

ASSET PURCHASE AGREEMENT

AMONG

**FEDDORA, INC.
AND
WRGT LICENSEE, LLC**

as SELLERS,

AND

**SINCLAIR BROADCAST GROUP, INC.
SINCLAIR TELEVISION OF DAYTON, INC.
AND
WRGT LICENSEE, LLC**

as BUYERS

(dated July 3, 2002)

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is entered into on July 3, 2002 by and between Feddora, Inc., a Delaware corporation ("**Feddora**"), and WRGT Licensee, LLC, a Delaware limited liability company and direct subsidiary of Feddora ("**Delaware Licensee**") (each a "**Seller**" and collectively "**Sellers**"), and Sinclair Broadcast Group, Inc., a Maryland corporation ("**SBG**"), Sinclair Television of Dayton, Inc., a Delaware corporation and indirect subsidiary of SBG ("**Dayton**"), and WRGT Licensee, LLC, a Nevada limited liability company and direct subsidiary of Dayton ("**Nevada Licensee**") (each a "**Buyer**" and collectively, "**Buyers**").

RECITALS

WHEREAS, Sellers own and operate television broadcast station WRGT, Channel 45, Dayton, Ohio (the "**Station**") and own or lease certain assets used in connection with the Station, and Delaware Licensee is the licensee of the Station pursuant to certain authorizations issued by the FCC;

WHEREAS, the parties hereto desire to enter into this Agreement to provide for the sale, assignment and transfer by Sellers to Buyers of certain of the assets owned, leased or used by Sellers in connection with the business and operations of the Station.

AGREEMENTS

In consideration of the above recitals and of the mutual agreements and covenants contained in this Agreement, the parties to this Agreement, intending to be bound legally, agree as follows:

SECTION 1: CERTAIN DEFINITIONS

1.1. **Terms Defined in this Section.** The following terms, as used in this Agreement, have the meanings set forth in this Section:

"**Affiliate**" means, with respect to any Person, (a) any other Person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with such Person, or (b) an officer or director of such Person or of an Affiliate of such Person within the meaning of clause (a) of this definition. For purposes of clause (a) of this definition, (i) a Person shall be deemed to control another Person if such Person (A) has sufficient power to enable such Person to elect a majority of the board of directors of such Person, or (B) owns a majority of the beneficial interests in income and capital of such Person; and (ii) a Person shall be deemed to control any partnership of which such Person is a general partner.

"Assets" means the assets to be transferred or otherwise conveyed by Sellers to Buyers under this Agreement, as specified in Section 2.1.

"Assumed Contracts" means (a) all contracts set forth on Schedule 3.7, (b) Contracts entered into by Sellers between the date of this Agreement and the Closing Date that Buyers agree in writing to assume, and (c) other contracts entered into by Sellers between the date of this Agreement and the Closing Date in compliance with Section 5 of this Agreement or the TBA.

"Business Day" means any day other than a Saturday, a Sunday, or other day upon which banks in New York, New York generally are not open for business.

"Closing" means the consummation of the exchange and acquisition of the Assets pursuant to this Agreement on the Closing Date in accordance with the provisions of Section 8.1.

"Closing Date" means the date on which the Closing occurs, as determined pursuant to Section 8.1.

"Code" means the Internal Revenue Code of 1986, as amended.

"Communications Act" means the Communications Act of 1934, as amended.

"Consents" means the consents, permits, or approvals of government authorities and other third parties necessary to transfer the Assets to Buyers or otherwise to consummate the transactions contemplated by this Agreement.

"Contaminant" shall mean and include any pollutant, contaminant, hazardous material (as defined in any of the Environmental Laws), toxic substances (as defined in any of the Environmental Laws), asbestos or asbestos containing material, urea formaldehyde, polychlorinated biphenyls, regulated substances and wastes, radioactive materials, and petroleum or petroleum by-products, including crude oil or any fraction thereof, except the term "Contaminant" shall not include small quantities of maintenance, cleaning and emergency generator fuel supplies customary for the operation of television stations and maintained in compliance with all Environmental Laws in the ordinary course of business.

"Contracts" means all contracts, consulting agreements, leases, non-governmental licenses and other agreements (including leases for personal or real property and employment agreements), written or oral (including any amendments and other modifications thereto) to which either Seller is a party or that are binding upon either Seller, that relate to or affect the Assets or the business or operations of the Station, and that either (a) are in effect on the date of this Agreement, or (b) are entered into by Sellers between the date of this Agreement and the Closing Date.

"Effective Time" means 12:01 a.m., Eastern time, on the Closing Date.

"Environmental Laws" shall mean and include, but not be limited to, any applicable federal, state or local law, statute, charter, ordinance, rule or regulation or any governmental

agency interpretation, policy or guidance, including, without limitation, applicable safety/environmental/health laws, such as, but not limited to, the Resource Conservation and Recovery Act of 1976, Comprehensive Environmental Response Compensation and Liability Act, Federal Emergency Planning and Community Right-to-Know Law, the Clean Air Act, the Clean Water Act, and the Toxic Substance Control Act, as any of the foregoing have been amended, and any permit, order, directive, court ruling or order or consent decree applicable to or affecting the Property or any other property (real or personal) used by or relating to the Station in question promulgated or issued pursuant to any Environmental Laws which pertains to, governs, or controls the generation, storage, remediation or removal of Contaminants or otherwise regulates the protection of health and the environment, including, but not limited to, any of the following activities, whether on site or off site if such could materially affect the site: (i) the emission, discharge, release, spilling or dumping of any Contaminant into the air, surface water, ground water, soil or substrata; or (ii) the use, generation, processing, sale, recycling, treatment, handling, storage, disposal, transportation, labeling or any other management of any Contaminant.

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

“FCC” means the Federal Communications Commission.

“FCC Consent” means action by the FCC granting its consent to the assignment of the FCC Licenses by Sellers to Buyers as contemplated by this Agreement.

“FCC Licenses” means those licenses, permits and authorizations issued by the FCC to Sellers in connection with the business and operations of the Station.

“Final Order” shall mean the consent by the FCC to the application for FCC Consent filed by the parties hereto for FCC consent, approval or authorization, which action has not been reversed, stayed, enjoined, set aside, annulled or suspended, and with respect to which action, no protest, petition to deny, petition for rehearing or reconsideration, appeal or request for stay is pending, and as to which action the time for filing of any such protest, petition, appeal or request and any period during which the FCC may reconsider or review such action on its own authority has expired.

“Intangibles” means all call letters, 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 Sellers or under which Sellers are licensed or franchised and that are used in the business and operations of the Station, together with any additions thereto between the date of this Agreement and the Closing Date.

“Leased Real Property” means all real property and all buildings and other improvements thereon and appurtenant thereto leased or held by Sellers and used in the business or operation of the Station.

“Lenders” means those financial institutions providing financing to Cunningham Broadcasting Corporation (parent of Feddora and indirect parent of Delaware Licensee) and its subsidiaries pursuant to that certain Bank Credit Agreement dated as of March 20, 2002, as amended from time to time.

“Licenses” means all licenses, permits, construction permits and other authorizations issued by the FCC, the Federal Aviation Administration, or any other federal, state, or local governmental authorities to Sellers currently in effect and used 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.

“Loss” means, with respect to any Person, any and all costs, obligations, liabilities, demands, claims, settlement payments, awards, judgments, fines, penalties, damages, and reasonable out-of-pocket expenses, including court costs and reasonable attorneys’ fees, whether or not arising out of a third-party claim.

“Material Adverse Effect” means a material adverse effect on the business, assets or financial condition of the Station, except for any such material adverse effect resulting from (a) general economic conditions applicable to the television broadcast industry, or (b) general conditions in the market in which the Station operates.

“Permitted Encumbrances” means (a) encumbrances of a landlord, or other statutory lien not yet due and payable, or landlord’s liens arising in the ordinary course of business, (b) encumbrances arising in connection with equipment or maintenance financing or leasing under the terms of the Contracts set forth on the Schedules, which Contracts have been made available to Buyers, (c) encumbrances for Taxes not yet delinquent or which are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on Sellers’ books in accordance with generally accepted accounting principles, or (d) encumbrances that do not materially detract from the value of any of the Assets or materially interfere with the use thereof as currently used.

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

“Real Property” means all real property and all buildings and other improvements thereon and appurtenant thereto leased by Sellers used in the business or operations of the Station.

“Real Property Interests” means all interests in Leased Real Property, including fee estates, leaseholds and subleaseholds, purchase options, easements, licenses, rights to access, and rights of way, and all buildings and other improvements thereon and appurtenant thereto, owned or held by Sellers that are used in the business or operations of the Station, together with any additions, substitutions and replacements thereof and thereto between the date of this Agreement and the Closing Date.

“register,” “registered,” and “registration” refer to a registration effected by preparing

and filing a registration statement in compliance with the Securities Act.

“Registration Expenses” shall mean all expenses incurred in connection with SBG’s compliance with the provisions of Section 6.12, including, without limitation, all registration, qualification and filing fees, accounting fees, printing expenses, NASD fees, escrow fees, fees and disbursements of counsel for SBG, and counsel for the Sellers, blue sky fees and expenses, exchange or NASDAQ listing fees, and the expense of any special audits incident to or required by any such registration.

“Related Agreements” means the Plan and Agreement of Merger by and among Columbus (WTTE-TV), Inc., SBG, and Sinclair Acquisition XIV, Inc.; the Plan and Agreement of Merger by and among Baltimore (WNUV-TV), Inc., SBG, and Sinclair Acquisition XIII, Inc.; the Asset Purchase Agreement among Feddora, Inc. and WTAT Licensee, LLC, as Sellers, and SBG, Sinclair Television of Charleston, Inc., and WTAT Licensee, LLC; and the Asset Purchase Agreement among Feddora, Inc. and WVAH Licensee, LLC, as Sellers, and SBG, Sinclair Television of Nashville, Inc., and WVAH Licensee, LLC, as Buyers.

“SEC” means the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

“Securities Act” means the Securities Act of 1933, or any successor federal statute, and the rules and regulations of the SEC promulgated thereunder, in each case, as amended from time to time.

“Sellers’ Knowledge” means the actual knowledge, after due inquiry, of officers of Feddora.

“Tangible Personal Property” means all machinery, equipment, tools, vehicles, furniture, leasehold improvements, office equipment, plant, inventory, spare parts and other tangible personal property owned or held by Sellers that is used or useful in the conduct of the business or operations of the Station, together with any additions, substitutions and replacements thereof and thereto between the date of this Agreement and the Closing Date.

“Tax” means any federal, state, local, or foreign income, gross receipts, windfall profits, severance, property, production, sales, use, license, excise, franchise, capital, transfer, employment, withholding, or other tax or similar governmental assessment, together with any interest, additions, or penalties with respect thereto and any interest in respect of such additions or penalties.

“Tax Return” means any tax return, declaration of estimated tax, tax report or other tax statement, or any other similar filing required to be submitted to any governmental authority with respect to any Tax.

1.2. **Terms Defined Elsewhere in this Agreement.** For purposes of this Agreement, the following terms have the meanings set forth in the sections indicated:

<u>Term</u>	<u>Section</u>
Benefit Arrangement	Section 3.14 (a)(v)
Benefit Plans Section	Section 3.14(a)(ii)
Buyers	Preamble
Cap	Section 10.5
Claimant	Section 10.4
Dayton	Preamble
Delaware Licensee	Preamble
Employees	Section 3.14(a)
Estimated Purchase Price	Section 2.4(a)
Fair Market Value	Section 2.3
Fair Market Value of the Assets	Section 6.6
FCC Objection	Section 7.1(c)
Feddora	Preamble
Financial Statements	Section 3.10
Indemnifying Party	Section 10.4(a)
Multiemployer Plan	Section 3.14(a)(ii)
Nevada Licensee	Preamble
Pension Plan	Section 3.14(a)(iii)
Purchase Price	Section 2.3
SBG	Preamble
Sellers	Preamble
Station	Recitals
TBA	Section 5.14
Transferred Employees	Section 6.8
Welfare Plan	Section 3.14(a)(i)

SECTION 2: EXCHANGE AND TRANSFER OF ASSETS; ASSET VALUE

2.1. **Agreement to Exchange and Transfer.** Subject to the terms and conditions set forth in this Agreement with respect to the Station, Sellers hereby agree to transfer, convey, assign and deliver to Buyers on the Closing Date, and Buyers agree to acquire, all of Sellers' right, title and interest in the tangible and intangible assets used 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, but excluding the assets described in Section 2.2, free and clear of any claims, liabilities, security interests, mortgages, liens, pledges, charges, or encumbrances of any nature whatsoever (except for Permitted Encumbrances), including the following:

- (a) the Tangible Personal Property;
- (b) the Real Property Interests;
- (c) the Licenses;
- (d) the Assumed Contracts;
- (e) the Intangibles, including the goodwill of the Station, if any;
- (f) all of Sellers' proprietary information, technical information and data, machinery and equipment warranties, maps, computer discs and tapes, plans, diagrams, blueprints and schematics, including filings with the FCC, in each case, to the extent relating to the business and operation of the Station;
- (g) all choses in action of Sellers relating to the Station to the extent they relate to the period after the Effective Time; and
- (h) all books and records relating to the business or operations of the Station, including executed copies of the Assumed Contracts, and all records required by the FCC to be kept by the Station.

2.2. **Excluded Assets.** The Assets shall exclude the following:

- (a) Either Sellers' cash, cash equivalents and deposits, all interest payable in connection with any such items and rights in and to bank accounts, marketable and other securities and similar investments of either Seller;
- (b) any insurance policies, promissory notes not included in the Assumed Contracts, amounts due to either Seller from employees, bonds, letters of credit, certificates of deposit, or other similar items, and any cash surrender value in regard thereto; provided, that in the event either Seller is obligated to assign to Buyers the proceeds of any such insurance policy at the time a Closing occurs under Section 6.2, such proceeds shall be included in the Assets;
- (c) any pension, profit-sharing, or employee benefit plans, including all of Sellers' interest in any Welfare Plan, Pension Plan or Benefit Arrangement (each as defined in Section 3.14(a));
- (d) all Tangible Personal Property disposed of or consumed in the ordinary course of business as permitted by this Agreement;

(e) all Tax Returns and supporting materials, all original financial statements and supporting materials, all books and records that either Seller is required by law to retain, all of each Sellers' organizational documents, corporate books and records (including minute books and stock ledgers) and originals of account books of original entry, all records of either Seller relating to the sale of the Assets and all records and documents related to any assets excluded pursuant to this Section 2.2;

(f) any interest in and to any refunds of federal, state, or local franchise, income, or other taxes for periods (or portions thereof) ending on or prior to the Closing Date;

(g) all rights and claims of each Seller, whether mature, contingent or otherwise, against third parties relating to the Assets of the Station, whether in tort, contract or otherwise, other than rights and claims against third parties relating to the Assets which have as their basis loss, damage or impairment of or to any of the Assets and which loss, damage or impairment has not been restored or repaired prior to the Closing in which any of the Assets which has been so damaged or impaired is being acquired by Buyers (or in the case of a lost asset, that would have been acquired but for such loss);

(h) any Contracts which are not Assumed Contracts;

(i) all of either Sellers' deposits and prepaid expenses; provided, any deposits and prepaid expenses shall be included in the Assets to the extent that Sellers receive a credit therefor in the proration of the Purchase Price pursuant to Section 2.3(b);

(j) all rights of each Seller under or pursuant to this Agreement (or any other agreements contemplated hereby).

2.3. Purchase Price. The Purchase Price of the Assets shall be Fourteen Million Six Hundred Fifty Four Thousand Five Hundred Twenty Eight Dollars (\$14,654,528.00) (the "**Purchase Price**"). The Purchase Price shall be increased or decreased as provided by Sections 2.3(a) and (b) below. The Purchase Price may be paid by Buyers, at their sole election, (i) one hundred percent (100%) in immediately available funds; (ii) in a combination of immediately available funds and Class A Common Voting Stock of SBG (the "**Shares**"); or (iii) one hundred percent (100%) in the Shares. The number of Shares to be issued hereunder shall be determined by the fair market value of one (1) Share of Class A Common Voting Stock ("Class A Stock") of SBG; and for purposes of this Agreement, "**fair market value**" shall mean the average of the closing prices of the Class A Stock as reported on the NASDAQ National Market for the five (5) Business Days immediately prior to the Closing Date. The Buyers shall notify the Sellers not later than two (2) Business Days prior to the Closing of the manner of payment elected by Buyers pursuant to this Section 2.3.

(a) **Increase to Purchase Price.** Beginning on July 1, 2002 and on each July 1st thereafter, the Purchase Price shall be increased by ten percent (10%), which increase shall be paid as provided above.

(b) **Prorations.** The Purchase Price shall be increased or decreased as required to

effectuate the proration of revenues and expenses as set forth below. All revenues and all expenses arising from the operation of the Station, including tower rental, business and license fees, utility charges, real property and personal property, and other similar Taxes and assessments levied against or with respect to the Assets, property and equipment rentals, applicable copyright or other fees, sales and service charges and, subject to the provisions of Section 6.8, employee compensation, including wages (including bonuses which constitute wages), salaries, and related Taxes shall be prorated between Buyers and Sellers in accordance with the principle that Sellers shall receive all revenues and shall be responsible for all expenses, costs, and liabilities allocable to the operations of the Station for the period prior to the Effective Time, and Buyers shall receive all revenues and shall be responsible for all expenses, costs, and obligations allocable to the operations of the Station for the period after the Effective Time subject to the following:

(i) 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 Buyers in accordance with Section 2.2. An adjustment and proration shall be made in favor of Buyers to the extent that Buyers assume any liability under any Assumed Contract to refund (or to credit against payments otherwise due) any security deposit or similar prepayment paid to Sellers by any lessee or other third party. An adjustment and proration shall be made in favor of Sellers to the extent Buyers receive the right to receive a refund (or to a credit against payments otherwise due) under any Assumed Contract to any security deposit or similar prepayment paid by or on behalf of Sellers.

(ii) An adjustment and proration shall be made in favor of Sellers for the amount, if any, of prepaid expense, the benefit of which accrues to Buyers hereunder, and other current assets acquired by Buyers hereunder which are paid by Sellers to the extent such prepaid expenses and other current assets relate to the period after the Effective Time.

(c) **Manner of Determining Adjustments.** The Purchase Price, taking into account the adjustments and prorations pursuant to Sections 2.3(a) and (b), will be determined in accordance with the following procedures:

(i) Sellers shall prepare and deliver to Buyers 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 adjustments to the Purchase Price under Section 2.3(b) with respect to the Station. The preliminary settlement statement shall (A) contain all information reasonably necessary to determine the adjustments to the Purchase Price under Section 2.3(b) as to the Station, to the extent such adjustments can be determined or estimated as of the date of the preliminary settlement statement, and such other information as may be reasonably requested by Buyers, and (B) be certified by Sellers to be true and complete to Sellers' Knowledge as of the date thereof.

(ii) Not later than forty five (45) calendar days after the Closing Date, Buyers will deliver to Sellers a statement setting forth Buyers' determination of the Purchase Price and the calculation thereof pursuant to Section 2.3(b) as to the Station. Buyers' statement (A) shall contain all information reasonably necessary to determine the adjustments to the Purchase Price

under Section 2.3(b) and such other information as may be reasonably requested by Sellers, and (B) shall be certified by Buyers to be true and complete to Buyers' knowledge as of the date thereof. If Sellers dispute the amount of such Purchase Price determined by Buyers, they shall deliver to Buyers within thirty (30) calendar days after receipt of Buyers' statement a statement setting forth their determination of the amount of such Purchase Price. If Sellers notify Buyers of its acceptance of Buyers' statement, or if Sellers fail to deliver their statement within the thirty (30) calendar day period specified in the preceding sentence, Buyers' determination of the Purchase Price shall be conclusive and binding on the parties as of the last day of the thirty (30) calendar day period.

(iii) Buyers and Sellers shall use good faith efforts to resolve any dispute involving the determination of the Purchase Price paid by Buyers at the Closing. If the parties are unable to resolve the dispute within forty five (45) calendar days following the delivery of all of Buyers' statements to be provided pursuant to Section 2.3(c)(ii) after the Closing, Buyers and Sellers shall jointly designate an independent certified public accounting firm of national standing which has not regularly provided services to either the Buyers or Sellers in the last three (3) years, who shall be knowledgeable and experienced in the operation of television broadcasting stations, to resolve the dispute. If the parties are unable to agree on the designation of an independent certified public accounting firm, the selection of the accounting firm to resolve the dispute shall be submitted to arbitration to be held in Baltimore, Maryland, in accordance with the commercial arbitration rules of the American Arbitration Association. The accounting firm's resolution of the dispute shall be final and binding on the parties, and a judgment may be entered thereon in any court of competent jurisdiction. Any fees of this accounting firm, and, if necessary, for arbitration to select such accountant, shall be divided equally between the parties.

2.4. Payment of Purchase Price.

(a) The Purchase Price, as adjusted pursuant to Sections 2.3(a) and (b) (the "**Estimated Purchase Price**") shall be paid by Buyers to Sellers at the Closing.

(b) All Shares delivered to Sellers in payment of the Purchase Price (i) shall be duly authorized and shall be validly issued and outstanding, fully paid, and nonassessable, with no personal liability attaching to the ownership thereof, and (ii) shall be freely transferable without restriction under the Securities Act.

(c) The portion of the Purchase Price paid in immediately available funds shall be paid by wire transfer to such bank accounts as Sellers may designate prior to the Closing Date.

2.5. Assumption of Liabilities and Obligations. As of the Closing Date, Buyers shall assume and undertake to pay, discharge, and perform all obligations and liabilities of Sellers under the Licenses, the Assumed Contracts, or as otherwise specifically provided for herein to the extent that either (i) the obligations and liabilities relate to the time after the Effective Time or (ii) the Purchase Price was reduced pursuant to Section 2.3(b) as a result of the proration of such obligations and liabilities. Buyers shall not assume any other obligations or liabilities of Sellers, including (A) any obligations or liabilities under any Contract not included in the Assumed Contracts; (B) any obligations or liabilities under the Assumed Contracts relating to the

period prior to the Effective Time, except insofar as an adjustment therefor is made in favor of Buyers under Section 2.3(b); (C) any claims or pending litigation or proceedings relating to the operation of the Station prior to the Closing; or (D) any obligations or liabilities of Sellers under any employee pension, retirement, or other benefit plans.

SECTION 3: REPRESENTATIONS AND WARRANTIES OF SELLERS

Each Seller (severally, but not jointly) represents and warrants (as applicable) to Buyers as of the date hereof and as of the Closing Date (except for representations and warranties that speak as of a specific date or time, in which case, such representations and warranties shall be true and complete as of such date or time) as follows:

3.1. **Organization and Authority of Sellers.** Feddora is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Feddora has the requisite corporate power and authority to own, lease and operate its properties, to carry on its business where such properties are now owned, leased, or operated and such business is now conducted, and to execute, deliver and perform this Agreement and the documents contemplated hereby according to their respective terms. Delaware Licensee is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. Delaware Licensee has the requisite corporate power and authority to own, lease and operate its properties, to carry on its business where such properties are now owned, leased or operated and such business is now conducted, and to execute, deliver and perform this Agreement and the documents contemplated hereby according to their respective terms.

3.2. **Authorization and Binding Obligation.** The execution, delivery and performance of this Agreement by each of Feddora and Delaware Licensee has been duly authorized by all necessary corporate or other required action on the part of each such Seller. This Agreement has been duly executed and delivered by each of Feddora and Delaware Licensee and constitutes its legal, valid and binding obligation, enforceable against each of them in accordance with its terms except as the enforceability of this 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; Consents.** Subject to obtaining the FCC Consent and the Consent of the Lenders, the execution, delivery and performance by each Seller of this Agreement and the documents contemplated hereby (with or without the giving of notice, the lapse of time, or both): (a) do not require the consent of any third party; (b) will not conflict with any provision of the Articles of Incorporation, Bylaws, Articles of Organization (as applicable), or other organizational documents of each Seller; (c) will not conflict with, result in a material breach of, or constitute a material default under any applicable law, judgment, order, ordinance, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality; (d) will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of, any material agreement, instrument, license, or permit to which each Seller is a party or by which each Seller may be bound legally; and (e) will not create any claim, liability, mortgage, lien, pledge, condition, charge, or encumbrance of any nature whatsoever upon any of the Assets.

Except for the FCC Consent provided for in Section 6.1 and the Consent of the Lenders provided for in Section 6.11, 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 (a) to consummate this Agreement and the transactions contemplated hereby, or (b) to permit Sellers to transfer and convey the Assets to Buyers.

3.4. **Governmental Licenses.** Schedule 3.4 includes a true and complete list of the FCC Licenses. Sellers have made available to Buyers true and complete copies of the main Licenses (including any amendments and other modifications thereto). The Licenses have been validly issued, and Delaware Licensee is the authorized legal holder of the Licenses and those FCC Licenses listed on Schedule 3.4. The Licenses and the FCC Licenses listed on Schedule 3.4 comprise all of the material licenses, permits, and other authorizations required from any governmental or regulatory authority for the lawful conduct in all material respects of the business and operations of the Station in the manner and to the full extent they are now conducted, and, except as otherwise disclosed on Schedule 3.4, none of the Licenses are subject to any unusual or special restriction or condition that could reasonably be expected to limit materially the full operation of the Station as now operated. The FCC Licenses are in full force and effect, are valid for the balance of the current license term applicable generally to television stations licensed to the same community as the Station, are unimpaired by any acts or omissions of Sellers or any of its Affiliates, or the employees, agents, officers, directors, or shareholders of Sellers or any of their Affiliates, and are free and clear of any restrictions which might limit the full operation of the Station in the manner and to the full extent as it is now operated (other than restrictions under the terms of the licenses themselves or applicable to the television broadcast industry generally). Except as listed on Schedule 3.4 hereto, there are no applications, proceedings or complaints pending or, to Sellers' Knowledge, threatened which may have an adverse effect on the business or operation of the Station (other than rulemaking proceedings that apply to the television broadcasting industry generally). Except as disclosed on Schedule 3.4 hereto, Sellers are not aware of any reason why any of the FCC Licenses might not be renewed in the ordinary course for a full term without material qualifications or of any reason why any of the FCC Licenses might be revoked. No renewal of any FCC License would constitute a major environmental action under the rules of the FCC. Except as set forth on Schedule 3.4, to Sellers' Knowledge, there are no facts relating to Sellers which, under the Communications Act, as amended, or the existing rules of the FCC, would (a) disqualify Sellers from assigning any of its FCC Licenses to Buyers, (b) cause the filing of any objection to the assignment of the FCC Licenses to Buyers, (c) lead to a delay in the processing by the FCC of the applications of the FCC Licenses to Buyers, or (d) disqualify Sellers from consummating the transactions contemplated herein within the times contemplated herein. An appropriate public inspection file for the Station is maintained at the Station's studio in accordance with FCC rules.

3.5. **Real Property.** Access to the Station's transmission facilities are restricted in accordance with the policies of the FCC. Schedule 3.5 contains a complete description of all Real Property Interests (including street address, owner, and Sellers' use thereof). The Real Property Interests listed on Schedule 3.5 comprise all interests in real property necessary to conduct the business and operations of the Station as now conducted. To Sellers' Knowledge, each leasehold or subleasehold interest included on Schedule 3.5 is legal, valid, binding, enforceable and in full force and effect. Neither the Sellers nor, to Sellers' Knowledge, any other party thereto is in

material default, violation or breach under any lease or sublease and no event has occurred and is continuing that constitutes (with notice or passage of time or both) a material default, violation or breach thereunder. Sellers have not received any notice of a default, offset or counterclaim under any lease or sublease with respect to any of the Real Property Interests. As of the date hereof and as of the Closing Date, Sellers enjoy peaceful and undisturbed possession of the Leased Real Property; and so long as Sellers fulfill their obligations under the lease therefor, Sellers have enforceable rights to nondisturbance and quiet enjoyment against its lessor or sublessor; and, to Sellers' Knowledge, except as set forth in Schedule 3.5, no third party holds any interest in the leased premises with the right to foreclose upon Sellers' leasehold or subleasehold interest. Sellers have legal and practical access to all of the Leased Real Property. Except as otherwise disclosed in Schedule 3.5, to Sellers' Knowledge, all towers, guy anchors, ground radials, and buildings and other improvements included in the Assets are located entirely on the Leased Real Property listed in Schedule 3.5. All Real Property Interests (including the improvements thereon) (a) are in good condition and repair consistent with its current use, (b) are available for immediate use in the conduct of the business and operations of the Station, and (c) comply in all material respects with all applicable material building or zoning codes and the regulations of any governmental authority having jurisdiction, except to the extent that the current use by Sellers, while permitted, constitutes or would constitute a "nonconforming use" under current zoning or land use regulations. No eminent domain or condemnation proceedings are pending or, to Sellers' Knowledge, threatened with respect to any Real Property Interests.

3.6. **Tangible Personal Property.** Schedule 3.6 lists the Tangible Personal Property comprising all material items of tangible personal property necessary to conduct the business and operations of the Station as now conducted. Except as described in Schedule 3.6, Sellers own and have good title to each item of Tangible Personal Property and none of the Tangible Personal Property owned by Sellers is subject to any security interest, mortgage, pledge, conditional sales agreement, or other lien or encumbrance, except for Permitted Encumbrances. With allowance for normal repairs, maintenance, wear and obsolescence, each material item of Tangible Personal Property is in good operating condition and repair and is available for immediate use in the business and operations of the Station. Except as set forth in Schedule 3.6, all material items of transmitting and studio equipment included in the Tangible Personal Property (a) have been maintained in a manner consistent with generally accepted standards of good engineering practice, and (b) will permit the Station and any auxiliaries thereto to operate in accordance with the terms of the FCC Licenses and the rules and regulations of the FCC and in all material respects with all other applicable federal, state and local statutes, ordinances, rules and regulations.

3.7. **Contracts.** Schedule 3.7 is a true and complete list of all Contracts relating to the Station. Sellers have delivered or made available to Buyers true and complete copies of all written Assumed Contracts, and true and complete descriptions of all oral Assumed Contracts (including any amendments and other modifications to such Contracts). Other than the Contracts listed on Schedule 3.5 and Schedule 3.7, Sellers require no material contract, lease, or other agreement to enable it to carry on its business in all material respects as now conducted. All of the Contracts are in full force and effect and are valid, binding and enforceable in accordance with their terms except as the enforceability of such Contracts may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the

enforcement of equitable remedies. Neither Sellers nor, to Sellers' Knowledge, any other party thereto is in default, violation or breach in any material respect under any Contract and no event has occurred and is continuing that constitutes (with notice or passage of time or both) a default, violation, or breach in any material respect thereunder. Except as disclosed on Schedule 3.7, other than in the ordinary course of business, to Sellers' Knowledge, no party to any Contract has any intention (a) to terminate such Contract or amend the terms thereof, (b) to refuse to renew the Contract upon expiration of its term, or (c) to renew the Contract upon expiration only on terms and conditions that are more onerous than those now existing. Except for the need to obtain the Consents listed on Schedule 3.5 and Schedule 3.7, the exchange and transfer of the Assets in accordance with this Agreement will not affect the validity, enforceability, or continuation of any of the Contracts.

3.8. **Intangibles.** Schedule 3.8 is a true and complete list of all Intangibles (exclusive of Licenses listed in Schedule 3.4) that are required to conduct the business and operations of the Station as now conducted, all of which are valid and in good standing and uncontested. Sellers have provided or made available to Buyers copies of all documents establishing or evidencing the Intangibles listed on Schedule 3.8. Sellers own or have a valid license to use all of the Intangibles listed on Schedule 3.8. Other than with respect to matters generally affecting the television broadcasting industry and not particular to Sellers and except as set forth on Schedule 3.8, Sellers have not received any notice or demand alleging that Sellers are 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, and there is no claim or action pending or, to Sellers' Knowledge, threatened with respect thereto. To Sellers' Knowledge, except as set forth on Schedule 3.8, no other Person is infringing upon Sellers' rights or ownership interest in the Intangibles.

3.9. **Title to Properties.** Sellers have, as applicable, good and marketable title to the Assets and, except as disclosed in Schedule 3.9, the Assets are not subject to mortgages, pledges, liens, security interests, encumbrances, or other charges or rights of others of any kind or nature except for Permitted Encumbrances.

3.10. **Financial Statements.** Sellers have delivered to Buyers the unaudited balance sheet with respect to the Station as of March 31, 2002 and the related statement of income and retained earnings for the period beginning March 20, 2002 and ending March 31, 2002 (the "**Financial Statements**"). The Financial Statements (including, in all cases, the notes thereto, if any) (i) are accurate and complete in all material respects, (ii) are consistent in all material respects with the books and records of Sellers, and (iii) fairly presents in all material respects the financial condition and results of operations of the Station, consistently applied, as of the dates and for the periods set forth therein.

3.11. **Taxes.** Except as set forth in Schedule 3.11, each Seller has filed or caused to be filed all Tax Returns that are required to be filed with respect to its ownership and operation of the Station, and have paid or caused to be paid all Taxes shown on those returns or on any Tax assessment received by it to the extent that such Taxes have become due, or have set aside on its books adequate reserves (segregated to the extent required by generally accepted accounting principles) with respect thereto. There are no legal, administrative, or other Tax proceedings

presently pending, and there are no grounds existing pursuant to which either Seller is or could be made liable for any Taxes, the liability for which could extend to Buyers as assignees of the business of the Station.

3.12. **Insurance.** Schedule 3.12 is a true and complete list of all insurance policies of or covering the Assets or relating to the operation of the Station. All policies of insurance listed in Schedule 3.12 are in full force and effect as of the date hereof. During the past three (3) years, no insurance policy of either Seller or the Station has been canceled by the insurer and, except as set forth on Schedule 3.12, no application of either Seller for insurance has been rejected by any insurer.

3.13. **Reports.** All material returns, reports and statements that the Station is currently required to file with the FCC or Federal Aviation Administration have been filed, and all reporting requirements of the FCC and Federal Aviation Administration have been complied with in all material respects. To Seller's Knowledge, all of such returns, reports and statements, as filed, satisfy all applicable legal requirements in all material respects.

3.14. **Personnel and Employee Benefits.**

(a) **Employees and Compensation.** Schedule 3.14 contains a true and complete list of all employees of Sellers employed at the Station as of May 31, 2002. Schedule 3.14 also contains a true and complete list of all employee benefit plans or arrangements covering the employees employed at the Station (the "**Employees**"), including, with respect to the Employees any:

(i) "Employee welfare benefit plan," as defined in Section 3(1) of ERISA, that is maintained or administered by Sellers or to which Sellers contribute or are required to contribute (a "**Welfare Plan**");

(ii) "Multiemployer pension plan," as defined in Section 3(37) of ERISA, that is maintained or administered by Sellers or to which Sellers contribute or are required to contribute (a "**Multiemployer Plan**" and, together with the Welfare Plans, the "**Benefit Plans**");

(iii) "Employee pension benefit plan," as defined in Section 3(2) of ERISA (other than a Multiemployer Plan), to which Sellers contribute or are required to contribute (a "**Pension Plan**");

(iv) Employee plan that is maintained in connection with any trust described in Section 501(c)(9) of the Internal Revenue Code of 1986, as amended; and

(v) Employment, severance, or other similar contract, arrangement, or policy and each plan or arrangement (written or oral) providing for insurance coverage (including any self-insured arrangements), workers' compensation, disability benefits, supplemental unemployment benefits, vacation benefits, or retirement benefits or arrangement for deferred compensation, profit-sharing, bonuses, stock options, stock appreciation rights, stock purchases, or other forms of incentive compensation or post-retirement insurance, compensation, or benefits

that (A) is not a Welfare Plan, Pension Plan, or Multiemployer Plan, and (B) is entered into, maintained, contributed to, or required to be contributed to by Sellers or under which Sellers have any liability relating to Employees, (collectively, “**Benefit Arrangements**”).

(b) **Pension Plans.** Sellers do not sponsor, maintain, or contribute to any Pension Plan other than the Legg Mason Wood Walker, Inc. Savings Incentive Match Plan for Employees. Each Pension Plan complies currently and has been maintained in substantial compliance with its terms and, both as to form and in operation, with all material requirements prescribed by any and all material statutes, orders, rules and regulations that are applicable to such plans, including ERISA and the Code.

(c) **Welfare Plans.** Each Welfare Plan complies currently and has been maintained in substantial compliance with its terms and, both as to form and in operation, with all material requirements prescribed by any and all material statutes, orders, rules and regulations that are applicable to such plans, including ERISA and the Code. Sellers do not sponsor, maintain, or contribute to any Welfare Plan that provides health or death benefits to former employees of the Station other than as required by Section 4980B of the Code or other applicable laws.

(d) **Benefit Arrangements.** Each Benefit Arrangement has been maintained in substantial compliance with its terms and with the material requirements prescribed by all statutes, orders, rules and regulations that are applicable to such Benefit Arrangement. Except for those employment agreements listed on Schedule 3.7, Sellers have no written contract prohibiting the termination of any Employee.

(e) **Multiemployer Plans.** Except as disclosed in Schedule 3.14, Sellers have not at any time been a participant in any Multiemployer Plan.

(f) **Delivery of Copies of Relevant Documents and Other Information.** Sellers have delivered or made available to Buyers true and complete copies of each of the following documents:

(i) each Welfare Plan and Pension Plan (and, if applicable, related trust agreements) and all amendments thereto, and written descriptions thereof that have been distributed to Employees, all annuity contracts or other funding instruments; and

(ii) each Benefit Arrangement and written descriptions thereof that have been distributed to Employees and complete descriptions of any Benefit Arrangement that is not in writing.

(g) **Labor Relations.** Except as set forth in Schedule 3.14(g), neither Seller is a party to or subject to any collective bargaining agreement or written or oral employment agreement with any Employee. With respect to the Employees, Sellers have complied in all material respects 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, and has not received any notice alleging that either Seller has failed to comply materially with any such laws, rules, or

regulations. Except as set forth on Schedule 3.14(g), no proceedings are pending or, to Sellers' Knowledge, threatened between either Seller and any Employee (individually or collectively) that relate to the Station. Except as set forth on Schedule 3.14(g), no labor union or other collective bargaining unit represents or claims to represent any of the Employees. Except as set forth in Schedule 3.14, to Sellers' Knowledge, there is no union campaign being conducted to solicit cards from any Employees to authorize a union to represent any of the employees of either Seller or to request a National Labor Relations Board certification election with respect to any Employees.

3.15. **Claims and Legal Actions.** Except as disclosed on Schedule 3.15 and except for any FCC rulemaking proceedings generally affecting the television broadcasting industry and not particular to Sellers, there is no claim, legal action, counterclaim, suit, arbitration, or other legal, administrative, or tax proceeding, nor any order, decree, or judgment, in progress or pending or, to Sellers' Knowledge, threatened against or relating to the Assets or the business or operations of the Station, nor do Sellers know of any basis for the same.

3.16. **Environmental Compliance.**

(a) Sellers do not own any real property. Except as disclosed on Schedule 3.16, (i) none of the Tangible Personal Property and, to Sellers' Knowledge, none of the Leased Real Property contains (x) any asbestos, polychlorinated biphenyls or any PCB contaminated oil; (y) any Contaminants; or (z) any underground storage tanks; (ii) no underground storage tank disclosed on Schedule 3.16 has leaked and has not been remediated or leaks and such tank is in substantial compliance with all applicable Environmental Laws; and (iii) to Sellers' Knowledge, all of the Leased Real Property is in substantial compliance with all applicable Environmental Laws.

(b) To Sellers' Knowledge, Sellers have obtained all material permits, licenses and other authorizations that are required under all Environmental Laws.

3.17. **Compliance with Laws.** Except as set forth in Schedule 3.17, Sellers have complied in all material respects with the Licenses and all material federal, state and local laws, rules, regulations and ordinances applicable or relating to the ownership and operation of the Assets and Station, and Sellers have not received any notice of any material violation of federal, state and local laws, regulations and ordinances applicable or relating to the ownership or operation of the Assets and the Station nor, to either of Sellers' Knowledge, has either Seller received any notice of any immaterial violation of federal, state and local laws, regulations, and ordinances applicable or relating to the ownership or operation of the Assets or the Station.

3.18. **Conduct of Business in Ordinary Course.** Since March 20, 2002 and through the date hereof, Sellers have conducted its business and operations in the ordinary course and, except as disclosed in Schedule 3.18, has not:

(a) made any material increase in compensation payable or to become payable to any of its employees other than those in the normal and usual course of business or in connection with any change in an employee's responsibilities, or any bonus payment made or promised to

any of its Employees, or any material change in personnel policies, employee benefits, or other compensation arrangements affecting its employees;

(b) made any sale, assignment, lease, or other transfer of assets other than in the normal and usual course of business with suitable replacements being obtained therefor;

(c) canceled any debts owed to or claims held by either Seller, except in the normal and usual course of business;

(d) made any changes in either Sellers' accounting practices; or

(e) transferred or granted any right under, or entered into any settlement regarding the breach or infringement of, any license, patent, copyright, trademark, trade name, franchise, or similar right, or modified any existing right.

3.19. **Transactions with Affiliates.** Except as disclosed in Schedule 3.19, neither Seller has been involved in any business arrangement or relationship with any Affiliate of either Seller, and no Affiliate of either Seller owns any property or right, tangible or intangible, that is material to the operations of the business of the Station.

3.20. **Broker.** Neither Buyer nor any person or entity acting on its behalf has incurred any liability for any finders' or brokers' fees or commissions in connection with the transactions contemplated by this Agreement.

3.21. **Insolvency Proceedings.** Neither Seller, nor any of the Assets, are the subject of any pending or threatened insolvency proceedings of any character, including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary. Neither Seller has made an assignment for the benefit of creditors or taken any action in contemplation of or which would constitute a valid basis for the institution of any such insolvency proceedings. Neither Seller is insolvent nor will it become insolvent as a result of entering into or performing this Agreement.

SECTION 4: REPRESENTATIONS AND WARRANTIES OF BUYERS

Each Buyer represents and warrants to Sellers as of the date hereof and as of the Closing Date (except for representations and warranties that speak as of a specific date or time, in which case, such representations and warranties shall be true and complete as of such date and time) as follows:

4.1. **Organization, Standing and Authority.** SBG is a corporation duly organized, validly existing, and in good standing under the laws of the State of Maryland and has the requisite corporate power and authority to execute, deliver, and perform this Agreement and the documents contemplated hereby according to their respective terms. Dayton 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 Agreement and the documents contemplated hereby according to their respective terms and to

own the Assets. Prior to the Closing Date, to the extent required by law, Dayton and Nevada Licensee will be qualified to do business in the State of Ohio. Nevada Licensee is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Nevada and has the requisite power and authority to execute, deliver and perform this Agreement and the documents contemplated hereby according to their respective terms and to own the Assets.

4.2. **Authorization and Binding Obligation.** The execution, delivery and performance of this Agreement by each Buyer has been duly authorized by all necessary action on the part of each Buyer. This Agreement has been duly executed and delivered by each Buyer and constitutes a legal, valid and binding obligation of each Buyer, enforceable against each Buyer in accordance with its terms except as the enforceability of this 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 and Required Consents.** Subject to the receipt of the FCC Consent, the execution, delivery and performance by each Buyer of this Agreement and the documents contemplated hereby (with or without the giving of notice, the lapse of time, or both): (a) do not require the consent of any third party; (b) will not conflict with the Articles of Incorporation or Bylaws of SBG or Dayton or the Articles of Organization of Nevada Licensee; (c) will not conflict with, result in a breach of, or constitute a default under, any applicable law, judgment, order, ordinance, injunction, decree, rule, regulation, or ruling of any court or governmental instrumentality; and (d) will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of, any agreement, instrument, license or permit to which either Buyer is a party or by which either Buyer may be bound. Except for the FCC Consent provided for in Section 6.1, 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 (a) to consummate this Agreement and the transactions contemplated hereby, or (b) to permit Buyers to acquire the Assets from Sellers or to assume certain liabilities and obligations of Sellers in accordance with Section 2.5.

4.4. **Brokers.** No Buyer nor any person or entity acting on its behalf has incurred any liability for any finders' or brokers' fees or commissions in connection with the transactions contemplated by this Agreement.

4.5. **Availability of Funds.** Buyers will have available on the Closing Date sufficient funds to enable it to consummate the transactions contemplated hereby.

4.6. **Buyers Qualifications.** Buyers are (and pending Closing will remain) legally, financially, and otherwise qualified to be the licensee of, acquire, own, and operate the Station under the Communications Act, and the rules, regulations, and policies of the FCC. Except as disclosed on Schedule 4.6, Buyers know of no fact that would, under existing law and the existing rules, regulations, policies, and procedures of the FCC (a) disqualify Buyers as an assignee of the FCC Licenses or as the owner and operator of the Station, or (b) cause the FCC to fail to approve in a timely fashion the application for the FCC Consent. Except as disclosed on

Schedule 4.4, no waiver of any FCC rule or policy is necessary to be obtained for the grant of the applications for the assignment of the FCC Licenses to Buyers.

SECTION 5: OPERATION OF THE STATION PRIOR TO CLOSING

Each Seller, to the extent applicable, covenants and agrees that between the date hereof and the Closing Date, Sellers will operate the Station in the ordinary course in accordance with Sellers' past practices (except where such conduct would conflict with the following covenants or with other obligations of Sellers under this Agreement or the TBA); and except as contemplated by this Agreement or with the prior written consent of Buyers (such consent not to be unreasonably withheld), Sellers will act in accordance with the following insofar as such actions relate to the Station:

5.1. **Contracts.** Sellers will not renew, extend, amend or terminate, or waive any material right under, any Contract, or enter into any contract or commitment or incur any obligation (including obligations relating to the borrowing of money or the guaranteeing of indebtedness and obligations arising from the amendment of any existing Contract) that will be assumed by or be otherwise binding on Buyers after Closing, except for (a) the renewal or extension of any existing Contract on its existing terms in the ordinary course of business, and (b) other contracts entered into in the ordinary course of business consistent with Sellers' past practices that do not involve consideration in excess, in the aggregate, of Twenty Five Thousand Dollars (\$25,000.00), except for contracts that are for repairs and/or maintenance identified by Sellers as required to maintain the Station's broadcast signal at current levels or repairs, provided that Sellers shall notify Buyers of the scope and cost of such repairs prior to commencing such repairs. Prior to the Closing Date, Sellers shall deliver to Buyers a list of all Contracts entered into between the date of this Agreement and the Closing Date and shall make available to Buyers copies of such Contracts.

5.2. **Compensation.** Sellers shall not materially increase the compensation, bonuses, or other benefits payable or to be payable to any person employed in connection with the conduct of the business or operations of the Station, except in accordance with past practices, as required by an employment agreement or consulting agreement or in connection and commensurate with the change in responsibility of any employee.

5.3. **Encumbrances.** Sellers will not create, assume, or permit to exist any mortgage, pledge, lien, or other charge or encumbrance affecting any of the Assets, except for (a) liens disclosed in Schedule 5.3, (b) liens that will be removed prior to the Closing Date, and (c) Permitted Encumbrances.

5.4. **Dispositions.** Sellers will not sell, assign, lease, dividend, or otherwise transfer or dispose of any of the Assets except (a) Assets that are no longer used in the operations of the Station, and (b) Assets that are replaced with Assets of equivalent kind and value that are acquired after the date of this Agreement.

5.5. **Access to Information.** Upon three (3) days' prior written notice by Buyers to Sellers, Sellers will give to Buyers and their investment advisors, lenders, counsel, accountants,

engineers and other authorized representatives reasonable access to the Station and all books, records and documents of Sellers which are material to the business and operation of the Station, and will furnish or cause to be furnished to Buyers and their authorized representatives all information relating to Sellers and the Station that they reasonably request (including any financial reports and operations reports produced with respect to the Station).

5.6. **Insurance.** Sellers or their Affiliates shall maintain in full force and effect policies of insurance of the same type, character and coverage as the policies currently carried with respect to the business, operations and assets of the Station.

5.7. **Licenses.** Sellers shall not cause or permit, by any act or failure to act, any of the Licenses listed on Schedule 3.4 to expire or to be revoked, suspended or modified, 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 material adverse modification of any of the Licenses. Sellers shall prosecute with due diligence any applications to any governmental authority necessary for the operation of the Station.

5.8. **Obligations.** Sellers shall pay all of their obligations insofar as they relate to the Station as they become due consistent with past practices.

5.9. **No Inconsistent Action.** Sellers shall not take any action that is inconsistent with its obligations under this Agreement in any material respect or that could reasonably be expected to hinder or delay the consummation of the transactions contemplated by this Agreement. Neither Sellers, nor any of their respective representatives or agents, shall, directly or indirectly, solicit, initiate, or participate in any way in discussions or negotiations with, or provide any confidential information to, any Person (other than Buyers or any Affiliate or associate of Buyers and their respective representatives and agents) concerning any possible disposition of the Station, the sale of any Assets, the sale or disposition of any stock or other security of Sellers whether or not issued and outstanding on the date hereof, or any similar transaction.

5.10. **Maintenance of Assets.** Sellers shall maintain all of the Assets in good condition (ordinary wear, tear and casualty excepted) consistent with their overall condition on the date of this Agreement, and use, operate and maintain all of the Assets in a reasonable manner. Sellers shall maintain inventories of spare parts and expendable supplies at levels consistent with past practices. If any insured or indemnified loss, damage, impairment, confiscation, or condemnation of or to any of the Assets occurs, Sellers shall repair, replace, or restore the Assets to their prior condition as represented in this Agreement as soon thereafter as possible, and Sellers shall use the proceeds of any claim under any property damage insurance policy or other recovery solely to repair, replace, or restore any of the Assets that are lost, damaged, impaired, or destroyed.

5.11. **Books and Records.** Each Seller shall maintain its books and records in accordance with past practices, as well as keep an appropriate public inspection file for the Station maintained at the Station's studio in accordance with the policies of the FCC.

5.12. **Notification.** Sellers shall promptly notify Buyers in writing of any material

developments with respect to the business or operations of the Station and of any material change in any of the information contained in the representations and warranties contained in Section 3 of this Agreement.

5.13. **Compliance with Laws.** Sellers shall comply in all material respects with all material laws, rules and regulations.

5.14. **Compliance with Time Brokerage Agreement.** Sellers, to the extent applicable, shall comply with all material provisions of that certain Time Brokerage Agreement by and between Sinclair Communications II, Inc. and Feddora (formerly, Sullivan Broadcasting Company III, Inc.) dated July 1, 1998 and as amended January 31, 2002 (the "TBA").

5.15. **Preservation of Business.** Each Seller shall use commercially reasonable efforts consistent with past practices to preserve the business and organization of the Station and to keep available to the Station its present employees and to preserve the audience of the Station and the Station's present relationships with suppliers, advertisers, and others having business relations with it.

5.16. **Normal Operations.** Subject to the terms and conditions of this Agreement (including, without limitation, Section 5.1), prior to the Closing, each Seller, as applicable, shall carry on the business and activities of the Station, including, without limitation, promotional activities, the sale of advertising time, entering into other contracts and agreements, purchasing and scheduling programming, performing research, and operating in all material respects in accordance with existing budgets and past practice and will not enter into trade and barter obligations except in the ordinary course of business consistent with past practice.

SECTION 6: SPECIAL COVENANTS AND AGREEMENTS

6.1. FCC Consent.

(a) The exchange and transfer of the Assets as contemplated by this Agreement is subject to the prior consent and approval of the FCC.

(b) Within five (5) Business Days from the date of this Agreement, Sellers and Buyers shall prepare and file with the FCC an appropriate application for FCC Consent. The parties shall thereafter prosecute the application with all reasonable diligence and otherwise use their respective best 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 a condition if (i) the condition was imposed on it as the result of a circumstance the existence of which does not constitute a breach by that party of any of its representations, warranties or covenants hereunder, and (ii) compliance with the condition would have a material adverse effect upon it. Buyers and Sellers shall oppose any petitions to deny or other objections filed with respect to the application for the FCC Consent and any requests for reconsideration or judicial review of the FCC Consent.

(c) 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, as the case may be. No extension of the effective period of the FCC Consent shall limit the exercise by either party of its right to terminate the Agreement under Section 9.

6.2. **Risk of Loss.** The risk of any loss, damage, impairment, confiscation, or condemnation of any of the Assets of Sellers for any cause whatsoever shall be borne by Sellers at all times prior to the Closing. In the event of loss or damage prior to the Closing Date, Sellers shall use commercially reasonable efforts to fix, restore, or replace such loss, damage, impairment, confiscation, or condemnation to its former operational condition. If Sellers have adequate replacement cost insurance, Buyers may elect to have Sellers assign such insurance proceeds to Buyers, in which case, Buyers shall proceed with the Closing, and receive at the Closing the insurance proceeds or an assignment of the right to receive such insurance proceeds, as applicable, to which Sellers otherwise would be entitled, whereupon Sellers shall have no further liability to Buyers for such loss or damage.

6.3. **Confidentiality.** Except as necessary for the consummation of the transaction contemplated by this Agreement and except as and to the extent required by law, each party will keep confidential any information obtained from the other party in connection with the transactions specifically contemplated by this Agreement. If this Agreement is terminated, each party will return to the other party all information obtained by the such party from the other party in connection with the transactions contemplated by this Agreement.

6.4. **Cooperation.** Buyers and Sellers shall reasonably cooperate 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 in connection with any litigation after the Closing Date which relate to the Station for periods prior to the applicable Effective Time, Buyers and Sellers shall execute such other documents as may be reasonably 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 their obligations under this Agreement.

6.5. **Control of the Station.** Prior to the Closing, Buyers shall not, directly or indirectly, control, supervise or direct, or attempt to control, supervise or direct, the operations of the Station; those operations, including complete control and supervision of Station's programs, employees and policies shall be the sole responsibility of Sellers.

6.6. **Allocation of Purchase Price.** Prior to the Closing Date, Buyers and Sellers shall agree upon the fair market value of the Assets of the Station (the "**Fair Market Value of the Assets**") and shall collaborate in good faith in the preparation of mutually satisfactory Form(s) 8594 (and Form 8824 to the extent applicable) reflecting the Fair Market Value of the Assets as agreed to by Buyers and Sellers and such other information as is required by the form. Buyers and Sellers shall each file with their respective federal income tax return for the tax year in which the Closing occurs, IRS Form(s) 8594 (and Form 8824 to the extent applicable) containing the information agreed upon by the parties pursuant to the immediately preceding sentence. Buyers agree to report the purchase of the Assets of the Station, and Sellers agree to report the sale of

such assets for income tax purposes on their respective income tax returns in a manner consistent with the information agreed upon by the parties pursuant to this section and contained in the IRS Form(s) 8594 (and Form 8824 to the extent applicable). If Sellers and Buyers are unable to agree on such allocation, Sellers and Buyers agree to retain a nationally recognized appraisal firm experienced in valuing broadcast properties to appraise classes of Assets. The appraisal firm shall perform such appraisal promptly. Buyers shall pay the costs of such appraisal.

6.7. **Access to Books and Records.** To the extent reasonably requested by Buyers, Sellers shall provide Buyers access and the right to copy, from and after the Closing Date, any books and records relating to the Assets, but not included in the Assets. To the extent reasonably requested by Sellers, Buyers shall provide Sellers access and the right to copy, from and after the Closing Date, any books and records relating to the Assets that are included in the Assets. Buyers and Sellers shall each retain any such books and records, for a period of three (3) years (or such longer period as may be required by law or good business practice) following the Closing Date.

6.8. **Employee Matters.**

(a) Upon consummation of the Closing, Buyers shall offer employment to each of the Employees listed on Schedule 6.8(a) at a comparable salary, position and place of employment as held by each such employee immediately prior to the Closing Date (such employees who are given such offers of employment are referred to herein as the “**Transferred Employees**”).

(b) Except as provided otherwise in this Section 6.8, Sellers shall pay, discharge and be responsible for (i) all salary and wages arising out of or relating to the employment of the Employees prior to the Closing Date, and (ii) any employee benefits arising under the Benefit Plans or Benefit Arrangements of Sellers and its Affiliates during the period prior to the Closing Date. From and after the Closing Date, Buyers shall pay, discharge and be responsible for all salary, wages and benefits arising out of or relating to the employment of the Transferred Employees by Buyers on and after the Closing Date. To the extent similarly situated employees of Buyers are generally eligible for such benefits, Buyers shall be responsible for all severance liabilities, and all COBRA liabilities for any Transferred Employees of the Station terminated by Buyers on or after the Closing Date.

(c) Buyers shall cause all Transferred Employees as of the Closing Date to be eligible to participate in its “employee welfare benefit plans” and “employee pension benefit plans” (as defined in Section 3(1) and 3(2) of ERISA, respectively) in which similarly situated employees of Buyers are generally eligible to participate.

(d) For purposes of any length of service requirements, waiting period, vesting periods or differential benefits based on length of service in any such plan for which a Transferred Employee may be eligible after the Closing, Buyers shall ensure that, to the extent permitted by law, and except as limited by Buyers’ existing personnel policies, service by such Transferred Employee with Sellers, any Affiliate of Sellers or any prior owner of the Station shall be deemed to have been service with the Buyers. In addition, Buyers shall ensure that each Transferred Employee receives credit under any welfare benefit plan of Buyers for any

deductibles or co-payments paid by such Transferred Employee and his or her dependents for the current plan year under a plan maintained by Sellers or any Affiliate of Sellers to the extent allowable under any such plan. Buyers shall grant credit to each Transferred Employee for all sick leave in accordance with the policies of Buyers applicable generally to their employees after giving effect to service for Sellers, any Affiliate of Sellers or any prior owner of the Station, as service for Buyers. To the extent taken into account in determining prorations pursuant to Section 2.3 hereof, Buyers shall assume and discharge Sellers' liabilities for the payment of all unused vacation leave accrued by Transferred Employees as of the Closing Date. To the extent any claim with respect to such accrued vacation leave is lodged against Sellers with respect to any Transferred Employee for which Buyers have received a proration credit, Buyers shall, to the extent of such credit, indemnify, defend and hold harmless Sellers from and against any and all losses, directly or indirectly, as a result of, or based upon or arising from the same.

(e) As soon as practicable following the Closing Date, Buyers shall make available to the Transferred Employees Buyers' 401(k) Plan. To the extent requested by a Transferred Employee, Sellers shall cause to be transferred to Buyers' 401(k) Plan, in cash and in kind, all of the individual account balances of Transferred Employees under the Sellers' Plan, including any outstanding plan participant loan receivables allocated to such accounts.

(f) Nothing in this Agreement shall be construed to provide employees of Sellers with any rights under this Agreement, and no Person, other than the parties hereto, is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants and agreements set forth in this Agreement shall be solely for the benefit of, and shall only be enforceable by, the parties hereto and their respective successors and assigns as permitted hereunder.

6.9. **Public Announcements.** Sellers and Buyers shall consult with each other before issuing any press releases or otherwise making any public statements with respect to this Agreement or the transactions contemplated herein and shall not issue any such press release or make any such public statement without the prior written consent of the other party, which shall not be unreasonably withheld; provided, however, that a party may, without the prior written consent of the other party, issue such press release or make such public statement as may be required by law or any listing agreement with a national securities exchange to which Buyers' parent, SBG, or Buyers are a party if it has used all reasonable efforts to consult with the other party and to obtain such party's consent but has been unable to do so in a timely manner.

6.10. **Bulk Sales Law.** Buyers hereby waive compliance by Sellers in connection with the transactions contemplated hereby with the provisions of any applicable bulk transfer laws.

6.11. **Lenders' Consent.** The exchange and transfer of the Assets as contemplated by this Agreement is subject to the prior Consent of the Lenders. Sellers agree to take commercially reasonable action to obtain such Consent prior to Closing.

6.12. **Registration of the Shares.** No later than two (2) Business Days after the Closing Date, SBG shall use its best efforts to effect the registration, qualification, and compliance (including, without limitation, the preparation and filing of a registration statement and prospectus

complying as to form with the requirements of the Securities Act) to register the Shares pursuant to the Securities Act. SBG shall file any additional information or materials, including pre-effective and post-effective amendments, appropriate qualifications under the applicable blue sky or other state securities laws as may be requested by the SEC and as would permit or facilitate the sale and distribution of all of the Shares by Sellers. SBG shall pay all Registration Expenses in connection with the registration of the Shares pursuant to this Section 6.12.

SECTION 7: CONDITIONS TO OBLIGATIONS OF BUYERS AND SELLERS

7.1. **Conditions to Obligations of Buyers.** All obligations of Buyers at the Closing hereunder with respect to the Station are subject, at Buyers' 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 each Seller, as applicable, contained in this Agreement shall be true and complete at and as of the Closing Date as though made at and as of that time (except for representations and warranties that speak as of a specific date or time which need only be true and complete as of such date or time), except where the failure to be true and complete does not have a Material Adverse Effect.

(b) **Covenants and Conditions.** Each Seller, as applicable, shall have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date, except where the failure to have performed and complied does not have a Material Adverse Effect.

(c) **FCC Consent.** The FCC Consent shall have been granted, notwithstanding that it may not have yet become a Final Order, unless any filing is made with the FCC that pertains to or becomes associated with any request for consent to the assignment of any of the FCC Licenses (an "**FCC Objection**"), in which case, Buyers shall not be obligated to close until the FCC Consent shall have become a Final Order, unless in the reasonable judgment of Buyers' counsel such objection would not reasonably be expected to result in a denial of the FCC Consent or the designation for hearing of the applications for FCC Consent.

(d) **Governmental Authorizations.** Delaware Licensee shall be the holder of all FCC Licenses, and there shall not have been any modification, revocation, or non-renewal of any License that has had a Material Adverse Effect. No proceeding shall be pending the effect of which could be to revoke, cancel, fail to renew, suspend, or modify materially and adversely any FCC License.

(e) **Deliveries.** Sellers shall have made or stands willing to make all the deliveries to Buyers described in Section 8.2.

7.2. **Conditions to Obligations of Sellers.** All obligations of Sellers at the Closing hereunder 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 each

Buyer, as applicable, contained in this Agreement shall be true and complete in all material respects at and as of the Closing Date as though made at and as of that time.

(b) **Covenants and Conditions.** Each Buyer, as applicable, shall have performed and complied in all material respects with 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) **FCC Consent.** The FCC Consent shall have been granted.

(d) **Lender's Consent.** The Consent of the Lenders shall have been received.

(e) **Deliveries.** Buyers shall have made or stand willing to make all the deliveries described in Section 8.3.

SECTION 8: CLOSING AND CLOSING DELIVERIES

8.1. Closing.

(a) **Closing Date.**

(i) Except as provided below in this Section 8.1 or as otherwise agreed to by Buyers and Sellers, the Closing hereunder shall be held on a date specified by Buyers on at least five (5) days' written notice that is not earlier than the first business day after or later than ten (10) business days after the date on which all of the conditions to Closing set forth in Sections 7.1 and 7.2 have been satisfied or waived.

(ii) If any event occurs that prevents signal transmission by the Station in the normal and usual manner and Sellers cannot restore the normal and usual transmission before the date on which the Closing would otherwise occur pursuant to this Section 8.1(a), and this Agreement has not been terminated under Section 9, Sellers shall diligently take such action as reasonably necessary to restore such transmission, and, at Buyers' option, the Closing shall be postponed until a date within the effective period of the FCC Consent (as it may be extended pursuant to Section 6.1(c)) to allow Sellers to restore the normal and usual transmission for the Station. If the Closing is postponed by Buyers pursuant to this paragraph, the date of the Closing shall be ten (10) days after notice by Sellers to Buyers that transmission has been restored. Notwithstanding anything to the contrary in this Agreement, Buyers shall not be obligated to close if the transmission of the Station is not operating in the normal and usual manner, unless and until the Sellers have restored the transmission of the Station to its normal and usual level.

(iii) If there is in effect on the date on which the Closing would otherwise occur pursuant to this Section 8.1(a) any judgment, decree or order that would prevent or make unlawful the Closing on that date, the Closing shall be postponed until a date within the effective period of the FCC Consent (as it may be extended pursuant to Section 6.1(c)), to be agreed upon by Buyers and Sellers, when such judgment, decree, or order no longer prevents or makes unlawful the Closing. If the Closing is postponed pursuant to this paragraph, the date of the Closing shall be ten (10) days after notice by Buyers to Sellers that such judgment, decree, or

order no longer prevents or makes unlawful the Closing.

(b) **Closing Place.** The Closing hereunder shall be held at the offices of Thomas & Libowitz, P.A., 100 Light Street, Suite 1100, Baltimore, Maryland 21202, or any other place that is mutually agreed upon by Buyers and Sellers.

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

(a) **Conveyancing Documents.** Duly executed deeds, bills of sale, motor vehicle titles, assignments, and other transfer documents that are sufficient to vest good and marketable title to the Assets being transferred at the Closing in the name of Buyers, free and clear of all mortgages, liens, restrictions, encumbrances, claims and obligations except for Permitted Encumbrances.

(b) **Officer's Certificate.** A certificate, dated as of the Closing Date, executed by an officer or member (as applicable) of each Seller, certifying: (i) that the representations and warranties of such Seller contained in this Agreement are true and complete as of the Closing Date as though made on and as of that date (except for representations and warranties that speak as of a specific date or time, which need only be true and complete as of such date or time), except to the extent that the failure of such representations and warranties shall not have had a Material Adverse Effect, and (ii) that such Seller has in all respects performed and complied with all of its obligations, covenants and agreements in this Agreement to be performed and complied with on or prior to the Closing Date, except to the extent that the failure to perform such covenants shall not have had a Material Adverse Effect.

(c) **Secretary's Certificate.** A certificate, dated as of the Closing Date, executed by each Seller's Secretary or other appropriate official (i) certifying that the resolutions, as attached to such certificate, were duly adopted by each Seller's Board of Directors or members, as the case may be, authorizing and approving the execution of this Agreement and the consummation of the transaction contemplated hereby and that such resolutions remain in full force and effect, and (ii) providing, as attachments thereto, the Articles of Incorporation and Bylaws of Feddora and the Articles of Organization of Delaware Licensee.

(d) **Good Standing Certificates.** Certificates as to the formation and/or good standing of each Seller issued by the Secretary of State of the State of Delaware to be dated a date not more than a reasonable number of days prior to the Closing Date.

(e) **Opinion of Counsel.** Opinion of Delaware Licensee's FCC counsel dated as of the Closing Date, substantially in the form of Exhibit 1 attached hereto.

(f) **TBA.** a duly executed termination of the TBA.

(g) **Other Documents.** Such other documents reasonably requested by Buyers or their counsel for complete implementation of this Agreement and consummation of the transaction contemplated hereby.

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

(a) **Closing Payment.** The payment of the Estimated Purchase Price described in Section 2.4(a).

(b) **Officer's Certificate.** A certificate, dated as of the Closing Date, executed on behalf of an officer of each Buyer, certifying (i) that the representations and warranties of each Buyer contained in this Agreement are true and complete in all material respects as of the Closing Date as though made on and as of that date, and (ii) that each Buyer has in all material respects performed and complied with all of their obligations, covenants and agreements in this Agreement to be performed and complied with on or prior to the Closing Date.

(c) **Secretary's Certificate.** A certificate, dated as of the Closing Date, executed by each Buyer's Secretary or other appropriate official, as applicable: (i) certifying that the resolutions, as attached to such certificate, were duly adopted by each Buyer's Board of Directors or members, as applicable, authorizing and approving the execution of this Agreement and the consummation of the transaction contemplated hereby and that such resolutions remain in full force and effect; and (ii) providing, as an attachment thereto, Dayton's Certificate of Incorporation and Bylaws and the Articles of Organization of Nevada Licensee.

(d) **Assumption Agreements.** Appropriate assumption agreements pursuant to which Buyers shall assume and undertake to perform Sellers' obligations and liabilities to the extent provided under this Agreement for the Station including (without limitation) under the Licenses and the Assumed Contracts.

(e) **Good Standing Certificates.** Certificates as to the formation and/or good standing of each Buyer issued by the Secretary of the States of Delaware and Nevada, as applicable, to be dated a date not more than a reasonable number of days prior to the Closing Date.

(f) **Opinion of Counsel.** An opinion of Buyers' counsel dated as of the Closing Date, substantially in the form of Exhibit 2 hereto.

(g) **TBA.** A duly executed termination of the TBA.

(h) **Other Documents.** Such other documents reasonably requested by Sellers or their counsel for complete implementation of this Agreement and consummation of the transactions contemplated hereby.

SECTION 9: TERMINATION

9.1. **Termination by Mutual Consent.** This Agreement may be terminated at any time prior to Closing by the mutual consent of the parties.

9.2. **Termination by Sellers.** This Agreement may be terminated by Sellers and the sale and transfer of the Station abandoned, if:

(a) Sellers are not then in material default hereunder, upon written notice to Buyers if on the date that would otherwise be the Closing Date any of the conditions precedent to the obligations of Sellers set forth in Sections 7.2(a), 7.2(b) and 7.2(e) of this Agreement has not been satisfied or waived in writing by Sellers;

(b) Buyers shall have materially defaulted in the performance of Buyers' material obligations under this Agreement and such default is not cured within thirty (30) calendar days after notice thereof to Buyers; or

(c) Sellers are not then in material default hereunder and Closing has not occurred within five (5) calendar years from the date hereof.

9.3. **Termination by Buyers.** This Agreement may be terminated by Buyers and the exchange and transfer of the Station abandoned, if:

(a) Buyers are not then in material default, upon written notice to Sellers if on the date that would otherwise be the Closing Date any of the conditions precedent to the obligations of Buyers set forth in Sections 7.1(a), 7.1(b), 7.1(d), and 7.1(e) of this Agreement has not been satisfied or waived in writing by Buyers;

(b) Sellers shall have defaulted in the performance of either Sellers' obligations under this Agreement, and such default is not cured within thirty (30) days after notice thereof and such default has had a Material Adverse Effect; or

(c) Buyers are not then in material default hereunder and Closing has not occurred within one (1) calendar year from the date hereof.

9.4. **Rights on Termination.** If this Agreement is terminated by Buyers pursuant to Section 9.3 as a result of either Sellers' material breach of any provision of this Agreement, Buyers shall have all rights and remedies available at law or equity, including the remedy of specific performance described in Section 9.5 below. If this Agreement is terminated by Sellers pursuant to Section 9.2 as a result of either Buyers' material breach of any provision of this Agreement, Sellers shall have all rights and remedies available at law or equity.

9.5. **Specific Performance.** The parties recognize that, if either party hereto breaches this Agreement and refuses to perform under the provisions of this Agreement, monetary damages alone would not be adequate to compensate the other party for its injury. Such party shall therefore be entitled, in addition to any other remedies that may be available, to obtain specific performance of the terms of this Agreement. If any action is brought by such party to enforce this Agreement, the breaching party shall waive the defense that there is an adequate remedy at law.

9.6. **Attorneys' Fees.** In the event of a default by either party that 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 (whether incurred in arbitration, at trial, or on appeal).

9.7. **Survival.** Notwithstanding the termination of this Agreement pursuant to this Section 9, the obligations of Buyers and Sellers set forth in Sections 6.3, 9, 10, and 11 shall survive such termination, and the parties hereto shall have any and all rights and remedies to enforce such obligations provided at law or in equity or otherwise (including without limitations, specific performance).

SECTION 10: SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION; CERTAIN REMEDIES

10.1. **Survival of Representations.** All representations and warranties, covenants and agreements of Sellers and Buyers contained in or made pursuant to this Agreement or in any certificate furnished pursuant hereto shall survive the Closing Date and shall survive and remain in full force and effect for a period of sixty (60) days; provided that the covenants and agreements set forth in Section 6.3 Confidentiality, Section 6.4 Cooperation, Section 6.7 Books and Records, Section 11.1 Fees and Expenses, Section 11.2 Notices, and Section 11.3 Benefit and Binding Effect shall survive the Closing for the period provided therein or, if no period is specified, in perpetuity; and provided further that the covenant and agreement of SBG set forth in Section 6.12 shall survive until the earlier of (a) the registration of the Shares, or (b) the receipt by Sellers of the payment as provided by Section 10.6; and provided further that anything to the contrary in this Section 10.1 notwithstanding, any claim for indemnification under Section 10 hereof which is asserted in a reasonably detailed writing prior to the expiration of the survival periods provided in this Section 10.1 shall survive with respect to such claim or dispute until final resolution thereof.

10.2. **Indemnification by Sellers.** After the Closing but subject to Sections 10.1 and 10.5, Sellers hereby agree to indemnify and hold Buyers harmless against and with respect to and shall reimburse Buyers for:

(a) any and all obligations of Sellers not assumed by Buyers pursuant to this Agreement, including any liabilities arising at any time under any Contract not included in the Assumed Contracts and any damages resulting from the actual fraud of Sellers;

(b) any Loss arising out of or resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant by the Sellers contained in this Agreement or in any certificate, document, or instrument delivered to the Buyers under this Agreement;

(c) any and all out-of-pocket costs and expenses, including reasonable legal fees and expenses, incident to any action, suit, proceeding, claim, demand, assessment, or judgment incident to the foregoing or incurred in investigating or attempting to avoid the same or to oppose the imposition thereof or enforcing this indemnity.

10.3. **Indemnification by Buyers.** Notwithstanding the Closing, but subject to Sections 10.1

and 10.5, Buyers hereby agree to indemnify and hold Sellers harmless against and with respect to and shall reimburse Sellers for:

(a) any Loss arising out of or resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant by Buyers contained in this Agreement or in any certificate, document, or instrument delivered to Sellers under this Agreement;

(b) any and all obligations of either Seller assumed by any Buyer pursuant to this Agreement;

(c) any Loss arising out of or resulting from the operation or ownership of the Station after the Closing, except any losses, liabilities or damages for which Sellers have received a proration in their favor; and

(d) any and all out-of-pocket costs and expenses, including reasonable legal fees and expenses, incident to any action, suit, proceeding, claim, demand, assessment, or judgment incident to 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. **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, 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 within five (5) business days after written notice of such action, suit, or proceeding was given to Claimant.

(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 (30) 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 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 (30) 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 (30) day period (or any mutually agreed upon extension thereof), the Claimant may seek appropriate remedy at law or equity.

(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 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 in good faith by the Claimant with respect to such claim.

(d) If a claim, whether between the parties or by a third party, requires immediate action, the parties will make every 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 members, partners, shareholders, officers, directors, employees, representatives and affiliated entities of any Claimant although for the purpose of the procedures set forth in this Section 10.4, any indemnification claims by such parties shall be made by and through the Claimant.

10.5. **Certain Limitations.**

(a) Notwithstanding any other provision of this Agreement to the contrary, in no event shall a party be entitled to indemnification for such party's consequential or punitive damages, regardless of the theory of recovery. Each party hereto agrees to use reasonable efforts to mitigate any losses which form the basis for any claim for indemnification hereunder.

(b) The Sellers shall not be liable to the Buyers in respect of any indemnification hereunder, except to the extent that (i) the aggregate amount of Buyers' Loss which, when aggregated with the amount of any indemnification made by the Sellers or any subsidiary or Affiliate thereof pursuant to the Related Agreements, exceeds One Hundred Thousand Dollars (\$100,000.00) (the "**Threshold Amount**"). The Sellers shall not be required to indemnify the Buyers for any Loss which, when aggregated with the amount of any indemnification made by the Sellers or any subsidiary or Affiliate thereof pursuant to the Related Agreements, is more than Seven Million Five Hundred Thousand Dollars (\$7,500,000.00) (the "**Cap**").

(c) Notwithstanding anything in this Agreement to the contrary, neither party shall indemnify or otherwise be liable to the other party with respect to any claim for any breach of any representation or warranty or for breach of any covenant contained in this Agreement, unless notice of the claim is given within the relevant survival period specified in Section 10.1.

10.6. **SBG's Indemnification Regarding Registration of the Shares.** In the event the Shares delivered to Sellers at Closing have not been registered as required by Section 6.12 of this Agreement within ten (10) days after the Closing Date, Sellers may return the Shares to SBG, and, upon delivery of the Shares to SBG, SBG or its designated subsidiary shall pay to Sellers the fair market value of the Shares as calculated on the Closing Date pursuant to Section 2.3 hereof in immediately available funds.

SECTION 11: MISCELLANEOUS

11.1. **Fees and Expenses.**

(a) Buyers shall pay any filing fees charged by the FCC in connection with filing the applications to obtain the FCC Consent and all Registration Expenses.

(b) Buyers shall pay any filing fees, transfer taxes, document stamps, or other charges levied by any governmental entity (other than income Taxes, which shall be the responsibility of Sellers) on account of the transfer of the Assets from Sellers to Buyers.

(c) 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, and each party shall be responsible for all fees or commissions payable to any finder, broker, advisor, or similar Person retained by or on behalf of such party; provided, however, that nothing in this Section 11.1 shall be deemed to modify or amend any provision of the TBA regarding reimbursement of expenses of the Sellers.

11.2. **Notices.** All notices, requests, consents, payments, demands, and other communications required or contemplated under this Agreement shall be in writing and (a) personally delivered or sent via telecopy (receipt confirmed and followed promptly by delivery of the original), or (b) sent by Federal Express or other reputable overnight delivery service (for next business day delivery), shipping prepaid, as follows:

If to Buyers to:

Mr. David Smith
President
Sinclair Broadcast Group, Inc.
10706 Beaver Dam Road
Cockeysville, Maryland 21030
Telephone: (410) 568-1506
Fax: (410) 568-1533

With a copy to:

Sinclair Broadcast Group, Inc.
10706 Beaver Dam Road
Cockeysville, Maryland 21030
Attention: General Counsel
Telephone: (410) 568-1524
Fax: (410) 568-1537

If to Sellers to:

Mr. Robert L. Simmons
2000 W. 41st Street
Baltimore, Maryland 21211

with a copy to:

Steven A. Thomas, Esquire
Thomas & Libowitz, P.A.
100 Light Street, Suite 1100
Baltimore, Maryland 21202
Telephone: (410) 752-2468
Fax: (410) 752-2046

or to such other Persons or addresses as any Person may request by notice given as aforesaid. Notices shall be deemed given and received at the time of personal delivery or completed telecopying, or, if sent by Federal Express or such other overnight delivery service one Business Day after such sending.

11.3. **Benefit and Binding Effect.** Buyers shall have the right to assign all or any portion of their rights under this Agreement to (i) any entity under common control with Buyers whether in existence or formed after the date hereof, (ii) a Qualified Intermediary under Section 1031 of the Code, or (iii) any lender or any agent for such lender(s) for collateral purposes only; provided, that no such assignment shall relieve Buyers of their obligations hereunder. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. No Person, other than the parties hereto, is or shall be entitled to bring any action to enforce any provision of this Agreement against any of the parties hereto, and the covenants and agreements set forth in this Agreement shall be solely for the benefit of, and shall be enforceable only by, the parties hereto or their respective successors and assigns as permitted hereunder. Other than as expressly set forth in this Section 11.3, no party may assign or transfer all or any portion of its rights under this Agreement without the prior written consent of the parties hereto.

11.4. **Further Assurances.** The parties shall take any actions and execute any other documents that may be necessary or desirable to the implementation and consummation of this Agreement.

11.5. **GOVERNING LAW.** THIS AGREEMENT SHALL BE GOVERNED, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MARYLAND (WITHOUT REGARD TO THE CHOICE OF LAW PROVISIONS THEREOF). IN ADDITION, EACH OF THE PARTIES HERETO SUBMITS TO LOCAL JURISDICTION IN THE STATE OF MARYLAND AND AGREES THAT ANY ACTION BY ANY PARTY HEREUNDER SHALL BE INSTITUTED IN THE STATE OF MARYLAND.

11.6. **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 Buyers and Sellers with respect to the subject matter of this Agreement. This Agreement supersedes all prior negotiations between the parties and cannot be amended, supplemented, or changed except by an agreement in writing duly executed by each of the parties hereto.

11.7. **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 11.7.

11.8. **Headings.** The headings of the sections and subsections contained in this Agreement are inserted for convenience only and do not form a part or affect the meaning, construction or scope thereof.

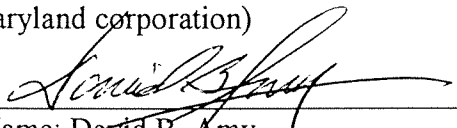
11.9. **Counterparts.** This Agreement may be signed in two or more counterparts with the same effect as if the signature on each counterpart were upon the same instrument.

[Signatures Begin on Following Page]

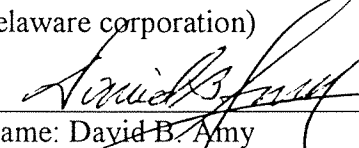
IN WITNESS WHEREOF, this Agreement has been executed by the duly authorized officers of Buyers and Sellers as of the date first written above.

Buyers:

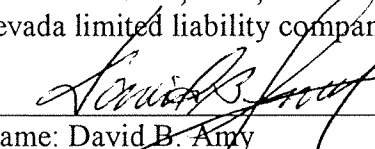
SINCLAIR BROADCAST GROUP, INC.
(a Maryland corporation)

By: 
Name: David B. Amy
Title: ~~Secretary~~ Executive Vice President

SINCLAIR TELEVISION OF DAYTON, INC.
(a Delaware corporation)

By: 
Name: David B. Amy
Title: ~~Secretary~~

WRGT LICENSEE, LLC,
(a Nevada limited liability company)

By: 
Name: David B. Amy
Title: Secretary of Sinclair Television of Dayton
Inc. the Sole Member of WRG T Licensee, LLC

Sellers:

FEDDORA, INC.
(a Delaware corporation)

By: _____
Name: _____
Title: _____

WRGT LICENSEE, LLC
(a Delaware limited liability company)

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, this Agreement has been executed by the duly authorized officers of Buyers and Sellers as of the date first written above.

Buyers:

SINCLAIR BROADCAST GROUP, INC.
(a Maryland corporation)

By: _____
Name: _____
Title: _____

SINCLAIR TELEVISION OF DAYTON, INC.
(a Delaware corporation)

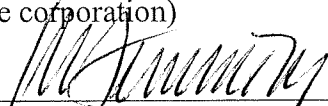
By: _____
Name: _____
Title: _____

WRGT LICENSEE, LLC,
(a Nevada limited liability company)

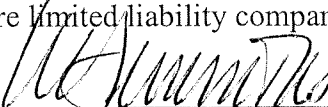
By: _____
Name: _____
Title: _____

Sellers:

FEDDORA, INC.
(a Delaware corporation)

By:  _____
Name: **Robert Simmons**
Title: **President**

WRGT LICENSEE, LLC
(a Delaware limited liability company)

By:  _____
Name: **Robert Simmons**
Title: **President of Feddora, Inc.**

Sole Member of WRG T Licensee, LLC