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February 12, 2003

Mr. B. Michael Verne
Premerger Notification Office
Bureau of Competition - Room 303
Federal Trade Commission
600 Pennsylvania Avenue, N.W.
Washington DC 20580

Re: Local Marketing Agreement

Dear Mike:

This letter confirms the advice you communicated to me in our telephone conversations earlier this week.

[redacted] a Delaware limited liability company ("A"), is the owner/licensee of a television station located in [redacted] (the "Station") pursuant to authorizations granted by the Federal Communications Commission (the "FCC"). [redacted] corporation ("B"), is ultimately controlled by a foreign individual. A and B entered into a settlement agreement (the "Settlement Agreement"), pursuant to which A and B have settled pending litigation between them and certain of their affiliates and, as a part of such settlement, A and B entered into the following agreements:

[redacted]

(i) Purchase and Sale Agreement. Pursuant to the Purchase and Sale Agreement B has sold to A (x) the 25% equity interests that B owned in two television stations that are affiliated with A and (y) a secured note evidencing a pre-existing loan from B to A, in consideration for the issuance by A to B of a secured note in an initial principal amount of $128 million (the "New Note"). The ultimate parent entity of A filed under the HSR Act as acquiring and acquired person for the acquisition of those equity interests, and the applicable waiting period had expired, prior to the date of the Purchase and Sale Agreement. The initial maturity date of the New Note is or, under certain circumstances,

(ii) Credit Agreement and related security documents. These agreements cover the issuance of the New Note and the grant of security interests in the assets of the Station (and the guaranty of certain affiliates of A) to secure payment of the New Note.

(iii) Local Marketing Agreement. The LMA, pursuant to which B will provide programming to the Station, will not become effective if the New Note is paid in full on or prior to the initial maturity date. However, if the New Note is not paid in full on or prior to the initial maturity date, the LMA will become effective and B will begin to provide programming to the Station. The LMA is not assignable by B to an unaffiliated third party without A's consent.

(iv) Option Agreement. Under the Option Agreement, B will have an assignable option, which will allow B or its assignee to purchase substantially all of the assets relating to the Station (the "Option"). The Option will not become effective if the New Note is paid in full on or prior to the initial maturity date. However, if the New Note is not paid on or prior to the initial maturity date, the Option will become effective.

The Option is exercisable at any time until the two and one half year anniversary of the effective date of the Option (and the LMA). If B elects to exercise the Option, the outstanding amount of the New Note will be applied against the purchase price for the assets acquired pursuant to the Option and, upon closing of the acquisition of such assets, the LMA will automatically terminate. If B exercises the Option, it is permitted to assign its right to purchase the Station assets at the closing to a person qualified under the Communications Laws (referred to below) to own the Station.

If B elects not to exercise the Option and A has not paid the New Note in full by the third anniversary of the transactions contemplated by the Settlement Agreement, (x) the Option will terminate and (y) the LMA will continue until the maturity date of the New Note. At that time, either A or B may elect to set a Maturity Date on the New Note, upon at least two years' advance notice.

As an entity controlled by a foreign person, B is prohibited by the provisions of the Communications Act of 1934, as amended ("Communications Act"), and the rules, regulations, and published policies of the FCC ("FCC Rules" and, together with the Communications Act, the "Communications Laws") from owning more than a

25% interest in the Station. The Option is exercisable to purchase substantially all of the assets of the Station—it is not exercisable for a lesser interest. Accordingly, under current law, should B decide to exercise the Option, B would have to assign the right to acquire the Station assets at the closing to a person qualified under the Communications Laws to acquire those assets. No such person has been identified at this time. If such a person were identified and if B wished to make the maximum investment permitted under the existing Communications Laws, we understand that a mechanism to accomplish this would be for such qualified person to form an entity in which B could hold up to a 25% interest.[1]

We are aware of the position of U.S. Department of Justice (the "DOJ") expressed by Lawrence R. Fullerton in a speech dated October 21, 1996 that an LMA entered into in connection with an agreement to acquire a radio station transfers operating control of the assets or business to be acquired and thus transfers beneficial ownership of the assets or business and that, in the DOJ's view, an LMA entered into in connection with an agreement to acquire a radio station cannot go into effect until HSR notification is filed and the waiting period has expired.

You have advised us that the current position of the DOJ and of the Premerger Notification Office of the Federal Trade Commission is that an LMA coupled with an option to purchase a television station that is the subject of the LMA could also be deemed a transfer of beneficial ownership of such station where the person who was a party to the LMA was certain to acquire the station. In this case the element of certainty is eliminated, since (i) there is true uncertainty as to whether or not the Option will ever be exercised, and (ii) B, as a foreign person, cannot acquire more than a 25% interest in the Station under existing Communications Laws, and therefore the LMA and the Option together do not transfer beneficial ownership of the Station to B for purposes of the HSR Act. Consequently, the effectiveness of the LMA and the New Option Agreement is not a reportable event for purposes of the HSR Act. In this context, because the Option is a true option, the requisite certainty would be established only at the time notice is given of the exercise of the Option.

Accordingly, you have advised that, in the transaction described above, the filing and waiting period requirements of the HSR Act would not be triggered by the effectiveness of the LMA and the Option.

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[1] You may assume for analytical purposes that the acquisition of the assets relating to the Station upon exercise of the Option would satisfy all jurisdictional thresholds of the HSR Act (i.e., the size-of-person, size-of-transaction and commerce tests).

[redacted]

[redacted]

AGREE THIS IS NOT REPORTABLE.

[redacted] N LLP N. OVUKA & J. SIDOROV CONCUR-

Premerger Notification Office

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[redacted] let me know whether I have accurately summarized your advice. When you have an opportunity to review [redacted] if you need any [redacted] respect of this matter, please call me at [redacted]

[redacted]

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