

**EXECUTION COPY**

**OPTION AGREEMENT**

**Dated as of December 27, 2007**

**by and between**

**PAPPAS TELECASTING COMPANIES,**

**HARRY J. PAPPAS,**

**LEBON G. ABERCROMBIE,**

**DENNIS J. DAVIS**

**and**

**AZTECA INTERNATIONAL CORPORATION**

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## OPTION AGREEMENT

OPTION AGREEMENT, dated as of December 27, 2007 (this "**Agreement**"), by and among Pappas Telecasting Companies, a Nevada corporation ("**PTC**"), Harry J. Pappas ("**Pappas**"), LeBon G. Abercrombie ("**Abercrombie**") and Dennis J. Davis ("**Davis**") (each a "**Seller**" and collectively, the "**Sellers**") and Azteca International Corporation, a Delaware corporation ("**AIC**" and, together with any Permitted Transferee, the "**Optionee**").

### RECITALS

The Sellers own, in the aggregate, beneficially and of record, all of the Membership Interests of Pappas Telecasting of Southern California LLC, a Delaware limited liability company (the "**Company**").

The Company is the owner and operator, and its wholly-owned subsidiary, Pappas Southern California License, LLC, a Delaware limited liability company ("**PSC License**"), is the licensee, of the television station KAZA-TV NTSC Channel 54 and KAZA-DT, Digital Television Channel 47 in Avalon, California (the "**Station**").

The Sellers wish to grant to the Optionee, and the Optionee desires to receive from the Sellers, an option to purchase the Membership Interests, all on the terms and subject to the conditions set forth in this Agreement.

Concurrently with the execution of this Agreement, the Company and AIC are entering into an Amending Agreement ("**Amending Agreement**") with respect to that certain Amended and Restated Credit Agreement, dated as of February 11, 2003, between the Company and AIC (the "**Credit Agreement**" and, as amended, the "**Amended Credit Agreement**"), and amending certain agreements relating to the collateral pledged and other security provided in connection therewith.

Concurrently with the execution of this Agreement, AIC is delivering to the Company that certain Amended and Restated Note, dated as of February 11, 2003, made by the Company in favor of AIC marked "cancelled", and the Company is delivering to AIC a secured promissory note for a principal amount of \$154,000,000 (the "**Further Amended and Restated Note**").

Concurrently with the execution hereof, the Company and AIC, PSC License and TV Azteca, Sociedad anónima de capital variable incorporated under the laws of Mexico ("**TVA**") are entering into an Amendment #1, ("**Amendment #1**") to that certain Local Marketing Agreement, dated as of February 11, 2003, among the Company, PSC License, AIC and TVA ("**Optionee LMA**" and, as amended, the "**Amended Optionee LMA**").

Concurrently with the execution of this Agreement, the HSR Opinion is being delivered to the Sellers' Representative.

Concurrently with the execution of this Agreement, AIC, the Company and certain other parties signatories thereto are executing and delivering a mutual release (the "**Mutual Release**") of the obligations of such parties with respect to the Optionee LMA, the Credit Agreement, and certain other agreements referenced therein.

Concurrently with the execution of this Agreement, the Company is amending its Operating Agreement, among other things, to provide that, for so long as this Agreement is in effect, except as otherwise expressly permitted by this Agreement, no holder of Membership Interests may (i) voluntarily or involuntarily transfer, sell, pledge or hypothecate or otherwise dispose of such Membership Interests, (ii) create, incur, assume or permit to exist, directly or indirectly, any Lien upon or with respect to such Membership Interests, or (iii) attempt, arrange, agree or contract to do any of the foregoing, it being understood that any actions in violation of the foregoing will be an event of default under the Amended Credit Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto, intending to be legally bound, hereby agree as follows:

## ARTICLE I

### DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms have the meanings specified or referred to in this Section 1.1:

"**AAA**" has the meaning specified in Section 13.11(h).

"**Abercrombie**" has the meaning specified in the preamble.

"**Affiliate**" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person. For the purposes of this definition, the term "**controls**," "**is controlled by**" or "**under common control with**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"**Affiliation Agreement**" means that certain Second Amended and Restated Station Affiliation Agreement, dated as of February 11, 2003, by and between AIC and the Company, with respect to the Station.

"**Agreement**" has the meaning specified in the preamble.

"**Amended Credit Agreement**" has the meaning specified in the recitals. For the avoidance of doubt, any reference to the Amended Credit Agreement includes the

Credit Agreement for that portion of the LMA Effective Period prior to the effective date of the Amended Credit Agreement.

**"Amended Collateral Agreements"** means each of the following documents:

- (a) the Amended and Restated Security Agreement, dated as of February 11, 2003, by and among the Company, the Optionee, PSC License, Pappas Telecasting of Arizona, LLC and Pappas Arizona License, LLC, as amended pursuant to Amendment #1 thereto, dated as of the date hereof;
- (b) the Amended and Restated Securities Pledge Agreement, dated as of February 11, 2003, by and among the Optionee and each of the Sellers, as amended pursuant to Amendment #1 thereto, dated as of the date hereof;
- (c) the Amended and Restated Guarantee Agreement, dated as of February 11, 2003, by and among the Company, the Optionee, PSC License, Pappas Telecasting of Arizona, LLC and Pappas Arizona License, LLC, as amended pursuant to Amendment #1 thereto, dated as of the date hereof;
- (d) The letters, provided by AIC to Comerica Bank-California, terminating the deposit account control agreements with respect to the accounts of Pappas Telecasting of Arizona, LLC and of the Company;
- (e) Second Amendment to Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (Analog Lease), dated as of the date hereof, by and between the Company and AIC;
- (f) Second Amendment to Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (Studio Lease), dated as of the date hereof, by and between the Company and AIC; and
- (g) Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing, dated as of the date hereof, executed by the Company.

**"Amended Optionee LMA"** has the meaning specified in the recitals. For the avoidance of doubt, any reference to the Amended Optionee LMA includes the Optionee LMA for that portion of the LMA Effective Period prior to the effective date of Amendment #1.

**"Amending Agreement"** has the meaning specified in the recitals.

**"Amendment #1"** has the meaning specified in the recitals.

**"Balance Sheet"** has the meaning specified in Section 4.3.



**"Balance Sheet Date"** has the meaning specified in Section 4.3.

**"Breach"** has the meaning specified in Section 13.11(f).

**"Business"** means the conduct of the business of the Station.

**"Business Day"** means any day other than a Saturday, Sunday or other day on which commercial banks in the State of New York, Fresno, California or Mexico City, Mexico are authorized or required by law or executive order to close.

**"CERCLA"** means the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., any amendments thereto, any successor statutes, and any regulations promulgated thereunder.

**"Certificate of Name Change"** has the meaning specified in Section 7.6.

**"Claim Notice"** has the meaning specified in Section 10.3(a).

**"Claims"** means any actions, suits, proceedings, claims, complaints, disputes, arbitrations or investigations.

**"Closing"** has the meaning specified in Section 3.2.

**"Closing Date"** has the meaning specified in Section 3.2.

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

**"Company Liabilities"** has the meaning specified in Section 7.2.

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

**"Company"** has the meaning specified in the recitals.

**"Company Property"** means any real or personal property, plant, building, facility, structure, underground storage tank, equipment or unit, or other asset owned, leased or operated by the Company or any of its Affiliates and used in the operation of the Station.

**"Copyrights"** means copyrights and mask works, including all renewals and extensions thereof, copyright registrations and applications for registration thereof, and non-registered copyrights.

**"Credit Agreement"** has the meaning specified in the recitals.

**"Cut-Off Date"** means (i) December 31, 2012 or (ii) if the Amended Optionee LMA is terminated pursuant to Section 13 thereof or pursuant to Section 12.2

thereof as a result of the Optionee's Breach (as defined in the Amended Optionee LMA), the first anniversary of the date the Amended Optionee LMA is terminated.

**"Davis"** has the meaning specified in the preamble.

**"Defending Party"** has the meaning specified in Section 13.11(c).

**"Disney Lease"** means the Lease Agreement, dated February 9, 2004, between Walt Disney World Co., as landlord, and Kaza Azteca America, Inc., as tenant, pursuant to which landlord leases to tenant a certain free-standing building commonly known as 1139 Grand Central Avenue in Glendale, California.

**"Effective Date"** means the date hereof.

**"Employee Liabilities"** means any and all liabilities of the Company relating to the termination of its employees as required by Section 6.7, including any termination or severance obligations.

**"Environment"** means ambient air, surface water and ground water (including potable water, navigable water and wetlands), the land surface or subsurface strata, the workplace, natural resources (e.g., flora and fauna) or as otherwise defined in any Environmental Law.

**"Environmental Conditions"** means the state of the Environment, including natural resources (e.g., flora and fauna), soil, surface water, groundwater, any drinking water supply, subsurface strata or ambient air.

**"Environmental Laws"** means all applicable Requirements of Law relating to health, safety, pollution or protection of the Environment (including, without limitation, ambient air, surface water, ground water, land surface, or subsurface strata), including, without limitation, (i) laws relating to emissions, discharges, releases or threatened releases of Hazardous Materials into the Environment and (ii) laws relating to the identification, generation, manufacture, processing, distribution, use, treatment, storage, disposal, recovery, transport or other handling of Hazardous Materials. Environmental Laws shall include, without limitation, CERCLA, RCRA, the Toxic Substances Control Act, as amended, the Hazardous Materials Transportation Act, as amended, the Clean Water Act, as amended, the Safe Drinking Water Act, as amended, the Clean Air Act, as amended, OSHA, as amended, and all analogous laws promulgated or issued by any Governmental Authority that are enacted and currently in effect.

**"Escrow Agent"** has the meaning specified in Section 3.4(a).

**"Escrow Agreement"** has the meaning specified in Section 3.4(a).

**"Escrow Documents"** has the meaning specified in Section 3.4(a).

**"Excluded Assets"** means the following rights, assets and properties owned, held or used by the Company or its Subsidiaries, as the same shall exist at any time from the date of this Agreement to the Closing:

- (a) All cash and cash equivalents (including any marketable securities or certificates of deposit), accounts receivable, notes receivable and similar assets;
- (b) Deposits, prepaid rentals and other prepaid expenses of the Company and its Subsidiaries;
- (c) Any rights, claims or causes of action of the Company and its Subsidiaries against third parties relating to the rights, assets, properties, business or operations of the Station arising out of transactions occurring prior to the Closing Date, except those referred to in paragraph (b) of the definition of Included Assets in Section 7.4;
- (d) The contracts, agreements or understandings of the Company and its Subsidiaries other than the Station Agreements (including "Station Agreements" referred to in the last sentence of Section 6.3);
- (e) All books, records and documents of the Company or any of its Subsidiaries relating to (i) Taxes, (ii) the relationship between AIC and the Company, including, but not limited to, any books, records or documents of the Company relating to the Amended Credit Agreement or the Amended Optionee LMA, (iii) the rights, assets, properties and operations of the Excluded Assets and the liabilities of the Company or any of its Subsidiaries, other than Company Liabilities, and (iv) all other books, records and documents of the Company and any of its Subsidiaries not primarily relating to the Included Assets or the Company Liabilities;
- (f) All trusts, trust assets, trust accounts, reserves or other assets relating to employees or to funding the employee benefit plans, agreements or arrangements sponsored, maintained, contributed to, or administered by the Company or any of its Subsidiaries;
- (g) Any rights of or payment due to the Company under or pursuant to this Agreement, the Amended Optionee LMA or the other agreements with the Optionee contemplated by the Transaction Documents;
- (h) All accounting and payroll software owned, leased, licensed or used by the Company and any of its Subsidiaries;
- (i) Assets subject to any Prohibited Contract not agreed to in writing by the Optionee; and
- (j) The name "Pappas", "Pappas Telecasting" or any name confusingly similar thereto.

***“Excluded Assets/Liabilities Assignment and Assumption Agreement”*** has the meaning specified in Section 3.4(a)(ii).

***“Excluded Liabilities”*** has the meaning specified in Section 7.3.

***“Exercise Period”*** has the meaning specified in Section 2.2(a).

***“Expense”*** means any and all expenses incurred in connection with investigating, defending or asserting any Claim incident to any matter indemnified against in this Agreement (including, without limitation, court filing fees, court costs, arbitration fees or costs, witness fees, and reasonable fees and disbursements of legal counsel, investigators, expert witnesses, consultants, accountants and other professionals).

***“Extended Cut-Off Date”*** has the meaning specified in Section 11.1(b).

***“Extension Request”*** has the meaning specified in Section 11.1(b).

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

***“FCC Claim”*** has the meaning specified in Section 13.11(e).

***“FCC Consent”*** means action by the FCC granting its unconditional consent to the transfer of control of the Company to the Optionee (or to a Permitted Transferee), as contemplated by Section 6.2(a)(i) of this Agreement.

***“FCC Licenses”*** has the meaning specified in Section 4.8(a).

***“Final Order”*** means an FCC Consent as to which the time for filing a request for administrative or judicial review, or for instituting administrative review sua sponte, shall have expired without any such filing having been made or notice of such review having been issued; or, in the event of such filing or review sua sponte, as to which such filing or review shall have been disposed of favorably to the grant and the time for seeking further relief with respect thereto shall have expired without any request for such further relief having been filed.

***“FIRPTA”*** means the Foreign Investment in Real Property Act of 1980.

***“Further Amended and Restated Note”*** has the meaning specified in the Amended Credit Agreement.

***“GAAP”*** means generally accepted accounting principles in the United States applied on a consistent basis.

***“Governmental Authority”*** (i) when used herein in connection with any representation, warranty, covenant, agreement or obligation of the Company, means the government of the United States of America and any state, city, locality or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity

owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing Governmental Authorities referred to in this clause (i); and (ii) when used herein connection with any representation, warranty, covenant, agreement or obligation of the Optionee, means the governments of the United States of America and Mexico and any state, city, locality or other political subdivision thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing Governmental Authorities referred to in this clause (ii).

**“Governmental Permits”** means all licenses, certificates, variances, filings, permissions, franchises, permits, privileges, immunities, approvals and other authorizations from a Governmental Authority that are necessary to entitle the Company to own or lease, operate and use its assets, to carry on and conduct the Business and to use the Station’s call letters as conducted or used as of the date hereof.

**“Guaranty”** has the meaning specified in Section 3.4(a)(vii).

**“Hazardous Materials”** means all pollutants, contaminants, chemicals, wastes, and any other carcinogenic, ignitable, corrosive, reactive, toxic, infectious, radioactive or otherwise hazardous substances or materials (whether solids, liquids or gases) subject to regulation, control or remediation under Environmental Laws. By way of example only, the term Hazardous Materials includes petroleum, urea formaldehyde, flammable, explosive and radioactive materials, PCBs, pesticides, herbicides, asbestos, acids, metals, solvents and waste waters.

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

**“HSR Clearance Certificate”** means a certificate, duly executed on behalf of the Optionee by a director of the Optionee, certifying that, with respect to the filing, if any, required under Section 6.2(a)(ii) the applicable waiting period under the HSR Act has expired or been terminated.

**“HSR Opinion”** means an opinion of Paul, Weiss, Rifkind, Wharton & Garrison LLP, counsel to the Optionee, stating that no filing is required under the HSR Act in connection with effectiveness of this Agreement and the Option.

**“Included Assets”** has the meaning specified in Section 7.4.

**“Indemnified Party”** has the meaning specified in Section 10.3(a).

**“Indemnitor”** has the meaning specified in Section 10.3(a).

**“Initial Transaction Date”** means February 11, 2003.

**“Initiating Party”** has the meaning specified in Section 13.11(c).

**"Intellectual Property"** shall mean all of the following, as they exist anywhere in the world: Patents, Trademarks, Copyrights, Trade Secrets, Software, Internet Assets and IP Licenses. For the avoidance of doubt, the term "Intellectual Property" specifically excludes the name "Pappas", "Pappas Telecasting" or any name confusingly similar thereto.

**"Internet Assets"** means domain names, Internet addresses and other computer identifiers, web sites, web pages and similar rights and items.

**"IP Licenses"** means all licenses, sublicenses, distributor agreements or permissions, including, without limitation, the right to receive royalties or any other consideration relating to any Station Intellectual Property.

**"Knowledge"** means (a) with respect to the Sellers, the actual knowledge (without inquiry) of Pappas, Abercrombie or Davis and (b) with respect to the Optionee, the actual knowledge (without inquiry) of Luis J. Echarte, Jorge Jaidar, Adrian Steckel, Mariano Cortes or Francisco Borrego.

**"Leased Real Property"** has the meaning specified in Section 4.9(a).

**"Lien"** means, with respect to any property, (i) any mortgage, deed of trust, lien, pledge, encumbrance, claim, charge, assignment, hypothecation, security interest or encumbrance of any kind, any other type of preferential arrangement in respect of such property or any filing of any financing statement under the UCC or any other similar notice of Lien under any similar notice or recording statute of any Governmental Authority, including any easement, right-of-way or other encumbrance on title to Real Property, in each of the foregoing cases whether voluntary or imposed by law, and any agreement to give any of the foregoing; (ii) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such property; and (iii) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

**"LMA Effective Date"** means the Effective Date, as such term is defined in the Amended Optionee LMA.

**"LMA Effective Period"** means the period from and including the LMA Effective Date during which the Amended Optionee LMA is in full force and effect (but specifically excluding the period of continued payments under Section 12.2 of the Amended Optionee LMA).

**"Loss"** means any and all losses, costs, obligations, liabilities, settlement payments, awards, judgments, fines, penalties, damages, deficiencies or other charges.

**"Material Adverse Effect"** means a material adverse effect (i) on the Included Assets (taken as a whole), the Company's ability to operate the Station and the Business as they exist and are being operated on the date of this Agreement or the

Closing Date, as applicable or (ii) on the ability of the Sellers to consummate the transactions contemplated hereby; provided, however, that any adverse change, effect, event, occurrence, state of facts or development attributable to conditions generally affecting the industry in which the Company and its Subsidiaries participate or the U.S. economy as a whole, shall not be deemed in themselves, either alone or in combination, to constitute, and none of them shall be taken into account in determining whether there has been or will be, a Material Adverse Effect.

**"Maturity Date"** means December 31, 2012.

**"Membership Interest Assignment Agreement"** has the meaning specified in Section 3.4(a)(i).

**"Membership Interests"** means all of the issued and outstanding membership interests of the Company which are owned by the Sellers (whether as of the date hereof or, following the redemptions permitted under Section 7.5, on the Closing Date), and which shall constitute all of the equity interests of the Company.

**"Mutual Release"** has the meaning specified in the recitals.

**"Operating Agreement"** has the meaning specified in Section 3.5.

**"Option"** has the meaning specified in Section 2.1.

**"Option Effective Date"** means the last date on which each of the Sellers has given written notice to the Optionee stating that the Option is effective, which notices shall be given not earlier than January 15, 2008 and not later than July 1, 2008; provided, that if no such notice is given by each Seller, the Option Effective Date shall be July 1, 2008.

**"Option Exercise Notice"** has the meaning specified in Section 2.2(a).

**"Option Expert"** means the person appointed pursuant to Section 13.11, who is also serving as the FCC Expert pursuant to the terms of the Amended Optionee LMA or such other individual who has been appointed as a successor or pro tempore Option Expert pursuant to Section 13.11(h).

**"Option Expert Decision"** has the meaning specified in Section 11.1(b).

**"Option Expert Claims Decision"** has the meaning specified in Section 13.11(d).

**"Optionee"** has the meaning specified in the preamble.

**"Optionee Ancillary Agreements"** has the meaning specified in Section 5.2(a).

**"Optionee Closing Certificate"** has the meaning specified in Section 8.1(b).

**"Optionee Group Member"** means the Optionee, its Affiliates, directors, officers, employees and agents and their respective successors and assigns.

**"Optionee LMA"** has the meaning specified in the recitals to this Agreement.

**"Orders"** means any judgment, injunction, writ, award, decree or order issued by any Governmental Authority.

**"OSHA"** means the Occupational Safety and Health Act, 29 U.S.C. §§ 651, et seq., any amendment thereto, any successor statute, and any regulations promulgated thereunder.

**"Pappas"** has the meaning specified in the preamble.

**"Patents"** means patents, patent applications and inventions, designs and improvements described and claimed therein, patentable inventions and other patent rights.

**"Permitted Equity Liens"** means the Permitted Liens referred to in clause (iv) of the definition of "Permitted Liens" in this Section 1.1.

**"Permitted Liens"** means (i) Liens for Taxes, assessments or other governmental charges which are not yet due and payable, (ii) with respect to any of the Included Assets and the Company's leasehold interest under any of the Real Property Leases, including, without limitation, the Tower Leases, any Lien which does not materially interfere with the use of Station, the Included Assets or such leasehold interest in the manner in which it was being used as of the Initial Transaction Date, (iii) Liens arising as a result of any action taken by Optionee or any failure by Optionee to take an action required under the Amended Optionee LMA, and (iv) Liens arising or permitted pursuant to the terms of the Amended Credit Agreement.

**"Permitted Transferee"** has the meaning specified in Section 13.3(b).

**"Person"** means any individual, firm, corporation, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company, Governmental Authority or other entity of any kind, and shall include any successor (by merger or otherwise) of such entity.

**"Personal Property"** has the meaning specified in Section 4.10.

**"Personal Property Leases"** has the meaning specified in Section 4.11.

**"Prior Affiliation Agreement"** means the Amended and Restated Station Affiliation Agreement, dated as of December 31, 2001, by and between the Company (as



successor to Pappas Telecasting of Southern California, LLC, a California limited liability company) and AIC, with respect to the Station.

***“Prohibited Contract”*** has the meaning specified in Section 6.3(b)(ii).

***“Proration Date”*** has the meaning specified in Section 7.1(a)(ii).

***“PSC License”*** has the meaning specified in the recitals.

***“PTC”*** has the meaning specified in the preamble.

***“Purchase Price”*** has the meaning specified in Section 3.3.

***“RCRA”*** means the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901, et seq., and any successor statute, and any regulations promulgated thereunder.

***“Real Property”*** has the meaning specified in Section 7.4(b).

***“Real Property Leases”*** has the meaning specified in Section 4.9(a).

***“Release”*** means any release, spill, emission, leaking, pumping, pouring, dumping, emptying, escaping, injection, deposit, disposal, discharge, dispersal, leaching or migration into or through the indoor or outdoor Environment or into or out of any property, including the movement of Hazardous Materials through or in the air, soil, surface water, groundwater or property.

***“Requirements of Law”*** means, as to any Person, any law, statute, treaty, rule, regulation, right, privilege, qualification, license or franchise or determination of an arbitrator or a court or other Governmental Authority or stock exchange, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject or pertaining to any or all of the transactions contemplated hereby.

***“Responding Party”*** has the meaning specified in Section 11.1(b).

***“Responding Party Review Period”*** has the meaning specified in Section 11.1(b).

***“Sellers Ancillary Agreements”*** has the meaning specified in Section 4.26(a).

***“Sellers Group Member”*** means the Sellers, their Affiliates, directors, officers, members, employees and agents and their respective heirs, successors and assigns.

***“Sellers”*** has the meaning specified in the preamble.

***“Sellers’ Representative”*** has the meaning specified in Section 12.1.

**"Sellers' Closing Certificate"** has the meaning specified in Section 9.1(b).

**"Software"** means computer software programs, including, without limitation, all source code, object code, specifications, designs and documentation related thereto.

**"Station"** has the meaning specified in the recitals.

**"Station Agreements"** has the meaning specified in Section 4.14.

**"Station Intellectual Property"** means the Intellectual Property owned or licensed by the Company or any Subsidiary for use primarily in connection with the operation of the Station or the Included Assets or otherwise primarily associated with the identification of the Station, excluding any Intellectual Property primarily used in connection with a business of the Company or any of its Subsidiaries unrelated to the Station or the Included Assets.

**"Straddle Period"** has the meaning specified in Section 7.1(e)(ii).

**"Submitting Party"** has the meaning specified in Section 11.1(b).

**"Subsidiaries"** means any corporation, partnership, association or other business entity of which securities or other ownership interests representing more than 50% of the ordinary voting power or more than 50% of the general partnership or managing member interests are, at the time any determination is being made, owned, controlled or held by the Company and/or one or more Subsidiaries of the Company.

**"Tax"** or **"Taxes"** means (i) any and all federal, state, provincial, local, foreign and other taxes, levies, fees, imposts, duties, and similar governmental charges (including any interest, fines, assessments, penalties or additions to tax imposed in connection therewith or with respect thereto) including, without limitation, taxes imposed on, or measured by, income, franchise, profits or gross receipts, ad valorem, value added, capital gains, sales, goods and services, use, real or personal property, capital stock, license, branch, payroll, estimated withholding, employment, social security (or similar), unemployment, compensation, utility, severance, production, excise, stamp, occupation, premium, windfall profits, transfer and gains taxes, and customs duties, and (ii) any transferee liability in respect of any items described in clause (i) above.

**"Tax Contest"** has the meaning specified in Section 7.1(a)(i).

**"Tax Notice"** has the meaning specified in Section 7.1(e)(i).

**"Tax Returns"** means all returns, reports, forms or other information filed or required to be filed with respect to any Tax.

**"Towers"** means the analogue transmission tower and the digital transmission tower on the land subject to the lease agreements by and between American Tower L.P. and the United States Forest Service.

**"Tower Leases"** has the meaning specified in Section 4.9(b).

**"Trade Secrets"** means trade secrets, know-how, inventions, processes, procedures, databases, confidential business information and other proprietary or confidential information and rights (whether or not patentable or subject to copyright, mask work or trade secret protection).

**"Trademarks"** means trademarks, service marks, trade dress, trade names, brand names, designs, logos, or corporate names, whether registered or unregistered, and all registrations and applications for registration thereof, and all goodwill related thereto.

**"Transaction Documents"** means this Agreement, together with the exhibits and schedules hereto and any certificate, instrument or other document contemplated to be delivered in connection herewith, the Amending Agreement, the Further Amended and Restated Note, the Amendment #1 and the Guaranty, the Mutual Release, the Escrow Agreement and each of the Amended Collateral Agreements (including each of the amendments, dated the date hereof, to such Amended Collateral Agreements).

**"Transfer Application"** has the meaning specified in Section 6.2(a)(i).

**"TuVisión Affiliation Agreement"** has the meaning specified in Section 6.6.

**"TVA"** has the meaning specified in the recitals.

## ARTICLE II

### THE OPTION

Section 2.1 Grant of Option. The Sellers hereby grant to the Optionee, effective as of the Option Effective Date, the exclusive right and option (the **"Option"**) to purchase, on the Closing Date, the Membership Interests.

Section 2.2 Option Exercise Procedures.

(a) The Optionee may exercise the Option by (i) giving written notification (the **"Option Exercise Notice"**) of such exercise to the Sellers' Representative and (ii) filing the Transfer Application as contemplated by Section 6.2(a)(i) and delivering evidence thereof to the Sellers' Representative, at any time commencing on the Option Effective Date and ending at 5:00 p.m., New York City time, on June 30, 2012 (the **"Exercise Period"**); provided, however, that: (A) if the Amended Optionee LMA is terminated pursuant to Section 13 thereof, then the Exercise Period shall end on the date that is the earlier of (x) June 30, 2012 and (y) the date that is the three (3) month anniversary of the date the Amended Optionee LMA is terminated pursuant to Section 13 thereof; and (B) if the Amended Optionee LMA is terminated pursuant to Section 12.2 thereof as a result of the Optionee's Breach (as defined in the Amended Optionee LMA), then the Exercise Period shall end on the date that is the earlier of (x) June 30, 2012 and

(y) the date that is the two (2) month anniversary of the date the Optionee LMA is terminated pursuant to Section 12.2 thereof. For the avoidance of doubt, the date of exercise of the Option shall be the first date when (1) the Optionee shall have given the Option Exercise Notice to the Sellers' Representative (in accordance with clause (i) of the preceding sentence) and (2) the Sellers and the Optionee (or its Permitted Transferee) shall have filed (or caused to have been filed) with the FCC the Transfer Application (in accordance with clause (ii) of the preceding sentence).

(b) If the Optionee has not filed the Transfer Application as contemplated by Section 6.2(a)(i) on or before the first day of the 18th month following the Option Effective Date, then the Optionee shall pay to the Company (such payments, if any, to be assigned to the Sellers as Excluded Assets, as applicable, and subject to being distributed to the Sellers pursuant to Section 7.5) on the first day of each month, beginning in the 18th month, until it shall have filed the Transfer Application, \$100,000 per month, which monthly payment shall increase by \$50,000 each three-month period thereafter (e.g., the Optionee shall pay to the Company \$100,000 a month for months 18 through 20, \$150,000 a month for months 21 through 23, \$200,000 a month for months 24 through 26, etc.).

(c) Notwithstanding the foregoing, the amounts payable by Optionee pursuant to Section 2.2(b) shall not be payable for any period during which any Seller has failed to be in compliance with its obligations under Section 6.2(a)(i) in connection with the filing of the Transfer Application, as determined by an Option Expert Claims Decision pursuant to Section 13.11.

(d) If the Optionee delivers the Option Exercise Notice during the Exercise Period, the Sellers and the Optionee shall be required to consummate the purchase and sale of the Membership Interests, subject to the terms and conditions of this Agreement, as provided in Section 3.2.

### **ARTICLE III**

#### **PURCHASE AND SALE OF MEMBERSHIP INTERESTS**

Section 3.1 Purchase and Sale of Membership Interests. Upon the terms and subject to the conditions of this Agreement, on the Closing Date, the Sellers shall sell, transfer, assign, convey and deliver to the Optionee and the Optionee shall purchase from the Sellers, the Membership Interests, free and clear of all Liens other than the Permitted Equity Liens.

Section 3.2 Closing Date. The purchase and sale of the Membership Interests provided for in Section 3.1 (the "**Closing**") shall be consummated prior to 5:00 p.m., New York City time, on a date occurring within five (5) Business Days after the conditions set forth in Articles VIII and IX are satisfied or, if permissible, waived in writing by the party which has the benefit of such condition in its sole and absolute discretion (other than delivery of items to be delivered at the Closing and other than satisfaction of those conditions that by their nature are to be satisfied at the Closing, it being understood that the occurrence of the Closing shall remain subject to the delivery of such items and the satisfaction or waiver of such conditions at the Closing) or such other date as may be agreed upon by the Sellers and the Optionee but in no event after midnight New York City time on the then applicable Cut-Off Date or, if the then applicable Cut-Off Date is extended

pursuant to Section 11.1(b), midnight New York City time on the Extended Cut-Off Date, at the offices of Kaye Scholer LLP, 425 Park Avenue, New York, New York, or at such other place and at such time as shall be agreed upon by the Sellers and the Optionee (such date and time being hereinafter called the "**Closing Date**").

Section 3.3 Purchase Price.

(a) The total purchase price for the Membership Interests shall be as follows (collectively, the "**Purchase Price**"):

(i) U.S. \$25,000, payable by the Optionee to Pappas and PTC, in proportion to their respective Membership Interests (as between such Sellers) at the Closing, by bank wire transfer of immediately available funds denominated in U.S. dollars to the bank account identified for PTC on Schedule 1 to the Escrow Agreement (for the benefit of PTC and Pappas, as their interests may appear); *plus*

(ii) U.S. \$5,500,000, payable by the Optionee to Davis at the Closing by bank wire transfer of immediately available funds denominated in U.S. dollars to the bank account identified for Davis on Schedule 1 to the Escrow Agreement; *plus*

(iii) U.S. \$5,500,000, payable by the Optionee to Abercrombie at the Closing by bank wire transfer of immediately available funds denominated in U.S. dollars to the bank account identified for Abercrombie on Schedule 1 to the Escrow Agreement.

The parties acknowledge that, in addition, the Excluded Assets shall be distributed to Pappas and PTC as provided in Section 7.5.

(b) For the avoidance of doubt, it is expressly understood and agreed that (i) the Optionee is acquiring the Membership Interests subject to the obligations of the Company under the Amended Credit Agreement and the Liens arising thereunder including, without limitation, the provisions of the Amended Collateral Agreements, (ii) and it is expected that the full principal amount of the Further Amended and Restated Note and any other amounts owed by the Company to AIC under the terms of the Amended Credit Agreement will remain outstanding at the Closing Date as obligations of the Company and (iii) the Optionee intends the Permitted Transferee, after the Closing Date, to pay (through refinancing or otherwise) at least \$25,000,000.00 principal amount of the Further Amended and Restated Note.

Section 3.4 Deliveries.

(a) Concurrently with the execution of this Agreement, the Sellers shall execute and/or deliver or cause to be delivered to JPMorgan Chase Bank, N.A., as escrow agent (the "**Escrow Agent**"), to be held and distributed pursuant to the terms of an escrow agreement among the Sellers' Representative, AIC and the Escrow Agent in the form attached hereto as Exhibit 3.4(a) (the "**Escrow Agreement**"), the following (collectively, the "**Escrow Documents**"), at the expense of the Sellers:

(i) an assignment agreement, substantially in the form attached hereto as Exhibit 3.4(a)(i) (the "**Membership Interest Assignment Agreement**"), appropriately executed by the Sellers and (except for PTC) each of their respective

spouses, evidencing the resignation of the "Manager" of the Company, the transfer of all Membership Interests to the Permitted Transferee and the admission of the Permitted Transferee as the sole member of the Company (the name of such Permitted Transferee to be left blank until the Closing Date, at which time it will be inserted by Optionee or such Permitted Transferee) each, in accordance with the requirements of the Operating Agreement;

(ii) an assignment agreement, substantially in the form attached hereto as Exhibit 3.4(a)(ii) (the "**Excluded Assets/Liabilities Assignment and Assumption Agreement**") executed by each of the Sellers, evidencing the assignment of the Excluded Assets to the Sellers, and the Sellers' assumption of the Excluded Liabilities;

(iii) certificate(s) representing the Membership Interests of each Seller with membership interest powers executed by the Sellers and (except for PTC) each of their respective spouses;

(iv) a certificate, issued by the Company in the name of the Permitted Transferee (the name of such Permitted Transferee to be left blank until the Closing Date, at which time it will be inserted by the Optionee or such Permitted Transferee), representing the Membership Interests;

(v) a copy of the certificate of formation of the Company and each of its Subsidiaries, certified as of a recent date by the Secretary of State of the State of Delaware and a copy of the Operating Agreement;

(vi) a certificate of good standing of the Company and each of its Subsidiaries, issued as of a recent date by the Secretary of State of the State of Delaware;

(vii) a certification of non-foreign status, in form and substance reasonably satisfactory to the Optionee, in accordance with Treas. Reg. §1.1445-2(b); and

(viii) a guaranty, substantially in the form attached hereto as Exhibit 3.4(a)(viii) (the "**Guaranty**"), appropriately executed by Pappas.

For the avoidance of doubt, concurrently with the Effective Date, the Sellers shall deliver to Kaye Scholer LLP for delivery to the Escrow Agent, originally executed copies of all of the Escrow Documents requiring the execution of each Seller, and each spouse of such Seller, as applicable (as well as the certificates referenced in Sections 3.4(a)(v) and (vi)), except for (A) the certification of non-foreign status referenced in Section 3.4(a)(vii) relating to PTC and (B) the membership interest powers for each Seller, and each spouse of such Seller, as applicable, referenced in Section 3.4(a)(iii). The Sellers will deliver originally executed copies of the documents reference in (A) and (B) of the previous sentence to Kaye Scholer LLP, on or prior to January 14, 2008, for delivery to the Escrow Agent. The parties acknowledge that failure by the Sellers to deliver the documents referenced in (A) and (B) above to Kaye Scholer LLP, on or prior to January 14, 2008, for delivery to the Escrow Agent, will constitute an Event of Default under Section 7(l) of the Amended Credit Agreement.

(b) Upon the Closing, the Optionee shall direct the Escrow Agent to deliver to the Optionee the documents referred to in Section 3.4(a), and the Sellers shall deliver or cause to be delivered to the Optionee, at the expense of the Sellers, such other

documents and instruments, if any, as are reasonably requested by the Optionee to evidence that the Membership Interests at Closing are free and clear of all Liens, *other than* Liens arising pursuant to this Agreement or the Transaction Documents, and that the Optionee has become the sole member of the Company.

(c) Upon the Closing, the Optionee shall execute and/or deliver or cause to be delivered at the expense to the Optionee:

- (i) to the Sellers, the Purchase Price, in accordance with Section 3.3;
- (ii) to the Sellers' Representative, the Membership Interest Assignment Agreement appropriately executed by the Optionee;
- (iii) to the Sellers' Representative, a copy of the charter of the Optionee, certified as of a recent date by the Secretary of State of the State of Delaware; and
- (iv) to the Sellers' Representative, a certificate of good standing of the Optionee, issued as of a recent date by the secretary of state of the State of Delaware.

Section 3.5 Related Matters. Effective as of the Closing, the "Manager" of the Company (as such term is defined in the Operating Agreement of the Company, dated October 23, 1997, as amended on August 31, 2000, July 30, 2001, February 11, 2003, and on the date hereof (the "**Operating Agreement**"), by and among the members thereof) shall resign and the members of the Company shall take such actions as may be necessary such that the Permitted Transferee becomes the sole member of the Company. Optionee hereby agrees that, effective as of the Closing, the Sellers shall have no obligation or liability in respect of capital contributions or otherwise to the Company other than as set forth in this Agreement and, as appropriate, the Guaranty.

Section 3.6 Allocation of Purchase Price for Tax Purposes. The Optionee shall provide to the Sellers a schedule showing its proposed allocations of the Purchase Price to the acquired Company Assets at least thirty (30) days prior to the use by the Optionee of such allocations for any Tax purpose, or within thirty (30) days of any earlier written request for such information by the Sellers. Upon receipt of such schedule, the Sellers shall, within fifteen (15) days, provide written and/or oral comments, including specific requested changes, if any, to the Optionee with respect to the proposed allocations. The Optionee shall cooperate with the Sellers in providing any information or personnel necessary for Sellers to review such allocations. After consulting with the Sellers, the Optionee shall make such revisions, if any, to the allocations as the Optionee deems appropriate. The Sellers and Optionee agree to use the allocations determined pursuant to this Section 3.6 for all Tax purposes, including without limitation, for purposes of applying Section 751 of the Code.

**ARTICLE IV**  
**REPRESENTATIONS AND WARRANTIES**  
**OF**  
**THE SELLERS**

**A. Representations and Warranties of the Sellers with Respect to the Company.** Each of the representations and warranties in Section 4.1 through Section 4.25 (inclusive) is made by the Sellers, as of the date of this Agreement and not as of any other date, unless another date is specified in this Agreement with respect to a particular representation or warranty. No Seller is making any representation or warranty as to any matter concerning Optionee's power and authority or legal right to hold this Option, to exercise this Option, to acquire control of the Company, or otherwise to consummate the transactions contemplated hereby, whether under the Communications Act or any other Requirement of Law and no representation or warranty being made by any Seller shall be interpreted to relate to any such matter.

**Section 4.1 Organization; Subsidiaries.**

(a) The Company and each of its Subsidiaries are limited liability companies duly organized, validly existing and are in good standing under the laws of the State of Delaware. The Company and each of its Subsidiaries are qualified as foreign limited liability companies to do business in, and in good standing under, the laws of the State of California. The Company and its Subsidiaries have the requisite limited liability company power and authority to own or lease and operate the Station and the Included Assets.

(b) Schedule 4.1 identifies each of the Subsidiaries of the Company and its jurisdiction of formation. Except as set forth on Schedule 4.1, the Company owns 100% of the outstanding equity interests in each such Subsidiary.

**Section 4.2 Authority of the Company; No Conflicts.**

(a) The Company has the requisite limited liability company power and authority to execute and deliver this Agreement.

(b) The execution, delivery and performance of this Agreement by the Company have been duly authorized and approved by all necessary limited liability company action of the Company and do not require any further authorization or consent of the Company, the Sellers or any of the Company's Subsidiaries. This Agreement is a legal, valid and binding agreement of the Company enforceable in accordance with its terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) Except as set forth in Schedule 4.2, none of the execution, delivery and performance by the Company of this Agreement, the consummation by the Company



of any of the transactions contemplated hereby or compliance by the Company with, or fulfillment by the Company of, the terms, conditions and provisions hereof will:

(i) conflict with, result in a breach of the terms, conditions or provisions of, or constitute a default, an event of default or an event creating rights of acceleration, termination or cancellation or a loss of rights under, or result in the creation or imposition of any Lien upon any of the Included Assets under, the certificate of formation or operating agreement of the Company or any of its Subsidiaries, any Station Agreement, any Governmental Permit or any Order to which the Company or any of its Subsidiaries is a party or to which any of the Included Assets, the Station or the Business is subject or by which the Company or any of its Subsidiaries is bound, or any Requirement of Law affecting the Company, any of its Subsidiaries, any of the Included Assets, the Station or the Business except for any such conflicts, breaches or other occurrences of the type referred to above, which would not individually or in the aggregate have a Material Adverse Effect or prevent the consummation by the Company of the transactions contemplated hereby; or

(ii) require the approval, consent, authorization or act of, or the making by the Company or any of its Subsidiaries of any declaration, filing or registration with, any third party or any Governmental Authority, except for such of the foregoing as are necessary pursuant to the HSR Act, the Communications Act or the rules and regulations of the FCC, and except for any such approvals, consents, authorizations or other actions of the type referred to above which would not individually or in the aggregate have a Material Adverse Effect or prevent the consummation by the Sellers of the transactions contemplated hereby.

Section 4.3 Financial Statements. The Company has provided to the Optionee the unaudited balance sheet (the "**Balance Sheet**") of the Business as of September 30, 2007 (the date of its most recently prepared financial statements) (the "**Balance Sheet Date**"), and the related statement of income for the nine-month period then ended. Except as set forth in Schedule 4.3, the Balance Sheet and statement of income have been prepared in accordance with GAAP, except for the absence of notes and normal year-end adjustments. The Balance Sheet and the statement of income present fairly and accurately, in all material respects, the financial position and results of operations of the Business as of the Balance Sheet Date and for the period covered thereby.

Section 4.4 Operations Since Balance Sheet Date. Except as set forth in Schedule 4.4 and except that the Sellers make no representation as to any action taken by the Optionee under the Optionee LMA or any fact known to the Optionee as a result of its conduct under the Optionee LMA, during the period from the Balance Sheet Date to the date of this Agreement, inclusive:

(a) To the Knowledge of the Sellers, there has not been any change in the financial condition or the results of operations of the Station or the Business which has had or would reasonably be expected to have a Material Adverse Effect;

(b) To the Knowledge of the Sellers, there has not been any damage, destruction, loss or claim (whether or not covered by insurance) or condemnation or other taking which has had or would reasonably be expected to have a Material Adverse Effect;

(c) Neither the Company nor any of its Subsidiaries has, in respect of the Station or the material Included Assets, sold, leased, transferred or otherwise disposed of (including any transfers to any Affiliate of the Company), or mortgaged or pledged, or imposed or suffered to be imposed any Lien (other than Permitted Liens) on, any of the material Included Assets, other than Personal Property sold or otherwise disposed of in the ordinary course of the Business consistent with past practice; or

(d) Neither the Company nor any of its Subsidiaries has, in respect of the Station, the Business or the Included Assets, entered into any agreement or made any commitment to take any action described in subparagraph (c) above.

Section 4.5 No Undisclosed Liabilities. Except as set forth in Schedule 4.5, to the Knowledge of the Sellers, neither the Company or any of its Subsidiaries is subject, with respect to the Business, the Station or the Included Assets, to any liability (including, without limitation, Claims), whether absolute, contingent, accrued or otherwise, which is not shown or reserved for in the Balance Sheet, other than liabilities of the same nature as those set forth in the Balance Sheet and the notes thereto and incurred in the ordinary course of the Business after the Balance Sheet Date and liabilities not required to be shown or reserved for under GAAP and except for liabilities which would not individually or in the aggregate have a Material Adverse Effect.

Section 4.6 Taxes.

(a) As of the date of this Agreement, the Company, and each Subsidiary of the Company, has been treated as a partnership or a disregarded entity for federal income tax purposes and for purposes of all applicable state and local income Taxes for all times and, therefore, neither the Company nor any of its Subsidiaries has any liability for any federal income taxes.

(b) As of the date of this Agreement, the Company and each of its Subsidiaries has properly prepared and timely filed or caused to be properly prepared and timely filed all material Tax Returns required to be filed by it, all such Tax Returns are true, complete, and correct in all material respects, and the Company and each of its Subsidiaries has fully and timely paid, or provided adequate reserves (in accordance with GAAP), for all deficiencies or other assessments of any material Tax owed by it (whether or not shown on any Tax Return). Except as set forth on Schedule 4.6 hereto, as of the date of this Agreement, no Tax deficiency has been proposed in writing against the Company or any of its Subsidiaries. Except as set forth on Schedule 4.6 hereto, as of the date of this Agreement, no audit of any Tax Return of the Company or any of its Subsidiaries has been proposed in writing or is in progress. No audit of any Tax Return of the Company or any of its Subsidiaries has been conducted within the five (5) taxable years of the Company or any of its Subsidiaries preceding the date of this Agreement. As of the date of this Agreement, no extension of time with respect to any date on which any Tax Return was or is to be filed with respect to the Company or any of its Subsidiaries is in force and no waiver or agreement by the Company or any of its Subsidiaries is in force for the extension or waiver of the statutory period of limitations applicable to any claim for, or the period for, the collection or the assessment or payment of any Tax.

(c) There are no Tax Liens on any of the Included Assets or on the Optionee's title or use of the Included Assets.

(d) As of the date of this Agreement, no claim has ever been made by a taxing authority in a jurisdiction where the Company or any of its Subsidiaries does not currently file Tax Returns that the Company or any of its Subsidiaries is or may be subject to taxation by such jurisdiction.

(e) None of the Included Assets is "tax exempt use property" within the meaning of Section 168(h) of the Code.

(f) None of the Included Assets is subject to a lease made pursuant to Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately prior to the enactment of the Tax Reform Act of 1986.

#### Section 4.7 Sufficiency of Assets; Membership Interests.

(a) Schedule 4.7(a) sets forth, as of the Effective Date, a list of the Excluded Assets and Excluded Liabilities, which the parties acknowledge is general in nature. Except as set forth in Schedule 4.7(a) and except for the Excluded Assets and certain corporate governance and managerial services provided by the Company or one or more Affiliates of the Company to the Business, and after giving effect to the Amended Optionee LMA and the use of the Optionee's assets thereunder, the Included Assets constitute all of the material assets necessary for or used by the Company and its Subsidiaries in the operation of the Station as operated as of the Effective Date.

(b) The Membership Interests held by the Sellers constitute, and on the Closing Date will constitute, all of the issued and outstanding equity interests of the Company.

#### Section 4.8 Governmental Permits.

(a) PSC License, a Subsidiary of the Company, directly holds all of the licenses, permits or other authorizations issued by the FCC relating to or necessary for the operation of the Station (the "**FCC Licenses**"). Schedule 4.8(a) sets forth a list of all of the FCC Licenses (other than auxiliary service licenses and FCC registrations for receive-only earth stations) held by PSC License and sets forth the expiration date, if any, of each such FCC License. To the Knowledge of the Sellers, each FCC License, at the time of its issuance, was duly and validly issued by the FCC. To the Knowledge of the Sellers, no event has occurred or circumstance exists which permits, or after notice or lapse of time or both would permit, the revocation, suspension, termination or non-renewal of any FCC License, other than (i) events that have occurred since the LMA Effective Date or may occur from the date of this Agreement or circumstances that have arisen since the LMA Effective Date or may arise from the date of this Agreement as a result of the failure of the Optionee to fulfill its obligations under the Amended Optionee LMA, and (ii) circumstances of general applicability to the television broadcast industry as a whole. As of the date of this Agreement, each of the FCC Licenses is in full force and effect, and PSC License is in substantial compliance therewith with no known conflict with the valid rights of others, except where the failure to be in full force and effect or in substantial compliance results from the failure of the Optionee to fulfill its obligations under the Amended Optionee LMA. At the Closing, each FCC License will be in full force and effect (other than as provided in the rules and policies of the FCC generally applicable to the television broadcast industry as a whole), and PSC License will be in substantial compliance therewith with no known conflict with the valid rights of others, except where the failure to be in full force and effect

or in substantial compliance results from the failure of the Optionee to fulfill its obligations under the Amended Optionee LMA.

(b) To the Knowledge of the Sellers, the Company and its Subsidiaries own, hold or possess all Governmental Permits (other than the FCC Licenses), except for such Governmental Permits, of which the failure to own, hold or possess would not, individually or in the aggregate, have a Material Adverse Effect. Schedule 4.8(b) sets forth a list and brief description of each such Governmental Permit (other than the FCC Licenses) owned, held or possessed by the Company and its Subsidiaries as of the date of this Agreement, and the name of the holder thereof.

(c) Except with respect to programming being provided to the Company under the Prior Affiliation Agreement about which the Company and its Subsidiaries make no representation or warranty, except where the failure to be in full force and effect or in substantial compliance results from the failure of the Optionee to fulfill its obligations under the Amended Optionee LMA, and except as set forth in Schedule 4.8(c), the Company and each of its Subsidiaries has fulfilled and performed in all material respects its obligations under each of the Governmental Permits, except where the failure to fulfill or perform such obligations would not individually or in the aggregate have a Material Adverse Effect, and no event has occurred or condition or state of facts exists which constitutes or, after notice or lapse of time or both, would constitute a breach or default under any such Governmental Permit except for such breaches or defaults as would not individually or in the aggregate have a Material Adverse Effect. No written notice of cancellation, of default or of any dispute concerning any Governmental Permit, has been received by the Company or any of its Subsidiaries. Except as set forth in Schedule 4.8(c), and except where the failure to be in full force and effect or in substantial compliance results from the failure of the Optionee to fulfill its obligations under the Amended Optionee LMA, each of the Governmental Permits is valid, subsisting and in full force and effect, except where the failure to be so would not individually or in the aggregate have a Material Adverse Effect.

(d) Except with respect to programming being provided to the Company under the Prior Affiliation Agreement, and except for the conduct of the Optionee under the Amended Optionee LMA, about which the Sellers make no representation or warranty, to the Knowledge of the Sellers, the Station is being operated in accordance with the Governmental Permits and in compliance in all material respects with the Communications Act, the rules and regulations thereunder, and all other Requirements of Law applicable to the Station. Neither the Company nor any of its Subsidiaries has received any written notice of any violations of the Governmental Permits, the Communications Act or the rules and regulations thereunder. To the Knowledge of the Sellers, there is no action by or before the FCC currently pending or threatened to revoke, cancel, rescind, modify or refuse to renew in the ordinary course any of the Governmental Permits, other than circumstances of general applicability to the television broadcast industry as a whole. The Governmental Permits are validly issued in the name of the Company or a Subsidiary of the Company. The Company has delivered to the Optionee true and complete copies of the Governmental Permits, including any and all amendments and other modifications thereto. The Governmental Permits are in full force and effect, are valid for the balance of the current license term applicable generally to television stations licensed to communities in the state where the Station is located, are unimpaired by any acts or omissions of the Company or any of its Affiliates, or the employees, agents, officers or directors, or members of the Company 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 Governmental Permits themselves or restrictions of general applicability to the television broadcast industry as a whole). Neither the Company nor any of its Subsidiaries has received any written notice of any violations of the Governmental Permits, the Communications Act or the rules and regulations thereunder. To the Knowledge of the Sellers, there are no applications or Claims pending or threatened which may individually or in the aggregate have a Material Adverse Effect (other than rulemaking proceedings that apply to the television broadcasting industry generally). Neither the Company nor any of its Subsidiaries is aware of any reason why those of the Governmental Permits subject to expiration might not be renewed in the ordinary course for a full term without material qualifications, except to the extent of any contrary rules and policies of the FCC of general applicability to the television broadcast industry as a whole, or of any reason why any of the Governmental Permits might be revoked, except to the extent of any rules or policies of the FCC of general applicability to the television broadcast industry as a whole. No renewal of any Governmental Permits would constitute a major environmental action under the current rules and regulations of the FCC. The Company maintains an appropriate public inspection file at the Station's studios in accordance with FCC rules and regulations. Access to the Station's transmission facilities is restricted in accordance with the policies, rules and regulations of the FCC.

#### Section 4.9 Real Property Leases.

(a) Leased Properties. To the Knowledge of the Sellers, Schedule 4.9(a) contains a true and complete list of all leases, subleases, licenses and other agreements (collectively, the "**Real Property Leases**") under which either the Company or any of its Subsidiaries uses or occupies or has the right to use or occupy, now or in the future, any real property (the real property covered by such Real Property Leases, other than the Disney Lease, the "**Leased Real Property**"). The Sellers heretofore have delivered or caused to be delivered to the Optionee a copy of all of the Real Property Leases set forth on Schedule 4.9(a) (including all modifications, amendments and supplements) to the extent, and in the form, that such Real Property Leases are in the possession of the Company or any Subsidiary of the Company. All of such Real Property Leases are in full force and effect; all rent and other sums and charges payable by the Company or any of its Subsidiaries as tenant thereunder are current; to the Knowledge of the Sellers, each other Person that is a party to any such Real Property Lease is in material compliance with all applicable terms and requirements of such Real Property Lease; to the Knowledge of the Sellers, no event has occurred or condition or set of circumstances exists that (with or without notice or lapse of time or both) (A) constitutes a default or breach on the part of the lessee under any such Real Property Lease or (B) gives any Person the right to terminate or cancel any such Real Property Lease; neither the Company nor any of its Subsidiaries has given to or received from any other Person any written notice or other communication regarding any alleged breach of or default under any such Real Property Lease except in the case of each of the representations above where the inaccuracy of the representation would not individually or in the aggregate have a Material Adverse Effect. The Company or its Subsidiary, as applicable, holds the leasehold interest in each such Real Property Lease free and clear of all Liens, subject only to Permitted Liens. To the Knowledge of the Sellers, either (i) the Company or its Subsidiary, as lessee under the Real Property Leases, is entitled to non-disturbance from the holders of all mortgages (or deeds of trust) on the lessor's interests

in the Leased Real Property or (ii) the Real Property Leases are superior to such mortgages or deeds of trust.

(b) Tower Leases. To the Knowledge of the Sellers, (i) the Sellers have delivered to the Optionee a true, correct and complete copy of each of its leases with American Tower L.P. relating to the Towers (the "**Tower Leases**"), and (ii) the representations and warranties contained in the third sentence of Section 4.9(a) are true and correct with respect to the Tower Leases (except that for purposes of this clause (ii), all references in such sentence to the Real Property Leases, and to the Company and its Subsidiaries, shall be deemed, respectively, references to the Tower Leases and the lessee thereunder).

(c) Entire Premises. The Leased Real Property constitutes all of the Real Property.

(d) Condemnation. Neither the Company nor any of its Subsidiaries has received written notice of, and to the Knowledge of the Sellers, there are not any pending, threatened or contemplated condemnation proceedings affecting the Real Property or any part thereof, or any sale or other disposition of the Real Property or any part thereof in lieu of condemnation.

Section 4.10 Personal Property. Schedule 4.10 contains a list of all personal property owned or leased by the Company or any of its Subsidiaries as of the date of this Agreement having a depreciation cost of \$50,000 or more used, held by the Company or any of its Subsidiaries for the operation of the Station, or necessary for the operation of the Station as it is being operated as of the date hereof (the "**Personal Property**").

Section 4.11 Personal Property Leases. Schedule 4.11 contains a list of each lease or other agreement or right under which the Company or any of its Subsidiaries is lessee of, or holds or operates, any Personal Property owned by a third party used, held for use by the Station, or necessary to operate the Station as it is being operated as of the date hereof (the "**Personal Property Leases**").

Section 4.12 Intellectual Property.

(a) Except as disclosed in Schedule 4.12(a), to the Knowledge of the Sellers, the Company and its Subsidiaries either: (i) own the entire right, title and interest in and to the Station Intellectual Property, free and clear of Liens except for Permitted Liens or (ii) have the valid right and license to use the same in the operations of the Station as currently conducted except where the failure to own or have the right to use such items would not individually or in the aggregate have a Material Adverse Effect.

(b) Except as disclosed in Schedule 4.12(b) and except where it would not individually or in the aggregate have a Material Adverse Effect: (i) the Station Intellectual Property is valid and enforceable; and (ii) the Company or a Subsidiary has the right to bring actions for infringement or unauthorized use of the Station Intellectual Property.

(c) Schedule 4.12(c) sets forth all material IP Licenses under which the Company or a Subsidiary is a (i) licensor, or (ii) licensee, distributor or reseller. The

Company or such Subsidiary has substantially performed all obligations imposed on it pursuant to IP Licenses except where the failure to do so would not individually or in the aggregate have a Material Adverse Effect, and is not, nor to the Knowledge of the Sellers is another party thereto, in breach of or default thereunder in any respect, nor is there any event that with notice or lapse of time or both would constitute a default thereunder except where such breach or default would not individually or in the aggregate have a Material Adverse Effect.

(d) Except as disclosed in Schedule 4.12(d):

(i) To the Knowledge of the Sellers, no Person is infringing upon or otherwise violating the rights of the Company or any of its Subsidiaries in respect of Station Intellectual Property;

(ii) No litigation is pending and, to the Knowledge of the Sellers, no Claim has been made, or is threatened, against the Company or any Subsidiary, (i) alleging that the Company or any Subsidiary has infringed any intellectual property rights of others, or (ii) opposing or attempting to cancel any of the Station Intellectual Property.

(e) To the Knowledge of the Sellers, neither the operation of the Station, nor the Station Intellectual Property, products or services owned, used, developed, provided, sold, licensed, imported or otherwise exploited by the Company and its Subsidiaries, or made for, used or sold by or licensed to the Company or any Subsidiary by any Person as of the date of this Agreement, infringes or otherwise violates the Intellectual Property rights of others. Neither the Company nor any Subsidiary has sold, licensed or otherwise disposed of any of the Station Intellectual Property to any Person or agreed to indemnify any Person for any Patent, Trademark or Copyright infringement.

(f) To the Knowledge of the Sellers, neither the Company nor any Subsidiary is, or as a result of the execution and delivery of this Agreement or the performance of its obligations hereunder, will be, in violation of any agreement relating to any Station Intellectual Property.

Section 4.13 Title to Included Assets. The Company and its Subsidiaries have a valid license interest in the Governmental Permits free and clear of all Liens, except Permitted Liens. The Company and its Subsidiaries have good and marketable title (or a valid leasehold or license interest, in the case of any leased or licensed assets, as applicable), to all of the Included Assets (other than the Governmental Permits) free and clear of all Liens, except for Permitted Liens and where the failure to have good and marketable title (or a valid leasehold or license interest) would not individually or in the aggregate have a Material Adverse Effect.

Section 4.14 Contracts. Set forth in Schedule 4.14 is a list of each contract, lease or other agreement relating to the operation of the Station or the Included Assets to which the Company or any Subsidiary of the Company is a party as of the Effective Date (collectively with the Real Property Leases, the Tower Leases, the Personal Property Leases and the IP Licenses, the "**Station Agreements**").

Section 4.15 Status of Contracts. Except as set forth in Schedule 4.15 or in any other Schedule hereto, each of the Station Agreements constitutes a valid and binding obligation of the Company or Subsidiary party thereto and, to the Knowledge of the Sellers, the other parties thereto (subject to bankruptcy, insolvency, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally) and is in full force and effect (subject to bankruptcy, insolvency, reorganization or other similar laws relating to or affecting the enforcement of creditors' rights generally) except where the failure of such Station Agreement to be binding or in full force and effect would not individually or in the aggregate have a Material Adverse Effect. The Company and each Subsidiary have fulfilled and performed in all material respects their respective obligations under each of the Station Agreements to which they are parties except where the failure to fulfill or perform such obligations results from the conduct of the Optionee under the Optionee LMA, and except where the failure to fulfill or perform such obligations would not individually or in the aggregate have a Material Adverse Effect, and neither the Company nor any Subsidiary is in, or alleged to be in, breach or default under any of the Station Agreements and, except for such breaches or defaults as would not individually or in the aggregate have a Material Adverse Effect, to the Knowledge of the Sellers, no other party to any of the Station Agreements has breached or defaulted thereunder, and no event has occurred and no condition or state of facts exists which, with the passage of time or the giving of notice or both, would constitute such a default or breach by the Company or Subsidiary party thereto except for such breaches or defaults as would not individually or in the aggregate have a Material Adverse Effect or, to the Knowledge of the Sellers, by any such other party. The Company is not a party to any oral contracts material to the operation of the Business or the Station. Copies of each of the Station Agreements together with all amendments thereto to the extent and in the form that any such Station Agreement (or amendment thereto) is in the possession of the Company, have heretofore been delivered or made available to the Optionee by the Sellers.

Section 4.16 No Violation, Litigation or Regulatory Action. Except as set forth in Schedule 4.16:

(a) To the Knowledge of the Sellers, the Company and each of its Subsidiaries has complied in all material respects with, and is not in violation of any, Orders applicable to the Company, such Subsidiary, the Included Assets, the Station or the Business. To the Knowledge of the Sellers, the Company and each of its Subsidiaries has complied with, and is not in violation of, any Requirements of Law, except where such non-compliance or violation would not individually or in the aggregate have a Material Adverse Effect. Without limiting the generality of the foregoing:

(i) To the Knowledge of the Sellers, there are no unsatisfied Orders outstanding against the Company, any Subsidiary, the Included Assets, the Station or the Business;

(ii) To the Knowledge of the Sellers, there are no Claims pending or threatened against the Company or any Subsidiary in respect of the Included Assets, the Station or the Business;

(iii) To the Knowledge of the Sellers, there is no Claim pending or threatened which questions the legality or propriety of the transactions contemplated by this Agreement or the Optionee LMA; and



(iv) To the Knowledge of the Sellers, there are no unsatisfied Orders outstanding against, and no Claims pending or threatened against, any other FCC-regulated entity in which any Seller has an ownership or other interest, or with which a Seller has a material relationship, which Orders or Claims might reasonably be expected to materially delay the receipt of, or otherwise adversely affect the grant of, the FCC Consent.

(b) The Station's transmitting facilities are operating in all material respects in accordance with the terms and conditions of the Governmental Permits and all underlying construction permits and the rules, regulations and policies of the FCC, including, without limitation, all regulations concerning equipment authorization. The Station is not causing interference in violation of FCC rules to the transmission of any other broadcast station or communications facility. The Company has given Optionee notice of any written complaints of which the Sellers have Knowledge with respect to any such interference. No other broadcast station or communications facility is causing interference in violation of FCC rules to the Station's transmissions or the public's reception of such transmissions;

(c) Neither the Company nor any Subsidiary has received written notification in the past two (2) years from the FCC that the employment practices of the Company or such Subsidiary fail to comply with FCC rules and policies; and

(d) Except where the failure to have done so would not individually or in the aggregate have a Material Adverse Effect, and except with respect to any ownership reports for AIC, TVA or their respective Affiliates, if required (i) all ownership reports, employment reports, tax returns and other documents required to be filed by the Company and its Subsidiaries with the FCC or other Governmental Authority have been filed, (ii) such items as are required to be placed in each Station's local public inspection files have been placed in such files, (iii) all proofs of performance and measurements that are required to be made by the Company and its Subsidiaries with respect to the Station's transmission facilities have been completed and filed at each Station and (iv) all information contained in the foregoing documents is true, complete and accurate in all material respects.

Section 4.17 Insurance. The Company and/or its Subsidiaries maintain policies of fire and extended coverage and casualty, liability and other forms of insurance in respect of the Included Assets and the Station. All such insurance policies are in full force and effect. With respect to the Included Assets and the Station, there are no outstanding Claims under any insurance policy or default with respect to provisions in any such policy, which Claim or default, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect. Complete and correct copies of all such insurance policies have heretofore been delivered or made available to the Optionee by the Sellers and are listed on Schedule 4.17.

Section 4.18 Environmental Protection. In respect of the Business and the Included Assets, except as set forth in Schedule 4.18:

(a) To the Knowledge of the Sellers, as of the date of this Agreement (i) the Company and its Subsidiaries are in material compliance with all applicable Environmental Laws; the Company and its Subsidiaries hold and are in compliance with all material licenses, permits, approvals or other authorizations of any Governmental

Authority required under Environmental Laws for the operation of the Business as conducted on the date of this Agreement, and (ii) no modification or change to the operations of the Business will be required upon the renewal of any such licenses, permits, approvals or other authorizations of any Governmental Authority other than modifications or changes required due to changes in Requirements of Law occurring after the date hereof;

(b) To the Knowledge of the Sellers (i) there are no Claims arising under Environmental Laws or principles of common law relating to safety, health, pollution or protection of the Environment pending or threatened against the Company or any Subsidiary, (ii) there are no Orders pending or, to the Knowledge of the Sellers, threatened relating to compliance with or liability under any Environmental Law, and (iii) to the Knowledge of the Sellers, neither the Company nor any Subsidiary has any liability under any Environmental Law, except where such liability would not individually or in the aggregate have a Material Adverse Effect;

(c) To the Knowledge of the Sellers, there have been no Releases of Hazardous Materials in, on or under the Real Property currently owned, leased or used by the Company or its Subsidiaries that could result in any material investigation or material remedial action by any Governmental Authority pursuant to any Environmental Law;

(d) To the Knowledge of the Sellers, no Real Property or any property to which the Company or any Subsidiary transported or arranged for the transportation of any Hazardous Materials is listed or proposed for listing on the National Priorities List promulgated pursuant to CERCLA, on CERCLIS (as defined in CERCLA), or on any similar federal or state list of sites requiring investigation or remediation;

(e) To the Knowledge of the Sellers, (i) there are no structures, improvements, equipment, activities, fixtures or facilities on any property owned, leased or used by the Company or its Subsidiaries that are constructed with, use, or otherwise contain, radioactive materials, asbestos-containing materials, lead, urea formaldehyde or polychlorinated biphenyls, unless same are in good condition, ordinary wear and tear excepted, and in compliance in all material respects with Environmental Laws, (ii) there are no underground storage tanks, or underground piping associated with such tanks, except those that comply with applicable Environmental Laws and (iii) there are no abandoned underground storage tanks that have not been removed in compliance with Environmental Laws;

(f) To the Knowledge of the Sellers, there are no liens, restrictive covenants or other land use restrictions under Environmental Laws on any of the properties owned, leased or used by the Company or its Subsidiaries, and no government actions have been taken, or are in process that could subject any of such properties to such liens, restrictive covenants or other land use restrictions, and neither the Company nor any Subsidiary is required to place any notice or restriction relating to Hazardous Materials in any deed to such property;

(g) Neither the Company nor any Subsidiary has released any Person or waived any rights or defenses with respect to any Environmental Conditions or any Claim arising under any Environmental Law; and

(h) There is no material environmental report in the possession or control of the Company or any of its Affiliates relating to the current or prior business of the Company that has not been delivered to the Optionee.

Section 4.19 Insolvency Proceedings. None of the Sellers, the Company, any Subsidiary of the Company or any of the Membership Interests or the Included Assets are the subject of any pending or, to the Knowledge of the Sellers, threatened insolvency proceedings of any character, including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary. In respect of the Membership Interests and the Included Assets, neither the Sellers nor the Company nor any Subsidiary of the Company has made an assignment for the benefit of creditors, fraudulent conveyances, preferences, or transfers nor have the Sellers or the Company or any Subsidiary of the Company taken any action in contemplation of the institution of any such insolvency proceedings.

Section 4.20 No Third Party Options. There are no agreements with, options or rights of, or commitments to any Person, other than the Optionee, to acquire the Membership Interests or any of the Included Assets or any interest therein.

Section 4.21 No Finder. None of the Sellers nor any party acting on behalf of the Sellers has paid or become obligated to pay any fee or commission to any broker, finder or intermediary, for or on account of the transactions contemplated by this Agreement.

Section 4.22 No Representation as to Transferability of the Governmental Permits. The Sellers make no representation or warranty as to any matter concerning the power and authority or legal right of the Optionee to acquire control of the Company.

Section 4.23 Disclosure of Information to the Optionee. To the Knowledge of the Sellers, the Sellers have provided, and as of the Closing Date will have made available in all material respects, the information relating to the Company, the Station or the Included Assets (excluding the Excluded Assets and excluding information relating to the Optionee's conduct under the Amended Optionee LMA) which has been requested by the Optionee and is in the possession or control of the Sellers.

Section 4.24 Aggregate Material Adverse Effect. To the Knowledge of the Sellers, there are no facts, events or circumstances that the Sellers have not disclosed in the representations and warranties contained in this Article IV (including the Schedules hereto) solely because of a "Material Adverse Effect" exception or qualifier to any such representation and warranty which, in the aggregate, have or would reasonably be expected to have a Material Adverse Effect.

Section 4.25 Exclusive Representations and Warranties; Sellers' Disclosure Schedules. Other than the representations and warranties set forth in this Article IV, the Sellers are not making any other representation or warranty, express or implied, with respect to the Membership Interests, the Business, the Station or the Included Assets. The information included in any Schedule to this Agreement delivered by the Sellers shall be deemed to have been included in every other Schedule to this Agreement delivered by the Sellers as though such information were fully set forth in such Schedule.

**B. Individual Representations and Warranties of the Sellers.** Each of the representations and warranties in Section 4.26 through Section 4.28 (inclusive) is made by each Seller, individually as to himself or itself only, severally and not jointly with any other Seller, as of the date of this Agreement and not as of any other date, unless another date is specified in this Agreement with respect to a particular representation or warranty. No Seller is making any representation or warranty as to any matter concerning Optionee's power and authority or legal right to hold this Option, to exercise this Option, to acquire control of the Company, or otherwise to consummate the transactions contemplated hereby, whether under the Communications Act or any other Requirement of Law and no representation or warranty being made by any Seller shall be interpreted to relate to any such matter.

Section 4.26 Authority of the Sellers; No Conflicts.

(a) Each Seller has the requisite power and authority to execute and deliver this Agreement and all of the other agreements and instruments to be executed and delivered by such Seller at the Closing pursuant hereto (collectively, the "**Sellers Ancillary Agreements**"), to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

(b) The execution, delivery and performance of this Agreement by each Seller has been, and the execution, delivery and performance of the Sellers Ancillary Agreements when executed and delivered by each Seller will be, duly authorized and approved by all necessary action of such Seller and do not or will not require any further authorization or consent of the Affiliates, members or any Subsidiary of such Seller. This Agreement is, and each other Sellers Ancillary Agreement, when executed and delivered by the Sellers, will be, a legal, valid and binding agreement of each Seller enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) Except as set forth in Schedule 4.26(c), none of the execution, delivery and performance by each Seller of this Agreement or the Sellers Ancillary Agreements, the consummation by each Seller of any of the transactions contemplated hereby or thereby or compliance by each Seller with, or fulfillment by each Seller of, the terms, conditions and provisions hereof or thereof will:

(i) conflict with, result in a breach of the terms, conditions or provisions of, or constitute a default, an event of default or an event creating rights of acceleration, termination or cancellation or a loss of rights under, or result in the creation or imposition of any Lien upon any of the Membership Interests under, the certificate of formation or operating agreement of PTC or any agreement, any Governmental Permit or any Order to which such Seller is a party or to which any of such Seller's assets is subject or by which such Seller is bound, or any Requirement of Law affecting such Seller or his or its Membership Interests except for any such conflicts, breaches or other occurrences of the type referred to above, which would not individually or in the aggregate have a Material Adverse Effect or prevent the consummation by such Seller of the transactions contemplated hereby; or

(ii) require the approval, consent, authorization or act of, or the making by such Seller of any declaration, filing or registration with, any third party or any Governmental Authority, except for such of the foregoing as are necessary pursuant to the HSR Act, the Communications Act or the rules and regulations of the FCC, and except for any such approvals, consents, authorizations or other actions of the type referred to above which would not individually or in the aggregate have a Material Adverse Effect or prevent the consummation by such Seller of the transactions contemplated hereby.

Section 4.27 Title to Membership Interests. The Sellers own, in the aggregate, beneficially and of record, their respective Membership Interests, and on the Closing Date PTC and Pappas will own, in the aggregate, at least 90% of the outstanding Membership Interests, free and clear of all Liens *other than* Permitted Equity Liens. Subject to compliance with the HSR Act and the Communications Act, each Seller has the unrestricted power and authority to transfer his or its Membership Interests to the Optionee. Upon delivery to the Optionee of the Membership Interests by or on behalf of each Seller and payment therefor pursuant to this Agreement, the Optionee shall acquire good and valid title to such Membership Interests, free and clear of all Liens *other than* Permitted Equity Liens.

Section 4.28 Citizenship. No Seller is a "foreign person" as defined in Section 1445(f)(3) of the Code.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES OF THE OPTIONEE

As an inducement to the Sellers to enter into this Agreement and to consummate the transactions contemplated hereby, the Optionee represents and warrants to the Sellers and agrees as follows.

Section 5.1 Organization. The Optionee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. The Optionee is qualified as a foreign corporation to do business under the laws of the State of California. The Optionee has the requisite corporate power and authority to own or lease and operate its assets and properties.

Section 5.2 Authority of the Optionee.

(a) The Optionee has the requisite corporate power and authority to execute and deliver this Agreement and all of the other agreements and instruments to be executed and delivered by the Optionee pursuant hereto (collectively, the "**Optionee Ancillary Agreements**"), and, the Optionee or the Permitted Transferee has the requisite corporate power and authority to consummate the transactions contemplated hereby and thereby and to comply with the terms, conditions and provisions hereof and thereof.

(b) The execution, delivery and performance of this Agreement and the Optionee Ancillary Agreements by the Optionee have been duly authorized and approved by all necessary corporate action of the Optionee and, other than required action by a Permitted Transferee, do not require any further authorization or consent of the Optionee or its stockholders. This Agreement is, and each Optionee Ancillary Agreement when executed and delivered by the Optionee and the other parties thereto will be, a legal, valid

and binding agreement of the Optionee enforceable in accordance with its respective terms, except in each case as such enforceability may be limited by bankruptcy, moratorium, insolvency, reorganization or other similar laws affecting or limiting the enforcement of creditors' rights generally and except as such enforceability is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) Except as set forth in Schedule 5.2(c), none of the execution and delivery by the Optionee of this Agreement and the Optionee Ancillary Agreements, the consummation by the Optionee (or by the Permitted Transferee) of any of the transactions contemplated hereby or thereby or compliance by the Optionee with or fulfillment by the Optionee of the terms, conditions and provisions hereof or thereof will:

(i) conflict with, result in a breach of the terms, conditions or provisions of, or constitute a default, an event of default or an event creating rights of acceleration, termination or cancellation or a loss of rights under, or result in the creation or imposition of any Lien upon any assets of the Optionee under, the certificate of incorporation or bylaws of the Optionee, any indenture, note, mortgage, lease, guaranty or material agreement, or any Order, to which the Optionee is a party or any of the assets of the Optionee is subject or by which the Optionee is bound, or any Requirement of Law affecting the Optionee or its assets except for any such conflicts, breaches or other occurrences of the type referred to above, which would not individually or in the aggregate have a material adverse effect on the Optionee or prevent the consummation by the Optionee of the transactions contemplated hereby; or

(ii) require the approval, consent, authorization or act of, or the making by the Optionee of any declaration, filing or registration with, any third party or Governmental Authority, except for such of the foregoing as are necessary pursuant to the HSR Act, the Communications Act or the rules and regulations of the FCC, and except for any such approvals, consents, authorizations or other actions of the type referred to above which would not individually or in the aggregate have a material adverse effect on the Optionee or prevent the consummation by the Optionee of the transactions contemplated hereby.

Section 5.3 Litigation. Except as set forth in Schedule 5.3, to the Knowledge of the Optionee, neither the Optionee nor any Affiliate of the Optionee is a party to any Claim pending or, to the Knowledge of the Optionee, threatened which, if adversely determined, would reasonably be expected to restrict the ability of the Optionee to consummate the transactions contemplated by this Agreement. To the Knowledge of the Optionee, there is no Order to which the Optionee or any Affiliate of the Optionee is subject which would restrict the ability of the Optionee to consummate the transactions contemplated by this Agreement.

Section 5.4 No Finder. Neither the Optionee nor any party acting on its behalf has paid or become obligated to pay any fee or commission to any broker, finder or intermediary for or on account of the transactions contemplated by this Agreement.

#### Section 5.5 Investment Representations.

(a) The Optionee is familiar with the Membership Interests, the Station, the Business and the Included Assets and has had the opportunity to obtain such information about the Business, the Station and the Included Assets as it has requested.

(b) The Optionee has knowledge and experience in financial and business matters relating to its potential investment in the Membership Interests, the Station, the Business and the Included Assets pursuant to an exercise of the Option and is capable of evaluating the merits and risks of such investment and is able to bear the economic risk of such investment for an indefinite period of time. The Optionee qualifies as an "accredited investor" under Rule 501(a) promulgated under the Securities Act of 1933, as amended.

(c) The Optionee has knowledge and experience with respect to the Communications Act and other laws applicable to its power and authority or legal right to hold the Option, for the Permitted Transferee to exercise the Option, to acquire control of the Company or otherwise consummate the transactions contemplated hereby, whether under the Communications Act or any other law.

Section 5.6 Optionee's Reliance. The Optionee acknowledges that neither the Sellers, the Company, any Subsidiary of the Company nor any other Person has made, and the Optionee has not relied upon, any representation or warranty (expressed or implied), except as expressly set forth in this Agreement (and the Schedules hereto) or the certificates to be delivered pursuant to this Agreement by the Sellers or the Sellers' Representative at the Closing.

### ARTICLE VI

#### ACTION PRIOR TO THE CLOSING DATE

Each of the Sellers and the Optionee covenant and agree to take the following actions, and the Sellers covenant to cause the Company to take the following actions, as applicable, between the date hereof and the Closing Date:

#### Section 6.1 Preserve Accuracy of Representations; Incurrence of Liabilities; Notification.

(a) The Sellers shall refrain from taking any action which would reasonably be expected to render any representation or warranty contained in Sections 4.1, 4.2, 4.4(c), 4.4(d), 4.6(c), 4.6(d), 4.6(f), 4.8(a), 4.9(b), 4.13, 4.16(a), the third sentence of 4.16(b), 4.16(d) (but solely as to the FCC and not any other Governmental Authority), the first two sentences of 4.17, and Sections 4.19, 4.20, 4.21, 4.26 and 4.27 inaccurate in any material respect as of the Closing Date. The Optionee shall refrain from taking any action which would reasonably be expected to render any representation or warranty contained in Sections 5.1 through 5.6 (inclusive) inaccurate in any material respect as of the Closing Date.

(b) From the date hereof until the Closing Date, the Sellers shall not willfully and intentionally incur, for the purpose of causing the condition contained in Section 9.1(a) not to be satisfied as of the Closing Date, any liabilities or obligations

relating to the Station or the Included Assets that would have individually or in the aggregate a Material Adverse Effect.

(c) From the date hereof until the Closing Date, the Optionee shall not willfully and intentionally incur, in the performance of its obligations under the Amended Optionee LMA, for the purpose of causing the condition contained in Section 9.1(a) not to be satisfied as of the Closing Date, any liabilities or obligations relating to the Station or the Included Assets that would have individually or in the aggregate a Material Adverse Effect.

(d) Each party shall promptly notify the other of any Claim that shall be instituted or threatened (in writing) against such party to restrain, prohibit or otherwise challenge the legality of any transactions contemplated hereby. The Sellers' Representative shall notify the Optionee if the Company or any of its Subsidiaries receives any written finding, Order, complaint, citation or notice prior to the Closing Date which states that any aspect of the Station's operations violates any rule or regulation of the FCC or of any other Governmental Authority, including, without limitation, any Requirement of Law concerning environmental protection, the employment of labor or equal employment opportunity.

Section 6.2 FCC Consent; HSR Act Approval; Other Consents and Approvals of Governmental Authorities.

(a) As soon as reasonably practicable following the date of the Option Exercise Notice, as to the Optionee, and within the applicable Requirements of Law, as to the Company and the Sellers:

(i) The Sellers and the Optionee shall prepare and cause to be filed with the FCC an application or applications requesting the FCC's consent to the transfer of control of the Company to the Optionee from the Sellers (collectively, the "**Transfer Application**"). The parties agree that they shall prosecute the Transfer Application in good faith and with due diligence and each of the Sellers and the Optionee shall take all reasonable and necessary action on its part to obtain the FCC's consent and approval of any Transfer Applications. The Sellers and the Optionee agree that they shall furnish all information required for any Transfer Application or other filing to be made with the FCC pursuant to this Section 6.2(a)(i) in connection with the transactions contemplated by this Agreement and shall promptly comply with all requests by the FCC for additional information or documentation in connection with any Transfer Application. The Sellers and the Optionee shall take all reasonable steps to file timely and complete responses to any objections filed against the Transfer Application and to prosecute such responses in good faith and with due diligence. Each party shall promptly advise the other of any material communication or other information received by or otherwise known to such party that relates to the Transfer Application or is reasonably likely to have an adverse impact on the grant or timing of the FCC Consent. Any fees assessed by the FCC incident to the filing or grant of the Transfer Application and any other application(s) contemplated by this Section 6.2(a)(i) shall be borne by the Optionee. Each of the Sellers and the Optionee shall make available to the other, promptly after the filing or filings thereof, copies of all reports filed by it or its Affiliates on or prior to the Closing Date with the FCC in respect of the Station. The Sellers and the Optionee shall fully cooperate with each other in good faith in connection with the actions described in this Section 6.2(a)(i). The parties shall not intentionally take, or fail to take, any action which would reasonably



be expected to materially delay the receipt of or otherwise adversely affect the grant of the FCC Consent. In the event that a Permitted Transferee is actually denied by the FCC in obtaining approval, or withdraws its Transfer Application, the Sellers shall cooperate with the Optionee, at the expense of Optionee, in obtaining approval for any replacement Permitted Transferee selected by Optionee. To the extent that any obligation of Optionee is required to be performed under this Section 6.2, performance of said obligation by the Permitted Transferee shall be deemed to be a satisfactory discharge of Optionee's obligations hereunder.

(ii) If required, each of the Sellers and the Optionee (or its Permitted Transferee) shall prepare and file with the Federal Trade Commission and the Antitrust Division of the Department of Justice a Pre-Merger Notification and Report Form under the HSR Act and thereafter make any other required submissions under the HSR Act, or any rules and regulations promulgated thereunder, in connection with the Optionee's purchase and sale of the Membership Interests and the other transactions contemplated hereby. The Sellers and the Optionee (or its Permitted Transferee) shall respond as promptly as practicable to all inquiries or requests received from the Federal Trade Commission, the Antitrust Division of the Department of Justice or any other Governmental Authority for additional information or documentation pertaining to antitrust matters. The parties shall cooperate with each other in connection with the making of all such filings and responses. Each of the Sellers and the Optionee (or its Permitted Transferee) warrants that all such filings by it will be, as of the date filed, true and accurate in all material respects and in accordance with the requirements of the HSR Act and any such rules and regulations. Each of the Sellers and the Optionee (or its Permitted Transferee) agrees to make available to the other, prior to the filing thereof, such non-confidential information as may be required by such commission or department to be filed as additional information requested by such agencies under the HSR Act and such rules and regulations. The cost of any filing fees payable under the HSR Act in connection with the notifications and information described in this Section 6.2(a)(ii) shall be borne by the Optionee (or its Permitted Transferee).

(b) The Sellers and the Optionee (or its Permitted Transferee) shall each use commercially reasonable efforts to obtain all consents, amendments or permits from Governmental Authorities, which are required by the terms thereof or this Agreement for the consummation of the transactions contemplated by this Agreement.

### Section 6.3 Compliance with the Amended Optionee LMA; Operation of the Station Prior to the Closing.

(a) From the date hereof until the Closing Date, (i) during the LMA Effective Period, each of the Sellers and the Optionee agree that the Company and the Optionee will each use its commercially reasonable efforts to be in compliance with its obligations under the Amended Optionee LMA and (ii) the Company and its Subsidiaries shall, subject to the Amended Optionee LMA and the Optionee's obligations thereunder, (x) operate and carry on the operations of the Station and the Business consistent, in all material respects, with the Communications Act and the rules and regulations of the FCC promulgated thereunder and otherwise comply in all material respects with Requirements of Law applicable to the Company, its Subsidiaries, the Included Assets, the Business and the operation of the Station and (y) comply in all material respects with the Tower Leases.

(b) During the LMA Effective Period and, as to clauses (iii) and (iv) of this Section 6.3(b) only, from the date hereof until the Closing Date, except as expressly permitted by this Agreement, the Amended Optionee LMA, the Amended Credit Agreement or the express prior written approval of the Optionee, neither the Company nor any of its Subsidiaries shall, in respect of the Station:

(i) make any material change in the Business or the operations of the Station;

(ii) enter into any lease, contract or agreement pertaining to the Business, the Station or the Included Assets that (A) has a term which extends beyond the Closing Date and is not terminable at any time by the Company (or its successors or assigns) upon thirty (30) days (or less) notice or (B) requires payments by the Company (or its successors or assigns) of more than \$12,000 during any consecutive twelve (12) month period (any such lease, contract or agreement, a "**Prohibited Contract**"); provided that the Company may enter into a Prohibited Contract so long as any such Prohibited Contract is not part of the Included Assets or Company Liabilities and the assets subject to such Prohibited Contract are not part of the Included Assets;

(iii) sell, lease (as lessor), transfer or otherwise dispose of, or mortgage or pledge, or impose or suffer to be imposed any Lien (other than Permitted Liens) on, any of the Included Assets; or

(iv) acquiesce in any infringement, unauthorized use or impairment of any Station Intellectual Property or change the Station's call signs.

For the avoidance of doubt, any lease, contract or agreement referred to in clause (ii) of this Section 6.3(b) entered into from the LMA Effective Date to the date of this Agreement with the express prior approval of the Optionee shall be deemed to be a "Station Agreement" for purposes of this Agreement and shall not be deemed to be a Prohibited Contract.

**Section 6.4 Third Party Consents.** At the expense of the Optionee, the Sellers and the Optionee shall use all commercially reasonable efforts to obtain any and all third party consents, approvals or waivers necessary or advisable under the Station Agreements in connection with the Closing. If any such third party consent, approval or waiver is not obtained before the Closing, the parties shall use commercially reasonable efforts in good faith to cooperate, and to cause each of their respective Affiliates to cooperate, in effecting any lawful arrangement to provide to the Optionee or its designated Affiliates the economic benefits of the Station Agreements for which third party consents, approvals, and waivers are being sought after Closing, and to have the Optionee or its designated Affiliates assume and discharge the obligations under the Station Agreements from and after the Closing Date.

**Section 6.5 Additional Covenant.** Each of the Sellers and the Optionee shall, and the Sellers shall cause the Company to, take all commercially reasonable efforts to cause the consummation of the transactions contemplated by this Agreement. Each of the Sellers shall, and the Sellers shall cause the Company and its Subsidiaries to, afford, and cause their respective affiliates, officers and agents to afford, to the Optionee and to prospective Permitted Transferees (identified by the Optionee in its sole discretion) and their respective representatives and agents, prior to the Closing Date, reasonable access

to the properties, business, personnel, and financial, real estate, and other data and information of the Company and its Subsidiaries; provided that (a) such access specifically excludes access to the Excluded Assets or Excluded Liabilities and any documents, data or information relating to (i) the Excluded Assets; (ii) Excluded Liabilities; (iii) any matters of the Sellers or the Company protected by the attorney-client privilege; (b) such Persons enter into customary confidentiality agreements with the Company and the Sellers relating to such data and information; (c) the Sellers' Representative receives reasonable advance notice of access (for the avoidance of doubt, two (2) days shall be deemed reasonable advance notice), prior to the desired date of access; and (d) the Company has no obligation to take any action to deliver any documents, data or information to such Person at a location other than at the then-current location of such documents, data or information. The Sellers and the Optionee shall not, and the Sellers shall cause the Company not to, take any action that is inconsistent with their respective obligations under this Agreement or that could reasonably be expected to hinder or delay the consummation of the transactions contemplated by this Agreement.

Section 6.6 TuVisión Affiliation Agreement. At any time prior to July 1, 2008, upon not less than ten (10) days' prior written notice to AIC, which notice shall be given in the Company's sole discretion, the Company shall execute and deliver an affiliation agreement for the Station substantially in the form attached hereto as Exhibit 6.6 (the "**TuVisión Affiliation Agreement**"). Without limiting the provisions of the TuVisión Affiliation Agreement, during the term thereof the Company shall cause the TuVisión Programming (as defined therein) to be carried on a secondary digital channel of the Station that is on a parity with all other secondary digital channels of the Station (which shall not exceed three in number and none of which shall be high definition). For purposes of this Section 6.6, the term "secondary digital channel" does not include the digital channel that carries the Station's analogue broadcast. AIC acknowledges the foregoing obligations of the Station if the Company enters into TuVisión Affiliation Agreement.

Section 6.7 Employees. The Sellers shall cause the Company to terminate all of its employees effective immediately prior to the Closing in accordance with any Requirement of Law, and shall take all action necessary to cause the Employee Liabilities to constitute Excluded Liabilities.

## ARTICLE VII

### ADDITIONAL AGREEMENTS

#### Section 7.1 Taxes; Sales, Use and Transfer Taxes.

(a) (i) The Sellers shall file or cause to be filed when due, all U.S. federal income Tax returns and all other material income, franchise or similar Tax returns due to be filed on or prior to the Closing Date with respect to the Company and its Subsidiaries and with respect to the taxable periods ending on or before the Closing Date in a manner consistent with prior years and shall be responsible for the payment of Taxes with respect to such returns. Optionee shall file or cause to be filed when due all Tax returns with respect to the Company due to be filed after the Closing Date, other than those described in preceding sentence; provided, however, that the Optionee shall, at least thirty (30) days prior to the filing of any Tax Return that includes a Tax period that begins before and ends after the Closing Date (a "**Straddle Period**"), provide a copy of

such Tax Return to the Sellers. Upon receipt of any such Tax Return, the Sellers shall have fifteen (15) days to review and provide written and/or oral comments, including specific requested changes, if any, to the Optionee with respect to the Tax Return. If the Optionee is unwilling to agree to any specific changes requested by the Sellers, the matter shall be promptly referred to a mutually acceptable independent tax professional, whose determination of the matter shall be binding on the parties. The fees and expenses of such professional shall be borne 50 percent by the Sellers and 50 percent by the Optionee. The Sellers and the Optionee shall cooperate with each other in providing reasonably requested information necessary to meet any obligations under this Section 7.1(a).

(ii) Straddle Period. For purposes of this Agreement, in the case of any Taxes of the Company or any of its Subsidiaries that are payable with respect to any Straddle Period, the portion of any such Taxes that are allocable to the portion of the Straddle Period ending on the Closing Date shall: (i) in the case of Taxes that are either (1) based upon or related to income or receipts, or (2) imposed in connection with any sale, transfer or assignment or any deemed sale, transfer or assignment of property (real or personal, tangible or intangible), be deemed equal to the amount that would be payable if the Tax year or period ended on the Closing Date; and (ii) in the case of all other Taxes (except to the extent attributable to assets acquired, or other material post-Closing Date changes to the pre-Closing Date operations and activities of the Company), be deemed to be the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding Tax period) multiplied by a fraction the numerator of which is the number of calendar days in the portion of the Straddle Period ending on the Closing Date and the denominator of which is the number of calendar days in the entire Straddle Period; provided, however, that any Taxes specifically attributable to assets acquired, or other material post-Closing Date changes to the pre-Closing Date operations and activities of the Company, shall be payable by the Optionee.

(b) The Sellers, on the one hand, and the Optionee, on the other hand, shall each bear responsibility for one half of any sales, use or other transfer Taxes payable by reason of transfer and conveyance of the Business, the Station or the Included Assets hereunder and any documentary stamp or transfer Taxes payable by reason of the real estate or interests therein included in the Included Assets, and all fees relating to any filing with any Governmental Authority required for transfer and conveyance of the Business, the Station or the Included Assets hereunder, other than amounts (including Taxes) owing to any Governmental Authority as of the date hereof or with respect to events occurring prior to the date hereof, for which the Sellers are solely responsible.

(c) The Sellers or the Optionee, as the case may be, shall provide reimbursement for any Tax paid by the other party, all or a portion of which is the responsibility of the Sellers or the Optionee, as the case may be, in accordance with the terms of this Agreement. Within a reasonable time prior to the payment of any said Tax, the party paying such Tax shall give notice to the other party (or to the Sellers' Representative if to the Sellers) of the Tax payable and the portion which is the liability of each party, although failure to do so will not relieve the other party from its liability hereunder.

(d) If requested by the Optionee in writing during the Exercise Period, the Sellers' Representative agrees within twenty (20) days of such request, to (i) advise

the Optionee of any audits of any material Tax Return of the Company or any of its Subsidiaries conducted during the period beginning on the date of this Agreement and ending on the date of such advice; (ii) provide the Optionee with copies of all material Tax audit reports affecting the Included Assets or the Business that have been issued during the period beginning on the date of this Agreement and ending on the date that such documents are provided; and (iii) advise the Optionee of any changes that would make it impossible for the Sellers to make the representations and warranties set forth in Section 4.6(b), Section 4.6(c) and Section 4.6(e) as of the Closing Date; provided, however, that Sellers' inability to make such representations and warranties as of the date of such advice shall in no way be treated as a breach of any such representation and warranty.

(e) Tax Contests.

(i) Within ten (10) days after any of the Sellers, the Optionee or the Company receives notice of an intention by any taxing authority to examine any Tax Return of the Company that includes any period prior to the Closing Date (a "**Tax Notice**"), the recipient shall notify the Sellers or the Optionee (as applicable) of such Tax Notice and provide a copy of the Tax Notice to the Sellers or the Optionee (as applicable).

(ii) With respect to any Tax Notice that relates to a taxable period ending on or before the Closing Date, Sellers shall have the sole right and obligation, solely at their expense, to control the conduct and resolution of any audit, litigation or other administrative or judicial proceedings (collectively, a "**Tax Contest**").

(iii) With respect to any Tax Notice that relates to any Straddle Period, the Optionee shall have the right and obligation, solely at its expense, to control the conduct and resolution of any Tax Contest; provided, however, that the Optionee shall (a) allow the Sellers (or their designated tax representatives) to participate and consult, solely at Sellers' expense, in any phase of any Tax Contest; and (b) not settle any Tax Contest without the consent of the Sellers.

(iv) With respect to any Tax Notice that relates to a taxable period beginning and ending after the Closing Date, the Optionee have the sole right and obligation, solely at its expense, to control the conduct and resolution of any Tax Contest.

(f) Neither the Optionee nor the Sellers shall amend any Tax Return for a Straddle Period without the consent of the other. Any disagreement between the Optionee and the Sellers regarding a Straddle Period Tax Return amendment desired by either party shall be referred to and resolved by a mutually acceptable independent tax professional consistent with the procedure described in Section 7.1(a), above.

(g) Negative Covenants. From the date hereof until the Closing Date, the Company and its Subsidiaries shall (and the Company shall cause the Subsidiaries to):

(i) not make any significant change in any Tax or accounting methods or systems of internal accounting controls (including procedures with respect to the payment of accounts payable and collection of accounts receivable), except as may be appropriate to conform to changes in Tax Laws or regulatory accounting requirements or GAAP;

(ii) not make or revoke any material election with regard to Taxes, file any material amended Tax Returns or settle or compromise any material federal, state, local or foreign income Tax liability.

Section 7.2 Liabilities of the Company. The Optionee acknowledges and agrees that, at the Closing Date, the Company and its Subsidiaries will have the following obligations and liabilities:

(a) All liabilities and obligations of the Company or any of its Subsidiaries under (i) the Station Agreements and (ii) the leases, contracts and other agreements entered into by the Company or any of its Subsidiaries with respect to the Station, the Business or the Included Assets after the date of this Agreement consistent with the provisions of Section 6.3 (including any Prohibited Contract agreed to in writing by the Optionee) or by or at the direction of the Optionee in accordance with the terms of the Amended Optionee LMA;

(b) All liabilities, expenses and obligations arising from or relating to the operation of the Station or the Included Assets during the LMA Effective Period (other than (i) indebtedness of the Company or any of its Subsidiaries for borrowed money or services from an Affiliate, (ii) any intercompany liabilities and (iii) any liabilities or obligations of the Company under the Amended Optionee LMA);

(c) All liabilities, expenses and obligations arising under, or relating to, the Amended Credit Agreement and the Further Amended and Restated Note; and

(d) All liabilities, expenses and obligations arising under, or relating to, Orders pertaining to the Station or the Included Assets on and after the LMA Effective Date and all liabilities, expenses and obligations incurred under the Governmental Permits on and after the Closing Date.

All of the foregoing liabilities, expenses and obligations are referred to herein as the “**Company Liabilities**.”

Section 7.3 Excluded Liabilities. Upon Closing, the Sellers shall execute the Excluded Assets/Liabilities Assignment and Assumption Agreement and take all other actions necessary so that, from the Closing Date, neither the Company nor the Optionee shall assume or be obligated for any of the liabilities and obligations of the Company or any Subsidiary of the Company other than the Company Liabilities or as otherwise expressly set forth in this Agreement (collectively, the “**Excluded Liabilities**”). For the avoidance of doubt, Excluded Liabilities shall include any obligation of the Company to indemnify or reimburse any Person in his or her capacity as member, director or officer of the Company under the Operating Agreement or otherwise for actions taken or failed to have been taken as a member, director or officer prior to Closing. For the avoidance of doubt, Excluded Liabilities include all liabilities, obligations and expenses of any kind or nature relating to Taxes of the Company and, with respect to the Included Assets, for any period ending on or before the Closing Date (including, without limitation, any liabilities, obligations and expenses pursuant to any tax sharing agreement, tax indemnification or similar arrangement) and any Taxes payable in connection with the transactions contemplated by this Agreement (other than Taxes that are addressed in Section 7.1(b)).

Section 7.4 Included Assets. At the Closing, other than the rights, assets and properties used in the operation of the Station which are owned or leased by AIC, the Company or its Subsidiaries shall hold all of the rights, assets and properties (other than the Excluded Assets) owned, held or used by the Company or its Subsidiaries primarily in the operation of the Station as the same shall exist on the Closing Date (collectively, the **"Included Assets"**), including, without limitation, all right, title and interest of the Company and its Subsidiaries in, to and under:

(a) All Governmental Permits owned, held or possessed by the Company or any of its Subsidiaries, including, without limitation, those listed in Schedule 4.8(a) and those granting the Company or any of its Subsidiaries the right to use the Station's call letters, and all applications for modification, extension or renewal thereof, and any applications for any Governmental Permits pending on the Closing Date;

(b) All interest of the Company and its Subsidiaries in all real property (including, without limitation, leaseholds, licenses, rights-of-way, easements, and other interests of every kind and description in and to real property), buildings, transmitters, antennae, transmitting towers, fixtures and improvements used or held for use, or to be used or held for use, in the operation of the Station, including, without limitation, the Leased Real Property and any additions and improvements thereto or between the date of this Agreement and the Closing Date (collectively, the **"Real Property"**), and any option, right or contract to purchase, lease or occupy any Real Property;

(c) All machinery, electrical devices, cables, tools, hardware, equipment (including computers and office equipment), broadcast equipment, supplies, inventory (including all programs, records, tapes, recordings, digital video discs, compact discs, cassettes, spare parts and equipment), motor vehicles, advertising and promotional materials, engineering plans, records and data, furniture and other personal property owned by the Company or any of its Subsidiaries on the Effective Date, used or useful in the operation of or relating to the operation of the Station, including, without limitation, the Personal Property and any option, right or contract to purchase, lease or use any of the foregoing, but excluding any modification, deletion, replacement or improvement thereto made or acquired by the Optionee, or disposed of by the Company or any of its Subsidiaries or the Optionee, between the Effective Date and the Closing Date in accordance with the terms of this Agreement or the Amended Optionee LMA or disposed or used up by the Optionee under the Amended Optionee LMA;

(d) The Station Intellectual Property, including, without limitation, the right to use the trade name "KAZA-TV", but excluding all accounting and payroll software;

(e) (i) All Station Agreements (including any Station Agreement referred to in the last sentence of Section 6.3) and (ii) any other contract, agreement or understanding (evidenced in writing) entered into by the Company or any of its Subsidiaries in respect of the Station, the Business or the Included Assets which is entered into after the Effective Date consistent with the provisions of Section 6.3 (other than any Prohibited Contract not agreed to in writing by the Optionee) or entered into by or at the direction of the Optionee at any time from the Initial Transaction Date in accordance with the terms of the Amended Optionee LMA;

(f) Any rights, claims or causes of action of the Company and its Subsidiaries against third parties arising under warranties from manufacturers, vendors and others in connection with the Included Assets or the Station;

(g) All books and records of the Company and its Subsidiaries primarily relating to the rights, assets, properties and operations of the Station or the Included Assets including, without limitation, all files, logs, programming information and studies, technical information and engineering data, news and advertising studies or consulting reports and sales correspondence relating primarily to the Station or the Included Assets, but excluding any and all books and records relating to Taxes and any and all books and records (including computer programs) relating to a business of the Company or any of its Subsidiaries unrelated to the Included Assets or the Station;

(h) All other assets or properties not referred to above, which are used or held for use primarily in connection with the operation of the Station or the Included Assets and are reflected on the Balance Sheet or acquired by the Company or any of its Subsidiaries in the ordinary course of the Business after the Balance Sheet Date but prior to the Closing Date, except (i) any such assets or properties disposed of after the Balance Sheet Date in the ordinary course of the Business consistent with the terms of this Agreement and the Amended Optionee LMA and (ii) the Excluded Assets;

(i) The Company's limited liability company seal, minute books, equity or member record books, records relating to formation, but specifically excluding Tax returns and related documents and supporting work papers and any other records and returns relating to Taxes, assessments and similar governmental levies (other than real and personal property Taxes, assessments and levies imposed on the Included Assets); and

(j) All books, records and documents of the Company or any of its Subsidiaries relating to the rights, assets, properties and operations of the Included Assets and the Company Liabilities but specifically excluding the books, records and documents of the Company and any of its Subsidiaries not primarily relating to the Included Assets or the Company Liabilities.

For the avoidance of doubt, the term Included Assets shall exclude all rights, assets and properties owned, held or used by the Optionee in the conduct of the Amended Optionee LMA, as to which the Sellers make no representations.

Section 7.5 Distribution of Excluded Assets. From time to time and at any time from the date hereof to the Closing Date, the Sellers may, in their sole and absolute discretion, cause the Company to sell, assign, distribute, liquidate or otherwise dispose of all or any portion of the Excluded Assets, including, without limitation, as full or partial consideration for the redemption of the Membership Interests of any Seller. Immediately prior to the Closing, the Sellers shall cause the Company to transfer any remaining Excluded Assets as directed by the Sellers, and the Company shall not hold any right to or interest in, or any liability or obligation with respect to, any Excluded Assets upon the Closing. Sellers shall give not less than two days prior written notice to the Optionee of any such disposition accompanied by a statement certifying that such disposition consists solely of Excluded Assets. In no event shall the Company redeem 100% of the Membership Interests held by PTC, Davis or Abercrombie. In the event 100% of the Membership Interests of any Seller are redeemed by the Company prior to



the Closing Date, the membership interest certificate(s) of such Seller shall be deemed to be cancelled automatically upon the date of such redemption.

Section 7.6 Name Change. At any time following the date of this Agreement, upon not less than ten (10) Business Days prior written notice to the Optionee, and in compliance with Section 5.18 of the Amended Credit Agreement the Sellers' Representative may file a certificate of amendment with the State of Delaware to change the name of the Company (the "***Certificate of Name Change***") to a name not containing "Pappas", "Pappas Telecasting" or any name confusingly similar thereto; provided, however, that (i) unless and until the name of the Company is changed, nothing herein shall prevent the continued use by the Company of "Pappas", "Pappas Telecasting" or any name confusingly similar thereto in the same manner as it is currently being used by the Company, and (ii) any such new name of the Company shall be deemed to be an Included Asset hereunder. As soon as reasonably practicable after the earlier of (i) the Closing Date or (ii) the date on which the Certificate of Name Change is filed pursuant to the preceding sentence, the Optionee agrees that it will not, and will cause its Affiliates not to, use the names "Pappas", "Pappas Telecasting" or any name confusingly similar thereto following the filing of the Certificate of Name Change; provided, however, that, following such date, Optionee and its Affiliates shall have the right to use "Pappas", "Pappas Telecasting" or any name confusingly similar thereto without any additional consideration (x) in order to comply with disclosure laws in which "Pappas" or "Pappas Telecasting" is identified as a former name or (y) to indicate that the Company has transitioned to a new name.

Section 7.7 Termination of Affiliation Agreement. AIC and the Company hereby agree that the Second Amended and Restated Station Affiliation Agreement, dated as of February 11, 2003, by and between AIC and the Company, as licensee, with respect to the designated market area of Los Angeles, California, is hereby terminated and of no further force and effect, and neither party shall have any further liability or obligations thereunder.

Section 7.8 Conduct under the Amended Optionee LMA. For the avoidance of doubt, each reference in this Agreement to the obligations of a party under the Amended Optionee LMA shall be determined pursuant to the provisions of the Amended Optionee LMA.

Section 7.9 Termination of Partnership Tax Status. The Company, Sellers and the Optionee agree that the Company's status as a partnership for all Tax purposes will terminate on the Closing Date upon the transfer of all Membership Interests to the Optionee, and that none of the parties shall take any action that is inconsistent with such termination; provided, however, that this Section 7.9 shall not preclude any successor entity to the Company from being formed and operated as a partnership.

## ARTICLE VIII

### CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLERS

The obligations of the Sellers under this Agreement to consummate the Closing shall, at the option of the Sellers, be subject to the satisfaction or waiver by the

Sellers' Representative in writing, on or prior to the Closing Date, of the following conditions:

Section 8.1 No Misrepresentation or Breach of Covenants and Warranties.

(a) Each of the representations and warranties of the Optionee contained in Sections 5.1, 5.2, 5.5 and 5.6 that is not qualified as to materiality shall be true and correct in all material respects on the Closing Date as though made on the Closing Date and each of the representations and warranties of the Optionee contained Sections 5.1, 5.2, 5.5 and 5.6 that is qualified as to materiality shall be true and correct in all respects on the Closing Date as though made on the Closing Date, except in any case to the extent that they expressly speak as of a specific date or time other than the Closing Date, in which case they need only have been true and correct in all material respects as of such specified date or time, and except for changes therein (i) specifically permitted by this Agreement or the Amended Optionee LMA or (ii) resulting directly from any transaction specifically consented to in writing by the Sellers.

(b) The Optionee shall have delivered to the Sellers' Representative a certificate in the form attached hereto as Exhibit 8.1(b), dated as of the Closing Date, signed on behalf of the Optionee by its President or Chief Financial Officer, certifying that the condition described in subsection (a) above has been satisfied (the "**Optionee Closing Certificate**"). The condition set forth in Section 8.1(a) shall be deemed to have been satisfied if, at the Closing, the Optionee delivers the Optionee Closing Certificate to the Sellers' Representative.

(c) For the avoidance of doubt, the references in Sections 8.1(a), 8.1(b) and 8.4 to "Optionee" shall refer solely to the Permitted Transferee.

Section 8.2 No Restraint or Litigation.

(a) Any applicable waiting period under the HSR Act shall have expired or have been terminated and there shall not be in effect any preliminary or permanent injunction or other Order by a Governmental Authority, no Requirement of Law shall have been promulgated or enacted by a Governmental Authority and there shall not be in effect any temporary restraining order of a court of competent jurisdiction, which, in any case, restrains or prohibits the transactions contemplated hereby.

(b) There shall not be in existence any Claim instigated by a Governmental Authority before any court or governmental agency or body to prohibit the transactions contemplated by this Agreement; provided, however, that this condition may not be invoked by the Sellers' Representative if any such action, suit or proceeding was solicited or encouraged by, or instituted as a result of any act or omission of, the Sellers in material breach of this Agreement.

Section 8.3 FCC Consent. The FCC Consent shall have been granted, without any condition or qualification which is materially adverse to the Sellers, and shall have become a Final Order.

Section 8.4 Closing Deliveries. The Optionee shall deliver to the Sellers all of the closing deliveries specified in Section 3.4(c).

## ARTICLE IX

### CONDITIONS PRECEDENT TO OBLIGATIONS OF OPTIONEE

The obligations of the Optionee under this Agreement to consummate the Closing shall, at the option of the Optionee, be subject to the satisfaction or waiver by the Optionee in writing on or prior to the Closing Date, of the following conditions:

Section 9.1 No Misrepresentation or Breach of Covenants and Warranties.

(a) Each of the representations and warranties of the Sellers contained in Sections 4.1, 4.2, 4.4(c), 4.4(d), 4.6(c), 4.6(d), 4.6(f), 4.8(a), 4.9(b), 4.13, 4.16(a), the third sentence of 4.16(b), 4.16(d) (but solely as to the FCC and not any other Governmental Authority), the first two sentences of 4.17, and Sections 4.19, 4.20, 4.21, 4.26 and 4.27 that is not qualified by materiality shall be true and correct in all material respects on the Closing Date as though made on the Closing Date and each of the representations and warranties of the Sellers contained in Sections 4.1, 4.2, 4.4(c), 4.4(d), 4.6(c), 4.6(d), 4.6(f), 4.8(a), 4.9(b), 4.13, 4.16(a), the third sentence of 4.16(b), 4.16(d) (but solely as to the FCC and not any other Governmental Authority), the first two sentences of 4.17, and Sections 4.19, 4.20, 4.21, 4.26 and 4.27 that is qualified as to materiality shall be true and correct in all respects on the Closing Date as though made on the Closing Date, except in any case to the extent that they expressly speak as of a specific date or time other than the Closing Date, in which case they need only have been true and correct as of such specified date or time, and except for changes therein (i) specifically permitted by this Agreement or the Amended Optionee LMA, (ii) resulting directly from any transaction specifically consented to in writing by the Optionee or any transaction contemplated by this Agreement or the Amended Optionee LMA or (iii) resulting from the Optionee's performance under the Amended Optionee LMA.

(b) The Sellers' Representative shall have delivered to the Optionee a certificate in the form attached hereto as Exhibit 9.1(b), dated as of the Closing Date, duly executed by the Sellers' Representative, certifying that the condition described in subsection (a) above has been satisfied (the "**Sellers' Closing Certificate**"). The condition set forth in Section 9.1(a) shall be deemed to have been satisfied if, at the Closing, the Sellers' Representative delivers the Sellers' Closing Certificate to the Optionee.

(c) For the avoidance of doubt, the references in Sections 8.1(a), 8.1(b) and 8.4 to "Optionee" shall refer solely to the Permitted Transferee.

Section 9.2 No Restraint or Litigation.

(a) Any applicable waiting period under the HSR Act shall have expired or been terminated and there shall not be in effect any preliminary or permanent injunction or other Order by a Governmental Authority, no Requirement of Law shall have been promulgated or enacted by a Governmental Authority and there shall not be in effect any temporary restraining order of a court of competent jurisdiction, which, in any case, restrains or prohibits the transactions contemplated hereby.

(b) There shall not be in existence any Claim instigated by a Governmental Authority before any court or governmental agency or body to prohibit the transactions contemplated by this Agreement; provided, however, that this condition may not be invoked by the Optionee if any such action, suit or proceeding was solicited or encouraged by, or instituted as a result of any act or omission of, the Optionee in breach of this Agreement.

Section 9.3 FCC Consent. The FCC Consent shall have been granted, without any condition or qualification which is materially adverse to the Optionee or to the operations of the Station, and shall have become a Final Order.

Section 9.4 Closing Deliveries. The Escrow Agent shall deliver to the Optionee all of the closing deliveries specified in Section 3.4(a) in accordance with the terms of the Escrow Agreement.

## **ARTICLE X**

### **INDEMNIFICATION**

Section 10.1 Indemnification by the Sellers. The Sellers agree to indemnify and hold harmless each Optionee Group Member from and against any and all Losses and Expenses incurred by such Optionee Group Member in connection with or arising from:

(a) any willful or intentional, material breach by the Sellers of any of their covenants, agreements or obligations in this Agreement or in any of the Sellers Ancillary Agreements;

(b) any willful or intentional, material breach of any representation or warranty of the Sellers contained in this Agreement or any certificate delivered by or on behalf of the Sellers at the Closing pursuant hereto;

(c) any and all fines and penalties imposed on the Optionee as a result of the Company's breach of the Amended Optionee LMA;

(d) any Excluded Liabilities; or

(e) any income, franchise or similar Taxes of the Company or its members for any period or portion thereof ending on or before the Closing Date, including any such Taxes payable in connection with the sale of Membership Interests pursuant to this Agreement.

The indemnification provided for in this Section 10.1 shall terminate 18 months after the Closing Date (and no claims shall be made by any Optionee Group Member under this Section 10.1 thereafter), except that the indemnification by the Sellers shall continue in any event as to:

(i) the representations and warranties of the Sellers set forth in Sections 4.6, 4.13 and 4.26 and the covenants of the Sellers set forth in Sections 6.1 (to the extent that such Section applies to the representations and warranties contained in

Section 4.6), 7.1 or 13.4, as to all of which no time limitation shall apply other than the full period of any applicable statute of limitations plus sixty (60) days;

(ii) any Loss or Expense incurred by any Optionee Group Member in connection with or arising out of the failure of the Sellers to perform any Excluded Liabilities, as to which no time or recovery amount limitation shall apply;

(iii) any Loss or Expense incurred by any Optionee Group Member in connection with or arising out of the matters described in clause (c) or (d) of this Section 10.1, as to which no time or recovery amount limitation shall apply; and

(iv) any Loss or Expense of which any Optionee Group Member has notified the Sellers in accordance with the requirements of Section 10.3 on or prior to the date such indemnification would otherwise terminate in accordance with this Section 10.1, as to which the obligation of the Sellers shall continue until the liability of the Sellers shall have been determined pursuant to this Article X, and the Sellers shall have reimbursed all the Optionee Group Members for the full amount of such Loss and Expense in accordance with this Article X.

Section 10.2 Indemnification by the Optionee. The Optionee agrees to indemnify and hold harmless each Sellers Group Member from and against any and all Losses and Expenses incurred by such Sellers Group Member in connection with or arising from:

(a) any willful or intentional, material breach by the Optionee, or any other failure of the Optionee to perform, any of its covenants, agreements or obligations in this Agreement or in any Optionee Ancillary Agreement;

(b) any willful or intentional, material breach of any warranty or the inaccuracy of any representation of the Optionee contained or referred to in this Agreement or any certificate delivered by or on behalf of the Optionee pursuant hereto;

(c) the failure of the Optionee to perform or discharge any of the Company Liabilities;

(d) any and all fines and penalties imposed on the Sellers as a result of the Optionee's provision of services under the Amended Optionee LMA, or breach of, the Amended Optionee LMA; or

(e) any income, franchise or other Taxes that are the obligation of the Optionee.

The indemnification provided for in this Section 10.2 shall terminate 18 months after the Closing Date (and no claims shall be made by any Sellers Group Member under this Section 10.2 thereafter), except that the indemnification by the Optionee shall continue in any event as to:

(i) the representations and warranties of the Optionee set forth in Section 5.2 and the covenants of the Optionee set forth in Sections 7.1 or 13.4, as to all of which no time limitation shall apply other than the full period of any applicable statute of limitations plus sixty (60) days;

(ii) any Loss or Expense incurred by any Sellers Group Member in connection with or arising out of the failure of the Optionee to perform any Company Liabilities, as to which no time or recovery amount limitation shall apply;

(iii) any Loss or Expense incurred by any Sellers Group Member in connection with or arising out of the matters described in clauses (c) and (d) of this Section 10.2, as to which no time limitation shall apply; and

(iv) any Loss or Expense of which any Sellers Group Member has notified the Optionee in accordance with the requirements of Section 10.3 on or prior to the date such indemnification would otherwise terminate in accordance with this Section 10.2, as to which the obligation of the Optionee shall continue until the liability of the Optionee shall have been determined pursuant to this Article X, and the Optionee shall have reimbursed all the Sellers Group Members for the full amount of such Loss and Expense in accordance with this Article X.

#### Section 10.3 Notice of Claims.

(a) Any Optionee Group Member or Sellers Group Member seeking indemnification hereunder (the "**Indemnified Party**") shall give promptly to the party obligated to provide indemnification to such Indemnified Party (or, in the case of an Optionee Group Member Indemnified Party, to the Sellers' Representative) (the "**Indemnitor**") a written notice (a "**Claim Notice**") describing in reasonable detail the facts giving rise to the claim for indemnification hereunder and shall include in such Claim Notice (if then known) the amount or the method of computation of the amount of such claim, and a reference to the provision of this Agreement or any other agreement, document or instrument executed hereunder or in connection herewith upon which such claim is based. The failure of any Indemnified Party to give a Claim Notice promptly as required by this Section 10.3 shall not affect such Indemnified Party's rights under this Article X except to the extent such failure is actually prejudicial to the rights and obligations of the Indemnitor.

(b) After the giving of any Claim Notice pursuant hereto, the amount of indemnification to which an Indemnified Party shall be entitled under this Article X shall be determined: (i) by the written agreement between the Indemnified Party and the Indemnitor; (ii) by a final judgment or decree of any court of competent jurisdiction; or (iii) by any other means to which the Indemnified Party and the Indemnitor shall agree. The judgment or decree of a court shall be deemed final when the time for appeal, if any, shall have expired and no appeal shall have been taken or when all appeals taken shall have been finally determined. The Indemnified Party shall have the burden of proof in establishing the amount of Losses and Expenses suffered by it.

#### Section 10.4 Third Person Claims.

(a) In order for a party to be entitled to any indemnification provided for under this Agreement in respect of, arising out of or involving a Claim or demand made by any third Person against an Indemnified Party, such Indemnified Party must notify the Indemnitor in writing, and in reasonable detail, of such third Person Claim promptly after receipt by such Indemnified Party of written notice of the third Person Claim. Thereafter, the Indemnified Party shall promptly deliver to the Indemnitor copies of all notices and documents (including court papers) received by the Indemnified Party relating to the third

Person Claim. Notwithstanding the foregoing, should a party be physically served with a complaint with regard to a third Person Claim, the Indemnified Party must notify the Indemnitor with a copy of the complaint within ten (10) Business Days after receipt thereof and shall deliver to the Indemnitor within ten (10) Business Days after the receipt of such complaint copies of notices and documents (including court papers) physically served upon the Indemnified Party relating to the third Person Claim. The failure of any Indemnified Party to give the Claim Notice promptly (or in five (5) Business Days in the case of service of a complaint upon the Indemnified Party) as required by this Section 10.4 shall not affect such Indemnified Party's rights under this Article X except to the extent such failure is actually prejudicial to the rights and obligations of the Indemnitor.

(b) In the event of the initiation of any legal proceeding against an Indemnified Party by a third Person, the Indemnitor shall have the sole and absolute right after the receipt of notice, at its option and at its own expense, to be represented by counsel of its choice and to control, defend against, negotiate, settle or otherwise deal with any Claim or demand which relates to any loss, liability or damage indemnified against hereunder; provided, however, that the Indemnified Party may participate in any such proceeding with counsel of its choice and at its expense. The parties hereto agree to cooperate fully with each other in connection with the defense, negotiation or settlement of any such Claim or demand. To the extent the Indemnitor elects not to defend such Claim or demand, and the Indemnified Party defends against or otherwise deals with any such Claim or demand, the Indemnified Party may retain counsel, reasonably acceptable to the Indemnitor, at the expense of the Indemnitor, and control the defense of such Claim or demand. Neither the Indemnitor nor the Indemnified Party may settle any such Claim or demand which settlement obligates the other party to pay money, to perform obligations or to admit liability, without the consent of the other party, such consent not to be unreasonably withheld. After any final judgment or award shall have been rendered by a court, arbitration board or administrative agency of competent jurisdiction and the time in which to appeal therefrom has expired, or a settlement shall have been consummated, or the Indemnified Party and the Indemnitor shall arrive at a mutually binding agreement with respect to each separate matter alleged to be indemnified by the Indemnitor hereunder, the Indemnified Party shall forward to the Indemnitor notice of any sums due and owing by it with respect to such matter and the Indemnitor (or, in the case of an Optionee Group Member Indemnified Party, the Sellers) shall pay all of the sums for which indemnification under this Article X is provided so owing to the Indemnified Party by wire transfer, certified or bank cashier's check within thirty (30) days after the date of such notice.

(c) To the extent of any inconsistency between this Section 10.4 and Section 7.1(c), the provisions of Section 7.1(c) shall control.

#### Section 10.5 Limitations.

(a) In any case where an Indemnified Party actually recovers from third Persons any amount in respect of a matter with respect to which an Indemnitor has indemnified it pursuant to this Article X, such Indemnified Party shall promptly pay over to the Indemnitor the amount so recovered (after deducting therefrom the full amount of the expenses incurred by it in procuring such recovery), but not in excess of the sum of (i) any amount previously so paid by the Indemnitor to or on behalf of the Indemnified Party in respect of such matter and (ii) any amount expended by the Indemnitor in pursuing or defending any Claim arising out of such matter.

(b) Except in Claims of common law fraud or except for remedies that cannot be waived as a matter of law and injunctive and provisional relief, if the Closing occurs, this Article X shall be the sole and exclusive remedy for breaches of this Agreement (including any covenant, obligation, representation or warranty contained in this Agreement or in any certificate delivered pursuant to this Agreement); provided, however, that nothing contained herein shall limit the parties' obligations, rights or remedies under the Amended Optionee LMA, the Amended Credit Agreement, the Further Amended and Restated Note or any other Transaction Document.

(c) Each Seller shall only be liable under this Article X for (i) such Seller's individual breach of the representations and warranties contained in Sections 4.26 through 4.28 (inclusive) or any of their individual covenants, agreements or obligations in this Agreement and (ii) such Seller's proportionate share of any Loss or Expense for breaches of the representations and warranties contained in Sections 4.1 through 4.25 (inclusive) or covenants, agreements or obligations of the Company, such proportionate share being equal to the percentage such Seller's Membership Interests at the Closing Date bears to the total Membership Interests outstanding at that date.

## ARTICLE XI

### TERMINATION

#### Section 11.1 Termination.

(a) Notwithstanding anything contained in this Agreement to the contrary, this Agreement may be terminated at any time prior to the Closing:

(i) by the mutual written consent of the Sellers' Representative and the Optionee;

(ii) by the Optionee in the event of a willful and intentional, material breach by the Sellers of any of their agreements, representations or warranties contained in this Agreement, and the failure of the Sellers to cure such breach within thirty (30) days after receipt of written notice from the Optionee requesting such breach to be cured;

(iii) by the Sellers' Representative or the Optionee if any court of competent jurisdiction in the United States or other United States Governmental Authority shall have issued a final and non-appealable Order permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby; or

(iv) by the Sellers' Representative or the Optionee, if the Closing shall not have occurred by midnight New York City time on the then applicable Cut-Off Date, or if extended pursuant to Section 11.1(b), the then applicable Extended Cut-Off Date; provided, however, that the right to terminate this Agreement under this Section 11.1(a)(iv) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been the cause of, or resulted in, the failure of the Closing to occur prior to such date;

(b) At any time prior to the granting of the FCC Consent and its becoming a Final Order but in any event not later than midnight New York City time on the



fifteenth (15th) Business Day preceding the then applicable Cut-Off Date, either the Sellers' Representative or the Optionee may provide to the other party and to the Option Expert, a written statement (an "**Extension Request**") at the address and in a manner specified in Section 13.5, petitioning the Option Expert to extend the then applicable Cut-Off Date, pursuant to the authority of the Option Expert contained in this Section 11.1(b), (the party providing such written notice shall be referred to as the "**Submitting Party**" and the other party shall be referred to as the "**Responding Party**"); provided that no party who has failed to fulfill any of its obligations under Section 6.2(a)(i) may be a Submitting Party. The Extension Request shall include a detailed description of all actions taken by the parties pursuant to Section 6.2(a)(i) and all proceedings or communications between the FCC and the Submitting Party concerning the Transfer Application, together with a copy of all relevant written materials submitted to the FCC. The Responding Party shall have five (5) Business Days (the "**Responding Party Review Period**") after its receipt of the Extension Request to submit a written statement to the Option Expert and the Submitting Party responding to the Extension Request, which statement may include a rebuttal to the positions set forth in the Extension Request and a detailed description of all communications between the FCC and the Responding Party regarding the Transfer Application. The Option Expert shall have the authority, based solely on the Extension Request and any written statement submitted in response thereto (if any was submitted within the Responding Party Review Period), to extend the then applicable Cut-Off Date to a date that is the three (3) month anniversary of the then applicable Cut-Off Date (the "**Extended Cut-Off Date**") upon a finding by the Option Expert that (x) the FCC Consent (whether or not granted at the time of the Option Expert's review of the Extension Request) is not likely to become a Final Order on or prior to the then applicable Cut-Off Date, and (y) the FCC Consent (whether or not granted at the time of the Option Expert's review of the Extension Request) is reasonably likely to become a Final Order by the date that would be the Extended Cut-Off Date. The Option Expert shall submit his finding in writing (the "**Option Expert Decision**") to the parties and to the Escrow Agent, at the addresses and in a manner specified in Section 13.5, within five (5) Business Days after the expiration of the Responding Party Review Period. The Option Expert Decision shall be binding and conclusive on the parties. The fees and expenses of the Option Expert shall be borne by the Submitting Party. The parties acknowledge that time is of the essence with respect to this Section 11.1(b) and that the Option Expert shall not consider any Extension Request or responses thereto not submitted to the Option Expert within the time periods specified in this Section 11.1(b). For the avoidance of doubt, the timing of the Extension Request and Option Expert Decision is at the risk of the Submitting Party and no extension of the then applicable Cut-Off Date shall be effective under this Section 11.1(b) unless the Submitting Party and the Responding Party receive the Option Expert Decision prior to midnight New York City time on the then applicable Cut-Off Date.

(c) In the event that this Agreement shall be terminated pursuant to any of the provisions of Section 11.1(a), all further obligations of the parties under this Agreement (other than the provisions of this Article XI, Article X and Section 13.4) shall be terminated without further liability of any party to the other; provided that nothing herein shall relieve any party from liability for any willful or intentional, material breach of this Agreement.

## ARTICLE XII

### SELLERS' REPRESENTATIVE

Section 12.1 Sellers' Representative. Each Seller hereby severally (and not jointly) represents and warrants that such Seller has irrevocably and unconditionally appointed for all periods up to and including the Closing and for all periods after the Closing, as his or its exclusive agent and attorney-in-fact, PTC (the "**Sellers' Representative**"), to act in such Seller's name, place and stead, in any and all capacities, in connection with the transactions contemplated hereby and in each of the Transaction Documents, granting unto the Sellers' Representative full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection with the sale of such Seller's Membership Interest as fully to all intents and purposes as such Seller might or could do in person, but solely as and to the extent specifically set forth in this Agreement as an action to be taken by the Sellers' Representative, including for the purposes of: (i) determining whether the conditions to Closing in Article VIII have been satisfied and supervising the Closing, including waiving any condition, as determined by the Sellers' Representative, in its sole discretion, provided, that the Sellers' Representative shall have no authority to waive the provisions of Section 8.4; (ii) taking any action that may be necessary or desirable, as determined by the Sellers' Representative, in its sole discretion, in connection with the termination of this Agreement in accordance with Article XI; (iii) taking any and all actions that may be necessary or desirable, as determined by the Sellers' Representative, in its sole discretion, in connection with the indemnification by the Sellers in accordance with Article X; (iv) accepting notices on behalf of the Sellers in accordance with Section 13.5; (v) delivering or causing to be delivered to the Optionee certificates at the Closing; (vi) executing and delivering, on behalf of the Sellers, any and all notices, documents or certificates to be executed by the Sellers in connection with this Agreement and the Transaction Documents, but specifically excluding the notice contemplated by the Optionee Effective Date; and (vii) making any payments or paying any expenses under or in connection with this Agreement. As the representative of the Sellers, the Sellers' Representative shall act as the agent for the Sellers, but solely as and to the extent specifically set forth in this Agreement as an action to be taken by the Sellers' Representative, shall have authority to bind each Seller in accordance with this Agreement, but solely as and to the extent specifically set forth in this Agreement as an action to be taken by the Sellers' Representative, and the Optionee may rely on such appointment and authority until the receipt of notice of the appointment of a successor Sellers' Representative upon two (2) Business Days' prior written notice to the Optionee, which replacement Seller's Representative shall agree to be bound by this Agreement.

Section 12.2 Indemnification of Sellers' Representative. The Sellers shall indemnify the Sellers' Representative and hold the Sellers' Representative harmless against any loss, liability or expense incurred without gross negligence or bad faith on the part of the Sellers' Representative and arising out of or in connection with this Agreement and the Transaction Documents in its capacity as the Sellers' Representative.

## ARTICLE XIII

### GENERAL PROVISIONS

Section 13.1 Amendment. Any amendment, supplement or modification of or to any provision of this Agreement, and any waiver of any provision of this Agreement shall be effective (i) only if it is made or given in writing and signed by each of the Optionee and each of the Sellers and (ii) only in the specific instance and for the specific purpose for which made or given. No failure to exercise and no delay in exercising on the part of any party hereto any right, remedy, power or privilege provided in this Agreement or by statute or at law or in equity shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. No course of dealing between the parties hereto shall operate as a waiver of any right, power or privilege hereunder of any such party. Each and every default by any of the parties under this Agreement shall give rise to a separate cause of action hereunder, and separate suits may be brought under this Agreement as each cause of action arises.

Section 13.2 Entire Agreement. This Agreement, together with the exhibits and schedules hereto, and the other Transaction Documents are intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. There are no restrictions, promises, representations, warranties or undertakings, other than those set forth or referred to herein or therein. This Agreement, together with the exhibits and schedules hereto, and the other Transaction Documents supersede all prior agreements and understandings between the parties with respect to such subject matter.

#### Section 13.3 Successors and Assigns.

(a) This Agreement shall inure to the benefit of, and be binding upon, the successors and permitted assigns of the parties hereto. Except as otherwise provided below in this Section 13.3, no assignment of any rights or delegation of any obligations provided for herein may be made by any party without the express written consent of the other party hereto.

(b) The Optionee may assign its rights and obligations under this Agreement to another Person (the "**Permitted Transferee**"), provided, that such assignment shall only be effective simultaneously with the Closing, and provided further, that (i) the Permitted Transferee qualifies under the Communications Act and all other Requirements of Law to become a holder of the Membership Interests, (ii) each representation and warranty described in Section 8.1(a) is true and correct in all respects as to the Permitted Transferee as though the Permitted Transferee were substituted for the Optionee throughout the representations and warranties described in Section 8.1(a), (iii) the Optionee gives written notice to the Sellers' Representative at least ten (10) Business Days prior to the assignment to the Permitted Transferee setting forth the ownership structure of the Permitted Transferee, (iv) the Permitted Transferee executes and delivers to the Sellers' Representative an undertaking in form and substance reasonably satisfactory to the Sellers' Representative in which the Permitted Transferee agrees to be bound by all the terms and provisions of this Agreement and (v) the Optionee

and the Permitted Transferee execute and deliver to the Sellers' Representative an undertaking in form and substance reasonably satisfactory to the Sellers' Representative in which the Optionee and the Permitted Transferee confirm that (x) the conditions set forth in clauses (i) and (ii) have been complied with in all respects, (y) the Permitted Transferee has the power, authority and legal right to exercise the Option, to acquire the Membership Interests and to otherwise consummate the transactions contemplated by this Agreement, and (z) the Optionee and the Permitted Transferee are jointly and severally liable for the representations and warranties described in Section 8.1(a), which shall be solely with respect to the Permitted Transferee as a condition of Closing as modified to include the statements set forth in such undertaking, and agree that they are bound as the "Optionee" hereunder. No such assignment by the Optionee shall relieve the Optionee of any of its obligations hereunder. If there is such an assignment, only the Permitted Transferee, and not the Optionee, shall have the right to purchase the Membership Interests at the Closing, and such right and obligation may not be re-assigned to the Optionee; provided, however, that nothing contained in this sentence shall be construed to restrict the ability of AIC or its Affiliates to own an equity interest in the Permitted Transferee to the maximum extent permitted by the Communications Act and the rules and regulations of the FCC promulgated thereunder.

Section 13.4 Confidentiality. No statement announcing in any way the transactions contemplated by this Agreement shall be issued by (i) any of the Optionee Group Members, without the prior written consent of the Sellers as to the specific content of such statement, such consent not to be unreasonably withheld or delayed, (ii) any of the Sellers Group Members, without the prior written consent of the Optionee as to the specific content of such statement, such consent not to be unreasonably withheld or delayed; provided that this Section 13.4 shall not apply (a) in the event such disclosure is required by any pending litigation or any Requirement of Law (as determined in good faith by counsel to the Optionee or the Sellers, as applicable), including if a court of competent jurisdiction or a duly authorized Governmental Authority requires any such statement in a Final Order or (b) if there is a Requirement of Law (as determined in good faith by counsel to the Optionee or the Sellers, as applicable) for the filing of this Agreement or any other Transaction Document with a Governmental Authority or any disclosure related thereto to any Governmental Authority; and, provided, further, that the parties hereto are expressly authorized to disclose to any and all Persons the structure and tax aspects of the transactions contemplated hereby and all materials of any kind that are provided to the parties related to such structure and tax aspects.

Section 13.5 Notices. All notices, demands and other communications hereunder shall be made in writing and shall be sent by registered or certified first-class mail, return receipt requested, courier service, facsimile or personal delivery:

- (i) if to the Sellers,

c/o Pappas Telecasting Companies  
500 South Chinowth Road  
Visalia, CA 93277  
Tel: (559) 733-7800  
Facsimile: (559) 733-7878  
Attention: Dennis J. Davis

with a copy to:

Kaye Scholer LLP  
425 Park Avenue  
New York, NY 10022  
Tel: (212) 836-8000  
Facsimile: (212) 836-6685  
Attention: Lynn Toby Fisher, Esq.  
Aaron Rubinstein, Esq.

and

Paul, Hastings Janofsky & Walker LLP  
875 Fifteenth Street, N.W.  
Washington, DC 20005  
Tel: (202) 551-1724  
Facsimile: (202) 551-0124  
Attention: John G. Johnson, Jr., Esq.

- (ii) if to the Sellers' Representative,

Pappas Telecasting Companies  
500 South Chinowth Road  
Visalia, California 93277  
Tel: (559) 733-7800  
Facsimile: (559) 733-7878  
Attention: Dennis J. Davis

with a copy to:

Kaye Scholer LLP  
425 Park Avenue  
New York, NY 10022  
Tel: (212) 836-8000  
Facsimile: (212) 836-6685  
Attention: Lynn Toby Fisher, Esq.  
Aaron Rubinstein, Esq.

- (iii) if to the Optionee,

Azteca International Corporation  
2049 Century Park East  
Suite 1000  
Century City, CA 90067  
Tel: (818) 241-5400  
Facsimile: (818) 247-0190  
Attention: Adrian Steckel  
Horacio Medal

with a copy to:

c/o TV Azteca, S.A. de C.V.  
Periférico Sur 4121  
Col. Fuentes de Pedregal  
C.P. 14141 México  
Delegación Tlalpan  
México, D.F.  
Tel: 011-525-5-5420-5751  
Facsimile: 011-525-5-5420-9226  
Attention: Lic. Francisco X. Borrego Hinojosa

with a copy to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP  
1285 Avenue of the Americas  
New York, NY 10019-6064  
Tel: (212) 373-3000  
Facsimile: (212) 492-0002  
Attention: Judith R. Thoyer, Esq.  
Jay Cohen, Esq.

(iv) if to the Escrow Agent,

JPMorgan Chase Bank, N.A.  
Escrow Services  
4 New York Plaza, 21st Floor  
New York, NY 10004  
Tel: (212) 623-5182  
Facsimile: (212) 623-6168  
Attention: James M. Foley

All such notices, demands and other communications shall be deemed to have been duly given when delivered by hand, if personally delivered; and when delivered by courier, if delivered by commercial courier service; and when actually received by the intended recipient, if mailed; provided, however, that if any notice, demand or other communication is delivered or received, as the case may be, after 5:00 P.M. New York City time on a Business Day or delivered or received, as the case may be, on a day that is not a Business Day, such notice, demand or communication shall be deemed to have been duly given pursuant to this Section 13.5 on the next succeeding Business Day. Any party may by notice given in accordance with this Section 13.5 designate another address or Person for receipt of notices hereunder, but such notice shall be effective only upon actual receipt.

Section 13.6 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Execution and delivery of this Agreement by exchange of facsimile copies bearing the facsimile signature of a party hereto shall

constitute a valid and binding execution and delivery of this Agreement by such party. Such facsimile copies shall constitute enforceable original documents.

Section 13.7 Headings; Gender. The headings in this Agreement are inserted for convenience of reference only and shall not affect the interpretation of this Agreement. As used herein, masculine pronouns shall include the feminine and neuter, neuter pronouns shall include the masculine and feminine, and the singular shall be deemed to include the plural.

Section 13.8 Rule of Construction. The general rule of construction for interpreting a contract, which provides that the provisions of a contract should be construed against the party preparing the contract, is waived by the parties hereto. Each party acknowledges that such party was represented by separate legal counsel in this matter who participated in the preparation of this Agreement or such party had the opportunity to retain counsel to participate in the preparation of this Agreement but elected not to do so.

Section 13.9 Remedies. Except as otherwise provided herein, no remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, and each and every remedy shall be cumulative and shall be in addition to every remedy under this Agreement or now or hereafter existing at law or in equity.

Section 13.10 Specific Performance.

(a) The parties recognize that if, prior to Closing, a party breaches this Agreement and refuses to perform under the provisions of this Agreement, monetary damages alone would not be adequate to compensate the non-breaching party for its injury. The non-breaching party shall therefore be entitled, in addition to any other remedies that may be available (including, without limitation, the provisions of Section 10.1 (relating to indemnification)), to obtain specific performance of the terms of this Agreement prior to Closing. If any action is brought by the non-breaching party to enforce this Agreement, the breaching party shall waive the defense in any such action that there is an adequate remedy at law and interpose no opposition, legal or otherwise, as to the propriety of specific performance as a remedy hereunder, and the breaching party agrees that the non-breaching party shall have the right to seek specific performance without being required to prove actual damages, post bond, or furnish other security. This Section 13.10 shall not limit the non-breaching party's ability to seek damages in the event such party elects to terminate this Agreement as a result of the breaching party's default hereunder instead of seeking specific performance.

(b) The parties hereto acknowledge and agree that the Sellers will have no liability whatsoever to the Optionee for any damages of any type or nature if (i) the FCC Licenses are terminated or (ii) the FCC Consent is not granted, in either case for any reason other than a willful or intentional, material breach by the Sellers or the Company of any of their covenants, agreements or obligations contained in this Agreement or in any of the Sellers Ancillary Agreements.

Section 13.11 Dispute Resolution.

(a) Disputes. Notwithstanding the provisions of Section 11.1(b) (except to the extent of any Claim relating to non-compliance with the provisions of

Section 11.1(b)) or anything herein to the contrary, any and all Claims arising out of, relating to or in connection with, the performance of the parties' respective obligations under this Agreement will be determined and resolved solely in accordance with the procedures set forth in this Section 13.11. Notwithstanding anything contained in this Section 13.11, the parties shall at all times be entitled to obtain specific performance as provided in Section 13.10.

(b) The Option Expert. The parties have appointed R. Clark Wadlow, Esq., who has significant personal and professional experience and knowledge of the television broadcast industry and applicable FCC rules, regulations, and policies, as an arbitrator (the "**Option Expert**") to resolve any Claims arising out of, relating to or in connection with the performance of the parties' respective obligations under this Agreement, including awarding monetary damages, and to provide all written instructions and/or notices to the extent applicable pursuant to the Escrow Agreement.

(c) Procedures. The Option Expert will arbitrate as set forth in this Section 13.11(c). The arbitration will be commenced by the submission of a statement of claim in writing by the Sellers' Representative, on behalf of the Sellers, to the Optionee and the Option Expert or by the Optionee to the Sellers' Representative and the Option Expert (the party submitting such a statement of claim shall be referred to as the "**Initiating Party**" and the other party shall be referred to as the "**Defending Party**") at the addresses specified in Section 13.5. The Defending Party will have five (5) Business Days from its receipt of the statement of claim to deliver a statement of defense in writing to the Option Expert and to the Initiating Party at the addresses and in the manner specified in Section 13.5. The Initiating Party shall thereafter have three (3) Business Days from its receipt of the statement of defense to deliver a reply in writing to the Option Expert and to the Defending Party. Each of the statement of claim and the statement of defense shall be limited to no more than ten (10) pages, and the reply shall be limited to no more than five (5) pages, each double spaced, unless the Option Expert directs otherwise. If the Defending Party shall fail to submit a statement of defense and/or if the Initiating Party shall fail to submit a reply to the Defending Party's statement of defense within the times allotted, the Option Expert shall proceed to resolve the matter in accordance with Section 13.11(d) without such a statement of defense or reply. If no statement of defense shall have been filed by the Defending Party, then the Initiating Party may not file a reply. No party shall engage in any other communications with the Option Expert regarding any Claim, and no party shall engage in any ex parte communication with the Option Expert.

(d) Resolution. In addition to the submissions provided for in Section 13.11(c) above, the Option Expert may consider any materials he or she may deem appropriate. The Option Expert shall issue a decision in writing no later than the earlier of ten (10) Business Days after (i) receiving a reply, or, if no reply shall have been submitted, after the last date upon which a reply could have been filed consistent with Section 13.11(c), or (ii) if no statement of defense shall have been submitted, the last date upon which a statement of defense could have been filed consistent with Section 13.11(c). Except as provided in Section 13.11(e) below, the Option Expert's decision (the "**Option Expert Claims Decision**") shall be binding upon the parties, and no party shall commence any arbitration, legal action, or other proceeding to upset or challenge the Option Expert Claims Decision.



(e) FCC Ruling. Solely with respect to any Claim which arises out of, relates to, or is in connection with, any alleged violation by any of the parties of the rules, regulations, or policies of the FCC (an "**FCC Claim**"), either Optionee or Sellers' Representative, on behalf of the Sellers, may, within thirty (30) days after the date upon which an Option Expert Claims Decision shall have been rendered, and solely with respect to matters decided therein that involve an FCC Claim, seek a ruling by the FCC of the matter pertaining to the FCC Claim. Such a ruling may be sought only through a written request to the appropriate staff of the FCC's Media Bureau or the FCC's Enforcement Bureau, as determined by the Option Expert, which may take the form of a letter, a pleading, an electronic-mail message, or any other written submission, which written request (in whatever medium) shall be drafted by and submitted to the FCC staff by the Option Expert after consultation with the Initiating Party and the Defending Party, and without divulging the identities of the parties to the FCC staff at any time or in any manner, with copies of such written request served upon the Initiating Party and the Defending Party by the Option Expert at the time of its submission to the FCC staff, in conformance with the notice provisions in Section 13.5. Pending the receipt of the ruling by the FCC's staff, neither the Initiating Party nor the Defending Party, nor their respective agents or representatives, shall make or cause to be made any form of communication to the FCC, whether oral, written, or otherwise, pertaining to the subject matter of the request for the FCC's staff's ruling in the same or any other proceeding; provided, however, that to the extent requested by the FCC's staff or reasonably requested by either the Initiating Party or the Defending Party, and only after consultation with the Initiating Party and the Defending Party or their legal representatives, the Option Expert may make any additional communication with the FCC's staff pertaining to the request for a ruling, and provided, further, that in the event of a written communication with the FCC's staff pertaining to the request for a ruling, the Option Expert shall provide a copy thereof simultaneously to the Initiating Party and to the Defending Party in conformance with the notice provisions in Section 13.5, and provided, further, that in the event of an oral communication with the FCC's staff pertaining to the request for a ruling, the Option Expert shall promptly reduce the substance of such communication to writing and shall provide a copy thereof to the Initiating Party and to the Defending Party in conformance with the notice provisions in Section 13.5; and provided, further, that in the event the FCC staff requests information directly from either the Initiating Party or the Defending Party, such party may comply with the FCC staff's request and shall promptly inform the Option Expert and the other party of the request and provide each with a copy of the information provided to the FCC staff. Any written ruling rendered by the FCC's staff, or any written communication from the FCC's staff setting forth the FCC's position on the matter raised in the FCC Claim, shall be binding upon the parties and, to the extent contrary to the Option Expert Claims Decision on the matter, shall overrule and supercede the Option Expert Claims Decision. In the event that there should be a dispute between the parties regarding whether or to what extent a written FCC ruling on an FCC Claim shall have overruled all or any part of an Option Expert Claims Decision, the Option Expert shall resolve that dispute and his or her resolution shall be binding upon the parties. No oral ruling by the FCC's staff communicated to the Option Expert, the Initiating Party, the Defending Party, or their representatives shall be binding upon the parties, nor shall such oral ruling by the FCC's staff have any effect upon the Option Expert Claims Decision.

(f) Cure. Irrespective of whether a request for an FCC ruling on a matter which is the subject of an Option Expert Claims Decision on an FCC Claim shall have been made, as provided in Section 13.11(e), each party shall, within the time period specified in the Option Expert Claims Decision, but in any event not later than thirty (30)

days after the date upon which an Option Expert Claims Decision shall have been rendered, take all action necessary to cure any violation of this Agreement consistent with the direction of the Option Expert Claims Decision, and otherwise shall perform as directed in the Option Expert Claims Decision, and to bring such party's conduct within the terms of the Option Expert Claims Decision. In the event that any party fails to comply with the Option Expert Claims Decision, any other party may apply to the Option Expert under the same terms and procedures as provided in Section 13.11(c) above, for a determination by the Option Expert that the such non-complying party is in breach of the Agreement. A written decision by the Option Expert that a party has breached an Option Expert Claims Decision, or has failed to cure or otherwise bring its conduct within the terms of the Option Expert Claims Decision, within the required time frame, shall conclusively establish a breach of this Agreement by such party (a "**Breach**").

(g) Option Expert Compensation. The parties agree that the Optionee and the Sellers (collectively) will each be responsible for one-half ( $\frac{1}{2}$ ) of the compensation due to the Option Expert.

(h) Replacement of Option Expert. The Option Expert may resign at any time or recuse himself or herself as to a particular matter for any reason, including because the Option Expert determines in his or her sole discretion that the subject matter of the Claim is beyond the scope of the Option Expert's professional expertise or otherwise, by so notifying the Optionee and the Sellers' Representative in writing, such resignation or recusal to be effective upon appointment of a successor Option Expert. If the Option Expert recuses himself or herself from resolving any particular Claim, he or she may, with the approval of the Initiating Party and the Defending Party, appoint a pro tempore Option Expert to resolve that particular Claim, which pro tempore Option Expert shall agree to be governed by the provisions of this Section 13.11, and the Option Expert shall otherwise remain available to resolve all other Claims in accordance with this Section 13.11. The parties may remove the Option Expert at any time by so notifying the Option Expert in a writing signed by the Optionee and the Sellers' Representative, and may appoint a successor Option Expert by their joint written consent. If the Option Expert resigns or is removed, or if a vacancy exists for any reason, the Optionee and the Sellers' Representative will promptly agree upon the successor Option Expert. Failing agreement of the Optionee and the Sellers' Representative within fourteen (14) days of the resignation or removal or recusal of the Option Expert, a successor or pro tempore Option Expert shall be designated by agreement of counsel for the Optionee and the Sellers' Representative; provided, however, that if for any reason a successor Option Expert is not designated within twenty (20) days of the resignation or removal of the Option Expert, the successor Option Expert shall be chosen by the American Arbitration Association in New York City (the "**AAA**") and either the Optionee or the Sellers' Representative shall have the right to request the AAA to make such selection by submitting the request to the AAA in writing together with a copy of this Section 13.11, simultaneously providing a copy of the request to the other in conformance with the notice provisions in Section 13.5. Any successor Option Expert appointed or designated pursuant to this Section 13.11(h) shall be the "Option Expert" for all purposes of this Section 13.11; provided, however, that the Option Expert selected by the AAA shall not follow the rules promulgated by the AAA but shall instead abide by the provisions of this Agreement.

**Section 13.12 GOVERNING LAW.** THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY SHALL BE GOVERNED BY AND

CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK,  
WITHOUT REGARD TO THE PRINCIPLES OF CONFLICTS OF LAW THEREOF.

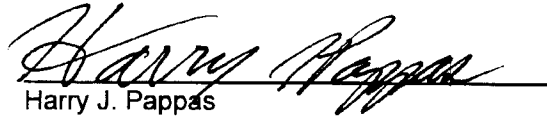
Section 13.13 Access to Records after Closing. For a period of six (6) years after the Closing Date the Sellers and their representatives shall have reasonable access to all of the books and records of the Company to the extent that such access may reasonably be required by the Sellers in connection with matters relating to or affected by the operations of the Company prior to the Closing Date. Such access shall be afforded by the Optionee upon receipt of reasonable advance notice and during normal business hours. The Sellers shall be solely responsible for any costs or expenses incurred by them pursuant to this Section 13.13. If the Optionee shall desire to dispose of any of such books and records prior to the expiration of such six-year period, it shall, prior to such disposition, give the Sellers' Representative a reasonable opportunity, at the Sellers' expense, to segregate and remove such books and records as the Sellers may select.

Section 13.14 Schedules. For the purposes of the Schedules hereto, any information, item or other disclosure set forth in any Schedule shall be deemed to have been set forth in all other Schedules if it is reasonably apparent that such information, item or other disclosure is likewise applicable to such other Schedule. The disclosure of particular information in the Schedules shall not, solely by virtue of such disclosure, be construed to mean that such information is material or creates a measure of materiality for purposes of this Agreement.

Section 13.15 Consent to Jurisdiction. Any Claim for specific performance under Section 13.10 or to enforce a decision of the Option Expert shall be brought by the parties and heard and determined only in Delaware Chancery Court, unless Delaware Chancery Court determines that it does not have jurisdiction over such Claim, in which case such Claim may be brought by the parties and heard and determined only in Delaware state court or a federal court sitting in Delaware. The parties hereto consent to jurisdiction before, and waive any objections of venue to, the Delaware Chancery Court, Delaware state court and any federal court sitting in Delaware. Each party agrees not to assert, by way of motion, as a defense or otherwise, in any such Claim, that it is not subject personally to the jurisdiction of any such courts, that such Claim is brought in an inconvenient forum, that the venue of such Claim is improper or that this Agreement or the subject matter hereof may not be enforced in or by any such courts. Each party further irrevocably submits to the jurisdiction of Delaware Chancery Court, Delaware state court and any federal court sitting in Delaware in any such Claim. Each of the parties irrevocably consents to service of process in the manner provided for notices in Section 13.5. Nothing herein contained shall be deemed to affect the right of any party to serve process in any manner permitted by law.

[Signature Page Follows]


IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

  
Harry J. Pappas

\_\_\_\_\_  
LeBon G. Abercrombie

\_\_\_\_\_  
Dennis J. Davis

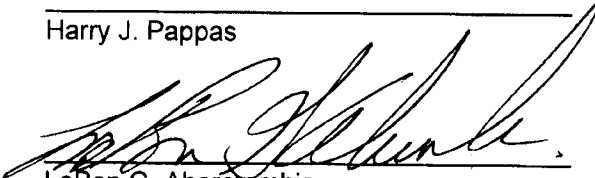
PAPPAS TELECASTING COMPANIES

By:   
Name: Harry J. Pappas  
Title: Chairman and Chief Executive Officer

[FIRST SIGNATURE PAGE TO OPTION AGREEMENT]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

\_\_\_\_\_  
Harry J. Pappas

  
\_\_\_\_\_  
LeBon G. Abercrombie

\_\_\_\_\_  
Dennis J. Davis

PAPPAS TELECASTING COMPANIES

By: \_\_\_\_\_  
Name: Harry J. Pappas  
Title: Chairman and Chief Executive Officer

[FIRST SIGNATURE PAGE TO OPTION AGREEMENT]

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

\_\_\_\_\_  
Harry J. Pappas

\_\_\_\_\_  
LeBon G. Abercrombie

  
\_\_\_\_\_  
Dennis J. Davis

PAPPAS TELECASTING COMPANIES

By: \_\_\_\_\_  
Name: Harry J. Pappas  
Title: Chairman and Chief Executive Officer

[FIRST SIGNATURE PAGE TO OPTION AGREEMENT]

AZTECA INTERNATIONAL CORPORATION

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

Name: RONIN SMALL  
Title: CEO

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

Name: WILLIAM ROSE  
Title: DIRECTOR

The undersigned hereby agrees to be bound by the provisions of Sections 6.1, 6.3, 6.5 and 6.7 of the foregoing Option Agreement, solely as such sections relate to the undersigned.

PAPPAS TELECASTING OF SOUTHERN CALIFORNIA  
LLC

By: Pappas Telecasting Companies, its Manager

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

Name: Harry J. Pappas

Title: Chairman and Chief Executive Officer

[SECOND SIGNATURE PAGE TO OPTION AGREEMENT]

AZTECA INTERNATIONAL CORPORATION

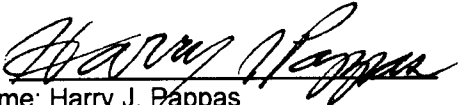
By: \_\_\_\_\_  
Name:  
Title:

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

The undersigned hereby agrees to be bound by the provisions of Sections 6.1, 6.3, 6.5 and 6.7 of the foregoing Option Agreement, solely as such sections relate to the undersigned.

PAPPAS TELECASTING OF SOUTHERN CALIFORNIA  
LLC

By: Pappas Telecasting Companies, its Manager

By:   
Name: Harry J. Pappas  
Title: Chairman and Chief Executive Officer

[SECOND SIGNATURE PAGE TO OPTION AGREEMENT]