

OPTION AGREEMENT

This OPTION AGREEMENT (the "Agreement") is made as of March 22, 1996, between PAPPAS TELECASTING OF THE CAROLINAS, a California limited partnership ("Pappas"), and SPARTAN COMMUNICATIONS, INC., a South Carolina corporation ("Spartan").

W I T N E S S E T H:

WHEREAS, Pappas holds the Federal Communications Commission ("FCC") authorization (FCC File No. BLCT-940509KE) (the "FCC License") for Station WASV(TV), UHF Channel 62, Asheville, North Carolina (the "Station");

WHEREAS, Pappas has agreed to enter into this Agreement and desires to grant Spartan an option to purchase substantially all of the assets owned, held or leased by Pappas and used, useful, or necessary in the operations of the Station, including without limitation, the FCC License (the "Station Assets");

NOW, THEREFORE, in consideration of these premises and the mutual promises, undertakings, covenants and agreements of the parties contained in this Agreement, the parties hereto do hereby agree as follows:

1. Purchase Option.

(a) Pappas hereby grants Spartan or its assignee an exclusive and irrevocable option to purchase all, but not less than all, of the Station Assets at any time during the period beginning from the date hereof (the "Effective Date") until the expiration or earlier termination of this Agreement (the "Option Period") for a total purchase price of Two Million Five Hundred Thousand Dollars (\$2,500,000) (such option, the "Purchase Option" and such purchase price, the "Exercise Price"). In consideration of the Purchase Option, Spartan shall pay to Pappas the sum of Two Million Dollars (\$2,000,000) (the "Option Price"), which shall be due upon the execution of this Agreement.

(b) The Purchase Option granted hereunder shall be exercised by written notice of exercise delivered to Pappas.

(c) Spartan does not assume, and shall not be deemed to assume, under this Agreement or otherwise by reason of the transactions contemplated hereby, any liabilities, obligations or commitments of Pappas of any nature whatsoever, except for the obligations, liabilities and commitments of Pappas incurred pursuant to agreements for programming to be broadcast by Pappas on the Station, to the extent that either (x) Spartan has agreed in writing to assume Pappas's obligations under such agreements or (y) such agreements concern public affairs or children's

programming and are based on barter or other similar terms under which cash is not paid to the supplier of such programming.

2. No Solicitation; Right of First Refusal.

(a) From the date hereof until the end of the Option Period, Pappas shall not, directly or indirectly, (i) solicit, initiate or encourage submission of any proposal or offer from any person relating to any acquisition or purchase of all or any substantial amount of the Station Assets or any equity interest in Pappas (an "Acquisition Transaction") or (ii) participate in any discussions or negotiations regarding, or furnish to any person any information with respect to, or otherwise cooperate in any way, or assist or participate in, facilitate or encourage, any effort or attempt by any person to enter into an Acquisition Transaction.

(b) In the event that, during the term of this Agreement, Pappas receives and wishes to accept an unsolicited bona fide offer to purchase all of the Station Assets or the equity of Pappas, Spartan shall have a right to prompt written notice and an assignable right of first refusal on any such proposed purchase. Pappas shall provide Spartan with written notice of such offer and all material terms and conditions of such offer, including, without limitation, the purchase price for the Station Assets or the equity of Pappas (the "Offer Price") and the identity of the offering party (such notice is hereinafter referred to as the "Offer Notice"). If that offer is evidenced by any writing(s), Pappas shall provide Spartan with true copies of such writing(s) together with the Offer Notice. Spartan or its assignee shall have the right to purchase the Station Assets for the lower of the Offer Price or the Exercise Price (such lower amount being hereinafter referred to as the "First Refusal Price"). Spartan shall exercise or decline its right by giving notice to Pappas of its intention to purchase the Station Assets, within thirty (30) days of its receipt of the Offer Notice. A failure to respond within said 30 days shall be treated as Spartan's decision to decline to exercise its right of first refusal hereunder. If said offer is altered in any material way after the Offer Notice is given to Spartan, Pappas shall promptly so notify Spartan and a new thirty (30) day period during which Spartan may exercise its assignable right of first refusal shall commence. If Spartan or its assignee does not exercise its right of first refusal under this Section 2, Pappas may, within thirty (30) days of Spartan's notification to Pappas that neither it nor its assignee will purchase the Station Assets, effect the transfer of the Station Assets on identical or materially similar terms and conditions stated in the Offer Notice.

(c) On or prior to the Effective Date, Pappas shall cause to have placed a legend on any certificate or any document

representing the partnership interests of Pappas stating that such interests are subject to the right of first refusal under this Section 2.

3. Payment of Option Price; Closing.

(a) General. Subject to satisfaction or waiver of the conditions set forth in Section 3(c) below, the closing on the sale of the Station Assets to Spartan pursuant to Sections 1 or 2 hereof, shall occur ten (10) business days after the FCC has consented to the assignment of the FCC License to Spartan (the "FCC Consent") and such consent has become a Final Order (the "Closing Date"). The Closing shall take place at such time and place as the parties may mutually agree (the "Closing"). In the event the parties fail to agree, Spartan shall set the time and place of Closing, which such time and place shall not be unreasonable. As used in this Agreement, "Final Order" shall mean written action or order issued by the FCC and, (i) which has not been reversed, stayed, enjoined, set aside, annulled or suspended, and (ii) with respect to which (A) no requests have been filed for administrative or judicial review, reconsideration, appeal or stay, and the periods provided by statute or FCC regulations for filing any such requests and for the FCC to set aside the action on its own motion have expired, or (B) in the event of review, reconsideration or appeal, the period provided by statute or FCC regulations for further review, reconsideration or appeal has expired.

(b) Form of Payment; Delivery of Instruments of Sale. Payment of the Exercise Price or the First Refusal Price, as applicable, shall be made by cash, certified check, or wire transfer of immediately available federal funds to such bank account(s) as Pappas may designate. At the Closing, Pappas and Spartan shall execute such bills of sale, instruments of assignment and assumption, and other customary Closing documents as Pappas, on the one hand, and Spartan, on the other, may reasonably request.

(c) Conditions to Closing. The obligations of Spartan under this Agreement to consummate the transactions provided for by this Agreement shall be subject to the fulfillment on or prior to the Closing of each of the following conditions, any of which may be waived by Spartan:

(i) Representations and Warranties; Covenants.

(A) All of the representations and warranties of Pappas contained in this Agreement shall be true and correct in all material respects at and as of the Closing Date, as though made at such time.

(B) Pappas shall have materially complied with and performed all of the agreements and covenants required by this Agreement to be performed or complied with by Pappas during the term of this Agreement or on the Closing Date, and none of the Station, the Station's financial condition or the Station Assets, including but not limited to, the FCC License, shall have been individually or in the aggregate affected adversely to a material extent or interfered with in any material way. Spartan shall have been furnished with certificates of each of the general partners of Pappas, dated the Closing Date, certifying to the fulfillment of the foregoing conditions.

(ii) License; No Liens. All of the Station Assets, including the FCC License, shall be free and clear of any and all security interests, liens, pledges, charges, claims, prior assignments, mortgages, restrictions and transfer or encumbrances of any nature whatsoever ("Liens"), except for liens and encumbrances incurred in the ordinary course of business and which do not materially impair the use by Spartan of the Station Assets as provided in Section 5(e) of this Agreement ("Permitted Liens").

(iii) No Proceeding or Litigation; Consents. No material litigation challenging the legality of the transactions provided for in this Agreement shall have been instituted and not settled or otherwise terminated. There shall not have been instituted by any creditor of Pappas or by any other third party any suit or proceedings to restrain or invalidate this transaction or seeking damages from or to impose obligations upon Spartan which, in Spartan's sole discretion would involve expense or lapse of time that would be materially adverse to Spartan's interest. Pappas shall have delivered to Spartan such instruments, consents and approvals of third parties (the form and substance of which shall be reasonably satisfactory to Spartan) as are necessary to transfer the Station Assets to Spartan pursuant to this Agreement.

(iv) Operation of Station. Pappas shall have used its best efforts to do or cause to be done all things necessary and appropriate to cause the business of the Station to be carried out diligently and substantially in all material respects in any transaction or activity on behalf of or relating to the Station Assets or the Station, and shall not have entered into any agreement or made any commitment on behalf of or relating to the Station Assets or the Station, except in the ordinary and usual course of business.

(v) Disposition of Station Assets. Pappas shall not have sold, transferred, pledged, disposed of or otherwise encumbered any of the Station Assets, except for a Permitted Lien or for a transfer or sale of all of the Station Assets, which transfer or sale was subject to Section 2 hereof.

Without the prior written consent of Spartan, Pappas shall not have entered into any agreement or option, commitment or right of any kind with any third party to acquire all or a substantial part of the Station Assets.

4. Representations and Warranties.

(a) Pappas represents, warrants and covenants to Spartan that:

(i) Organization and Standing. Pappas is a limited partnership duly organized, validly existing and in good standing under the laws of the State of California, and has full partnership power and authority to own, lease, and operate its properties and to carry on its business as now being conducted or proposed to be conducted and to carry out the transactions contemplated by this Agreement. Pappas is qualified to do business in every jurisdiction in which the nature of its business or the ownership or leasing of its property requires such qualification, except for those jurisdictions in which the failure to so qualify, when taken together with all other jurisdictions, would not have a material adverse effect on the Station Assets, taken as a whole.

(ii) Power and Authority; Binding Obligations. The execution, delivery and performance of this Agreement by Pappas has been duly and validly authorized and approved by all necessary action of Pappas, including approval of the requisite percentage interests of the general and limited partners of Pappas. Pappas has full partnership power and authority to execute and deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by Pappas and constitutes a valid and binding obligation of Pappas, enforceable against Pappas in accordance with its terms except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and the application of general principles of equity.

(iii) No Conflict. Neither the execution and delivery of this Agreement by Pappas nor the consummation of the specific transactions contemplated hereby (A) will violate any provision of Pappas's certificate of limited partnership or its limited partnership agreement; (B) violate in any material respect any provisions of law or any judgment, order, injunction, decree, rule, regulation or ruling of any governmental authority, which is applicable to Pappas or its assets or properties, (C) will, with or without the giving of notice or the passage of time, or both, materially conflict with or result in any material breach of any of the terms or conditions of, or constitute a material default under any mortgage, agreement or other

instrument to which Pappas is a party or by which Pappas or the Station Assets are bound, or (D) will result in the creation of any Liens upon the Station Assets, other than liens in favor of Spartan.

(iv) Consents. No consent, approval, permit or authorization of, or declaration to or filing with any governmental or regulatory authority, or other third party is required for the execution and delivery by Pappas of this Agreement or for the consummation of the specific transactions contemplated hereby, except for the consent of the FCC to the assignment of the FCC License and any related auxiliary licenses upon the exercise of the Purchase Option hereunder, the requirement that this Agreement be filed with the FCC within 30 days of the date hereof, and the consent of any third parties to contracts and agreements entered into by Pappas in the ordinary course of operation of the Station.

(v) Title to Personal Property. Pappas is the sole and exclusive owner of the Station Assets, including the FCC License, and such Station Assets are free and clear of any and all Liens. Except for this Agreement, there is no security, option, warrant, right, call, subscription agreement, trust, commitment, encumbrance or understanding of any nature whatsoever, fixed or contingent, that directly or indirectly calls for the sale, conveyance or transfer of the Station Assets. Pappas has full power, right and authority to sell and convey to Spartan legal and beneficial title to the Station Assets and upon consummation of the transactions contemplated by this Agreement, Spartan will acquire good, valid and marketable title thereto, free and clear of all Liens.

(vi) Governmental Authorizations. Schedule 5(a)(vi) contains a true and complete listing of all FCC licenses, permits and authorizations held by Pappas for the Station, including the FCC License, and there are no other licenses, permits or other authorizations from governmental or regulatory authorities required for the lawful conduct of the businesses and operations of the Station in the manner and to the full extent they are now conducted. Pappas is and will be the valid, legal holder of the FCC License and is qualified to be an FCC licensee. The FCC License is not and will not be subject to any restriction or condition which limits in any material respect the full operations of the Station as now operated. Pappas has no knowledge of any applications, complaints or proceedings pending before the FCC relating to the businesses or operations of the Station other than proceedings affecting the broadcasting industry generally nor, to the best of Pappas' knowledge, are any such actions threatened. The FCC License was validly issued and is in full force and effect, and Pappas has no knowledge that the FCC License is or will be impaired by any act or omission of Pappas. Except as disclosed on Schedule 5(a)(vi), the Station is

being operated in accordance with the terms and conditions of the FCC License and the rules and regulations of the FCC in all material respects. Pappas has no reason to believe that the FCC will terminate the FCC License in the ordinary course. All material notices, reports, forms and other statements required to be filed by Pappas with the FCC related to the Station have been filed and complied with in all material respects and are complete and correct in all material respects as filed. Pappas has no knowledge of any facts which, under the Communications Act of 1934, as amended, or the existing rules and regulations of the FCC, would disqualify Pappas from consummating the transactions contemplated herein within the times contemplated herein.

(vii) Compliance with Law. In its operation of the Station, Pappas has complied and is complying in all respects with, and is not in default under or in violation of, the terms of all licenses and all applicable statutes, laws, rules, regulations, and ordinances of any governmental body, whether federal, state or local, other than any noncompliance, violation or default which would not have a material adverse effect on the Station or the Station Assets.

(viii) Litigation. Pappas is not subject to any judgment, award, order, writ, injunction, arbitration decision or decree affecting the assets or the business of the Station, and there is no litigation, action, suit, claim, proceeding or investigation pending or, to Pappas's knowledge, threatened against Pappas, the Station Assets or the Station in any federal, state or local court, or before any administrative agency or arbitrator or before any other tribunal duly authorized to resolve disputes, which would, in any such case, materially or adversely affect the Station Assets, the business of the Station or Pappas's ability to consummate the transactions contemplated by this Agreement.

(ix) Taxes.

(A) Pappas has timely filed or caused to be timely filed, or will timely file or cause to be timely filed, with the appropriate governmental authorities all Tax Returns (as hereinafter defined) required to be filed before the Closing Date and will timely file with the appropriate governmental authorities all such Tax Returns required to be filed after the Closing Date in respect of the periods ending on or prior to the Closing Date, and has maintained or caused to be maintained, and will maintain all required records with respect to Taxes (as hereinafter defined), with respect to or covering the Station Assets or the Station. Pappas has timely paid or caused to be paid or will timely pay, in full all Taxes, if any, shown to be due on such Tax Returns or otherwise due from it for all periods up to and including the Closing Date.

(B) As used in this Agreement, "Taxes" or "Tax" are defined to include all net income, capital gains, gross income, gross receipts, sales, use, ad valorem, franchise, profits, license, withholding, payroll, employment, worker's compensation, excise, severance, stamp, occupation, premium, property, or windfall profit taxes, customs duties, estimated payments, estimated taxes, or other taxes, fees, levies, assessments, or charges of any kind whatsoever, together with any interest and any penalties, additions to tax, or additional amounts imposed by the United States or any other jurisdiction in which Pappas conducts activities with respect to the Station Assets or the Station or is subject to taxing jurisdiction with respect to the Station Assets or the Station, and any state, province, county, local or other government, taxing authority, or subdivision thereof. "Tax Return" shall mean any return, report, information return or other document (including any related or supporting information) filed or required to be filed with any governmental entity or other authority in connection with the determination, assessment or collection of any Tax (whether or not such Tax is imposed on Pappas) or the administration of any laws, regulations or administrative requirements relating to any Tax.

(x) Bankruptcy. No insolvency proceedings of any character, including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Pappas are pending or, to the knowledge of Pappas, threatened, and Pappas has not made any assignment for the benefit of creditors or taken any action in contemplation of, or which would constitute the basis for, the institution of such insolvency proceedings.

(xi) Disclosure. Each exhibit, schedule, document, certificate, or statement furnished to Spartan by or on behalf of Pappas pursuant hereto or in connection with the transactions contemplated hereby, is accurate, correct and complete in all material respects and does not contain or will not contain any untrue statement of material fact or omit or will not omit to state a material fact necessary to make the statements contained herein or therein not materially misleading. The copies of all documents provided to Spartan by Pappas pursuant to this Agreement or the transactions contemplated by this Agreement, including without limitation the documents listed on the Schedules to this Agreement, are true and correct copies.

(b) Spartan represents and warrants to Pappas as follows:

(i) Organization. Spartan is a corporation duly organized, validly existing, and in good standing under the laws of the State of South Carolina and has full corporate power and authority to own, lease and operate its properties and to carry

on its business as it is now being conducted and to carry out the transactions contemplated by this Agreement.

(ii) Power and Authority; Binding Obligations.

The execution and delivery and performance of this Agreement by Spartan have been duly and validly authorized and approved by all necessary action of Spartan. Spartan has full corporate power and authority to execute and deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by Spartan and constitutes a valid and binding obligation of Spartan, enforceable against Spartan in accordance with its terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors' rights and by general principles of equity.

(iii) No Conflicts. Neither the execution and delivery of this Agreement by Spartan nor the specific consummation by Spartan of the transactions contemplated hereby (A) will violate any provision of Spartan's corporate charter or bylaws; (B) violate in any material respects any provisions of any law, rule or regulation which is applicable to Spartan or its assets or properties, or the Station, or any provisions of any judgment, order, injunction, decree, or ruling of any governmental authority, which is applicable to Spartan or its assets or properties; or (C) will, with or without the giving of notice or the passage of time, or both, materially conflict with or result in any material breach of any of the terms or conditions of, or constitute a material default under any mortgage, agreement or other instrument to which Spartan is a party or by which Spartan is bound.

(iv) Consents. No consent, approval, permit or authorization of, or declaration to or filing with any governmental or regulatory authority, or other third party is required for the execution and delivery by Spartan of this Agreement or for the consummation by Spartan of the specific transactions contemplated hereby or thereby with the exception of the required consent of the FCC for the assignment of the license of the Station from Pappas to Spartan.

(v) Compliance with Law. Spartan has materially complied with and is now materially complying with all laws, rules and regulations that are material in any way to this Agreement. Spartan or its assignee will, at the time of the exercise of the Option and on the Closing Date, be qualified to be an FCC licensee with respect to the Station.

(vi) Litigation. Spartan is not subject to any judgment, award, order, writ, injunction, arbitration decision or decree affecting its ability to consummate the transactions

contemplated by this Agreement, and there is no litigation, action, suit, claim, proceeding or investigation pending or, to Spartan's knowledge, threatened against Spartan in any federal, state or local court, or before any administrative agency or arbitrator or before any other tribunal duly authorized to resolve disputes, which would, in any such case, materially or adversely affect Spartan's ability to consummate the transactions contemplated by this Agreement.

(vii) Bankruptcy. No insolvency proceedings of any character, including without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting Spartan are pending or, to the knowledge of Spartan, threatened, and Spartan has not made any assignment for the benefit of creditors or taken any action in contemplation of, or which would constitute the basis for, the institution of such insolvency proceedings.

(viii) Disclosure. Each exhibit, schedule, document, certificate, or statement furnished to Pappas by or on behalf of Spartan pursuant hereto or in connection with the transactions contemplated hereby, is accurate, correct and complete in all material respects and does not contain or will not contain any untrue statement of material fact or omit or will not omit to state a material fact necessary to make the statements contained herein or therein not materially misleading. The copies of all documents provided to Pappas by Spartan pursuant to this Agreement or the transactions contemplated by this Agreement, are true and correct copies.

5. Conduct of Business. Pappas covenants and agrees that from and after the execution and delivery of this Agreement to and including the Closing Date:

(a) Pappas shall maintain and preserve intact the Station Assets in all material respects, including, but not limited to, (i) preserving the FCC License, (ii) maintaining in effect the casualty and liability insurance on the Station Assets, (iii) complying with federal, state and local laws, rules and regulations applicable to the Station and the Station Assets and pertinent provisions of all contracts, permits and other agreements with respect to the Station Assets to which it is a party or is otherwise bound.

(b) Pappas will use its best efforts to do or cause to be done all things necessary and appropriate to cause the Station to operate in a manner that meets the customary standards and commercial business practices applicable to a television broadcast station.

(c) Pappas shall not enter into any contract or commitment relating to the Station Assets or the Station or amend or terminate the same (or waive any material right thereunder), except in the ordinary course of business and consistent with the other provisions of this Agreement.

(d) Pappas shall not take any action or permit any other person within Pappas's control to take any action which would frustrate the intention of the parties that, upon consummation of the transaction contemplated by this Agreement, Spartan shall acquire the Station Assets.

(e) Pappas shall not transfer, lease, license, sell, mortgage, pledge, dispose of or encumber any of the Station Assets or incur or modify any indebtedness or other liability other than in the ordinary and usual course of Pappas's business, provided that such indebtedness shall not exceed Fifty Thousand Dollars (\$50,000) in the aggregate.

(f) Pappas shall not sell, transfer, convey or otherwise dispose of the Station Assets except in the ordinary course of business; provided, however, that in no event shall Pappas sell, transfer, convey or otherwise dispose of the FCC License except in accordance with Sections 1, 2 and 8 hereof. Pappas shall not place, create, grant or assume any Liens of any nature whatsoever on or affecting any of the Station Assets.

(g) Pappas shall not enter any agreement, whether in writing or otherwise, to take any action described in Sections 5(c) through 5(f).

6. Brokers. The parties hereto each represent and warrant to each other that there were no brokers or agents employed by such party in connection with the negotiation, execution and delivery of this Agreement and each party agrees to defend, indemnify and save the other party harmless from and against any and all cost, expense or liability for any compensation, commissions or charges claimed by a broker or agent as a result of the indemnifying party's dealings in connection with this Agreement.

7. Indemnification.

(a) Survival of Representations and Warranties. The several representations and warranties of the parties contained in this Agreement (or in any document, certificate, schedule or exhibit delivered in connection herewith) shall be deemed to have been made on the date of this Agreement and on the Closing Date, unless specifically made as of some other date, shall be deemed to be material and to have been relied upon by Spartan, on the one hand, or Pappas, on the other, notwithstanding any investigation made by Spartan or Pappas, shall survive the

Closing Date, and, except as otherwise specifically provided in this Agreement, shall survive for a period of three (3) years following the Closing Date, except as to any matters with respect to which a bona fide written claim shall have been made or an action at law or in equity shall have commenced before such date, in which event survival shall continue (but only with respect to, and to the extent of, such claim) until the final resolution of such claim or action, including all applicable periods for appeal; provided, however, that the representations and warranties contained in Sections 4(a)(iv), 4(a)(v), 4(a)(vi) and 4(b)(iv) shall survive indefinitely. The covenants and agreements set forth in this Agreement shall survive the Closing and shall continue until the obligations set forth herein shall have been performed or satisfied or they shall have expired or been terminated in accordance with their terms.

(b) Indemnification by Pappas. Notwithstanding the Closing, Pappas agrees to indemnify and to hold Spartan harmless from and against and in respect of any and all liability, loss, damage, claim, or injury, together with all reasonable costs and expenses relating thereto, including legal and accounting fees and expenses ("Losses") arising out of or resulting from any of the following:

(i) Any misrepresentation, breach of warranty or nonfulfillment of any agreement or covenant on the part of Pappas under this Agreement, or from any misrepresentation in or omission from any exhibit, schedule, document, certificate, statement or other instrument furnished or to be furnished to Spartan hereunder;

(ii) Any claims made by creditors of Pappas relating to the ownership of the Station Assets; and

(iii) Any wrongful or negligent act of Pappas in connection with the transactions contemplated by this Agreement.

(c) Indemnification by Spartan. Spartan agrees to indemnify and to hold Pappas harmless from and against and in respect of any Losses incurred by Pappas and arising out of or resulting from (i) any misrepresentation, breach of warranty or nonfulfillment of any agreement or covenant on the part of Spartan under this Agreement, or from any misrepresentation in or omission from any exhibit, schedule or other instrument furnished or to be furnished to Pappas hereunder, (ii) any wrongful or negligent act of Spartan in connection with the transactions contemplated by this Agreement, and (iii) any liability or obligation with respect to the Station which results from Spartan's operation of the Station after the Closing Date.

(d) Notice of Claims; Defense of Claims.

(i) If any action, suit or proceeding shall be commenced against, or any claim or demand shall be asserted against, or any hearing, study, inquiry, or investigation be made of Spartan or Pappas, as the case may be, in respect of which such party proposes to demand indemnification under this Section 7 and as a condition precedent thereto, the party seeking indemnification ("Indemnified Party") shall notify the other party ("Indemnifying Party") to that effect within thirty (30) days of learning thereof, and in any event, within the applicable time period specified in Section 7(a) above, and the Indemnifying Party shall have the right to assume the entire control of (subject to the right of the Indemnified Party to participate, at its expense and with counsel of its choice, in) the defense thereof, including the selection of counsel, and in connection therewith, the Indemnified Party shall cooperate fully in all respects with the Indemnifying Party in any such defense thereof, including, without limitation, the selection of counsel. The Indemnified Party will not compromise or settle any such action, suit, proceeding, claim or demand without the prior written consent of the Indemnifying Party. The Indemnifying Party will not compromise or settle any such action, suit, proceeding, claim or demand without the prior written consent of the Indemnified Party which consent will not be unreasonably withheld.

(ii) Upon discovery of any breach of the covenants, obligations, representations and warranties herein contained (other than as a result of the bringing of any action, suit or proceeding, or the assertion of any claim or demand or the making of a hearing, study, inquiry or investigation referred to in Section 7(d)(i)), the party seeking indemnification with respect to such breach shall give notice to the other party within a reasonable time after the discovery of such breach, and in any event, within the applicable time period specified in Section 7(a) above.

(iii) The obligations to indemnify set forth in Sections 7(b) and 7(c) are conditioned as to any particular liability for which indemnification is sought upon compliance by the party seeking indemnification with the requirements set forth in this Section 7(d), unless failure to comply has not materially prejudiced the other party.

(iv) The Indemnifying Party shall provide the Indemnified Party with access to all records and documents of the Indemnifying Party relating to any claim indemnifiable hereunder. The Indemnified Party shall provide the Indemnifying Party with access to all records and documents of the Indemnified Party relating to any claim indemnifiable hereunder.

(e) Court Costs and Attorneys' Fees and Expenses. In the event that in connection with any dispute arising under the terms of this Agreement either party hereto should initiate a suit or other judicial proceeding against the other party hereto to enforce its rights hereunder, the prevailing party in any such suit or proceeding shall be entitled to receive from the non-prevailing party to the suit or proceeding, in addition to any other amounts to which the prevailing party may be entitled, the amount of all court costs and reasonable attorneys' fees and expenses incurred by such prevailing party in connection with the suit or proceeding.

(f) Nonexclusivity. The remedies provided to Pappas and Spartan by this indemnification provision shall be in addition to, and not in lieu of, any other remedies to which the respective party is entitled at law or in equity for any breach of or noncompliance with the provisions of this Agreement by the other party.

(g) Limitations on Amount of Indemnification. Notwithstanding anything to the contrary set forth in this Agreement, no Indemnified Party shall be entitled to indemnification pursuant to this Section 7, until the aggregate amounts in respect of which the Indemnified Party would otherwise be entitled to be indemnified under this Section 7 exceeds Twenty Thousand Dollars (\$20,000), and only to the extent of such excess over \$20,000.

8. Assignability; Successors.

(a) This Agreement shall be fully transferable and assignable by Spartan to third parties unrelated to Spartan at any point prior to and including the third anniversary of the Effective Date (and, if extended pursuant to Section 10(b) hereof, any point prior to and including the fourth anniversary of the Effective Date) and such assignment shall relieve Spartan of its obligations hereunder, provided that Pappas has received payment of the Exercise Price or the First Refusal Price, as applicable. If this Agreement is assigned pursuant to this Section 8(a) to an unrelated third party on any date later than 30 months after the Effective Date, such third party shall be required to exercise its option to purchase the Station Assets within 60 days of the date of such assignment, with closing to occur within 10 days of the date on which FCC consent to the assignment of the license of the Station from Pappas to such third party becomes a Final Order (as defined in Section 3(a)).

(b) This Agreement shall be fully transferable and assignable by Spartan to any direct or indirect affiliate, subsidiary or parent company of Spartan. Any such assignee shall be qualified to be an FCC licensee.

(c) This Agreement shall not terminate upon the sale or any other transfer of control of the Station to any successor licensee, whether or not such licensee is related to Pappas. Subject to Section 2 hereof, the Station Assets are transferable by Pappas to third parties; provided, however, that any transferee(s) or subsequent transferee(s) execute an agreement agreeing to be bound by the terms of this Agreement.

(d) This Agreement shall inure to the benefit of and be binding upon Pappas, Spartan and their respective successors and permitted assigns.

9. FCC Consent. Should Spartan or its assignee exercise its Purchase Option or right of first refusal to purchase the Station Assets, the parties hereto shall fully and diligently prepare, file and prosecute before the FCC all applications, petitions, waiver requests, amendments, rulemaking comments and other related documents to secure FCC consent to the assignment of the FCC License or transfer of control of the Station from Pappas to Spartan. Such applications shall be filed with the FCC within fourteen (14) days of the date on which Spartan or its assignee has given notice of its exercise of the Purchase Option. Spartan and Pappas shall bear their own expenses in securing such consent. Any FCC filing fee shall be paid in equal amounts by Spartan and Pappas. Notwithstanding anything in this Agreement to the contrary, it is understood that no such filing shall be made with the FCC unless all parties hereto have reviewed said filing and consented to its submission.

10. Term.

(a) If Spartan or its assignee fails to exercise the Purchase Option within 30 months of the Effective Date (the "Exercise Period"), this Agreement shall automatically expire and shall be of no further force or effect. If Spartan exercises the Purchase Option within the Exercise Period, the parties agree to use their respective best efforts to cause the Closing to occur prior to the third anniversary of the Effective Date.

(b) If Spartan or its assignee has exercised the Purchase Option during the Exercise Period and an application has been timely filed at the FCC but has not yet been granted as of the third anniversary of the Effective Date despite each party's diligent efforts to prosecute such application in order to obtain a grant thereof, the Term of this Agreement shall be extended by such period as may be necessary to obtain the FCC Consent, provided that such period shall not extend beyond the fifth anniversary of the Effective Date (the "Extension Period"). During the Extension Period, the Closing shall occur within 10 business days after the FCC Consent becomes a Final Order, as specified in Section 3(a) of this Agreement.

(c) Notwithstanding any provision to the contrary, if the FCC License shall cease to be valid or in full force or effect by an order of the FCC which shall have become a Final Order as defined in Section 3(a) hereof, or if the FCC has denied an application to assign the FCC License to Spartan or its assignee by an order which shall have become a Final Order as defined in Section 3(a) hereof, then Spartan shall have the right to terminate this Agreement as of any date within sixty (60) days of the date Spartan notifies Pappas of its election to terminate this Agreement and Spartan shall be entitled to a refund of the Option Price paid under this Agreement.

11. Escrow of Signature Pages. Upon the execution of this Agreement, Pappas shall execute signature pages of such FCC forms as may be necessary to obtain FCC consent to the acquisition of the Station by Spartan. Such signature pages shall be held in escrow by counsel for Spartan.

12. Notices. All notices, requests, demands and other communications that are required or may be given pursuant to the terms of this Agreement shall be in writing and shall be deemed given when delivered by hand or sent by facsimile transmission or on the third day after mailing if mailed by certified mail, postage prepaid, return-receipt requested, as follows:

a. If to Pappas, to:

Pappas Telecasting Companies
500 South Chinowth Road
Visalia, California 93277
Facsimile: (209) 627-5363
Attention: Mr. Harry J. Pappas

with copies to:

Paul Hastings Janofsky & Walker
1299 Pennsylvania Avenue, N.W.
Washington, D.C. 20004
Facsimile: (202) 508-9700
Attention: John Griffith Johnson, Jr., Esq.

b. If to Spartan, to:

Spartan Communications, Inc.
250 International Drive
Post Office Box 1717
Spartanburg, S.C. 29304-1717
Facsimile: (803) 587-5425
Attention: Mr. Nick W. Evans, Jr.

Spartan Communications, Inc.
2859 Paces Ferry Road, N.W., Suite 2150
Atlanta, Georgia 30339
Facsimile: (770) 434-9998
Attention: Tom Watson Brown, Esq.

With a copy to:

Covington & Burling
1201 Pennsylvania Avenue, N.W.
Washington, D.C. 20004-7566
Facsimile: (202) 662-6291
Attention: Kurt A. Wimmer, Esq.

or to such other address as any party shall have designated by notice in writing to the other parties.

13. Severability. If any provision of this Agreement is held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remainder of this Agreement shall not be affected thereby, and the parties agree to use their best efforts to negotiate a replacement provision that is neither invalid, illegal nor unenforceable.

14. Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to its subject matter and supersedes all prior agreements and understandings of the parties, oral and written, with respect to its subject matter. This Agreement may be modified only by an agreement in writing executed by all of the parties hereto.

15. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and shall become effective when each of the parties hereto shall have delivered to it this Agreement duly executed by the other parties hereto.

16. Headings. The headings in this Agreement are for the sole purpose of convenience of reference and shall not in any way limit or affect the meaning or interpretation of any of the terms or provisions of this Agreement.

17. Governing Law. This Agreement shall be construed under and in accordance with the laws of the State of North Carolina, without giving effect to the principles of conflict of laws, but applying the Communications Act of 1934, as amended, in the event of a conflict between the laws of the State and the Communications Act of 1934, as amended.

18. Specific Performance. The parties recognize and acknowledge that in the event either of them shall fail to

perform its obligations under the terms of this Agreement, money damages alone will not be adequate to compensate the other. The parties, therefore, agree and acknowledge that in the event either of them fails to perform its obligations under this Agreement, the other party shall be entitled to injunctive relief and/or specific performance to prevent or cure such failure and to enforce specifically the terms and provisions hereof, this being in addition to monetary damages and any other rights and remedies on account of such failure.

19. Right of Offset. Each party is hereby granted the right to an increase or decrease, as the case may be, to the Exercise Price or First Refusal Price in the amount of any Losses that are indemnifiable by the opposing party pursuant to the indemnification provisions of this Agreement. Such right hereunder shall be in addition to, and not by way of limitation of, any other rights that either party may have hereunder or under any other agreement or instrument contemplated hereby.

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

PAPPAS TELECASTING OF THE CAROLINAS,
A CALIFORNIA LIMITED PARTNERSHIP

By: _____

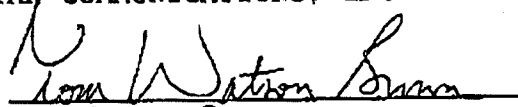
Harry J. Pappas
General Partner

By: _____

Harry J. Pappas, President,
Pappas Telecasting Companies,
A Nevada Corporation,
General Partner

SPARTAN COMMUNICATIONS, INC.

By: _____


Tom Watson Brown
Chairman

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A CALIFORNIA LIMITED PARTNERSHIP

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A Nevada Corporation,
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By: _____

Tom Watson Brown
Chairman