimant (as defined below), such damages shall be reduced by the amount of any tax benefits to be realized by the Claimant with respect to the matter which was the basis for the damages for which indemnification is sought.

(c) Following the Closing, the sole and exclusive remedy of Sellers or Buyer for any claim arising out of a breach of any representation, warranty or covenant herein or otherwise arising out of or in connection with the transactions contemplated by this Agreement (and any agreements executed in connection herewith or delivered pursuant hereto) or the operations of the Station, whether such claim is framed in tort, contract or otherwise, shall be indemnification pursuant to this **Section 10**.

10.5 [Procedure for Indemnification](#) The procedure for indemnification shall be as follows:

(a) The party claiming indemnification (the "**Claimant**") shall promptly give notice to the party from which indemnification is claimed (the "**Indemnifying Party**") of any claim for which indemnification is sought by Claimant under this Agreement, whether between the parties or brought by a third party, specifying in reasonable detail the factual basis for the claim. If the claim relates to an action, suit, or proceeding filed by a third party against Claimant, such notice shall be given by Claimant to Indemnifying Party within five (5) business days after written notice of such action, suit, or proceeding was received by Claimant. Claimant's failure to notify Indemnifying Party of a claim within the period specified in this **Section 10.5(a)** shall not relieve Indemnifying Party of any indemnification obligation under this Agreement, except to the extent that Indemnifying Party is materially prejudiced by such failure.

(b) With respect to claims solely between the parties, following receipt of notice from the Claimant of a claim, the Indemnifying Party shall have thirty days to make such investigation of the claim as the Indemnifying Party deems necessary or desirable. For the purposes of such investigation, the Claimant agrees to make available to the Indemnifying Party and/or its authorized representatives the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnifying Party agree at or prior to the expiration of the thirty-day period (or any mutually agreed upon extension thereof) to the validity and amount of such claim, the Indemnifying Party shall immediately pay to the Claimant the full amount of the claim. If the Claimant and the Indemnifying Party do not agree within the thirty-day period (or any mutually agreed upon extension thereof), the Claimant may seek appropriate remedy in accordance with the terms of this Agreement.



(c) With respect to any claim by a third party as to which the Claimant is entitled to indemnification under this Agreement, the Indemnifying Party shall have the right at its own expense, to participate in or assume control of the defense of such claim, and the Claimant shall cooperate fully with the Indemnifying Party, subject to reimbursement for actual out-of-pocket expenses incurred by the Claimant as the result of a request by the Indemnifying Party. If the Indemnifying Party elects to assume control of the defense of any third-party claim, the Claimant shall have the right to participate fully in the defense of such claim at its own expense. If the Indemnifying Party does not elect to assume control or otherwise participate in the defense of any third party claim, it shall be bound by the results obtained by the Claimant with respect to such claim. Notwithstanding anything herein to the contrary, the Indemnifying Party shall not effect any settlement relating to any claim under the indemnification of this Agreement that seeks in whole or in part any nonmonetary relief or that could adversely affect the Claimant without the prior written consent of the Claimant.

(d) If a claim for indemnification under this Agreement, whether between the parties or by a third party, requires immediate action, the parties will make every reasonable effort to reach a decision with respect thereto as expeditiously as possible.

(e) The indemnification rights provided in *Sections 10.2 and 10.3* shall extend to the shareholders, directors, officers, principals, members, managers, employees, and representatives of any Claimant although for the purpose of the procedures set forth in this *Section 10.5*, any indemnification claims by such parties shall be made by and through the Claimant.

10.6 Specific Performance. The parties recognize that if Sellers breach their obligations under this Agreement, monetary damages alone would not be adequate to compensate Buyer for its injury. In the event of a material breach by Sellers of their obligations under this Agreement, in addition to any other remedy available to it, Buyer shall be entitled to an injunction restraining any such breach and, subject to obtaining any requisite approval of the FCC, to enforcement of this Agreement by a decree of specific performance requiring Sellers to fulfill their respective obligations under this Agreement, including their obligations to seek such FCC approval. If any action is brought by Buyer to enforce this Agreement, Sellers shall waive the defense that there is an adequate remedy at law.

10.7 Attorneys' Fees. In the event of a default by a party hereto which results in a lawsuit or other proceeding for any remedy available under this Agreement, the prevailing party shall be entitled to reimbursement from the other party of its reasonable legal fees and expenses.

## **Section 11. Miscellaneous**

11.1 Fees and Expenses. In connection with the transactions contemplated hereunder, Buyer, on the one hand, and Sellers, on the other hand, shall each pay one-half of (i) any fees payable to the Escrow Agent, (ii) all federal, state, or local sales or transfer taxes arising in connection with the conveyance of the Assets by Sellers to Buyer pursuant to this Agreement, (iii) all filing fees required by the FCC in connection with the application for the FCC Consent and (iv) any filing fee required by the FTC under the HSR Act. Except as otherwise provided in this Agreement, each party shall pay its own expenses incurred in connection with the

authorization, preparation, execution, and performance of this Agreement, including all fees and expenses of counsel, accountants, agents, and representatives. Each party shall be responsible for all fees or commissions payable to any other finder, broker, advisor, or similar person retained by or on behalf of such party.

11.2 [Notices](#). All notices, demands, and requests required or permitted to be given under the provisions of this Agreement shall be (a) in writing, (b) delivered by personal delivery, or sent by commercial delivery service or registered or certified mail, return receipt requested, (c) deemed to have been given on the date of personal delivery or the date set forth in the records of the delivery service or on the return receipt, and (d) addressed as follows:

If to Sellers:	c/o Paxson Communications Corporation 601 Clearwater Park Road West Palm Beach, FL 33401-6233 Attention: Mr. Lowell W. Paxson
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With a copy (which shall not constitute notice) to:	John R. Feore, Jr., Esq. Dow, Lohnes & Albertson, PLLC 1200 New Hampshire Avenue, N.W. Suite 800 Washington, DC 20036-6802
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If to Buyer:	c/o Univision Communications Inc. 1999 Avenue of the Stars, Suite 3050 Los Angeles, CA 90067 Attn: C. Douglas Kranwinkle, Esq.
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With a copy (which shall not constitute notice) to:	Shaw Pittman LLP 2300 N Street, N.W. Washington, DC 20037 Attn: Scott R. Flick, Esq.
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or to any other or additional persons and addresses as the parties may from time to time designate for themselves in a writing delivered in accordance with this **Section 11.2**.

11.3 [Benefit and Binding Effect](#).

(a) No party hereto may assign this Agreement without the prior written consent of the other party hereto; *provided, however*, that, without such consent, (1) Sellers or Buyer may assign some or all of its rights hereunder (but not its obligations) to an escrow agent or other person or entity serving as an Intermediary under the Code to effectuate a like-kind exchange pursuant to Section 1031 of the Code and (2) prior to the time that the application for the FCC Consent is filed, Telefutura Television Group, Inc. ("**Original Buyer**") may assign all of its rights and obligations hereunder to an Affiliate, whereupon Original Buyer's rights and obligations under this Agreement shall terminate except that Original Buyer shall guarantee, in accordance with this Section 11.3, such assignee's performance of Buyer's obligations under this



Agreement, and the representations and warranties set forth in *Sections 4.1, 4.2 and 4.3* shall survive such assignment for all purposes. Except as otherwise expressly set forth herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(b) Original Buyer irrevocably guarantees (the “**OB Guaranty**”), as principal and not as surety, to Sellers, the full and prompt payment and performance by Buyer of all of Buyer’s obligations under this Agreement. The OB Guaranty shall apply and survive until all obligations of Buyer under this Agreement are performed and indefeasibly satisfied in accordance with the terms hereof. This OB Guaranty is an absolute, unconditional, present, and continuing guarantee of payment and not of collection, and, in the event that Buyer shall fail or be unable punctually to make any payment or perform any obligation required to be made or performed by Buyer under this Agreement, Original Buyer shall make such payment to the order of Sellers or perform such obligation immediately without demand, presentment, protest, or notice of any kind, all of which are unconditionally waived by Original Buyer. In the event of a lawsuit or other proceeding relating to the enforcement of this OB Guaranty, the prevailing party shall be entitled to reimbursement from the other party of its reasonable legal fees and expenses. Original Buyer’s obligations hereunder shall not be assigned to any other Person without Sellers’ prior written consent, and each attempted assignment of such obligations without such consent shall be null and void. This OB Guaranty shall be binding upon Original Buyer and its successors and assigns.

(c) Except as a result of a breach by Sellers of their obligations hereunder, this OB Guaranty shall not be subject to any counterclaim, setoff, reduction or defense based upon any claim which the Original Buyer or Buyer may have against either Seller, or any other Person, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected or impaired by any thing, event, happening, matter, circumstance or condition whatsoever (whether or not the Original Buyer shall have any knowledge or notice thereof or shall consent thereto).

(d) The Original Buyer expressly waives any right it may have to require any Person seeking enforcement of this OB Guaranty to (a) proceed against Buyer or any other Person, (b) proceed against or exhaust any security or (c) pursue any other remedy in the power of the Person seeking such enforcement. The Original Buyer waives any defense arising out of the absence, impairment or loss of any right of reimbursement, contribution or subrogation or any other right or remedy of the Original Buyer against Buyer, whether resulting from election by Sellers or otherwise, and, except as a result of a breach by Sellers of their obligations hereunder, the Original Buyer further waives any other defense it may now or hereafter have in any way relating to or arising out of any other circumstance that might otherwise constitute a defense available to Buyer, the Original Buyer or any other Person.

(e) The Original Buyer agrees that its obligations hereunder shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Buyer is avoided, recovered, rescinded or must be otherwise restored by Sellers, whether as a result of any proceedings in bankruptcy, or reorganization or otherwise.

11.4 [Further Assurances](#). The parties shall take any reasonable actions and execute any other reasonable documents that may be necessary or desirable for the implementation and consummation of this Agreement, including, in the case of Sellers, any additional bills of sale or other transfer documents that, in the reasonable opinion of Buyer, may be necessary to ensure, complete, and evidence the full and effective transfer of the Assets to Buyer pursuant to this Agreement.

11.5 [Governing Law](#). THIS AGREEMENT SHALL BE GOVERNED, CONSTRUED, AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO THE CHOICE OF LAW PROVISIONS THEREOF).

11.6 [Headings](#). The headings and table of contents in this Agreement are included for ease of reference only and shall not control or affect the meaning or construction of the provisions of this Agreement.

11.7 [Gender and Number](#). Words used in this Agreement, regardless of the gender and number specifically used, shall be deemed and construed to include any other gender, masculine, feminine, or neuter, and any other number, singular or plural, as the context requires.

11.8 [Entire Agreement](#). This Agreement, the schedules hereto, and all documents, certificates, and other documents to be delivered by the parties pursuant hereto, collectively represent the entire understanding and agreement between Buyer and Sellers with respect to the subject matter hereof. This Agreement supersedes all prior negotiations between the parties with respect to such subject matter, and cannot be amended, supplemented, or modified except by an agreement in writing that makes specific reference to this Agreement and which is signed by the party against which enforcement of any such amendment, supplement, or modification is sought.

11.9 [Waiver of Compliance; Consents](#). Except as otherwise provided in this Agreement, any failure of any of the parties to comply with any obligation, representation, warranty, covenant, agreement, or condition herein may be waived by the party entitled to the benefits thereof only by a written instrument signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, representation, warranty, covenant, agreement, or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Whenever this Agreement requires or permits consent by or on behalf of any party hereto, such consent shall be given in writing in a manner consistent with the requirements for a waiver of compliance as set forth in this **Section 11.9**.

11.10 [Publicity](#). Prior to the Closing, no party shall publish any press release, make any other public announcement or otherwise communicate with any news media concerning this Agreement or the transactions contemplated hereby; *provided, however*, that nothing contained herein shall prevent a party from (i) making any disclosure that such party determines, in its reasonable judgment, is required by law or (ii) promptly making all filings with governmental authorities or securities exchanges as such party determines, in its reasonable judgment, is required or advisable, in each case in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

11.11 Like-Kind Exchange. Buyer or either Seller may assign some or all of its rights (but not obligations) under this Agreement to an Intermediary; *provided* that (i) such assignment shall not deprive the non-assigning party of its rights or benefits, or relieve the assigning party of any obligations or liabilities, under this Agreement, (ii) the non-assigning party shall not be obligated to incur any costs, expenses, obligations or liabilities in connection therewith, and (iii) such assignment shall not delay the Closing. Nothing in this Agreement shall be construed as a representation or warranty of any party (or any representative, counsel or agent of any party) to any other party as to the tax characterization of the transactions contemplated hereby and neither party has relied on tax advice from the other party (or any representative, counsel or agent of such other party).

11.12 Consent to Jurisdiction. Each of the parties hereto irrevocably submits to the exclusive jurisdiction (subject to the immediately following sentence) of the United States District Court for the Southern District of New York for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby. Each of the parties hereto agrees, to the extent permitted under applicable laws and rules of procedure, to commence any action, suit or proceeding relating hereto either in the United States District Court for the Southern District of New York, or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the Commercial Division of the Supreme Court of the State of New York, New York County. Each of the parties hereto further agrees that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth above shall be effective service of process for any action, suit or proceeding in New York with respect to any matters to which it has submitted to jurisdiction in this **Section 11.12**. Each of the parties hereto irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in (i) the United States District Court for the Southern District of New York or (ii) the Commercial Division of the Supreme Court of the State of New York, New York County, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. Notwithstanding the foregoing, judgments, orders or decrees resulting from lawsuits or court actions brought in accordance with the foregoing provisions of this **Section 11.12** may be appealed to or enforced in any court of competent jurisdiction.

11.13 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.

11.14 Severability. In the event that any term or provision of this Agreement is determined to be void, unenforceable, or contrary to law, the remainder of this Agreement shall continue in full force and effect provided that such continuation would not materially diminish the benefits of this Agreement for either party.

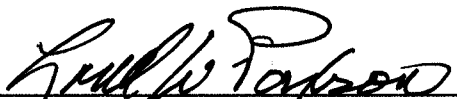
11.15 [Counterparts](#). This Agreement may be signed in counterparts with the same effect as if the signature on each counterpart were upon the same instrument.

*[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]*

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

**SELLERS:**

PAXSON COMMUNICATIONS OF  
ALBUQUERQUE-14, INC.

By: 

Name: Lowell W. Paxson  
Title: Chairman

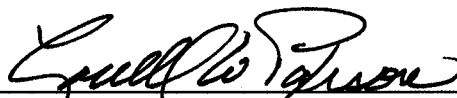
**BUYER:**

TELEFUTURA TELEVISION GROUP,  
INC.

By: \_\_\_\_\_

Name:  
Title:


PAXSON ALBUQUERQUE LICENSE,  
INC.

By: 

Name: Lowell W. Paxson  
Title: Chairman

**PAXSON COMMUNICATIONS CORPORATION  
JOINS IN THE EXECUTION AND DELIVERY OF THIS AGREEMENT  
SOLELY FOR THE PURPOSE OF SECTION 6.12**

PAXSON COMMUNICATIONS CORPORATION

By: 

Name: Dean M. Goodman  
Title: President

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

**SELLERS:**

PAXSON COMMUNICATIONS OF  
ALBUQUERQUE-14, INC.

By: \_\_\_\_\_  
Name:  
Title:

PAXSON ALBUQUERQUE LICENSE,  
INC.

By: \_\_\_\_\_  
Name:  
Title:

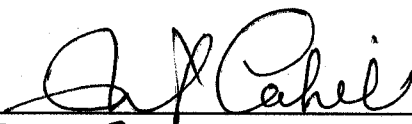
**PAXSON COMMUNICATIONS CORPORATION  
JOINS IN THE EXECUTION AND DELIVERY OF THIS AGREEMENT  
SOLELY FOR THE PURPOSE OF SECTION 6.12**

PAXSON COMMUNICATIONS CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

**BUYER:**

TELEFUTURA TELEVISION GROUP,  
INC.

By:  \_\_\_\_\_  
Name: ROBERT CAHILL  
Title: VICE PRESIDENT

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**ASSET PURCHASE AGREEMENT**  
**BY AND AMONG**  
**PAXSON COMMUNICATIONS OF**  
**ALBUQUERQUE-14, INC.,**  
**PAXSON ALBUQUERQUE LICENSE, INC.**  
**AND**  
**TELEFUTURA TELEVISION GROUP, INC.**  
**FOR**  
**KAPX(TV)**  
**ALBUQUERQUE, NEW MEXICO**

**\* \* \***

**FEBRUARY 27, 2003**

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